



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

## AGENDA

**Columbia Gateway Urban Renewal Agency**

City Council Chamber

313 Court Street, The Dalles, Oregon

*Meeting Conducted in a Handicap Accessible Room*

Monday, December 8, 2014

Immediately Following the City Council Meeting

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL OF AGENDA
- IV. AUDIENCE PARTICIPATION

During this portion of the meeting, anyone may speak on any subject which does not later appear on the agenda. Five minutes per person will be allowed. If a response is requested, the speaker will be referred to the City Manager for further action. The issue may appear on a future meeting agenda for Agency Board consideration.

- V. APPROVAL OF MINUTES
  - A. Approval of November 24, 2014 Regular Meeting Minutes
- VI. ACTION ITEMS
  - A. Approval of Amendments to DDA With Rapoza for Granada Block Redevelopment Project
- VII. ADJOURNMENT

**MINUTES**

COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
REGULAR MEETING  
OF  
NOVEMBER 24, 2014

CITY COUNCIL CHAMBER  
313 COURT STREET  
THE DALLES, OREGON

**PRESIDING:** Chair Steve Lawrence

**AGENCY PRESENT:** Bill Dick, Carolyn Wood, Dan Spatz, Tim McGlothlin, Linda Miller

**AGENCY ABSENT:** None

**STAFF PRESENT:** City Manager Nolan Young, City Attorney Gene Parker, City Clerk Julie Krueger, Administrative Fellow Daniel Hunter

**CALL TO ORDER**

The meeting was called to order by Chair Lawrence at 7:00 p.m.

**ROLL CALL**

Roll call was conducted by City Clerk Krueger; all members present.

**APPROVAL OF AGENDA**

It was moved by Wood and seconded by McGlothlin to approve the agenda as presented. The motion carried unanimously.

**AUDIENCE PARTICIPATION**

None.

MINUTES (Continued)  
Urban Renewal Agency Meeting  
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### **APPROVAL OF MINUTES**

It was moved by Spatz and seconded by McGlothlin to approve the October 27, 2014 regular meeting minutes. The motion carried unanimously.

### **ACTION ITEMS**

#### **Amendment to Loan and Purchase Agreement for Sunshine Mill With Discover Development LLC**

City Manager Young reviewed the staff report.

Chair Lawrence said he had attended the Advisory Committee meeting and said Mr. Martin had characterized his comments from previous meetings by saying the Mayor was very happy with the meetings. Lawrence asked that Mr. Martin not characterize his comments in the future.

Chair Lawrence asked if Mr. Martin would address the questions that had been submitted following the recent Urban Renewal Advisory Committee. He said the first question was whether there was a plan for repayment of the loan when it was originally agreed to and why that plan wasn't successful.

James Martin said occupancy of the building was part of the remittance. City Attorney Parker said the interest had been paid, but not the lump sum payment, due in October, 2014.

Chair Lawrence said the second question submitted was whether monthly payments could be considered instead of lump sum payments. Martin said it had cost approximately \$12,000 in staff time and accountant fees to prepare the analysis and come to a new agreement of lump some payments. He said that had been negotiated in the meetings with the Mayor, City Manager and City Attorney.

Chair Lawrence said those meetings were to discuss recommendations and not negotiations. Lawrence asked if Martin would consider adding a guarantor to the loan extension. Martin said he would not add a guarantor.

Lawrence asked if a performance bond would be considered. Martin said he was not willing to provide a performance bond.

Chair Lawrence noted that the documents of Copa di Vino had not been reviewed, only those for Discover Development. Mr. Martin said all financial records had been reviewed by the Committee.

There was a discussion regarding why the \$269,000 in rent from Copa di Vino to Discover Development had not been made available to make the lump sum payment. Martin said the partnership between Discover and the Urban Renewal Agency had a lot of flexibility so that the project could be successful. He said approximately \$700,000 had been invested in the building improvements.

Chair Lawrence expressed concern that foregoing the payment from Discover Development could jeopardize other urban renewal projects. He said it was important to protect the assets of the Urban Renewal Agency.

Agency member Dick said at one time the building was planned for demolition, at a high cost. He said with all the improvements to the building, the value was higher than the loan repayment, so it seemed secure.

Spatz agreed, saying we now had a major employer on the east end of the downtown after the building had been vacant for 40 years.

Lawrence asked if Mr. Martin had completed an appraisal on the building. Martin said he had not done the appraisal because local lenders said the building was not a fit for commercial financing, due to the style of the building. He said he wanted to have tenants in the building, which would help pay the loan.

Miller asked when the agreement with the French company, for the Copa product, would expire. Martin said it was a permanent partnership and his company had exclusive rights. Miller asked why the proposed three lump sum payments were not equal. Martin said the proposal would best meet the business plan.

Lawrence said the original agreement had a default provision. He asked if it was acceptable to Mr. Martin to have a default provision in the revised agreement. Mr. Martin said he would accept a default provision in the new agreement.

