

# Illinois Business Journal

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## Deal to ship 30 million pounds of carp to China will bring flying fish under control

By ALAN J. ORTBALS

In a move that strikes some people as selling ice cubes to Eskimos, Illinois will begin selling Asian carp to the Chinese. Big River Fish Co., located in Pearl, Ill., has been in the commercial fishing business since 1999. With the help of a \$2 million grant from the Illinois Department of Commerce and Economic Opportunity, the company will expand, add equipment and hire an additional 61 people with a goal of shipping at least 30 million pounds of the Asian carp to China each year.

According to Ross Harano, director of international marketing for Big River Fish, others have tried to export the carp to Asian markets but failed.

"The price of domestic carp in China runs about 26 cents a pound," Harano said. "It costs us 25 cents per pound to ship it. So, we had to develop a market for the fish in the higher end restaurants. We label it as 'the wild Mississippi River fish that has so much energy that it dances on the water.'"

Big River Fish will be selling the carp



photo courtesy of The Associated Press

**Thirty million pounds of Asian carp will be headed to China each year where they will be sold to up-scale restaurants. The fish that Americans won't eat is considered a delicacy in China.**

to the Chinese meat processing company Beijing Zhuochen Animal Husbandry Co. Harano says a representative from the company came to Pearl, Ill. earlier this year to check out Big River's plant.

"We cooked the carp for him," said Harano, "and he told us that it was the best carp that he'd had since he was a child. The rivers in China are polluted and our carp are very good eating."

In a press release from Gov. Pat Quinn's office, Liang Chang, chairman of the board of Beijing Zhuochen Animal Husbandry, was quoted as saying, "The high quality and taste of the wild Asian carp from Big River Fish far exceeded our expectations. We see a tremendous market in China for the wild Asian carp. As Big River Fish's production capacity increases, we will be able to expand our marketing efforts in China."

Warren Ribley, director of IL DCEO,

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## St. Louis, nation braces for ballooning commercial loans, tightened lending, lower values

By KERRY L. BEISER

Lenders across the greater St. Louis metro area continue to try to work out terms on troubled maturing commercial loans rather than foreclose, but the situation is predicted to grow more dire next year as even more longer-term loans mature.

Mike Hanrahan, senior managing director at Cassidy Turley, says although the St. Louis commercial real estate market continues to see foreclosures, they're nothing to the degree to what the coasts and other markets are experiencing.

"We do have excesses," said Hanrahan, "but St. Louis is currently only at half the national rate of delinquency in commercial mortgage backed securities. For example, CMBS loans that are 60 days or greater past due, the national average is about 8.7 percent of all loans; in St. Louis, we're only at about 4.6 percent."

Of the top 20 markets in the country, St. Louis has the lowest amount of commercial mortgage backed securities maturing within the next five years, Hanrahan says.

"That's good because there's a general level of concern about refinancing those loans," he said. "But having a lower number of them here speaks to the stability of the St. Louis market."

There is indeed a clear preference on the part of lenders in the bi-state region to work things out with the commercial borrower, according to Hanrahan. "If that means some sort of payment relief or an extension of the term, lenders' clear preference is to try to work it out," he said.

Land loans appear to be the area of commercial real estate where the most distressed properties are popping up, Hanrahan says. Lenders that were heavy into financing new subdivisions, for example, are seeing those loans maturing and falling into murky waters.

"What we've seen is a barbell-shaped market," said Hanrahan. "At one end we continue to see an increase in interest for the high-quality, stabilized properties with

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photo courtesy of The Associated Press

**Although loan defaults in the worst commercial real estate market in decades have created tens of billions worth of distressed properties across the nation, forcing cut-rate auctions of landmark skyscrapers in cities such as the Big Apple (above), the St. Louis metro area's commercial mortgage delinquency rates are currently only half the national average.**

## Feud between Edwardsville and Glen Carbon may doom The Alliance

By ALAN J. ORTBALS

Like a marriage counselor trying to broker peace between two battling spouses, the staff and board of directors of The Alliance of Edwardsville and Glen Carbon are trying to hold the two feuding municipalities together. The Glen Carbon Village Board is expected to vote soon on whether or not to continue to fund the organization.

The Alliance was formed in the 1990s as a way to bring the area together - the city of Edwardsville, the village of Glen

Carbon, Edwardsville township and a variety of private partners to work for the economic development of the area. While the relationship has always been somewhat rocky, according to Mayor Rob Jackstadt of Glen Carbon, the breaking point may have been the fight over the STAR (sales tax revenue) bonds development, University Town Center.

Although Jackstadt had grown up in Collinsville and was somewhat new to Glen Carbon, he said he liked the idea

and supported the formation of The Alliance when he first ran for the city council.

