

MINUTES

COMMUNITY DEVELOPMENT AUTHORITY

PLAN COMMISSION OFFICES

Regular Meeting
Wednesday
September 10, 2014

I. CALL TO ORDER

The meeting was called to order by Chairman John Stangel at 4:04 P.M.

II. ROLL CALL

<u>Members Present</u>	<u>Members Excused</u>	<u>Others Present</u>	<u>Staff Present</u>
John Stangel	Jill Hennessey	Doug Soodsma	Paul Braun
Gene Maloney	Collin Braunel	Abby Garcia	Lisa Mueller
Emil Roth		Tony Vogel	Pauline Haelfrisch
Chris Able		Steven Corbeille	
Dennis Tienor			

III. APPROVAL OF MINUTES OF THE REGULAR AUGUST 13, 2014 MEETING

Chairman Stangel asked if there were any corrections or additions to the minutes of the regular August 13, 2014 meeting. Hearing none, the following action was taken.

Motion by: Mr. Able	Seconded by: Mr. Maloney
Moved that: the CDA approve the minutes of the August 13, 2014 regular meeting	Upon vote: the motion was carried unanimously

IV. MANITOWOC HOUSING AUTHORITY BUSINESS

- A. Financial Report and Approval of Monthly Expenditures
Pauline Haelfrisch reviewed the financial statements for September, 2014 with the Board members. She also distributed a list of expenses and reviewed these with the Board.

After some discussion, the following action was taken.

Motion by: Mr. Maloney	Seconded by: Mr. Able
Moved that: the CDA approve and authorize payment of the September, 2014 expenses	Upon vote: the motion was carried unanimously

- B. New Project Update
Pauline discussed the bike shed project with the Board members. The architect and she have gone through a few different options; adding on to the maintenance garage; individual plexiglass containers; something similar to a bus stop.

The architect recommended adding on to the maintenance garage as being the most feasible. It would be a three sided structure added on to the present garage with a larger door to enter and bike racks inside that the tenant could lock their bike to. The addition would be on a concrete slab. Some discussion was held and the members agreed with the plan.

Next, Pauline spoke in regards to repair to the balcony. She explained that the balcony's top layer is a wooden deck. Underneath is a lining and underneath the lining, is the rubber membrane. The architect pulled up a broken wooden slat and cut a small piece into the lining to see if he could see the condition of the roof. The architect did not feel it was necessary to replace the whole roof. There are spots of rubber roof that are rotting that would need to be patched. However, he recommends removing and replacing the wooden deck.

Some discussion was held in regards to roof systems that are now made for the balcony. It was suggested that Pauline have the architect look into this type of system.

Last, Pauline discussed new signage for Manitou Manor. Keith from Signs Plus came to take a look at what we have and discuss some options. The present signs were there when Brian started, however; when Dan had the roof and siding replaced on the building, the present signs were updated to match. Keith discussed some options with Pauline in regards to the materials that could be used. Pauline will have more information at the next meeting.

C. GPNA Update

Pauline informed the Board members that she accepted the bid from Keith Schultz from SchultzWerks to perform the GPNA. She will be meeting with him on Tuesday, Sept. 23rd to go over what is necessary for the audit.

V. DOWNTOWN REDEVELOPMENT ACTIVITIES

A. Financial Report and Approval of Monthly Expenditures

There is no update to the financial report as ABBA has not made a payment, thus the balance has stayed the same.

B. Design Review:

1. 21 Maritime Drive – Steimle Birschbach LLC

Paul Braun informed the Board members that this design review was not pre-approved. He did not find any issues with this signage and he asks the Board members to approve and award a certificate of appropriateness.

The following action was taken.

Motion by: Mr. Maloney

Seconded by: Mr. Roth

Moved that: the CDA approve the design review and award a certificate of appropriateness

Upon vote: the motion was carried unanimously

2. 901 South Eighth Street – The Madhatter

Paul explained to the Board members that this design review has the exact same look as before. Some discussion was held regarding the colors used. Paul asks the Board members to approve and award a certificate of appropriateness.

The following action was taken.

Motion by: Mr. Able

Moved that: the CDA approve the design review and award a certificate of appropriateness

Seconded by: Mr. Tienor

Upon vote: the motion was carried unanimously

3. 805 Quay Street – Soodsma Insurance Agency

Paul informed the Board members that the owner would like to take an existing backlit sign from his present office and relocate it on the façade of the new building.

Paul asks for approval of this signage and award a certificate of appropriateness.

Some discussion was held in regards to what is considered historic for the downtown area and the following action was taken.

Motion by: Mr. Maloney

Moved that: the CDA approve the design review and award a certificate of appropriateness

Seconded by: Mr. Able

Upon vote: the motion was carried unanimously

C. ABBA LLC – Loan REV2011-1 – Update

Paul stated to the Board members that at the last meeting he had brought them up to speed as far as what was happening with ABBA LLC. At this time the June, July and August payments were not made. There was a \$25,000 reserve account that was set up in the past. From the last meeting to the present, the City actually drew on that account so the \$25,000 from the account is in house in check form. Paul is asking for guidance from the CDA as to how to proceed from here. There is presently a balance of \$35,901.63 remaining on the loan to the City. Dennis Tienor asked how much interest was collected to date. Paul proceeded to hand out a spreadsheet to the Board members with the loan information as of 8/31/14.

Dennis then asked if the Board could hear from the owners of ABBA, LLC; Abby Garcia and Tony Vogel. He would like to discuss the appropriate actions for the \$25,000 from the reserve account and the payments. Dennis would like the owners to update the members and he would like to clarify that Bank First National also has a loan with the owners.

Tony Vogel explained that since Abby is the manager of the restaurant, she handles the financial dealings and she has come up with some numbers since they re-opened in April.

