

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.

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.

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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.

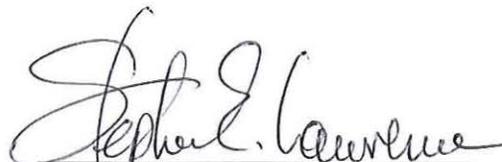
The amended motion to extend the loan with an increased interest rate of 5.25%, paid in monthly increments with balloon payments of \$150,000 being due on May 15, 2015, \$100,000 on May 15, 2016, and \$350,000 on May 15, 2017; and that the purchase option be extended until May 15, 2018 with Discover 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.

Submitted by/
Julie Krueger, MMC
City Clerk

SIGNED:



Stephen E. Lawrence, Chair

ATTEST:



Julie Krueger, MMC, City Clerk