

VILLAGE OF FONTANA ON GENEVA LAKE
WALWORTH COUNTY, WISCONSIN
(Official Minutes)

SPECIAL JOINT MEETING of the VILLAGE BOARD OF TRUSTEES and the
CDA BOARD

Monday, March 15, 2010

President Arvid Petersen called the special joint meeting of the Village Board and CDA to order at 5:30 pm in the Village Hall, 175 Valley View Drive, Fontana, Wisconsin.

CDA members present: Roll call vote: President Petersen, Bob Chanson, Cindy Wilson, Jeff Fisk, Skip Bliss (arrived at 5:32 pm)

CDA members absent: Chairman William Turner, Gail Hibbard

Trustees present: Roll call vote: Pat Kenny, Diane Lewis, Micki O'Connell, George Spadoni, President Petersen, Tom McGreevy

Trustee absent: William Turner

Also present: Administrator/Treasurer Kelly Hayden, David Lindelow, Village Clerk Dennis Martin, Village Attorney Dale Thorpe

CDA Chairman Pro-Tem

Commissioner Fisk/Commissioner Wilson 2nd made a MOTION to elect Commissioner Chanson the chairman pro-tem for the CDA meeting, and the MOTION carried without negative vote.

Joint Session Business

Abbey Resort Spa Letter of Credit/First Mortgage Proposal

Thorpe stated that the Village has not received anything new since the March 12, 2010 special meeting was held to consider a proposal from Abbey Provident Venture, LLC to substitute a first mortgage on the Abbey Resort's employee parking lot property for the \$525,000 Irrevocable Stand-By Letter of Credit issued April 15, 2008 to the Village for TIF contributions. Thorpe stated that he was informed by Walworth State Bank that a closing was never scheduled for that day or for Tuesday, March 16, 2010. Thorpe stated that Cary Kerger informed him that Park National Bank has extended the loan commitment letter that was initially scheduled to expire March 15, 2010. Thorpe stated that Kerger also has offered to change the proposal to offer the Village of Fontana the first mortgage on the parking lot property and to have the Village retain the initially issued letter of credit until all the issues have been worked out. Thorpe stated that none of the statutorily required steps have been taken to invalidate the Irrevocable Stand-By Letter of Credit issued April 15, 2008, and the Village still has not received a written notice from the FDIC. Thorpe stated that trying to track down the employee at the FDIC who is responsible for the Park National file could take weeks. Hayden stated that the TIF Development Agreement between the Abbey and the Village requires a letter of credit in an amount equal to the outstanding amount of the Note plus 12 month's interest. The agreement also states that the developer is required to obtain and provide a replacement Letter of Credit to the Village on or prior to the Letter of Credit Replacement Date. Hayden stated that if the CDA and Village Board are in favor of the proposal, the developer's agreement will have to be amended. Hayden stated that she also was informed since the March 12, 2010 meeting that letters of credit can be readily obtained from a number of banks. Hayden stated that a letter of credit is the "cleanest" form of financial security. McGreevy stated that the parking lot is currently assessed at \$400,000, and the letter of credit is for \$525,000. Chanson asked if the closing wasn't scheduled and the loan commitment was extended, why were the CDA and Village Board members given the bum's rush last Friday and why was the special meeting held that night. David Lindelow stated that the initial loan commitment letter was scheduled to expire that day, but it was extended by the bank. Thorpe stated that with all the unresolved issues and information changing from day to day, he would advise the Village to wait to hear from Walworth State Bank if it will issue a new letter of credit. Thorpe stated that if the letter of credit is reissued by Walworth State Bank then there is no

need for Village action. Lindelow stated that the resort has been experiencing cash flow problems throughout the winter season, and the current proposal will provide the resort with operating funds. Thorpe stated that when all the outstanding issues are worked out, Walworth State Bank makes a decision, and the Village's other concerns are answered, another special joint meeting can be held. Lindelow stated that Walworth State Bank has indicated it will not have an answer on reissuing the letter of credit for 60 days because a new appraisal has to be completed on the parking lot property. Following further discussion on the Village being put into the undesirable position of serving as a loan approval board, the CDA and Village Board members reached a consensus that they should not consider the proposal for a collateral substitution for the TIF loan until Walworth State Bank makes a decision on reissuing the letter of credit.

Adjournment

Trustee Spadoni/Trustee Lewis 2nd made a MOTION to adjourn the Village Board meeting at 6:01 pm, and the MOTION carried without negative vote.

Commissioner Bliss/Commissioner Wilson 2nd made a MOTION to adjourn the CDA meeting at 6:01 pm, and the MOTION carried without negative vote.

Minutes prepared by: Dennis L. Martin, village clerk

Note: These minutes are subject to further editing. Once approved by the Village Board and CDA, the official minutes will be kept on file at the Village Hall.

APPROVED: 4/5/2010 – Village Board; 4/7/2010 – CDA