There was additional discussion regarding the concern about funding additional urban renewal projects. It was noted the higher interest rate proposed in the new agreement would cover the expenses of the Agency to get financing for those projects.

Spatz said the Urban Renewal programs had saved a lot of buildings and restored them, along with providing new jobs in the community and he supported the proposal.

Lawrence said he had concerns about their financial ability to repay the loan and that the Agency had a responsibility to protect the taxes paid by citizens.

McGlothlin said it was a remarkable gateway to the east side of downtown. He said he shared the concerns expressed regarding the ability to have funding for other projects.

Wood said she was comfortable with the proposal.

It was moved by Wood and seconded by Dick to extend the loan with an increased interest rate of 5.25%, paid in monthly increments with balloon payments of \$150,000 being due on May 15, 2015, \$100,000 on May 15, 2016, and \$350,000 on May 15, 2017; and that the purchase option be extended until May 15, 2018 with Discover Development paying an interest rate on the purchase amount equal to 5.25% annually, with monthly payments.

It was moved by Miller and seconded by McGlothlin to amend the motion to include a default provision, within 15 days after the due date. The motion on the amendment was voted on and carried unanimously.

The amended motion to extend the loan with an increased interest rate of 5.25%, paid in monthly increments with balloon payments of \$150,000 being due on May 15, 2015, \$100,000 on May 15, 2016, and \$350,000 on May 15, 2017; and that the purchase option be extended until May 15, 2018 with Discover Development paying an interest rate on the purchase amount equal to 5.25% annually, with monthly payments, including a default provision, within 15 days after the due date was voted on and carried unanimously.

#### **ADJOURNMENT**

Being no further business, the meeting adjourned at 7:45 p.m.

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Submitted by/  
Julie Krueger, MMC  
City Clerk

SIGNED:

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Stephen E. Lawrence, Chair

ATTEST:

\_\_\_\_\_  
Julie Krueger, MMC, City Clerk



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CITY OF THE DALLES


## AGENDA STAFF REPORT

URBAN RENEWAL AGENCY

Meeting Date: December 8, 2014

**DATE:** November 25, 2014

**TO:** Urban Renewal Agency Board

**FROM:** Nolan Young, Urban Renewal Manager 

**ISSUE:** Consideration of Amendment to the DDA with Rapoza for the Granada Block project

**BACKGROUND:** The Urban Renewal Advisory Committee will be considering this issue at their November 25, 2014 meeting. Attached is the Memorandum to the Advisory Committee on this question. After the Committee has met we will send you a copy of their recommendation along with minutes to assist you in consideration of the request at your December 8 meeting. Due to the holiday it may be Monday or Tuesday of next week before we get this information to you.



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**CITY OF THE DALLES**

**AGENDA STAFF REPORT**

**URBAN RENEWAL ADVISORY COMMITTEE**

**Meeting Date: November 25, 2014**

**DATE:** November 19, 2014  
**TO:** Urban Renewal Advisory Committee  
**FROM:** Nolan Young, Urban Renewal Manager *NJY*  
**ISSUE:** Consideration of Amendments to the Development and Disposition Agreement (DDA) with Rapoza Development for the Granada Block Redevelopment Project

**BACKGROUND:** The Urban Renewal Agency currently has a DDA with Rapoza Development for redevelopment of portions of the Granada Block. The agreement calls for the construction of a hotel/conference center and renovation of the Granada Theatre as an event venue. Currently, the DDA requires that Rapoza finalizes the purchase of the Blue Building and the Recreation property for a total cost of \$845,312 by December 31, 2014. Prior to being able to complete that purchase Rapoza needs to complete several tasks, including showing the Agency that they have sufficient financial resources to provide for the construction and permanent financing in an amount sufficient to allow for purchase and development of the Phase 1 parcels.

The developer has shared with us they are pursuing the current capital stack to complete the financing of this project:

- \$7 million EB 5 funding – earliest available date May to early June 2015, allowing 90-120 days for any unforeseen issues
- \$1.56 million new market tax credit State funding– earliest available late April-early June 2015, with allowance of 90-120 days for unforeseen State legislative delays
- \$7.04 million new market tax credit Federal funding – earliest available late May- early June 2015, with allowance of 90-120 days for unforeseen challenges with Congress
- \$3 million preferred equity
- \$4.5 million bank loan

In light of the promise of being able to raise these funds, but the need for an extended timeline, Rapoza has requested a nine month delay.

**STAFF RECOMMENDATION:** The City Manager formed a working sub-committee consisting of the City Manager, City Attorney, Urban Renewal Advisory Committee Chair Gary Grossman, and City Councilor Dan Spatz to meet with Rapoza to consider a plan where portions of the DDA could be amended. Staff recommends not extending the entire DDA an additional nine months.

After meeting with Rapoza, we propose the following:

Rapoza will be allowed a nine month extension of the requirement to purchase the property if they put down a \$50,000 (\$10,000 upon signing of the extension, and \$40,000 by December 31, 2014) nonrefundable deposit and agree to pick up all carrying costs (utilities, maintenance) on the property for the extension period. In order to receive this extension, Rapoza would also need to complete the items on Attachment A by the dates identified.

