



APPROVED: July 26, 2011

**CITY OF ALBANY**  
**Central Albany Revitalization Area Advisory Board**  
**City Hall Council Chambers, 333 Broadalbin Street SW**  
**Wednesday, April 20, 2011**

**MINUTES**

Advisory Board Members present: Rich Catlin, Jeff Christman, Bill Coburn, Floyd Collins, Bessie Johnson, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Chuck Leland, Dick Olsen, Cordell Post, Ralph Reid, Jr.

Advisory Board Members absent: Loyd Henion (excused), Mark Spence (excused)

Staff present: City Manager Wes Hare, City Attorney Jim Delapoer, Urban Renewal Manager Kate Porsche, Administrative Assistant Teresa Nix

Others present: Approximately four audience members

**CALL TO ORDER**

Chair Cordell Post called the meeting to order at 6:15 p.m.

**APPROVAL OF MINUTES**

March 16, 2011

**MOTION:** Ray Kopczynski moved to approve the March 16 minutes as presented. Ralph Reid, Jr., seconded the motion, and it **passed** unanimously.

**SCHEDULED BUSINESS**

Business from the Public

None.

Albany Redevelopment, LLC, Contract Modification/New Loan

Urban Renewal Manager Kate Porsche reviewed the request as detailed in the written staff report. The applicants are requesting a loan in the amount of \$120,000 to complete the Labor Temple project located at 228 Third Avenue SE. The remaining amount on the current forgivable loan (\$16,517) would be incorporated into this new loan, and the entire amount plus six percent interest would be due in April 2014. There would be no prepayment penalty if the applicants are able to refinance sooner. The loan would be secured with a lien in the second position. The loan would be drawn down directly with payments routed through an escrow company to pay vendors directly.

Porsche said that both City Attorney Jim Delapoer and she feel that this is a suitable next step to ensure that the project is completed. Upon completion of the project, CARA would have a second secured position on an asset worth \$375,000 with a total investment of \$120,000. If CARA were forced to foreclose, the Agency would satisfy the first debt of \$176,000 and then have a total investment of \$296,000. If the project were to fail, no one would benefit. She noted that the original \$250,000 in CARA funds for this project was drawn down by a previous owner at no fault of the current applicants; the City is legally pursuing repayment of those funds.

City Attorney Jim Delapoer said that he has no opinion regarding the merits of this project; that is a policy question. CARA's past investment of \$250,000 could be wasted to some degree if the project is not completed; he cannot say if the project would be completed without this loan. He also cannot say what the project will be worth when it is completed. The appraiser indicated a completed value of \$375,000; if the Board has questions about the appraisal, it could have a new appraisal done at its expense. He said that he is supportive of the proposed structure based on the notion that CARA will still have adequate security and that it would have the value of a repaid loan as opposed to a loan that would be forgiven.

In response to inquiries from the Board, Chair Post said that the appraisal report was done by a licensed appraiser. Porsche said that the original appraisal was done in September 2010; an update was just completed at the City's request. Porsche said that a trusted partner, Paul Davis, has agreed to review the draw schedule to add a level of confidence that it is feasible.

Randy Rosenblatt and Don Ward, Albany Development, LLC, came forward. In response to inquiries from the Chair, the applicants said that they are confident that the additional funds will complete the project, that they anticipate construction will be completed within two months, and that it should only take one year of rental income for a commercial lender to determine that the project has sufficient value to restructure a loan at which time CARA would be repaid in full.

Chuck Leland asked how the applicants became involved in this project. Rosenblatt said that the original owner bailed out and the Mason Trust recruited Albany Redevelopment, LLC, to step in and finish the project. At the time, there was private money willing to invest in the project, but that has since dried up. The applicants know that they will lose money on this project; they are just trying to get the subcontractors paid, protect their own good reputation, and get this job done. In response to an inquiry from Johnson, Ward acknowledged that this is the firm that rehabilitated the Washington Street Apartments. He said that he has a belief in affordable housing and hopes that this will end up being another successful project. Johnson said that she appreciates what the applicants are doing and they have her support.

**MOTION:** Kopczynski moved to accept the Albany Redevelopment, LLC, proposal as described in the staff report. Johnson seconded the motion.

Kopczynski asked if the applicants believe that the rents will cover the debt payments. Rosenblatt said yes, and then some.

Catlin asked if the itemization for contractor payments is based on actual contracts. Ward said yes. Catlin asked when the Mason Trust note is due. Rosenblatt said that it is past due; they are awaiting the outcome of this request to see if they are willing to extend the contract. Ward added that he has a long relationship with Mason Trust, which wants what is best for all parties. Catlin said that he thinks that this is a good example of gap financing.

Collins asked how it will be assured that the work has been done before contractors are paid. Delapoer said that he would not advocate this process be repeated with other applicants; the City does not have the staff to act as a commercial lender. In this case, he has some level of comfort because of the high level of detail in the draw schedule and because the contractors are known to the City. In response to further inquiries, Ward said that the applicants will review and sign off on invoices before they go to the escrow company for payment; he said he will do what is necessary to protect the property, the City, and his firm's reputation.

The motion **passed** unanimously.

#### Staff Updates and Issues

Porsche reported that Herb Yamamoto, CAAD Connections, has apologized for the delay in completing the landscaping at his business location due to some personal issues and the weather; he is working with City staff to ensure that all requirements are met, and the work will be completed very soon.

BUSINESS FROM THE BOARD

None.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Thursday, May 12, 2011, at 5:15 p.m. in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Post adjourned the meeting at 6:53 p.m.

Submitted by,



Teresa Nix  
Administrative Assistant

Reviewed by,



Kate Porsche  
Urban Renewal Manager