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COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

**AGENDA STAFF REPORT**

**URBAN RENEWAL ADVISORY COMMITTEE**

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
September 29, 2015	Action Item XII	

**TO:** Urban Renewal Advisory Committee

**FROM:** Gene Parker, City Attorney

**THRU:** Julie Krueger, Acting City Manager

**DATE:** September 28, 2015

**ISSUE:** Recommendation to Urban Renewal Agency Board concerning status of Disposition and Development Agreement (DDA) for Granada Block Project

**BACKGROUND:** On July 13, 2015, following an executive session, the Columbia Gateway Urban Renewal Agency determined it was not in a position to determine that the Redevelopment Plan submitted by Rapoza Development was a viable plan, as required by the DDA for the Granada Block Project. On July 22, 2015, a letter was sent to Michael Leash, the principal representative for Rapoza, notifying Rapoza that the Agency had determined that a material default of the DDA had occurred, and notifying Mr. Leash that the default could be cured by providing the information required by Gary Rains, the consultant retained by the Agency to review the Redevelopment Plan, particularly information concerning the application with Hilton Gardens for a hotel franchise, and the status of the efforts to secure the necessary financing as part of the capital stack.

The following items will not appear to have been completed by September 30, 2015, as provided in the Third Amendment to the Disposition and Development Agreement:

1. Demolition of the Recreation Building.
2. Approval by the City of all land use approvals and completion of the time for any appeal of the land use approvals.
3. Approval of civil engineering plans submitted by the Developer to the Agency.
4. Submission of a signed hotel franchise agreement with a completion date of March 31, 2017.
5. Approval by the Agency of the Redevelopment Plan submitted by the Developer.
6. Agency providing proof of marketable title and a preliminary title report.
7. Developer has purchased the Granada Theater, Hotel Site, and the Blue Building.
8. City is prepared to issue building permits for the hotel.

An executive session has been held during which Gary Rains will present copies of several confidential documents provided by Rapoza Development, as well as his analysis of the documents provided by Rapoza. Copies of the confidential documents provided to the Committee members will need to be returned following completion of the executive session.

Concerning item (7) which addresses the purchases of the Granada Theater, the Hotel Site, and the Blue Building, Section 2.2.3 of the DDA provides that if the closing sale for the purchase of the properties does not occur by the scheduled closing date (which is September 30, 2015), the Developer's right to acquire these properties will terminate one day after the closing date (which would be October 1, 2105) unless the closing date is extended by agreement of the Developer and the Agency.

Section 2.8.1 of the DDA provides that if the Redevelopment Plan has not been approved by the period stated in the agreement, the Agency can terminate the agreement. The DDA initially required that the DDA be approved by the Agency by June 30, 2015 as item 1. The new deadline for approval of the Redevelopment Plan would be September 30, 2015.

The eight items listed above are defined as "conditions precedent" in the DDA. This means that the Agency is not obligated to perform its obligations under the DDA, unless all of these conditions have been fulfilled, or the Agency has chosen to waive the performance of the conditions by the Developer. If all of these conditions have not been fulfilled by September 30, 2015, the DDA shall automatically be terminated as of September 30, 2015, unless the Agency extends the time for completion of the unperformed conditions.

**STAFF RECOMMENDATION:** The Urban Renewal Advisory Committee move to recommend to the Agency Board that the DDA between the Agency and Rapoza Development be considered terminated as of September 30, 2015.

Alternative recommendation: The Advisory Committee could recommend to the Agency Board that the Board consider granting an additional period of time to Rapoza Development to complete the performance of the required conditions precedent in Section 2.9.1 of the DDA.