"I was interested in working on intergovernmental agreements wherever they made sense and trying to be efficient with the precious taxpayers' dollars," Jackstadt said. "Even when I first heard about The Alliance, I was a huge fan of it. I said, 'That makes a lot of sense.'"

Through his years on the city

council, as a school board member and finally as mayor, Jackstadt said he heard all about the bad blood between Glen Carbon and Edwardsville but he wanted to push the old grievances aside and work for the betterment of the area.

When the developers first approached him about the University Town Center development, Jackstadt said he was elated. He said that he saw it as a once-

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**See Inside For Southwestern Illinois' Commercial Real Estate**

# News from Around the Nation

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## Lansdowne theater makes the best out of the worst

By JOELLE FARRELL  
The Philadelphia Inquirer  
August 19, 2010

LANSDOWNE, Pa. (AP) - There are certain movies that shouldn't be watched alone. Or maybe at all.

Movies so terrible that somehow their worth comes full-circle: so bad they're good, and best served to a group of friends who mock the movie openly.

That's the inspiration behind Terrible Tuesday, a weekly occurrence at Cinema 16:9, a small independent theater in downtown Lansdowne.

Just \$5 buys admission to a film like The Wild Women of Wongo, in which "tribal" women who sound more Connecticut than Amazon fight in leopard-print outfits better suited for the runway than the wild. Or The Brain That Wouldn't Die, a movie about a mad scientist and his decapitated girlfriend. Or Gamera, a sort of ugly stepbrother to Godzilla who flies, one fan says, by "farting fire."

Last Tuesday, a dozen people - a crew mostly in their teens and 20-somethings who know the director of every film you can name - perched in old-school movie chairs covered in rough fabric to watch Hercules, a 1958 film starring the bearded and buff Steve Reeves.

And then, the audience let it rip.

The lead actress' short dress reminded John Hume, 17, of an old Nair ad. "Who

doth enjoy short shorts?" the Monsignor Bonner High School student shouted in the dark theater. "I doth enjoy short shorts!"

Noticing the ruins standing behind Hercules, David Titus, the theater's 31-year-old owner, observed drily: "Apparently back in ancient Rome, they already had ruins."

Hume - known to his friends as Hat Man, since he always wears a black hat - added: "He died the way he lived: not technically alive."

Not even mighty Hercules was spared. "My beard senses you were in danger!" John Yates, 23, of Lansdowne, said as Hercules sprinted across the screen to aid a damsel in distress.

This week's terrible feature is Mesa of Lost Women, and costumes are encouraged, Titus said. Men should wear sombreros or bring guitars, and women should "dress to kill," or dress as giant spiders.

Apparently, bad movies can develop as much of a following as good ones. That's the story behind the 2009 documentary Best Worst Movie, about the making and the fans of Troll 2, a movie monumentally revered in the industry for its terrible attributes.

Audiences have hurled insults, even objects, at movie screens as a hobby since at least 1975, when The Rocky Horror Picture Show hit theaters. Initially a bomb at the box office,

the film gained a cult following built on a kind of orchestrated audience participation.

Many theaters still offer midnight showings of B-movies or cult films. A recent film, The Room, is developing a Rocky Horror-esque following that includes flinging plastic spoons.

Titus opened Cinema 16:9 (named for the aspect ratio of the screen) in March 2009 in a small former retail spot next to the historic Lansdowne Theater, which was shuttered in 1987 but advocates hope to reopen.

He started Terrible Tuesday a year ago. "There is a giant market, amazingly, of films that are absolutely terrible," Titus said. "It seems as though we make more bad movies than good ones. If it's a bad movie, people want to yell at it, so this was a great opportunity to say you, anyone, the whole community, can get together and just yell at a terrible movie."

Mocking a horrid movie is not nearly as much fun as mocking it en masse, where your jokes are (sometimes) rewarded with laughter.

For teens, it's also an escape in a sleepy suburban town.

"It's a lot of fun and it's something to do on a Tuesday night," said Hume. "During the school year, that's something we need so we don't go insane."

Cinema 16:9 is one of a few new

developments sprouting up along Lansdowne Avenue that local officials hope will revive the downtown. In the last few years, a coffee shop, a natural-foods store, and a restaurant have opened.

The Historic Lansdowne Theater Corp., a nonprofit that bought the old theater in 2007, is poised to launch a fund-raising campaign to restore and reopen the old theater, with hopes of hosting national music acts, said Matthew Schultz, a longtime Lansdowne resident and president of the nonprofit.

The presence of Cinema 16:9 and other new businesses bring more foot traffic downtown, which leads Schultz to believe Lansdowne may one day look more like Media or even Manayunk.

Cinema 16:9 melds new with old. Its old seats come from the historic theater next door.

The concession stand offers organic all-beef hotdogs from grass-fed cows in Lancaster. No Coke or Pepsi, but black cherry soda, root beer, and cream soda from local distributors. There are gluten-free cookies, kale chips, and old-fashioned candies.

