

## REDEVELOPMENT AUTHORITY OF THE CITY OF KAUKAUNA

A meeting of the Redevelopment Authority of the City of Kaukauna was called to order at 8:30 a.m. on Wednesday, August 24, 2016, by Chairman Haak.

Members Present: Haak, Feldt, Landreman, McGinnis, Natrop, Smith, VanderWyst.

Also Present: Planning Director Jakel, Finance Director Van Rossum, Planning Technician Holmes, Planning Intern Russell.

1. **Minutes.** A motion to approve the minutes of the January 12, 2016, meeting was made by Feldt, seconded by Landreman. All members voted aye. Motion carried.
2. **Subordination Request – USA Academy of Martial Arts.** Mr. Jakel explained that building is on the market listed for \$214,000. The original loan of \$30,000 has been paid down to approximately \$10,600. There will be new money ahead of us if we subordinate. Chairman Haak explained that he is reluctant to consider the request based on the applicant's delinquent loan status and that the new money won't likely add to the value of the project. He also noted that per the original payment schedule, the loan should have been paid off in March of 2016. Mr. Natrop suggested that the applicants borrow additional funds from their primary lender to pay out the RACK loan. Mr. Jakel explained that the building is assessed at approximately \$60,300 and that issues with residential tenants in the building and a slump in the business caused the delinquency. Chairman Haak expressed concern that the amount of new money ahead of us and the balance of the applicants existing loan with their primary lender is unclear. A motion to deny the subordination request and suggest that the applicants work with their primary lender in borrowing additional funds to pay out the RACK balance was made by Natrop, seconded by Landreman. All members voted aye. Motion carried.
3. **Subordination Request – Kaukauna Coffee and Tea.** Mr. Jakel explained that the applicant intends to expand the business and make improvements to the building working with their primary lender – the amount of the new loan has not yet been determined. The lender is requesting the subordination to determine their participation in the project. Chairman Haak asked about the delinquent loan status. Mr. Jakel explained that a payment was missed here and there over the life of the loan but payment activity has been consistent overall. The improvements will increase the value of the building from \$90,000 to \$164,000. Ms. Smith asked for additional information on the improvements being planned and how the jump in value was determined. Mr. Feldt requested additional information on the amount of new money ahead of us. Chairman Haak requested a plan for bringing the loan current as well. A motion to table the request until the information noted above can be presented was made by McGinnis, seconded by Feldt. All members voted aye. Motion carried.
4. **Executive Session – Collection of Delinquent Loans.** A motion to adjourn to Executive Session at 9:00 a.m. pursuant to Wisconsin State Statute 19.85(1)(e) to discuss collection of delinquent loans was made by Feldt, seconded by McGinnis. All members voted aye. Motion carried.
5. **Open Session – Collection of Delinquent Loans.** A motion to return to Open Session at 9:25 a.m. was made by Smith, seconded by VanderWyst. All members voted aye. Motion carried. A motion to

take the following action toward collection of delinquent RACK loans was made by Feldt, seconded by VanderWyst.

- Direct Planning Director Jakel to work with Look Back in Time to make arrangements to bring their loan current.
- Direct City Attorney Davidson to contact Image Nutrition regarding collection of delinquent payments and/or taking possession of equipment.
- Direct McCarty Law, LLP to begin the process of foreclosure on Quencher's Food and Spirits.
- Direct Planning Director Jakel to investigate the bankruptcy status and debt in positions ahead of the RACK loan to 5K6, LLC.
- Direct McCarty Law, LLP to begin pursuing personal guarantees on the Plum Hill project.

All members voted aye. Motion carried.

6. **Executive Session – My House Bowling Bar.** A motion to adjourn to Executive Session at 9:35 a.m. pursuant to Wisconsin State Statute 19.85(1)(e) to an existing loan to My House Bowling Bar was made by Smith, seconded by Landreman. All members voted aye. Motion carried.
7. **Open Session – My House Bowling Bar.** A motion to return to Open Session at 9:40 a.m. was made by Natrop, seconded by Landreman. All members voted aye. Motion carried. A motion to not attend the Sherriff's sale and to proceed with the collection of personal guarantees of the principals for My House Bowling Bar was made by Natrop, seconded by Feldt. All members voted aye. Motion carried.

There being no further business to be brought before the Authority, a motion to adjourn the meeting at 9:45 a.m. was made by VanderWyst, seconded by Landreman. All members voted aye. Motion carried.

Julianne Schroeder  
Executive Secretary