One of the requirements on Attachment A is the submittal of an application for a hotel franchise by March 31, 2015. This would include paying the \$75,000 nonrefundable application fee. We propose the agency allow for \$25,000 of the \$50,000 nonrefundable deposit to be applied toward the application fee. That means that by March 31, 2015 Rapoza would have made a financial commitment of \$100,000 toward the project (the \$75,000 application fee and the remaining \$25,000 from the nonrefundable deposit that would be applied toward the purchase price).

**BUDGET IMPLICATIONS:** Under this extension, the Urban Renewal Agency would not receive the \$845,312 for the purchase of the property until fiscal year 2015-16. The current budget includes \$570,000 for additional costs associated with the Granada Block project (Recreation demolition - \$100,000, relocation of utilities in the alley - \$460,000 and delinquent taxes - \$10,000) and \$200,000 for the Granada Theatre. Those activities would likely be delayed until the purchase is complete.

**COMMITTEE ALTERNATIVES:**

1. *Staff Recommendation: Move to recommend to Urban Renewal Agency that Rapoza be allowed a nine month extension of the current DDA agreement with the required timelines as identified in Attachment A, if Rapoza puts down a \$50,000 nonrefundable deposit. The application for a hotel franchise must be made by March 31, 2015, and up to \$25,000 of the nonrefundable deposit can be applied toward the application fee for the development.*
2. Recommend an extension of the DDA after making amendments to the Staff Recommendation.
3. Recommend to the Urban Renewal Agency that they notify Rapoza that they must meet all the conditions of the DDA by current deadlines. Inform them that the Urban Renewal Agency is beginning the process of preparing a Request for Proposals for the property, to which Rapoza can submit a proposal. The Agency intends to complete this process during the first six months of 2015.



## ATTACHMENT "A"

### Required Time Lines for Extension of DDA

#### Items to be completed by December 31, 2014

- a. Developer submits Redevelopment Plan including viable business plan to complete development of Phase 1 parcels by March 31, 2017. Section 2.8.1
- b. Developer provides list of sources and timeline for obtaining necessary capital stack to complete the Redevelopment Plan submitted, with any available documentation.
- c. Developer provides proof of easements, license or other documents necessary to complete project. Sections 2.9.1(a)(4) and 2.9.1(b)(6).
- d. Developer provides proof Rapoza LLC is a legal LLC. Section 2.9.1(b)(10).
- e. Developer and Agency maintain financial and human resources to complete work tasks that are the responsibility of the Developer and Agency. Sections 2.9.1(a)(11) and 2.9.1(b)(12).
- f. No litigation is pending which prevents Agency or Developer from performing their respective obligations under the DDA. Sections 2.9.1(a)(12) and 2.9.1(b)(13).
- g. Developer notifies Agency of members of Development Team. Section 4.6.2.
- h. Agency supports Developer's request for alley vacation. Section 4.4.4.

#### Items to be completed by March 31, 2015

- i. Developer submits application for Hilton Hotel Franchise.

#### Items to be completed by June 30, 2015

- j. Developer approves method and estimated cost for remediation of archeological conditions. Sections 2.9.1(a)(10), 2.9.1(b)(11), and 4.4.1.
- k. Developer and Agency have approved cost estimate for Demolition Scope of Work for Recreation Building. Sections 2.9.1(a)(5) and 4.4.2(b).
- l. Approval of Redevelopment Plan by Agency and submission of revised Scope of Development to Agency. Sections 2.8.1, 2.9.1(a)(3), and 2.9.1(b)(3).

m. Developer submits plans for Granada Building improvement.

Items to be completed by September 30, 2015

- n. Demolition of Recreation Building completed. Section 4.4.2(a).
- o. City has given all land use approvals and the time for appeal of any land use approval has expired. Sections 2.9.1(a)(7) and 2.9.1(b)(7).
- p. Approval of civil engineering plans submitted by Developer to Agency. Section 2.9.1(b)(8).
- q. Developer has submitted signed hotel franchise agreement with completion date of March 31, 2017. Section 2.9.1(b)(2).
- r. Developer has submitted evidence (including supporting documentation) of commitment of private equity and private financing resources to provide construction and permanent financing in an amount sufficient to allow for purchase and development of Phase 1 parcels. Sections 2.9.1(a)(2) and 2.9.1(b)(1).
- s. Agency provides proof of marketable title and preliminary title report. Sections 2.6, 2.7, and 2.9.1(a)(1).
- t. Developer purchases Granada Theater, Hotel Site, and Blue Building. Sections 2.2.1 and 2.2.2.
- u. City is prepared to issue building permits for hotel. Sections 2.9.1(a)(8) and 2.9.1(b)(9).
- v. Agency notifies Developer of estimated cost per parking space for parking garage. Section 3.3.3(b)(ii).
- w. Agency provides Developer with copies of all existing condition reports. Section 4.4.3.