Abby explained that in April they closed due to financial difficulties and re-opened in mid-May. They have always been behind with bills about two months and have not been able to catch up. Since May, they have cut food and labor costs drastically. They had been spending \$20,000 per month in labor costs alone. They have been able to cut that to \$8,000 per month; as well as food costs, they were spending upwards of \$25,000 to \$30,000 per month and have been able to cut that to \$12,000 to \$15,000. Abby explained because of lack of experience, things got out of control.

Tony stated that they have been able to pay down some of the bills they had with vendors. Abby stated that all the liquor and beer vendors are now paid down. She also explained they had outstanding miscellaneous bills they were able to pay down. They also paid down their rent; however, have again fallen behind with that.

Dennis asked where they stood with the State, what those numbers are and what was the last communication they had with the State and Feds. Abby explained that was for ABBA, LLC and that is no longer in business. However with the Feds, they owed \$42,000 and paid \$13,000; and with the State, they owed \$27,000 and paid \$8,500. Dennis asked if they have made the State aware the business had ended and have they responded to that. Abby stated they have been working with Terry Fox and Mike Lambert who are in communications with the State and Feds and are working on a repayment plan. Abby stated, in essence, if they can't make money at the restaurant, they can't make payments. Dennis stated that, in a nutshell, they have the Bank side of it and the City side of it as far as the \$25,000 is concerned, it would be premature to do anything with that. It would make sense to apply it to the City loan to stop the interest rate ticking on that part of it, but there was no commitment in the documentation that he is aware of that it would satisfy payments; so even if the \$25,000 were applied to the note, it would save interest, but it would not catch them up on monthly payments. Dennis explained it isn't just the City and Bank that control ABBA's financial fate, there are too many other parties also involved. He stated any payments would be premature until they know the status with the Feds and the State.

Abby stated she understood that and explained they can't make any agreement with the Feds or the State unless they can continue to operate the restaurant and until they get a handle on their loans, they won't be able to operate the restaurant.

Dennis asked if they had any documents to show the figures Abby had listed and she stated she had them in Quickbooks. Dennis said that is what is needed. He then asked if they had provided Terry Fox with any of this information. Abby stated they are struggling to keep the restaurant open.

Dennis explained they need this information on paper so they can analyze the business and see what their cash flow looks like. The items that were just referenced need to be put on paper. Tony stated that he thinks what Terry was asking for was the plan Christine Mitnacht was going to put together for them which never materialized. Tony stated they have instituted a plan of their own by paying down vendors and staff. Tony feels Terry is asking to see that they are viable, that they will be able to make money in order to make payments to the State and Feds. Dennis agreed that they are doing it in practice, but it needs to be put on paper.

John Stangel asked if the owners were here today to ask the Board members to do something. Abby explained they wanted to know what the \$25,000 was going to be used for and how it was going to be delegated. She wanted to know if there was a way to renegotiate the loan; would the \$25,000 catch them up that they will start fresh as of October. Dennis explained that if they apply it to the loan, the interest rate will go down. Tony said their intent was to show the CDA where they are at and see if the \$25,000 they had put it in the reserve account, if some of that could be used by the owners to catch them up on loan payments to the bank or payments to the landlord. One of the Board members asked how business was. Abby replied that business was always good. Another member asked if they were open June, July and August did they make money. Abby stated yes they did. Dennis asked if Abby could provide statements from Quickbooks that would show that for those months? She said yes they could. Dennis asked that for the Board to make any decisions they would need those statements and to also put in writing all the changes they have made as she had reported. Tony stated it is a struggle every day, especially a restaurant business. So if a vendor comes in and wants a certain amount of money, they sometimes pay out of the till and at the end of the day hope they have enough to pay employees, etc.

John Stangel stated that for the Board to make a decision, they will need documentation. Gene Maloney asked about the term "renegotiating the loan". What does that really mean to the owners. Tony stated that they had a \$50,000 loan and \$25,000 of that was put into a reserve account. Now the \$25,000 was pulled; so if the Board would decide to apply that to the loan, that would reduce that loan substantially. However, it would be better for them to pay some of these things and possibly use half the account elsewhere.

Chris Able congratulated the owners on fixing their expenses, the Board will still need to see a couple of months when they were losing money in order to compare the accounts and the changes. He stated the Board wants to help them and wants to see them succeed. He feels the owners have to explicitly state what they want from the Board in order for the members to make a decision.

Tony asked who they would provide the information to specifically and was told to send it to Paul and copy Dennis. John Stangel stated they could hold a special meeting, if necessary. Dennis explained to Paul to hold the check until further notice. John Stangel stated that the Board members would agree to not charge interest for this month until this action has been taken at the next meeting in regards to this matter. The City Treasurer, Steven Corbeille stated that they should cash the check and put the money in an account or apply it to the principal. Dennis Tienor asked if that action is taken can it be undone. So the City would apply the \$25,000 on the loan and later down the line, they could re-advance per the Board's request.

Steven Corbeille clarified that the money will go to interest and penalties first with the remainder applied to the principal. The Board members agreed with that explanation.

There was more discussion in regards to ABBA, LLC. Dennis stated that as far as the CDA giving out any more money, all parties concerned would have to be on board.

Motion by: Mr. Able
Moved that: the CDA approves depositing the check
for \$25,000 and applying in such manner:
Interest - \$353.18
Late Fees - \$252.90
Principal - \$24,393.92

Seconded by: Mr. Tienor
Upon vote: the motion was carried
unanimously

VII. ADJOURNMENT

The meeting was adjourned at 4:50 P.M.

Respectfully submitted:

Paul Braun,
Executive Director

PB/pmh