With the one-year anniversary of Terrible Tuesday approaching next month, Titus is planning a double feature: Sex Madness, a 1938 film purporting to reveal the consequences and perils of sex, followed by the classic Reeler Madness.

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# Realtor exodus less in 2009 than in 2007 and 2008, national and state trade associations confirm

By **KERRY L. BEISER**

Since real estate agents are largely independent contractors, it's tough to find data to track their longevity within the industry. But according to national and statewide trade associations, years 2007 through 2010 have seen realtor membership decline.

According to membership data from The National Association of Realtors, the latest total on July 31 of 1,088,703 members represents a 4.36 percent decrease from 2009 and a 15.5 percent decrease from two years earlier (July 2008).

The Illinois Association of Realtors' membership rolls tell a similar story the past two years. The IAR counted 51,011 members as of Dec. 31, 2009; compared to one year earlier, that total represents a 12.71 percent decrease. Compared with the IAR's membership total at year's end in 2007, it's a 23.47 percent decrease.

NAR vice president of research Paul Bishop says although stock prices began plummeting back in late 2007 and the subprime mortgage crisis also began flaring several years ago, real estate organizations' membership rolls weren't directly impacted because of the 18-month lag between the downturn in sales and membership.

"There is no doubt some level of churn," said Bishop. "From a big picture perspective, there are a couple of forces at work in terms of overall membership. First, when the real estate market is strong, it draws a lot of people into the industry. Our membership peaked at nearly 1.4 million members in 2006. Second, there's the other side. As the economy weakens a little bit, that actually draws some people into the industry...

they may have lost their job or need to supplement their household income and look to real estate as a second career, getting their license as a fallback."

Roughly one-third of NAR's membership, Bishop says, is comprised of realtors who have been in the business somewhere between six and 15 years. "They would have seen both 1995 and 2000," he said. "It wasn't the frenzied level of activity we saw in 2004 and 2005, but it would have provided them with a broader perspective than those realtors just entering the business today."

Tax issues, insurance costs and media perception have also been factors that realtors have had to deal with as they contend with tougher markets, according to Nancy Riley, former president of Florida Realtors and a veteran in the industry. "Most people getting out got in just to make a quick buck. It's not doom and gloom out there. But it's like any small business that you grow. You've got to work really, really hard and you've got to give it more than a couple of years to take off. This business, like many, is built on referrals, and referrals are built on trust. That doesn't happen overnight."

The majority of those who responded to a 2010 National Association of Realtors survey seem to share Riley's perspective; three-quarters of realtors are very certain they will remain active in the market for two more years.

Only 8 percent of those who responded were uncertain about their future in the industry. The survey's results are representative of the nation's 1.1 million realtors, who account for 60 percent of the 1.85 million active real estate licensees in the U.S.

Although home sales rose modestly in 2009, lower values hit the bottom line. The median income of realtors fell 3 percent to \$35,700 last year, which followed a 14 percent decline in 2008. Members licensed as brokers earned a median of \$49,100 in 2009, while sales agents earned \$26,600.

Realtors in the business for two years or less earned a median of \$8,800, while those in the business for 16 years or more earned \$52,300.

Bishop, says only 6 percent of members report real estate is their first career; most bring expertise and experience from other fields. Previous full-time careers include management, business or financial, 19 percent; sales or retail, 15 percent; office or administrative support, 10 percent; and education, 6 percent. Twelve other categories were each 4 percent or less.

The most important factor limiting potential clients in completing a transaction was difficulty in obtaining a mortgage, cited by 34 percent of respondents.

Realtors aren't the only ones who have left the industry; a significant number of their support staff have also gone in other directions.

While it's difficult to carve out statistics

for the number of real estate agents who have left the industry over the past three years, U.S. Bureau of Labor Statistics data indicates that the nation lost approximately 180,000 realtor support staff workers from 2007 through 2009.

Over that same three-year period, Illinois lost just under 10,000 support staff workers, according to Thomas McDonald, an economist with the U.S. Bureau of Labor Statistics' office of economic analysis and information in Chicago. "To put that in perspective, it's equivalent to the size of two large automotive manufacturing plants," McDonald said. "It's not possible for us to track real estate agents because, in large part, they're independent contractors. But since many larger real estate offices employ support staff - accountants, software professionals, clerical and filing positions and more - we are able to track those employees. These are the individuals represented by these statistics," he added.

Madison County only lost 27 real estate support staff from 2007 through 2009, according to BLS numbers. In St. Clair County, that total was only 35. McDonald points to the fact that smaller cities generally do not have a large number of support staff to begin with.

## IBJ Business News

### Former U.S. attorney joins Sandberg Phoenix

A. Courtney Cox, former United States Attorney for the Southern District of Illinois, has joined Sandberg Phoenix and von Gontard PC as a shareholder at its Carbondale office. Cox will primarily focus his practice in the areas of Employment Law, Business law and Business Litigation.

