



**CITY OF MANITOWOC**  
WISCONSIN, USA  
*www.manitowoc.org*



**MINUTES**

**COMMUNITY DEVELOPMENT AUTHORITY**

**PLAN COMMISSION OFFICES**

Regular Meeting  
Wednesday  
January 14, 2015

**I. CALL TO ORDER**

The meeting was called to order by Chairman John Stangel at 4:03 P.M.

**II. ROLL CALL**

Members Present

John Stangel  
Gene Maloney  
Emil Roth  
Jill Hennessey  
Chris Able  
Anton Doneff\*  
Dennis Tienor arrived at 4:25 p.m.

Others Present

Dave Pawlowski  
Bob Lemke  
Justin Nickels

Staff Present

Nic Sparacio  
Paul Braun  
Pauline Haelfrisch

**III. APPROVAL OF MINUTES OF THE REGULAR DECEMBER 10, 2014 MEETING**

Chairman Stangel asked if there were any corrections or additions to the minutes of the regular December 10, 2014 meeting.

Hearing none, the following action was taken.

Motion by: Ms. Hennessey

Moved that: the CDA approve the minutes of the December 10, 2014 regular meeting

Seconded by: Mr. Able

Upon vote: the motion was carried unanimously

\*It was noted that we have a new member to the committee. Anton Doneff was welcomed by the Board members. Anton gave a brief description of his background and association with the City of Manitowoc.

**IV. MANITOWOC HOUSING AUTHORITY BUSINESS**

**A. Financial Report and Approval of Monthly Expenditures**

Pauline Haelfrisch reviewed the financial statements for January, 2015 with the Board members. She also distributed a list of expenses for this time period and reviewed these with the Board.

The following action was taken.

Motion by: Mr. Maloney  
Moved that: the CDA approve and authorize  
payment of the January, 2015 expenses

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

Pauline discussed with the Board members that she was currently working on the Agency Plan. This year would include the Five Year Plan with the last one

presented to the Board in 2010. This plan is more in depth and the Board members will need to review it at the February meeting because it needs to go out for public comment 45 days before the submission date to HUD.

B. Audit for FYE 6/30/2014

Pauline distributed the audit reports to the Board members. She discussed the Manager's Discussion and Analysis. There was discussion on the reserve account. Pauline explained that some of those monies can go for capital improvements to the building. In three years, she would like to replace all the windows in the building. It would be difficult to hold all the capital fund monies she receives, because of projects that need immediate attention.

The following action was taken.

Motion by: Ms. Hennessey  
Moved that: the CDA members approve the MHA  
audit for FYE 6/30/14

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

C. Recreation Room Update

Pauline went over recent activities with the Recreation Room. Dalton Carpet got the bid for the recreation room carpet. Shoreline Interiors are providing the draperies. Pauline explained that she has not even started on the furniture. She is open to suggestions. The furniture from the lobbies came from Badger Office City. One of the members suggested she contact Lakeshore Business Interiors. Discussion was held and suggestions were given.

D. Vacancy Update

Pauline informed the Board members that there were two vacancies. One of the apartments is filled. The other apartment was occupied by a tenant who was a heavy smoker. Pauline stated she was able to get the family to cover the cost of washing the apartment including walls, cabinets, appliances, etc. This apartment will need paint, carpet and flooring. Pauline will rent the apartment March 1<sup>st</sup>. Some discussion was held in regards to making the building smoke free.

**V. DOWNTOWN REDEVELOPMENT ACTIVITIES**

A. Financial Report – Revolving Loan Program, 1/7/2015

Paul Braun reviewed the financial reports with the Board members for the revolving loan program. A total of \$746,912.60 in loan funds was available. Paul explained that there was a discrepancy in the spreadsheet Dave Less was providing to the Board members and what the City's financial system contained. The amount is approximately \$15,000 higher than what the spreadsheet contained. Nic reported that this amount can be supported with the City's accounts.

The City's report is the last semi-annual report the City provides to the State. Discussion was held in regards to how much the City can keep in this fund. Nic stated he thought it was a million or more and we are way under that amount.

The following action was taken.

