



Photo by Maria Corvallis

Some say City Councilor Rob Bennett shouldn't have received city loans to develop the posh Downtown Athletic Club, 999 Willamette St. But others say it was a legitimate use of city funds and cite benefits the club has brought to the area.

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Bennett received \$650,000 in city loans — a \$300,000 loan at 3 percent interest, a \$200,000 loan at no interest and a \$150,000 loan with a sliding interest scale of 6 percent to 10 percent.

The city also loaned Bennett about \$1.3 million from federal block grant funds, which was guaranteed by Oregon Bank and could be pulled out of the project at any time if the money was needed for other projects, Smith said.

While not an illegal use of the money, Hill said the \$1.3 million in federal block grant funds was not intended for loan purposes, although some cities do loan their federal block grant funds for development projects.

The money generally is allocated for economic renewal projects, urban blight projects and other low- to moderate-income projects.

Bennett again abstained from voting on his financing package for the Downtown Athletic Club

when it came before the Community Development Committee, but Hill said, "It looks like there might have been some pressure, some manipulation, even though a formal declaration was made of conflict of interest."

Greg Byrne, the downtown development manager, called Bennett "overly cautious" in removing himself from the decision.

"He felt caution was best because it was a high visibility project," Byrne said.

Rich Weinman, the former community development coordinator, said city staff thoroughly looked at the loans and the risks involved and "couldn't find anything wrong with it."

He estimates about \$30,000 to \$40,000 in interest from the \$1.3 million loan will go back into city programs when the loan is repaid March 31. In addition, 47 new jobs were created at the athletic club.

But Hill said the whole thing struck him sour.

"On all of these things, he comes out on top financially," Hill said. "The feeling among the folks in the community is that there might have been a conflict of interest."

City officials credit the athletic club, which opened its doors at 10th Avenue and Willamette Street in January 1986, with attracting new investment such as the renovation of the nearby MacDonald Theatre and of the Schaefer Building.

They paint a grim picture of the area before its transformation. The Ax Billy Building, which once housed a department store, was a symbol of urban blight.

The top floor of the building was vacant, the roof collapsing. Fly-by-night tenants on the bot-

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