

MINUTES
REDEVELOPMENT AUTHORITY

Redevelopment Authority, Thursday, February 25, 2010 at 4:00 P.M. in the City Attorney's office conference room, third floor of City Hall, 828 Center Avenue.

Present: Glenn Pilling, Richard Hiers, Dolcye Johnson, and Ald. James Gischia

Excused: Roberta Filicky-Peneski, Atty. Dave Gass, & Mike Leibham

Staff present: Atty. Steve McLean, Paulette Enders & Chad Pelishek

Public present: Tom Schafer and Paul Gottsacker

Vice-Chairperson Dolcye Johnson called the meeting to order at 4:00 P.M.

Pledge of Allegiance was recited.

Approval of minutes of February 11, 2010.

Dick Hiers moved, Glenn Pilling seconded to hold minutes until next meeting, since they were not provided in the agenda. Motion carried.

Request to modify loan agreement with 2100 North, LLC.

Chad Pelishek discussed the current terms of the loan. The loan agreement and promissory note required a balloon payment of \$400,000 plus accrued interest to be paid on June 1, 2010.

Tom Schafer discussed that appraised value of the strip mall building came in at \$1M less than what it cost to build. Mr. Schafer asked for a modification of this loan agreement to pay \$100,000 and all accrued interest to date and finance \$300,000 at 3% for 15 years with first payment starting on March 1, 2010.

Ald. Gischia stated that the current market conditions warrant a modification to the loan agreement that non-residential, non-owner occupant is non-existent.

Dolcye Johnson asked how the Muth deal was financed? Mr. Schafer stated a three prong approach through a line of credit.

Dolcye Johnson asked if the Rockline building has been sold? Mr. Schafer stated yes and Ms. Johnson asked if proceeds from that sale could finance this building.

Glenn Pilling asked what percent of the land was sold to Kwik Trip. Mr. Schafer stated 2/3 or 2 acres.

Dolcye Johnson asked Mr. Schafer why he keeps extending himself? Mr. Schafer stated he needed to buy the Muth Company to position the retail center correctly.

Ald. Gischia moved to approve the \$100,000 plus all accrued interest, subordinate to all lenders, and \$300,000 financed at 2% for 10 years. Motion failed for lack of a second.

Dick Hiers stated that the RDA and the City over the years have work with Schafer on many occasions and listed the following concerns:

- Made loans to facilitate development, and made loan modifications to assist Bayside Development.
- Bayside Development has purchased many buildings in the City, tore them down and has not rebuilt many of them.
- Doesn't see where it's taxpayer's responsibility to assist.
- Mr. Schafer should work to finish the projects they have started.
- The need to develop some strong language for developing properties once the buildings are removed.

Ald. Gischia stated you cannot discount the current economic conditions.

Dick Hiers stated that Mr. Schafer is always here at the 11th hour for changes.

Paulette Enders stated that the letter was received the next morning after the RDA had met.

Mr. Schafer stated he doesn't like coming back to the RDA for loan modifications. Mr. Schafer said he could agree to a 5-year amortization.

Glenn Pilling stated that he cannot support a 3% for 10 years, but could support a 2% for 5 years.

Ald. Gischia moved, Glenn Pilling seconded to approve a pay down of \$100,000 plus all accrued interest back to the date of execution, and finance the \$300,000 at 2% for 5 years, subordinate loan to the other lenders.

Dolcye Johnson moved to amend the motion to 3% for 5 years. Motion failed due to lack of a second.

Motion carried 3-1 with Dolcye Johnson voting no.

Being no further business, Ald. Gischia moved, Dick Hiers seconded to adjourn the meeting at 5:05 P.M. Motion carried.

Chad Pelishek
Recording Secretary