



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

SPECIAL MEETING AGENDA
COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Meeting Conducted in a Room in Compliance with ADA Standards

Tuesday, January 30, 2018

5:30 p.m.

City Hall Council Chambers
313 Court Street
The Dalles, Oregon

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. APPROVAL OF AGENDA
- V. PUBLIC COMMENTS
- VI. ACTION ITEMS
 - A. Exclusive Negotiating Agreement with GBHD, LLC
- VII. STAFF COMMENTS
 - Next Regular Meeting Date: February 20, 2018
- VIII. BOARD MEMBERS COMMENTS OR QUESTIONS
- IX. ADJOURNMENT



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA STAFF REPORT

AGENDA LOCATION: VI. A.

DATE: January 30, 2018

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Steven K. Harris, AICP
Urban Renewal Manager

ISSUE: **Exclusive Negotiating Agreement with GBHD, LLC**

BACKGROUND

Attached for the Board's consideration is an Exclusive Negotiating Agreement (ENA) with GBHD, LLC and the Urban Renewal Agency for the future development of a hotel on property owned by GBHD, LLC in the downtown area (Union and 1st Street). GBHD, LLC is represented by Mr. Michael Leash.

DISCUSSION

As drafted the ENA provides for a 120-day period (with two 120-day extensions) for the drafting of a Development and Disposition Agreement (DDA) between GBHD, LLC and the Agency. GBHD, LLC has requested financial assistance from the Agency in the amount of approximately \$1.0 million. Exhibit A of the agreement summarizes the requested assistance. The request will be further refined during the negotiating period.

Included within the request is the transference of the Agency-owned parking lot located on the south east corner of Court and 1st Street. This property is currently used for parking by the tenants of the Commodore Hotel. A substitute location for the tenants will need to be located prior to transference of the property to GBHD, LLC from the Agency.

The other items referenced in Exhibit A have been previously presented to the Board by Mr. Leash.

STAFF RECOMMENDATIONS

Staff recommends that the Board review the ENA, and if appropriate:

Move to authorize the Chair to enter into an Exclusive Negotiating Agreement with GBHD, LLC for the purpose of negotiating the terms of a Development and Disposition Agreement for property located at 200 Union Street and the Urban Renewal Agency-owned property described as Assessor's Map No. 01N-13E-03-BA-01200-00.

Attachments

- Exclusive Negotiating Agreement with GBHD, LLC (including Exhibit A)
- Property Exhibit

EXCLUSIVE NEGOTIATING AGREEMENT

THIS EXCLUSIVE NEGOTIATING AGREEMENT (the “Agreement”) is made and entered into as of the last date of signature indicated below (the “Effective Date”) by and between the Columbia Gateway Urban Renewal Agency, a municipal corporation (“Agency), and GBHD, LLC, an Oregon limited liability company (“GBHD”).

RECITALS

- A. GBHD owns the property described as 200 Union St. GBHD owns the property described as Assessor’s Map No. 01N-13E-03-BA-01500-00 . Agency owns the surface parking lot described as Assessor’s Map No. 01N-13E-03-BA- 01200-00. The properties listed herein are referred to as the “Property”.
- B. GBHD has submitted a proposal to the Urban Renewal Agency Board for the redevelopment of the Property.
- C. This Agreement confirms the basis upon which the Agency and GBHD (the “Parties”) are prepared to negotiate the terms of a Disposition and Development Agreement (“DDA”) and related documents for the redevelopment of the Property and the Agency’s surface parking lot (the “Project”), which must be approved by the Urban Renewal Agency Board.
- D. The terms of this Agreement are as follows:

TERMS

- 1. Good Faith Exclusive Negotiations. Agency and GBHD agree and covenant to negotiate the terms of the DDA and any intervening Memorandum of Understanding (as defined below) in good faith. Agency acknowledges that GHBD has expended substantial time and expense, and will continue to expend time and expense, in preparing a more detailed proposal, conducting its due diligence, and refining its development proposal. During the term hereof, Agency agrees that GBHD shall have the exclusive right to conduct due diligence and to negotiate with Agency for the rights to develop the Property, and that the Agency will not accept, solicit, pursue or entertain any other offers or other indications of interest with respect to the Property for any development, sale or other transaction.
- 2. Duration. The term of this Agreement shall be 120 days from the Effective Date. This Agreement may be extended for two 120 day renewal terms upon the approval of the Urban Renewal Board. This Agreement shall automatically terminate upon execution and delivery of the DDA, which shall thereafter, control the rights of the Parties with respect to the Property. The Parties may terminate

this Agreement by mutual agreement if latent conditions are discovered on the Property or events occur that would, presently or with the passage of time, prevent the entry into a DDA. Notwithstanding the above, either the Agency or GBHD, may at their sole option, terminate this Agreement by notice in writing if any other party makes a material misrepresentation in the course hereof, otherwise fails to act in good faith, or if any party becomes insolvent, or in the terminating party's reasonable estimation, is otherwise unable to perform as outlined in the Base Development Criteria.

3. Memorandum of Understanding. Tentative agreements on the terms of the DDA may be memorialized in a written Memorandum of Understanding ("MOU"), or series of memoranda, during the Terms of this Agreement. Any such MOUs will provide the continuing framework for final preparation of the DDA.
4. Projected Financial Contributions. GBHD has requested public financial participation for the Project in an amount estimated at \$1.0 Million. This public participation is described in Exhibit A which includes the projected structure of the public financial contribution, and is subject to negotiation and will be outlined in the agreed upon MOUs and the final DDA.
5. Co-application/Cooperation. Agency and GBHD shall be co-applicants on any land use permit application sought in connection with this Agreement or subsequent Memoranda issued during the term hereof. GBHD shall bear responsibility for all land use application and permit fees, unless otherwise agreed to by the Agency as stipulated in an MOU. Agency and GBHD shall each promptly provide to the other all information reasonably related to the Property and the Project which may be obtained without material expense, upon written request. Agency and GBHD shall cooperate in connection with any applications, permits, approvals or entitlements sought by GBHD from any governmental authorities with respect to the Project, including easements, provided the Agency shall not be required to incur any material cost or liability connection with such applications, permits or approvals.
6. Due Diligence. GBHD may conduct due diligence and inspections of the Property, including such physical, legal, and engineering inspections, tests and investigations as it may deem necessary or desirable, including soils and environmental studies. Such studies and investigations may include, without limitation, zoning, land use, environmental, title, design review, covenants, conditions and restrictions, financing, leasing markets, project feasibility and related matters. The scope and cost of the due diligence and inspections shall be the sole discretion and responsibility of GBHD.
7. Access. Agency shall provide GBHD full access to property owned by the Agency for the purpose of conducting Due Diligence. GBHD shall repair or restore any damage caused by the entry of GBHD or its agents upon or under the Property.

8. Indemnity and Insurance. GBHD hereby agrees to indemnify, defend and hold the Agency, including its appointed and elected officials, officers, employees and agents, harmless from and against any and all claims for injury to persons or damage to property caused by or resulting from the acts or neglect of GBHD or its representatives or consultants on or about the Property. During the term of this Agreement, GBHD shall maintain insurance with respect to its activities on or about the Property, naming the Agency as an additional insured, in amounts as follows: (i) commercial general liability insurance with a combined single limit of not less than \$1,000,000 per occurrence and with at least \$2,000,000 aggregate; (ii) automobile liability insurance with combined single limit of not less than \$500,000 per occurrence; (iii) employers liability insurance with a limit of not less than \$1,000,000; and (iv) in addition to the primary limits specified in (i) and (ii) above, excess liability insurance with a limit of not less than \$1,000,000 for each occurrence and in the aggregate. The indemnity required under this Section 9 shall survive termination of this Agreement.
9. No Assignment. Neither party shall assign or transfer its interest in this Agreement or the Property until termination of this Agreement or execution and delivery of the DDA.
10. Confidentiality. Agency and GBHD agree that all information submitted by GBHD during the term hereof is submitted on the condition that the Agency shall keep said information confidential. Agency agrees not to disclose said confidential information provided by GBHD, including but not limited to financial statements regarding GBHD or the Project, and pro forma information. This nondisclosure agreement shall survive termination of this Agreement, but shall not apply to the extent any such information is publicly available, has been disclosed by other parties or is required to be disclosed by the Wasco County District Attorney under Oregon public record laws. Agency further agrees that it shall not disclose the terms of this Agreement, the MOUs or the DDA, prior to the termination or expiration of this Agreement, or the execution of the DDA, whichever occurs first, unless disclosure is required by the Wasco County District Attorney under Oregon public records law.
11. Governing Law. This Agreement shall be governed by the laws of the State of Oregon.
12. Time is of the Essence. Time is of the essence of this Agreement.
13. Amendments. This Agreement may be amended only by written agreement of the Parties hereto.
14. Notices. All notices under this Agreement must be in writing and either (i) personally delivered, (ii) delivered by express mail, Federal Express or

comparable courier service, or (iii) delivered by certified mail, postage prepaid, return receipt requested, as follows:

To the Agency: Steven Harris, Urban Renewal Project Manager
313 Court Street
The Dalles, OR 97058

To GBHD: GBHD, LLC
306 Court Street
The Dalles, OR 97058

All notices shall be deemed effective upon receipt. Any party may from time to time change its address for purposes of this Section by notice in writing to the other party.

15. Binding Effect. During the Term hereof and any extensions thereto, the Parties shall negotiate in good faith to complete and execute the definitive DDA upon terms and conditions consistent with this Agreement and the MOUs. No sale agreement or other right, obligation or estate in land shall be created except by delivery of the definitive DDA and all other related and necessary instruments, duly authorized by the Columbia Gateway Urban Renewal Board, and all necessary GBHD corporate action and executed by authorized representatives of the Parties. If the DDA is not executed and delivered prior to the expiration of the Term and any extensions thereto, or if GBHD elects, in its sole discretion, by notice in writing to the Agency not to pursue development of the Project, this Agreement shall terminate and be of no further force or effect, except Sections 8 and 10, which shall survive termination. If during the course of negotiations it becomes clear that the Parties will not reach an agreement, GBHD shall not unreasonably withhold consent to early termination of this Agreement.

GBHD, LLC

COLUMBIA GATEWAY URBAN
RENEWAL AGENCY, an Oregon
Municipal corporation

By: _____
Michael L. Leash, Principal

By: _____
Taner Elliott, Chair

Date: _____

Date: _____

EXCLUSIVE NEGOTIATING AGREEMENT (GBHD, LLC)

Exhibit A.

- 1) Transfer of Parking Lot (1st & Court Street):
Agency owns the surface parking lot described as Assessor's Map No 01N-13E-03-BA-1200
Execute a lease within 30-days to allow for "Site Control". Lease to be written for 23-Years,
lease expires in 3-Years if hotel development is not completed January 31, 2021; once hotel
is completed title of property will transfer to GBHD. (1-years extension allowed if
development is under construction at time of expiration)
- 2) \$100,000 Demolition Loan Program with conversion to grant upon construction within 3-years
- 3) \$625,000 Parking, Transportation and Facade Improvements

Estimated Value: \$1,000,000

- 4) Requested the Completion of 1st Street Streetscape project that is at 90% Designed
-Note Exhibit items 1-4 are not dependent on Streetscape being completed.