



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

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CITY OF THE DALLES

**AGENDA**

**COLUMBIA GATEWAY**

**URBAN RENEWAL ADVISORY COMMITTEE**

Conducted in a Handicap Accessible Meeting Room

**SPECIAL MEETING**

**Tuesday, July 31, 2012**

5:30 pm

City Hall Council Chambers

313 Court St.

The Dalles, OR

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. APPROVAL OF AGENDA
- V. APPROVAL OF MINUTES
  - A. Approval of Urban Renewal Advisory Committee Special Meeting Minutes of July 10, 2012
- VI. PUBLIC COMMENT (for items not on the agenda)
- VII. ACTION ITEM: Recommendation concerning the Memorandum of Understanding for the Granada Block Redevelopment Project
- VIII. NEXT REGULARLY SCHEDULED URBAN RENEWAL ADVISORY COMMITTEE MEETING  
August 21, 2012
- IX. ADJOURNMENT

# Columbia Gateway Urban Renewal Advisory Committee Meeting Minutes

**Special Meeting**  
**Tuesday, July 10, 2012**  
**5:30 PM**

City Hall Council Chambers  
313 Court Street  
The Dalles, OR 97058

*Conducted in a handicap accessible room.*

## **CALL TO ORDER**

Acting Chair Dick called the meeting to order at 5:38 PM.

## **ROLL CALL**

Present: Bill Dick, Jennifer Botts, Richard Elkins, John Nelson, Greg Weast

Absent: Chris Zukin, Gary Grossman, Robin Miles, Scott Hege

Staff present: City Manager Nolan Young, City Attorney Gene Parker, Community Development Director Dan Durow, Administrative Secretary Carole Trautman

## **PLEDGE OF ALLEGIANCE**

Acting Chair Dick led the group in the Pledge of Allegiance.

## **APPROVAL OF AGENDA ITEMS**

Director Durow asked for an amendment to change agenda item number VII, Action Item, to Executive Session.

It was moved by Weast and seconded by Botts to approve the agenda as amended. The motion carried unanimously; Zukin, Grossman, Hege and Miles were absent.

## **APPROVAL OF MINUTES**

It was moved by Nelson and seconded by Weast to approve the Urban Renewal Advisory Committee (URAC) minutes of March 20, 2012 and the Urban Renewal Agency/Advisory Committee Joint Session minutes of May 15, 2012. The motion carried unanimously; Zukin, Grossman, Hege and Miles were absent.

**PUBLIC COMMENT**

None

**EXECUTIVE SESSION**

Acting Chair Dick recessed the meeting to Executive Session at 5:42 PM in accordance with ORS 192.660(2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.

Scott Hege joined the Executive Session at 5:55 PM.

**Reconvene to Open Session**

The meeting reconvened at 6:45 PM.

**DECISIONS FOLLOWING EXECUTIVE SESSION**

None

**FUTURE MEETINGS**

Director Durow stated there will be a special URAC meeting tentatively scheduled for July 31, 2012. Staff will poll the committee members' availability to select the meeting date. The next regularly scheduled meeting is August 21, 2012. However, if there are no agenda items, the meeting will be canceled.

**ADJOURNMENT**

Acting Chair Dick adjourned the meeting at 6:47 PM.

Respectfully submitted by Carole J. Trautman, Administrative Secretary.

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Chris Zukin, Chairman

## GRANADA BLOCK REDEVELOPMENT

### MEMORANDUM OF UNDERSTANDING BETWEEN THE COLUMBIA GATEWAY URBAN RENEWAL AGENCY AND RAPOZA DEVELOPMENT GROUP, LLC

This **MEMORANDUM OF UNDERSTANDING**, dated the \_\_\_\_ day of \_\_\_\_\_, 2012 is by and between **THE COLUMBIA GATEWAY URBAN RENEWAL AGENCY**, the duly authorized and acting urban renewal agency of the City of The Dalles, Oregon ("City"), a political subdivision of the State of Oregon, (hereinafter the "Agency") and **RAPOZA DEVELOPMENT GROUP, LLC**, an Oregon limited liability company (hereinafter "Developer").