Motion by: Mr. Able

Moved that: the CDA accept the financial report and place on file

Seconded by: Mr. Tienor

Upon vote: the motion was carried unanimously

**B. Discussion and Possible Action RE: Loan Status of ABBA, LLC – Loan REV2011-1**

Dave Pawlowski, an attorney from the Salutz Law Office introduced himself and explained he is at this meeting representing Bank First National. He explained that John Stangel being a partner in the firm and Dennis Tienor an employee of the Bank would be abstaining from any motions made in regards to this matter. Bank First National is the primary secured creditor for the former Eighth and York Restaurant which has recently closed. Bob Lemke who is also in attendance at this meeting is the landlord of the building. Bank First National is working with the Vogel family, the previous owners of Eighth and York, to get the equipment in the building conveyed to Mr. Lemke's organization that they can find someone else to run the restaurant.

It is Atty. Pawlowski's understanding that there is an intercreditor agreement with the CDA and Bank First National with a balance due to the CDA of between \$11,000 and \$12,000. The Bank has a projected loss on the ABBA portion of about \$76,000. That assumes that the Bank nets \$25,000 on the sale of the equipment. The Bank's lending to this is tied into WHEDA and WHEDA has given the Bank direction on what they will allow them to do and accept. WHEDA has stated that they will allow for the equipment to be sold to Mr. Lemke's organization in the amount of \$25,000 which is what it was valued at for liquidation cost. However, WHEDA has certain conditions.

First, that the CDA would release its lien on that equipment and also the third mortgages on the Vogels' multiple parcels of real estate. There is minimal equity in these parcels. WHEDA is stating basically that the CDA disregard the intercreditor agreement. The CDA would waive its interest in the equipment because in terms of the mortgages, the CDA is third. Atty. Pawlowski explained that there are many subordinate creditors with liens on this equipment.

Discussion was held in regards to the equipment. Atty. Pawlowski explained that all the equipment would stay in place. Mr. Lemke shared there has been a great deal of interest in the building, but no one can get it started, until this transaction is done. There was concern in releasing the City's liens as this was never done before. It was noted that the City still has personal guarantees as an option to try to recover the City's loan. A Board member stated that because the CDA is so far down on the list of creditors and by keeping the equipment with the property, it would be beneficial to the next owner to rent the space for a restaurant.

The following action was taken.

Motion by: Ms. Hennessey

Moved that: The CDA waive the intercreditor agreement on ABBA, LLC – REV2011-1 and authorize staff to execute all documents

Seconded by: Mr. Able

Upon vote: the motion was carried unanimously

Abstaining: John Stangel

Motion by: Mr. Able  
Moved that: the CDA advise the Planning Dept. to  
keep the personal guaranty open and continue to  
update the Board members as to the possible bankruptcy

Seconded by: Ms. Hennessey  
Upon vote: the motion was carried  
unanimously

C. Discussion and Possible Action Re: Renewal of Loan Commitments for Artists Lofts/  
Mirro Plant #3 Project

Bob Lemke spoke to the CDA in regards to this property. They sent all their architectural drawings to the State Historical Society for review. The Society would like the owners to keep all the existing windows in the building and the preservation officer requests the owners to not insulate the outside walls inside the apartments. They are taking their case to the Dept. of Interior, the Federal part of this project. They tend to be more sympathetic about these issues.

Bob explained there would be 40 units with parking on the first floor along with community space.

It was noted that the CDA's loan commitment had expired as of 11/2014. Nic Sparacio explained that the project narrative was included with the members packets. The narrative states the terms to the commitment. Nic does not see any reason to change the terms, but he would note that the HOME funding would not be included because the owners have a different source for funding. Nic would like to see this kept in the narrative just in case anything changes so it would still be available.

Nic explained that the action the Planning Dept. would be looking for is to extend the term of the commitment for another year, November of 2015.

Motion by: Ms. Hennessey  
Moved that: the CDA extend the loan commitment  
for Artists Lofts/Mirro Plant #3 Project until 11/15

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

**VII. ADJOURNMENT**

The meeting was adjourned at 5:03 P.M.

Respectfully submitted:

Nic Sparacio  
Community Development Director

NS/pmh