

**CITY OF HANCOCK
DOWNTOWN DEVELOPMENT AUTHORITY
MINUTES OF JUNE 14, 2010**

Chairperson Peter Wickley called the special DDA meeting to order at 5:30 p.m. on Monday, June 14, 2010 at 399 Quincy Street with the following members present: Peter Wickley, Carol Fisher, Frank Taucher, William Laitila, Bonnie Holland, Jim Bogan, Steve Zutter and Kathy Johnson.

Absent: Darin Leetun

Staff/Guests: Glenn Anderson, Mark Johnson, Gail Johnson, Jordan Johnson and Steve Palosaari.

The purpose of the special meeting is to consider and discuss a financing request to the DDA from Mark Johnson to help him arrange financing to purchase the Gartner's Furniture business from Richard Kahn.

The Main Street Hancock Inc. board had offered Johnson a \$30,000 loan at 3.5% for a 3 year period, after 3 years a balloon interest to 5%, with a 10 year amortization schedule. Steve Palosaari, SNB Commercial loan officer, presented the financing package to the DDA with the bank offering to finance inventory, a \$200,000 line of credit, a \$25,000 equipment loan, and a \$50,000 additional loan. Palosaari said the deal was still \$70,000 short once the Main Street loan was factored in.

Palosaari stated that Mark Johnson had over 38 years of retailing experience, and Gail Johnson had over 21 years of interior design and sales experience. 2008 sales were \$1,169,371, and the projected purchase would provide an \$11,873 1st year net income. The Johnson's are working on an option to purchase the building in 3 years, with rental payments being applied to the purchase price.

Steve Zutter said the Gartner's Furniture Store was a key anchor retail store in the downtown and he supported helping the Johnson's acquire the store, versus the business liquidation which could occur if this deal is not completed.

Peter Wickley said the Gartner's Furniture store was one of a few downtown retail stores that consistently had gross sales above the \$1,000,000 mark, and it was important to the downtown to keep this business viable.

Palosaari recommended the DDA guarantee a \$70,000 loan by placing the funds in escrow, while retaining the interest income on the \$70,000 to the DDA, with this proposal; the bank can offer a lower interest loan to the Johnson's of around 3%, less than the current minimum bank loan rate of 6%.

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It was moved by Bogan and seconded by Zutter to authorize \$70,000 of DDA funds be pledged as collateral to help the Johnson's acquire the Gartner's Furniture business with a 3 year balloon requesting the Johnson's to payoff this loan with regular bank financing. The interest rate offered by Superior National Bank is 3%, with a 10 year amortization. The loan value after 3 years of payments would be \$51,154.70.

AYES: All

NAYES: None

Motion Carried

It was moved by Fisher and seconded by Taucher to adjourn at 5:52 p.m.

AYES: All

NAYES: None

Motion Carried

Respectfully submitted,

Glenn Anderson
Secretary Pro-Tem