APPROVED: January 19, 2011

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, November 17, 2010

MINUTES

Advisory Board Members present:	Rich Catlin, Jeff Christman, Bill Coburn, Floyd Collins, Loyd Henion, Bessie Johnson, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Chuck Leland, Dick Olsen, Cordell Post, Ralph Reid, Jr., and Mark Spence
Advisory Board Members absent:	None
Staff present:	Urban Renewal Manager Kate Porsche and Administrative Assistant Teresa Nix
Others present:	Approximately ten audience members

CALL TO ORDER

Chair Cordell Post called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

October 20, 2010

MOTION: Ray Kopczynski moved to approve the October 20 minutes as presented. Ralph Reid, Jr., seconded the motion, and it **passed** unanimously.

SCHEDULED BUSINESS

Business from the Public

David Johnson, 421 Water Avenue, said that he is the owner of the Wheelhouse property and that he has received CARA funding. As a riverfront property owner, he feels that we have an asset that is not being well used. He said that Corvallis decided to do a riverfront renewal ten years ago; today it has an inviting area with multiple restaurants and businesses and people walking around day and evening. Albany's river walk does not feel inviting and safe; he would like to see it opened up and perhaps some money put into design work. He offered to serve on a future work group to help explore possibilities and move the project forward.

Bessie Johnson said that she has received comments from people who don't feel safe on the riverfront and she agrees that it needs to be made more inviting. She expressed appreciation to Johnson for coming forward and for being willing to help. Brief discussion followed.

Swoboda – Request for Loan Repayment Modification

Urban Renewal Manager Kate Porsche reviewed the request as detailed in the written staff report. Chuck Swoboda, an early recipient of CARA funds, had understood that Phase I of his project was structured with five years of no payments, then five years of payments. The actual terms, as described in the Promissory Note, call for the loan to be paid in full with interest five years from the loan date. The loan date was January 25, 2005. Swoboda is requesting a modification of his loan for Phase I to allow five years to pay back the original

balance plus interest accrued to date. Swoboda is proposing to make double payments for nine months to get caught up on the 2010 payments and to pay off the accrued interest on an accelerated schedule; he is proposing that there be no interest going forward. Porsche reviewed complaints about excessive signage and items in the public right-of-way at this location. She recommended that, if the request is approved, Swoboda be required to comply with all applicable City ordinances.

Chuck Swoboda, 104 First Avenue, came forward. He clarified that he did not request that there be no interest going forward; he is proposing that interest would accrue during the five-year repayment period.

Johnson said that she doesn't have any problem approving this request, especially with the clarification that Swoboda is proposing to pay with interest.

Kopczynski asked about a previous situation in which the west storefront windows were out of compliance. Porsche said that Swoboda worked with the Landmarks Advisory Commission and City staff to come up with a solution that was acceptable to all parties.

Kopczynski asked what Swoboda, as a businessman, would say to a customer who said they did not read a contract and wanted to renegotiate. Swoboda said that he would probably say no.

Rich Catlin asked about the status of the second loan. Porsche said that loan is drawn down; payments are scheduled to begin in 2012.

Chuck Leland asked if Swoboda has submitted financial information regarding his ability to pay. Swoboda said that he may have submitted information several years ago when this loan was approved.

Mark Spence asked if there is a reason that Swoboda proposed to make double payments for the first several months. Swoboda said that he was told by previous staff members that payments would start in January 2010; the proposal would make up for the payments missed since that date.

In response to an inquiry from Spence, Porsche reviewed portions of the contract related to completion requirements; Swoboda has met all of his contractual obligations.

Bill Coburn noted that a conventional lender would not agree to this type of request; however, it is of benefit to the City to have this business succeed. He thinks that there is not much choice other than to accept the offer.

In response to inquiries from Post, Swoboda said that he should have no problem making the payments as proposed. It was noted that staff will need to work out a new payment schedule which includes the interest that will accrue during the repayment period.

Floyd Collins said that, as part of any action on this request, he would like to set a completion date and to ensure compliance with City ordinances regarding signage and items in the public right-of-way. Brief discussion followed.

MOTION: Coburn moved to direct that staff work with Swoboda on the financial details and terms of repayment, the completion date for construction, and to address concerns with regard to ordinances. Catlin seconded the motion, and it **passed** by a vote of 13 to 1 with Kopczynski voting no.