#### 1. Background, Purpose and Intent

1.1. Purpose. Agency and Developer have undertaken preliminary discussions to identify key issues and an outline of a general development strategy for the Project (defined below). In order to move these discussions to the next level of detail, it is necessary and appropriate to establish a more formal understanding of the scope of the Project and the roles of Developer and Agency therein. The purpose of this Memorandum of Understanding ("MOU") is to confirm the mutual intent and agreement in principle for undertaking the proposed acquisition and development by Developer (or an entity formed by Developer to undertake the Project) of certain property located on portions of a block in downtown The Dalles, Oregon, consisting of six parcels, popularly known as, and referred to in this MOU as:

- 1.1.1. The Granada Theater;
- 1.1.2. The Recreation Building;
- 1.1.3. The Parking Area serving the Recreation Building ("Recreation Building Parking");
- 1.1.4. The Blue Building;
- 1.1.5. The Commodore II Parking Lot;
- 1.1.6. The Bank Hotel Property.

Each of these parcels is separately described in Exhibit A and specifically identified on Exhibit A-1. All of the parcels, and the improvements thereon contemplated by this MOU, are referred to herein as the "Project".

1.2. Background. The Developer or an entity controlled by the Developer owns the Bank Hotel Property. The Agency owns the Granada Theater, the Recreation Building, the Recreation Building Parking, the Blue Building, and the Commodore II Parking Lot. Together, all the parcels except the Bank Hotel Property are referred to in this MOU as the "Agency Parcels". The Agency is pursuing street frontage improvements on the 1st and Washington Streets sides of the Project. The Agency intends to sell the Agency Parcels to a private developer who would be required by contract to commit to specific redevelopment. Developer and the Agency are anticipating the transaction described in this MOU as the vehicle for Developer to acquire the Agency Parcels from the Agency, in phases, and to complete redevelopment of the Project in support of the public objectives of the Columbia Gateway Urban Renewal Plan.

1.3. Project. Developer proposes to acquire the Agency Parcels and thereafter develop the Project as a mixed-use project that would consist of the following elements (the "Project"):

1.3.1. Phase 1:

a. Hotel:

(i) The hotel would have between 135 and 150 rooms, be a mid-priced, high quality facility, and located on the Hotel Site ("Hotel Site"). The Hotel Site includes the property identified as the Recreation Building (Parcels 1, 2, and 3), and the Recreation Building Parking (Parcels 1, 2, and 3), as shown on Exhibit A-1; and the portion of the alley right-of-way to be vacated as further described in Section 1.3.1.(c).

(ii) The Agency agrees to request the City consider the Developer's potential concept to build a grand entrance over East 1st Street with the understanding that approval of such a concept is within the sole discretion of the City, taking into account such factors as the quality, appearance, and feel of the streetscape which the City is proposing for East 1st Street, and whether the proposed concept would have a detrimental impact upon the functionality of East 1st Street. Any canopy or other structure, which may be approved under the proposed concept, will be required to be cantilevered with no connection to the right-of-way for East 1<sup>st</sup> Street.

(iii) Developer will be responsible for parking required for the Hotel by the City's Land Use and Development Ordinance. For those required parking spaces that the Developer cannot accommodate on the Hotel Site, upon Developer's request the City will include the needed parking in the Public Garage identified in Section 3.1.1 of this Agreement, with the Developer paying for the incremental cost of the additional spaces on a pro-rated basis, with the methodology for the basis to be set forth in the DDA.

b. Conference and Activity Space: The conference facilities would contain a minimum of 3,500 square feet and be of a mid-priced, high quality, executive conference and catering type of construction. The conference facilities may include the Blue Building, or a new building constructed by Developer. In the event Developer determines to proceed with demolition of a portion or all of the Blue Building, Developer shall have the option to apply for funding assistance of up to \$50,000 under the Agency's demolition loan/grant program.

c. Event Space: The event space would include the Granada Theater, and the Bank Hotel Property, and be of high quality construction. In order to maximize space and logistics, the Agency agrees to support the Developer in requesting the City to consider a request for a vacation of a portion of the alley right of way in the Granada Block between East 1st and East 2nd Streets, beginning at the eastern portion of the property line of the property owned by Eric Gleason, described as Assessor's Map No. 1N 13 #BD Tax Lot 900 ("Gleason Property"), and continuing in an easterly direction to Washington Street, which would not restrict necessary public access through the alley.

d. The Hotel Site including the property described in Section 1.3.1(a), the Blue Building, and the Granada Theater are referred to collectively as the "Phase 1 Parcels."

