



Deadbeat San Francisco Garage Asks Board to Endorse \$30 Million In Federal Stimulus Loans

By Matt Smith

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Now that's what I call "shovel ready."

The nonprofit that operates the parking garage serving the de Young Museum is three years behind on its \$100,000 annual rent payments owed the city. But that hasn't stopped the Music Concourse Community Partnership from requesting that the Board of Supervisors give its [blessing to \\$30 million in loans](#) backed by the federal [American Recovery and Reinvestment Act](#) stimulus funds.

In 2008, museum officials discovered that the garage's chief financial officer, Greg Colley, had [embezzled \\$3.6 million](#). The garage has struggled ever since, gradually paying overdue bills to some contractors and vendors, leaving for last money owed the city in land rent.

"When you have a whole list of accounts receivable, you have a list of vendors, which we did, and you have to make a priority list," said Martha Kropf, chair of the Partnership's board of directors. "And the city was very, very supportive of our work and the garage. And they know we're good for it."

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In March 2008, the [San Francisco Chronicle](#) cited former Board chair Richard Bingham as saying the embezzlement had not endangered the garage's operations. He was also cited saying no taxpayer funds had been lost when Colley skimmed millions unnoticed by Bingham and the Partnership's one other director, Dede Wilsey.

Those statements -- that operations were not endangered and taxpayers hadn't been dunned -- will not become true in a strict sense until the bank obtains \$30 million in bank financing made possible by a President Obama stimulus provision.

Notwithstanding, Kropf explains that the re-financing package, the subject of a bill to be considered Tuesday by the Board of Supervisors, is not directly linked to the 2008 embezzlement scandal. According to documents accompanying the debt proposal, the garage also owes \$1.5 million to Swinnerton Builders, and has \$30.9 million in outstanding initial construction debt, much of it coming due next year. The garage has managed to make interest payments on that debt by taking out individual loans, while putting off vendors -- and its city government landlord.

"The embezzlement is a black mark and an incredible story," Kropf said. "But he was found out, and has been serving time in San Quentin," she said. "But this refinancing is not specifically reacting to the fraud."

Rather, she explained, the garage has always intended to issue new bonds to cover its outstanding debt. And the stimulus program seemed like a great deal because of a relatively low 5.5 percent interest rate, and a 28-year term.

"It came up, and it was an opportunity we felt we could not skip," Kropf said.

At the time of the embezzlement criticisms were leveled at the Partnership's two board members, Wilsey and Bingham, for failure to spot the embezzlement scheme until an unpaid contractor inquired about missing money. Since then, the board has been expanded to seven members, Kropf said -- Wilsey and Bingham continuing to serve.

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Have they considered just, you know, raising the parking prices?

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