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CITY OF MONTICELLO

June 4, 2009

Bob Schwartz  
City Manager  
City of Monticello

Per your request for the City Council meeting on June 9<sup>th</sup>.

To summarize, the DDA's most ambitious project The Red Clay Galleria and Café needs help!

Although well planned and thought out, the execution along with the dramatic downturn in the worldwide economy has made the vision difficult.

The Board of Directors has been working on this problem for some months, and feels that we have a viable solution to get back on track and make this a show piece of Re Development!

In a nut shell we propose to:

1. Re-negotiate the lease of the café portion with Ms. Val Pennamon, making her rent and utilities more equitable. I have met with Val and we have a verbal agreement that will work. It is in essence, the same agreement as written, but the utilities will remain in the name of the DDA for now (with the Café paying the proportioned utilities as planned)
2. Market the "Mall" portion or front of the building to a Mall operator or a single renter. This will be based on a per square foot rental plan with yearly increases as agreed upon.
3. Lease the basement (already in place and first rent check due in July)
4. Of most importance continue to market the building for sale.

In essence, the DDA will only be responsible for maintaining the building, paying the mortgages, insurance etc until such time the building is purchased. The DDA WILL NOT be in "business" will have no paid employees, or employee responsibilities. Our goal and mission is to create new business opportunities, recycle and/or restore derelict structures, and create an excitement for the downtown core.

The Bank Of Monticello and McIntosh State Bank have agreed to refinance our existing loans, with a 20 year motorization (no prepayment penalty) and also increase the

amount of the new loans to cover ALL PAST DUE BILLS, including vendor payments, insurance, RLF fund; utilities etc. plus the marketing of the Galleria portion for lease and to promote the sale of the building as a total package.

For this to happen the City Council has to agree for the banks to retain their position as first mortgage holders. With this agreement we can move quickly forward.

The Board of Directors feel that this will work with this new positive approach, but we need to all work together and continue to present a positive attitude.

Remember, if the building becomes a viable positive entity, the chance of selling it to a savvy investor is greatly improved!! A good thing to remember is that the money from the sale of the building replenishes the RLF fund, frees the USDA grant for re use and gives us the opportunity to do another great project with greater insight and understanding.

Rod Perry, Chair  
DDA Board of Directors