Albany Redevelopment/Ward – Project Update and Extension Request

Porsche reviewed the request as detailed in the written staff report. Don Ward is requesting an extension through April 30, 2011, to complete work on the Labor Temple project. Staff recommends approval with a modification to the agreement which stipulates that reimbursement of the remaining balance will go out only at such time as the project is deemed complete by the City's Building Division with a certificate of occupancy.

Randy Rosenblatt and Don Ward came forward. Spence asked about the previously proposed development on the vacant lot to the east of this property. Porsche advised that the purchase agreement for the six townhomes on that property has fallen through.

In response to an inquiry from Gordon Kirbey, Rosenblatt said that a series of commitments from lenders have fallen through for a variety of reasons. He feels that the financing needed to complete the deal will come through in the next week or two. Ward added that the project is about 70 percent done and that he is fully committed to its completion.

MOTION: Kopczynski moved to approve an extension to complete the work on the Labor Temple project through April 30, 2011, with reimbursement of the remaining balance to go out only at such time as the project is deemed complete with a certificate of occupancy. Leland seconded the motion, and it **passed** unanimously.

Manley – Request for Loan Modification

Porsche reviewed the request from Marc Manley for a modification of his loan for Phase II of the project as detailed in the written staff report. The request would alter the structure to a no-interest loan. The loan currently expires on December 31, 2010; if the Board moves forward on this request, the timeline will also need to be addressed. Porsche distributed an amortization schedule showing repayment with interest for comparison.

Marc Manley, 222 First Avenue W, expressed appreciation to the CARA Advisory Board. He said that he and the Board have been working together for several years, having set and achieved mutual goals. With CARA's support, he has transformed the Ames Building, which previously had eight small retail shops, into two large retail bays; this is a proven retail concept that improves the economy and creates jobs. He wants to do similar improvements to the Flinn Building; however, he has held off beginning that project due to the current market place. He would like to discuss the viability of that project and what might be done to make it move forward. He reviewed his proposal, as outlined in his letter of November 10, 2010. He noted that, in addition to making the loan interest-free, another idea that might let the project proceed would be to make part of the loan forgivable after five years.

Kopczynski said that, considering what Manley has contributed to the downtown, he has no qualms working with him on this request. He asked if this would materially affect the public-private investment ratio. Porsche said that restructuring the loan to a no-interest loan would not impact that ratio; forgiving a portion of the loan would essentially turn that portion into a grant and would alter the ratio.

Manley noted that, two years ago, he agreed to stay off of the historic tax freeze for a period of time; he has since been advised that changes in the law make it unlikely that he will ever get back on the tax freeze.

In response to inquiries, Porsche said that CARA's line-of-credit has a variable interest rate, currently two percent.

Coburn noted that Manley's first payment is not due for more than three years. He asked if this request is premature given that economic conditions could change. Manley said that there is enough uncertainty that he has a conservative view about the economy. If he proceeds with this, he that he will be committing money – both his and CARA's – and he wants to ensure that there will be a payback. In response to an inquiry from Post, Manley affirmed that, because of uncertainty in the economy, he will not proceed with improvements unless the loan is restructured. Brief discussion followed.

MOTION: Catlin moved to restructure the loan as requested. Kopczynski seconded the motion.

Manley referred to his earlier suggestions about further modifications to the loan, i.e., making half the loan forgivable.

Dick Olsen said that he is concerned about others coming forward to request no-interest loans. Kopczynski noted that Manley has done a lot for the downtown. Post noted that CARA has made several forgivable loans over the past five years. Collins noted that Manley is not asking for the tax exemption; CARA will get a payback in tax increment financing. Loyd Henion said that Manley has created a magnet for the downtown. Spence said he would be inclined to forgive half of the loan but attach some interest on the remainder.

Spence offered a **friendly amendment** to the motion to forgive fifty percent of the loan, to modify the contract for the other fifty percent of the loan at two percent interest, and to extend the project deadline to December 31, 2011. The friendly amendment was **accepted**.

The motion **passed** 13 to 1 with Reid voting no.

Update on Other Projects Out of Compliance

Porsche provided a brief update on the status of collection efforts related to two contracts (Smith and Phillips).

Porsche noted that Board members will leave for a tour of the JC Penney building immediately following this meeting.

BUSINESS FROM THE BOARD

None.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, January 19, 2011, at 5:15 p.m. in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Post adjourned the meeting at 6:45 p.m.

Submitted by,

Teresa Nix

Teresa Nix
Administrative Assistant

Reviewed by,

Kate Porsche
Urban Renewal Manager