Courtney served as one of 93 U.S. attorneys nationwide, overseeing 35 assistant U.S. Attorneys in the Federal District covering the southernmost 38 counties in Illinois.

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# CARP

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says the agency had been seeking a business development solution to the Asian carp problem for some time. The state has been struggling with the fish because it grows large - up to 80 pounds - and is a prolific breeder. And, it completely consumes the bottom of the food chain so that other species of fish die out.

Earlier this year, most of the Great Lakes states including Michigan, Ohio and Pennsylvania joined together and filed suit in federal court to try to force Illinois to permanently close off access to Lake Michigan in an attempt to prevent the fish from migrating to the Great Lakes. This was despite the fact that Illinois had already erected two electric fence systems

and carried out periodic fish kills in an effort to prevent the fish from moving any further north up the Illinois River.

Ribley says putting together a deal with China made sense because the Chinese consume much more fish than Americans do, the carp are considered a delicacy there and the Chinese rivers produce an inferior product.

"We were able to interconnect with a Chinese business that was interested in taking vast quantities of the carp from Illinois," Ribley said, "and we had a business here in Southwestern Illinois that was able to meet their demands. We think it will turn out to be a win-win for everybody."

Ribley adds that the ultimate goal was to not only reduce the carp population and

take care of the environmental problem but also be able to reintroduce native species of fish into the Illinois River system.

"The Asian carp have really decimated our commercial fishing industry because there's not been a market for the carp here - and they have just overtaken the native species," said Ribley. "We've seen huge declines in the number commercial fishermen as a result. This will enable us to also build back up the commercial fishing industry, so this is good economic development. It's good job creation."

Harano says that in addition to the 61 employees Big River will hire, it will also be utilizing about 120 commercial fishermen as independent contractors. He says that each of them are expected to

bring in between 3,000 pounds to 10,000 pounds of carp at a time.

According to Harano, there is an estimated 100 million pounds of Asian carp in the Illinois River right now. The company estimates that at 30 million pounds per year, the Asian carp population will be brought into check in five years. But with the carp also infesting the Mississippi and Missouri Rivers, Harano says he is also exploring other international markets.

When asked what Illinois will do if the Asian carp population is in fact depleted by commercial fishing, Ribley said, "If we deplete the population such that it's difficult to meet the demand, that will be a problem that we'll look forward to facing."

## IBJ Business News

### Boeing plans new manufacturing facility at MidAmerica

The Boeing Co. announces it is expanding its St. Louis-area operations with the planned opening of a new manufacturing facility at MidAmerica Airport.

The facility, tentatively scheduled to open in late 2010 or early 2011, will use leased space in an existing building to house assembly and subassembly work. It is expected to initially bring approximately 75 new manufacturing jobs to Illinois.

Boeing Defense, Space & Security president and CEO Dennis Muilenburg says the facility's proximity to BDS headquarters, the presence of an established, skilled work force and the infrastructure at MidAmerica Airport

make it an ideal choice as Boeing looks for opportunities to expand its core business and ensure its St. Louis site remains competitive.

Boeing and St. Clair County have entered into a long-term lease for the existing 50,000-square-foot facility, which is the first Boeing manufacturing center in Illinois. Home to BDS headquarters, the Boeing St. Louis site employs approximately 16,000 employees and is Missouri's largest manufacturer and second-largest employer. Key products manufactured at the site include F/A-18s, F-15s, C-17s and weapons. A unit of The Boeing Company, Boeing Defense, Space & Security is one of the world's largest defense, space and security businesses specializing in innovative and capabilities-driven customer solutions and the world's largest and most versatile manufacturer of

military aircraft. Boeing Defense, Space & Security is a \$34 billion business with 68,000 employees worldwide.

### TheBANK's Henke graduates as future leader

Cale Henke, assistant vice president and center manager at TheBANK of Edwardsville, has graduated as part of the Illinois Banker's Association's Future Leaders Alliance Class of 2010.

### Holland welcomes Wyatt

David Birk, executive vice president of Holland Construction Services Inc., announces that Mike Wyatt has joined the company. Wyatt is a 2010 Construction Management graduate from Southern Illinois University

Edwardsville. He is currently the project engineer for the Prairie State Generating Corporate Office and the Southwest Illinois Health Ventures Inc. Medical Office Center Three.

### Greater Gateway offers realtor training

The Greater Gateway Association of Realtors is holding a real estate salesperson pre-license course beginning Saturday, Sept. 11 at its office in Glen Carbon. Students must attend at least six out of the seven classes to be eligible to take the course exam, leading to the state exam that will provide licensure. For complete details and a registration form, visit [www.gatewayrealtors.com](http://www.gatewayrealtors.com) or call (618) 692-8300.



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