1.3.2. Phase 2:

- a. Developer will have an option ("Phase 2 Option") to purchase the Commodore II Parking Lot upon satisfaction of conditions to exercise the Phase 2 Option, as set out in the DDA.
- b. Conditions to exercise the Phase 2 Option will include the following:
  - (1) The completion of Phase 1; and
  - (2) A commitment to construct a mixed use project which may include retail, commercial, and/or residential development with underground parking, or up to 35 additional rooms to the Hotel, of the same quality as the original Hotel if it is determined there is sufficient room demand, with construction to begin no later than one year after purchase of the Commodore II Parking
- c. The Agency will request that the City initiate and process at its expense the creation of a "vertical housing development zone" to encourage a residential component in Phase 2.
- d. The Agency will satisfy any requirements for replacement of lost parking spaces for the Commodore II Parking Lot to free up that property for redevelopment.

1.3.3. The Project would be developed generally in accordance with the schedule ("Project Schedule") to be developed and incorporated into the DDA.

1.3.4. The Project Schedule will provide for phasing of the construction of the Project and for acquisition of the Agency Parcels, anticipated to be as follows:

- a. Phase 1 – The DDA must be signed by September 30, 2012 or sooner, if possible. The Granada Theater must be purchased by a date which will be set forth in the DDA, which closing date is anticipated to coincide with the completion of improvements to the Granada by Developer as set forth in Section 4.2.2. However, the Agency agrees to grant an extension of up to one hundred and twenty (120) additional days for closing of the purchase of the Granada Theater at the request of the Developer, provided Developer shows to the satisfaction of the Agency that sufficient progress is being made to ensure the purchase will be closed within the additional time extension. Agency and Developer understand and agree the terms and conditions for purchase of the Granada will be set forth in further detail in the DDA, with the objective of facilitating construction of the improvements as set forth in Section 4.2.2, and determining the closing date while taking into consideration the potential liability of the Developer for future property taxes. The Hotel Site including the property described in Section 1.3.1(a) and the Blue Building must be purchased by no later than the date upon which the construction of the Hotel is commenced.
- b. Phase 2 – The Commodore II Parking Lot must be purchased by the date that will allow the construction of Phase 2 to begin within five (5) years after the date of conveyance of the Granada Theater to the Developer, but in no event will the Commodore II Parking Lot closing occur before the completion of Phase 1.

- 1.3.5. Except as otherwise provided in Section 4.2.1(c) with respect to Phase I, property tax obligations will be the responsibility of the Developer.
- 1.4 Disposition and Development Agreement. Even though this Memorandum of Understanding is not intended to be a binding agreement (except as provided in Paragraph 6 herein), the parties expect to enter into a more definitive disposition and development agreement (the "Disposition and Development Agreement" or "DDA") in accordance with Paragraph 4 of this MOU. The DDA will more precisely define the actual implementation of the Developer's acquisition of the Agency Parcels, and of a development plan for the Project and the mutual responsibilities of the parties within such development plan.
- 1.5 Project Team. Developer will form and manage a Project Team consisting of key project management, architectural/engineering and other third-party consultants, and a general contractor. The Agency will designate one or more representatives who will be invited to participate in Project Team meetings as needed and to represent the Agency's interests as appropriate.

## **2. Responsibilities of Developer**

- 2.1. Scope of Developer's Role. The parties anticipate that Developer will be responsible for the following:
- 2.1.1 Developer will acquire the Agency Parcels from the Agency; and
- 2.1.2 Developer will serve as the developer for the Project. In this role, Developer will be responsible for providing (or will work in a joint venture with its equity partner to provide) the overall project management for all aspects of the development of the Project, including management of third-party consultants responsible for architecture and engineering, project and contract administration, securing of public entitlements and building permits, arrangement of equity and financing for the Project and construction of the Project, subject to the terms of the DDA.
- 2.2. Project Information and Cooperation.
- 2.2.1. On a regular basis, which will be defined in a project schedule as an attachment to the DDA at a later stage, Developer will timely provide information necessary to assist Agency in its evaluation of and participation in the Project. Such information may include, but not be limited to:
- a. Design information describing or illustrating the phase(s) to be developed;
  - b. Cost estimates;
  - c. Project schedule;
  - d. Report on the status of project financing; and
  - e. Other reasonable information as may be requested from time to time by Agency.
- 2.2.2. Any information provided by Developer to the Agency shall be treated by Agency as proprietary and confidential in accordance with Paragraph 9 below.

2.2.3. Agency shall be entitled to depend on the accuracy and completeness of any such information provided to it by Developer, except third-party reports or work products.

2.3. Collateral Agreements. Agreements with third parties, such as financing agreements and easements, will be subject to review by Agency for consistency with this MOU and the DDA. The Agency will review on a timely basis so as to not delay Developer's securing of financing and commencement of construction of the Project.

### 3. Responsibilities of Agency

#### 3.1. General Scope of Agency's Role.

3.1.1. Public Parking Structure. Agency will construct a parking structure on a portion of the surface parking lot between Washington Street and the Transportation Center ("Public Garage") with sufficient parking spaces to meet the needs of the new development, including the Hotel and the use of the Blue Building and the Granada Theater, and the need for downtown public parking as determined by the Agency and the City. The goal is to have the Agency's construction of the Public Garage completed at the same time Developer's construction of the Hotel is completed but at no time will any delay in constructing the Public Garage prevent opening and operating of the Hotel by Developer.

3.1.2 The parties currently anticipate that Agency will be additionally responsible for the following:

a. Agency will pay for fifty percent (50%) of the expenses for the initial conceptual redesign of the Hotel and the Parking Garage, up to the sum of \$7,500.

Agency will pay for one hundred (100%) of the expense for the final design of the Public Garage. The Developer will reimburse the Agency for a pro-rated amount of the design and construction costs for parking spaces for the Hotel provided in the Public Garage, based upon the number of parking spaces provided in the Public Garage for the Hotel as described in Section 1.3.1.a(iii) above.

b. Subject to the terms of the DDA, Agency will transfer the Agency Parcels, in phases, to Developer for development and ownership. The purchase price for each parcel is described in Paragraph 4.2 below.

c. Agency will cooperate with Developer in securing equity and financing sufficient to develop and operate the Project so long as such arrangements are not detrimental to the Agency's interest, and any cost of cooperation is acceptable to the Agency, each in the Agency's sole discretion. Agency will assist Developer in the permit approvals, any assistance in sourcing and supporting Tax Credits available for redevelopment or any other possible assistance, which would enhance and speed up the development and therefore benefit the City's collection of tax dollars.

d. Agency and Developer understand and agree Developer is entitled to receive a credit toward system development charges for water and sewer at the rate of 1% (one percent) for each new permanent full time equivalent position created by the development, and any other system development charge credits available because the Hotel is located in the

downtown district, with such other credits to be addressed in further detail in the DDA as appropriate.

e. Pre-Phase 1 Closing Site Preparation for the Hotel Site

(1) The Agency will pay for the costs of studies to identify the archeological issues, and the methods required to resolve said issues, for the Recreation Building Parking Lot (Parcels 1, 2, and 3), and the portion of the alley right-of-way to be vacated, which are necessary to prepare the Hotel Site for construction of the Hotel.

(2) The Agency will cause the City to complete a Level 1 Environmental Survey and an asbestos lead survey for the Recreation Building. The Agency will cause the City to complete a Phase 1 Environmental Site Assessment for the Hotel Site, and if necessary a Phase 2 Environmental Site Assessment. Developer's obligation to proceed with Phase 1 is conditional on Developer's reasonable approval of the environmental site assessments.

(3) The Agency will pay for the costs of demolition of the Recreation Building up to the sum of \$100,000. In the event the costs of demolition exceed the sum of \$100,000, the Agency shall immediately notify the Developer. The Developer shall reimburse the Agency for one hundred percent (100%) of the total costs which exceed the sum of \$100,000. The Agency intends to contract with a salvage company to identify and remove items in the Recreation Building which can be salvaged, with the costs of such salvage to be included in the total costs of demolition for the Recreation Building. The Agency will follow necessary public procurement procedures to retain a demolition contractor, and at a minimum, will review the bids and determine the apparent lowest responsible bid, and provide the bid to Developer, and receive the Developer's approval to proceed, before Agency begins demolition. Prior to solicitation of competitive bids, the Developer will provide the Agency with a list of any historic brick or wood materials which Developer desires to re-use for future construction, which list of materials will be incorporated in the bid documents to ensure the materials will be saved and be available to the Developer.

(4) The Agency will provide Developer and members of the Developer's architectural design team all existing conditions reports for the Hotel Site in the custody or control of the Agency as of the effective date of the DDA and after the completion of the Studies described in subparagraph (2) and (3) of this Section 3.1.1(e), including, but not limited to: topographical studies, utility drawings, soil and other environmental reports and surveys.

3.1.3. Design Review. Agency will have oversight responsibility to review and approve in its proprietary capacity the general details of the design of Phases I and II for the Project as agreed to in the DDA.

3.1.4. Construction staging

a. For Phase 1, construction staging will be allowed within the right-of-way on E. 1<sup>st</sup> Street between the east side of Court Street to the east end of the Hotel Site; and Washington Street between E. 1<sup>st</sup> Street and the alley between E. 1<sup>st</sup> Street and E. 2<sup>nd</sup> Street.

- b. Construction staging for the E. 1<sup>st</sup> Street/Washington Street Plaza/RR underpass project will be coordinated with the Phase 1 staging, if necessary.

### 3.2. Project Information and Cooperation.

- 3.2.1 Developer shall be entitled to rely on the accuracy and completeness of any information provided to it by Agency, except third-party reports or work products. Agency acknowledges that Developer has the option to apply for loan interest rate subsidies for financing for the costs of improvements upon qualified buildings, including but not limited to the Bank Hotel Property, as part of Phase 2; provided that any such application is subject to the terms and conditions of the interest rate subsidy program in effect at the time of the application, and subject to the availability of funds in the interest rate subsidy program. Developer understands and agrees that determination of any rate and any terms included in a potential future interest rate subsidy is within the sole discretion of the Agency.

## 4. **Disposition and Development Agreement**

- 4.1 Negotiation of DDA. Agency and Developer will negotiate, enter into, execute and deliver a DDA on a date as soon as feasible, but not later than September 30, 2012 (the "Agreement Date") or sooner if possible. The DDA may be subsequently modified to incorporate specific schedule, cost and budget information to be produced pursuant to the DDA. The terms generally set forth in this MOU will be integrated into the DDA. The DDA will contain provisions not inconsistent with the basic understandings set forth herein, including representations and warranties, conditions, covenants and understandings that are appropriate or customary for like transactions. The basic content of the DDA shall include, but not be limited to the items described in Paragraphs 4.2 through 4.7 below.

### 4.2 Terms for Disposition of Agency Owned Parcels.

#### 4.2.1 All Properties:

- a. At any time until the closing date to be described in the DDA, as that date will be extended by the Agency for not more than one hundred and twenty (120) days (the "Phase 1 Option Period") as set forth in Section 1.3.4(a), the Developer must purchase the Granada Theater, subject to satisfaction of conditions precedent to the Phase 1 Closing that will be described in the DDA. The hotel site property as described in Section 1.3.1(a) and the Blue Building must be purchased by not later than the date upon which the construction of the hotel is commenced.
- b. During the Phase 2 Option Period, as described in Paragraph 1.3.4 above, and subject to satisfaction of conditions precedent to Phase 2 Closing that will be described in the DDA, the Developer may purchase the Commodore II Parking Lot.
- c. The purchase price for the Blue Building shall be \$380,000.00, plus 50% of the total amount of past due taxes, including all penalties and interest, which is due and owing at the closing date to the Wasco County Tax Collector. The purchase price and the sum due and owing for the past due taxes shall be paid in cash at closing.

- d. The purchase price for the Recreation Building and Recreation Building parking lot will be \$356,250.00., plus 50% of the amount of past due taxes, including all penalties and interest, which is due and owing at the closing date to the Wasco County Tax Collector.

The purchase price for the Recreation Building and the Recreation Building Parking lot shall be paid in cash at closing, which closing date shall be no later than the date upon which construction of the Hotel is commenced.

- e. The purchase price for the Commodore II Parking Lot will be \$102,000, and will be paid in cash at the Phase 2 Closing.
- f. Prior to any purchase of any of the Agency Parcels by the Developer, the Developer must present to the Agency, and commit to a redevelopment plan for the Phase to be developed on the Agency Parcels to be purchased. Each redevelopment plan shall be approved by the Agency, which approval shall not be unreasonably withheld. Each redevelopment plan will show how the Phase enhances the Downtown, cures blighted conditions, increases taxable value of real property and creates jobs. Each redevelopment plan must include a viable business plan together with a schedule for phase completion. Key requirements of each redevelopment plan include uses, size, design, and public elements of the Phase.
- g. Prior to purchase of any of the Agency Parcels by the Developer, the Developer must present to the Agency a signed hotel franchise or management term sheet with a national hotel chain for management of a hotel with banquet, catering facilities, and meeting and conference rooms that meet the public goals of the redevelopment plan, with Phase 1 to be completed by May 13, 2015.
- h. During each of the Option Periods for Phases 1 and 2, the Developer would be allowed access to the parcel(s) to be purchased in connection with the subject phase to do any due diligence on terms acceptable to the Agency, including restoration of the subject parcels and insurance and indemnity provisions.
- i. During the Phase 1 Option Period, if Agency seeks to lease any of the parcels for operation, Developer shall have a first right to offer a lease to the Agency, which offer, in order to be acceptable to the Agency must include a lease payment that covers any property taxes, operating costs and minor repairs needed to operate the subject parcel. Other terms customarily included in a short-term commercial lease will apply. At the Developer's request, and if deemed reasonable by the Agency, the Agency will institute a challenge to the assessed value of the leased parcel(s) in order to fairly determine the property tax amounts to be included in the lease payment. Agency's determination that a challenge is not reasonable shall be final.
- j. If the Developer fails to complete a purchase of either a group of identified parcels, or a specific parcel within the Option Period that is applicable to the group of identified parcels or the specific parcel, the Agency may terminate the Developer's right to develop the phase that included the group of identified parcels or the specific parcel in its sole discretion, and without cost to the Agency.

- 4.2.2. Granada Theater: The Granada Theater remodeling/restoration is a unique project within the larger Project. The public benefit in the Granada Theater restoration includes not only curing blight and providing accessory space to the Hotel, but also preserves and enhances the historic character of the downtown and its inventory of landmark heritage buildings, which cannot otherwise be accomplished by the private sector. The design and construction of the remodeling/restoration will require separate specialty skills and expertise. Therefore, the following additional requirements and benefits shall be included in the terms for acquisition and development of the Granada Theater:
- a. Upon execution of the closing documents for the Granada Theater, the Agency will make \$200,000.00 available to the Developer for remodeling and restoration, specifically including, but not limited to, installation of a new HVAC system, a fire marshal approved sprinkler system, and exterior fire doors in the Granada Theater. Developer will construct the improvements to the Granada in accordance with the terms and conditions of a license or permit of entry to be included in the DDA. The Developer agrees to preserve the historic landmark status of the Granada Theater and to maintain its historic character and architectural features. Any proposed alteration to the historic significance or historic features of the Granada Theater will require compliance with the applicable provisions of the City's Historic Landmarks Ordinance (General Ordinance No. 94-1194) as the ordinance currently exists, or as it may be amended in the future, and the prior written consent of the City Council.
  - b. The purchase price of the Granada Theater shall be \$365,406.00. (Real Property \$198,000, Personal Property \$167,406 = \$365,406.00). The Developer will pay the purchase price for the Granada Theater, and any interest due, in one balloon payment due June 30, 2025. Interest, at the annual rate of 1% accruing on the principal, will be payable annually, or in monthly payments, until the principal is paid in full.
  - c. If the Developer borrows funds to complete any additional remodeling of the Granada Theater, the Agency will provide a loan interest subsidy for fifteen (15) years or the life of the Agency whichever is shorter, to achieve an effective interest rate on the borrowed funds of not more than five and three-quarters percent (5.75%). The value of the interest subsidy will not exceed \$132,000.00. Agency will have a right to review and approve the terms of such financing in its reasonable discretion.
- 4.3 More detailed Project description acceptable to the Agency, which will be addressed in the DDA.
- 4.4. Project schedule for both phases, which will be addressed in the DDA.
- 4.5. Assurances and security to guarantee performance such as a pledge of accounts or interests in real property owned by the LLC or its members; construction and performance bonds; letters of credit; forfeiture of development rights without reimbursement of costs and unconditional commitments of funding sources for each phase before construction of that phase begins.
- 4.6. Terms of development, such as coordination with adjacent public improvement projects, grant of easements and street/alley vacation proceedings.

