

AGENDA REPORT

DATE September 3, 2002

**ITEM** AUTHORIZATION TO PROVIDE NOTICE TO TRUSTEE AND TO EXECUTE OTHER DOCUMENTS NECESSARY TO REDEEM AND TERMINATE THE LEASE SECURING \$1,500,000 INDUSTRIAL DEVELOPMENT REVENUE BONDS (ROBERT AND RICHARD ZADICK, A MONTANA PARTNERSHIP PROJECT) (SAFEWAY STORES, INC. SUBLESSEE), SERIES 1979

**INITIATED BY** REDEMPTION OF \$1,500,000 INDUSTRIAL DEVELOPMENT REVENUE BONDS (ROBERT AND RICHARD ZADICK, A MONTANA PARTNERSHIP PROJECT) (SAFEWAY STORES, INC. SUBLESSEE), SERIES 1979

**ACTION REQUESTED** APPROVE EXECUTION OF DOCUMENTS RELATED TO REDEMPTION OF BONDS AND RELEASE OF SECURITY INTEREST IN PROPERTY

**PRESENTED BY** COLEEN BALZARINI, CITY CONTROLLER

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**RECOMMENDATION:**

Staff recommends the City Commission authorize the execution of documents to allow Robert and Richard Zadick, A Montana Partnership, to redeem outstanding Industrial Development Revenue Bonds (IDR), Series 1979 and release the City's security interest in the property.

**MOTION:**

I move the City Commission authorize the execution of documents necessary to redeem outstanding bonds and approve the transfer of real and personal property back to Robert and Richard Zadick, a Montana Partnership.

**SYNOPSIS:**

Robert and Richard Zadick, a Montana Partnership, is in the process of paying all outstanding bonds from the Robert Zadick and Richard Zadick, a Montana Partnership, and Safeway, Inc., Industrial Development Revenue Bonds, Series 1979. At the time the bonds were originally issued, the City took ownership of the real property as security for the payment of the bonds. All personal property within the structure is also pledged as security for the bonds.

**BACKGROUND:**

US Bank, Corporate Trust Services, acting as the Trustee, collects the debt service monies and pays the principal and interest payments when due on the IDR Bonds outstanding. Ugrin, Alexander, Zadick & Higgins, P.C., Attorneys at Law are acting as legal counsel to Zadick's in regards to this redemption. Attached is a Notice and Request to the City from legal counsel requesting the City give authorization to the trustee to proceed with notice of redemption to bonds holders. This notice must be presented 45 days prior

to the next interest payment date of November 1, 2002. Once the bonds have been paid off, US Bank, Corporate Trust Services will notify the City; at which time the City will be requested by Zadick's to terminate the lease and release any security interest in the property.

UGRIN, ALEXANDER, ZADICK & HIGGINS, P.C.

ATTORNEYS AT LAW

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GARY M. ZADICK

August 26, 2002

Our File: ZA9-05

Mayor, City of Great Falls

Civic Center

Great Falls, MT 59401

NOTICE AND REQUEST TO MAYOR, CITY OF GREAT FALLS

You are hereby requested to give notice in the form attached hereto to the Trustee of the \$1,500,000 Industrial Development Revenue Bonds (Robert and Richard Zadick, a Montana Partnership Project) (Safeway Stores, Incorporated, Sublessee) Series 1979, dated May 1, 1979, of the City of Great Falls, to forthwith proceed to give notice to all bond holders that all outstanding bonds will be redeemed as of the next interest payment, November 1, 2002. For your convenience, I have prepared and submitted a form of Request and Authorization to the Trustee.

Upon payment of all bonds, you are further notified that Robert Zadick and Richard Zadick, a Montana Partnership Project, as Lessee, will terminate the Lease between the City of Great Falls, Montana, as Lessor, dated May 1, 1979, as authorized under Section 8.04 of said Lease. Further, upon payment of all outstanding bonds, a Quit Claim Deed and Bill of Sale will be presented to the City of Great Falls to transfer title of the real property and personal property to Robert Zadick and Richard Zadick, a Montana Partnership. The City will further be requested to release all outstanding financing statements including financing statements, file numbers 91261 and 91262, dated June 4, 1979, and filed with the Montana Secretary of State, and file numbers 61346 and 61347, dated June 6, 1979, and filed with the County Clerk and Recorder of Cascade County. In connection therewith, the Trustee will be requested to provide a certification that all conditions precedent to termination of the Lease and transfer of interest have been satisfied and to cancel and discharge all liens, mortgages, indentures and other security interests and deliver to the City of Great Falls such instruments to discharge all said liens, mortgages, indentures and interests and to reconvey title in the real property and improvements to the City of Great Falls. Said title indenture shall than be transferred to Robert Zadick and Richard Zadick, a Montana Partnership, by Quit Claim Deed and Bill of Sale, all as provided in the Lease between the City Mayor, City of Great Falls August 26, 2002

Page 2

of Great Falls and Robert Zadick and Richard Zadick, a Montana Partnership, date May 1, 1979, and the Mortgage and Indenture of Trust between the City of Great Falls, Montana, and the Trustee, dated as of May 1, 1979, relating to said project.

Sincerely,

UGRIN, ALEXANDER, ZADICK & HIGGINS, P.C.

Gary M. Zadick

GMZ/pa

c: Coleen Balzarini, Fiscal Services Director  
David Gliko, City Attorney  
Clerk of the City Commission  
Deborah Kuykendall, US  
Bank, N.A.

**REQUEST AND AUTHORIZATION TO TRUSTEE**

US BANK, N.A., f/k/a First Trust Company of Montana  
ATTENTION: CORPORATE TRUST SERVICES  
Deborah Kuykendall  
US Bank, N.A.  
1420 Fifth Avenue  
7<sup>th</sup> Floor PD-WAT7CT  
Seattle, WA 98101

Dear Ms. Kuykendall:

You are hereby requested and authorized forthwith to proceed to give notice to bond holders and to redeem and satisfy all outstanding bonds as of the next interest payment, November 1, 2002, as authorized by Section 3-5(b) of the Mortgage and Trust Indenture and as printed on said bonds of the \$1,500,000 Industrial Development Revenue Bonds (Robert and Richard Zadick, a Montana Partnership Project)(Safeway Stores, Incorporated, Sub lessee) Series 1979, dated May 1, 1979, of the City of Great Falls.

CITY OF GREAT FALLS, MONTANA

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk