

Common Council votes to reject speedway owner's offer for airport

Written by Administrator

Wednesday, 22 April 2009 00:00 - Last Updated Wednesday, 22 April 2009 12:15

The Salem Common Council met in regular session on Monday, April 13 with all members except Pete Brown present. Brown is recovering from back surgery. The minutes of previous meetings, payroll and all claims were approved unanimously. A tense exchange took place among attorneys representing the City of Salem, the Salem Board of Aviation Commissioners (BOAC) and Salem Speedway owner, Owen Thompson, along with members of the BOAC, Thompson, Mayor Bower, and Council members. Efforts were unsuccessful in coming to any type of an agreement for facilitating an arrangement by which Thompson would lease the existing airport facility with an option to purchase at or above the amount of the required local match for the new airport project.

The City of Salem has earlier asked Thompson for an irrevocable letter of credit which is a financial instrument guaranteeing that the city would receive an agreed upon amount for the lease/option to purchase regardless of what the future held for Thompson or his corporation. Thompson had agreed to seek the letter of credit.

John Mead, representing Thompson, informed the Council that without some sort of a proposed written agreement between the City of Salem, the BOAC and Thompson Promotions, no financial institution will issue such a guarantee. Mead went on to offer to the Council a proposal by which Thompson would be given an option to purchase the current airport facility once the new airport was functional. Federal Aviation Administration regulations will not allow the current facility be sold until the new airport is operational. According to Mead, Thompson was prepared to write a check for a "significant amount of money, tonight." That check would be held by the City Clerk/Treasurer while attorneys for all parties worked out the details of the proposed agreement that could then be taken to a financial institution to receive the irrevocable letter of credit. In an April 15 telephone interview, Thompson confirmed that he was prepared to write the check for \$480,000 in earnest money on Monday evening. Earlier this year, Thompson presented the city with a \$20,000 to show good faith in efforts to negotiate an arrangement for the lease and purchase.

After Mead and Thompson answered several questions posed by Bower and City Attorney Drew Wright, Mead asked the Council for a motion allowing attorneys 30 days to work out the details of the option to purchase agreement and bring it back to the council for approval at the May 11 meeting. A motion to that effect was made by Council member Danny Libka and seconded by Council member Justin Green. When the vote was called for, Libka and Green voted in favor of the motion while Council members Leslie Leis and Wally Turkhorn voted against the motion. Bower broke the tie by voting against the motion citing the lack of assurance by the BOAC that no further expenses would be incurred with the new airport project before the next FAA grant cycle in August. Earlier in the meeting, BOAC member, Tim Pease responded to Bower's request by saying that "there is no other work to do (on the project) until after the next FAA grant cycle."

Thompson went on to say in the telephone interview that he was a bit surprised by the actions of the Council and mayor. "As I understood the motion, it was not committing the city to anything more than a 30 day period for the attorneys to work out the agreement." pondered Thompson. "I was the one putting up half a million dollars to show my seriousness about wanting to make this happen."

Thompson did say that he was hopeful that the project is not dead and that when emotions settle, a reasonable and mutually beneficial agreement can be reached between Thompson Promotions and the City of Salem.

In other business, the Council took the following action:

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- Approval of tax abatements for GKN, John B. Shine, MELAS, LLC, BC KOM Enterprises and True Value Hardware
- Approval of ordinance regarding pauper burials
- Approval of ordinance regarding credit card use by city employees
- Consideration of petition by First Baptist Church to vacate improved platted alleyway
- Consideration ordinance providing for the collection of recording fees for cemetery deeds
- Consideration of ordinance to re-establish the Cumulative Capital Development Fund
- Approval of request to advertise for an additional appropriation from the Cumulative Capital Development Fund

With no further business to conduct, the Council adjourned until its next regularly scheduled meeting on May 11.