## **5. Term and Exclusivity**

### **5.1. Term of the MOU.**

- 5.1.1. This MOU shall be effective when executed by both parties, and shall automatically terminate as of the earlier of (i) the effective date of the DDA; or (ii) September 30, 2012 ("Exclusivity Period"). Developer will retain the exclusive right to negotiate with Agency for development of the Project, and Agency will be bound not to negotiate with other parties for development on the Project site, during the Exclusivity Period.
- 5.1.2. The Exclusivity Period may be extended by mutual written agreement of the parties any time prior to the expiration of the Exclusivity Period.

### **5.2. Termination.**

- 5.2.1. If during the Exclusivity Period, any or a combination of the Contingencies identified in Paragraph 7 do not occur, Developer or Agency may terminate this MOU by notifying the other party in writing stating the reasons for such termination. However, the non-terminating party will be given thirty (30) days to cure the terminating party's reasons for termination and must notify the terminating party in writing, within 5 days of receipt of the termination notice, of its desire to cure. If the non-terminating party fails to give notice of its desire to cure within 5 days of receipt of the termination notice, or if the cure is not completed within such 30-day period, the terminating party may thereafter notify the non-terminating party of its failure to give notice or to cure and this MOU or the DDA shall terminate on the date of such written notice.
- 5.2.2. Consequences of Termination. Upon termination, the respective obligations of the parties hereunder will be of no further force or effect, except as provided in Paragraph 6 hereof. In the event of termination, each party shall be solely responsible for their own expenses incurred during the term of the MOU.

- 5.3. Notices. All notices given pursuant to this paragraph shall be delivered in writing as required by Paragraph 8 herein.

## **6. Non-Binding Agreement**

Except as set forth in the next sentence, this Memorandum of Understanding is only a statement of the current intent of the parties and does not create a binding agreement between the parties. The provisions of Paragraph 9 shall be deemed to create an enforceable agreement between the parties and shall survive Termination of this MOU. As set forth in Paragraph 4.1.1, it is expected that this MOU will be superseded by a DDA whose terms will create a binding contract between the parties.

## **7. Contingencies**

The parties assume that certain events will occur and that a number of key milestones will be achieved in order to close financing and begin construction for each phase ("Contingencies"). The DDA will describe the time for satisfaction of any Contingencies not satisfied at the time the DDA is executed, and the parties' rights as to satisfaction and waiver of the Contingencies and the consequences of failure of the Contingencies. The Contingencies will include, but not be limited to:

- 7.1. Reasonable approval by the Agency of the building program, project schedule, design and cost feasibility for the phase, which approval shall not be unreasonably withheld.
- 7.2. The ability of Developer to secure public entitlements for the phase.
- 7.3. The ability of Developer to secure adequate and reasonable financing for the phase.
- 7.4. Securing of equity or limited partners as required to raise required equity for the phase.
- 7.5. Developer maintains the financial and human resources to complete work tasks that are the responsibility of Developer generally in accordance with the Project Schedule.
- 7.6. Agency maintains the financial and human resources to complete work tasks that are the responsibility of Agency generally in accordance with the Project Schedule.

