



## REDEVELOPMENT AUTHORITY MINUTES

The Redevelopment Authority met on **Wednesday, July 3, 2013 at 7:30 A.M.** in the City Attorney's Office, 3<sup>rd</sup> Floor of City Hall, 828 Center Avenue. Chairperson Roberta Filicky-Peneski presided.

Present: Roberta Filicky-Peneski, Ed Surek, Steven Harrison, David Gass, and David Sachse

Absent: Amy Horst and Ald. Don Hammond

Staff present: Steve McLean, Chad Pelishek, Jim Amodeo, Ryan Sazama, and Janet M Duellman

Others: Lance McGrath

The meeting was called to order at 7:30 am and the Pledge of Allegiance was recited.

### Approval of minutes of June 12, 2013 meeting

Steve Harrison moved to approve, David Sachse seconded.

Motion passed unanimously.

### Update on Business Development Loan with 701/703, LCC.

Chad Pelishek informed the committee that he had tried to make contact with Lance McGrath through email and was unable to connect with him.

David Gass made a motion to have the loan due in full due to a default on terms of the loan, David Sachse seconded.

Lance McGrath arrived.

Mr. McGrath explained that they have made some progress. They have 3 tenants with two new leases, a CPA on the 2<sup>nd</sup> floor and a chiropractor on the 3<sup>rd</sup> floor, which puts them at a 36% occupancy rate. He has been working with Steve Mech of CSA Commercial to get tenants into the first floor which has no one in it at this time. With only a 36% occupancy rate they are working on a negative cash flow. The LLC does have a loan with BMO Harris, who has also been looking for updates. Mr. McGrath requested that we continue the deferral at this time.

David Gass moved, Steve Harrison seconded to holdover to the next meeting requesting the following:

- 1) The following documentation shall be provided: Financial information on ALL partners, net worth, and income statements.
- 2) Annual review will be done to check status.

Motion passed unanimously. Chad Pelishek will communicate with the McGraths.

Ed Surek moved, David Gass seconded to rescind the first motion on the loan being due in full.

Motion passed unanimously.

Discussion and possible action on mortgage subordination requests from Heartland Properties, LLC for the Jung and Leverenz buildings in downtown Sheboygan.

The committee discussed the rate of the loan (8.51%) and if the payments were up-to-date, which they are.

David Sachse moved, David Gass seconded to approve the mortgage subordination for the Jung building.

Motion passed unanimously.

David Sachse moved, David Gass seconded to approve the mortgage subordination for the Leverenz building.

Motion passed unanimously.

Motion to convene in closed session under the exemption contained in Sec. 19.85(1)(g), Wis. Stats., for the purpose of conferring with legal counsel for the RDA who is rendering oral advice concerning strategy to be adopted by the RDA with respect to litigation in which it is likely to become involved, specifically, the claim of the Bon-Ton stores for damages to its basement under the South Parking Lot.

On a roll call vote, motion passed unanimously to proceed into closed session.

*David Gass excused himself from the rest of the meeting.*

Motion to convene in closed session under the exemption provided in Sec 19.85(1)(g), Wis Stats., where competitive or bargaining reasons require a closed session for the purpose of deliberating regarding an existing Business Development Loan with Yinko Designs, LLC.

Hold until next meeting due to current negotiations.

Adjournment

Steve Harrison motioned to adjourn, David Sachse seconded. Motion passed unanimously.

Being no further business, the meeting adjourned at 8:40 am

Janet M Duellman  
Recording Secretary