## **8. Notices**

- 8.1. All notices or other communications required by or relating to this letter or the Project will be in writing, and sent by personal delivery, by first class mail, return receipt requested, by overnight delivery, or by fax with a telephonic confirmation of receipt. Communication shall be deemed received at the time confirmed by delivery receipt if sent to the addresses and via a medium set out in paragraph 8.2 below.
- 8.2. Correspondence concerning the Project shall be addressed to:

8.2.1. For Agency:            Dan Durow  
   Community Development Director  
   313 Court Street  
   The Dalles, OR 97057  
   Fax: 541-298-5490  
   E-Mail: [ddurow@ci.the-dalles.or.us](mailto:ddurow@ci.the-dalles.or.us)

8.2.2. For Developer:      Rapoza Development Group, LLC  
   306 Court Street  
   The Dalles, OR 97058

## **9. Authorization and Confidentiality**

- 9.1 Agency and Developer will each seek all approvals required by law, bylaws, operating agreements or pertinent corporate documents in order to enter into this MOU and the DDA.
- 9.2 Except for published information or information ascertainable from public records, any confidential information furnished or disclosed by Agency in connection with the Project, will be held by Developer in confidence and will not be divulged to any third party, except for a party's advisors and consultants or as may be necessary to further the development of the Project.
- 9.3 Except for published information or information ascertainable from public records, if the Agency concludes that information furnished or disclosed to the Agency by Developer in connection with the Project is exempt from disclosure under state law, then, to the extent allowed by state law, and until ordered to disclose pursuant to a valid order of the district attorney, Agency will hold in confidence such information, and will not divulge such information to any third party, except for Agency's advisors and consultants.

9.4 If for any reason the Project fails to materialize, then each party will return all such confidential information to the party from whom it was obtained.

10. Assignment

Developer may not assign its rights under this Memorandum of Understanding to a third party without Agency consent, except for assignment to a legal entity controlled by the managing members of Developer which shall not require the Agency's consent. If the Developer assigns this MOU, Developer shall immediately thereafter notify the Agency of the name and address for notice of the assignee.

**AGREED AND ACCEPTED:**

**COLUMBIA GATEWAY  
URBAN RENEWAL AGENCY**

**RAPOZA DEVELOPMENT GROUP, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_  
Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A TO THE MEMORANDUM OF UNDERSTANDING BETWEEN  
COLUMBIA GATEWAY URBAN RENEWAL AGENCY AND RAPOZA DEVELOPMENT  
GROUP LLC**

**LEGAL DESCRIPTION OF PROJECT SITE**

**Commodore II Parking Lot**

Lots 4, 5, and the West 6 feet of Lot 3, Block 3 Original Dalles City

**Recreation Buildings and Parking Lot**

Assessor's Map 1N 13 3BA Tax Lot 800: The West 19 feet of the East 21.5 feet of Lot 3, Block 3, Dalles City

Assessor's Map 1N 13 3BD Tax Lot 400: The West 25 feet of Lot 2; and the East 2 ½ feet of Lot 3, Block 3, Dalles City

Assessor's Map 1N 13 3BD Tax Lot 500: The West 18 feet of Lot 1, and the East 33 feet of Lot 2, Block 3, ORIGINAL DALLES CITY, in the City of The Dalles, Wasco County, State of Oregon

Assessor's Map 1N 13 3BD Tax Lot 3400: The East 27 feet of Lot 7, Block 3, ORIGINAL DALLES CITY, in the City of The Dalles, Wasco County, State of Oregon

Assessor's Map 1N 13 3BD Tax Lot 3500: The West 31 feet of Lot 7, Block 3, ORIGINAL DALLES CITY, in the City of The Dalles, Wasco County, State of Oregon

Assessor's Map 1N 13 3BD Tax Lot 3600: Lot 8, Block 3, ORIGINAL DALLES CITY, in the City of The Dalles, Wasco County, State of Oregon

A parcel described as Parcel No. 4 in the Preliminary Title Report prepared by Amerititle: Beginning at a point on the North line of Lot 3, Block 3, ORIGINAL DALLES CITY, Wasco County, State of Oregon, which point is 147.8 feet Easterly from the Northwest corner of said Block 3; thence Easterly along the North line, of the said Block 3, a distance of 46.5 feet; thence Southerly, parallel with the East line of said Lot 3, a distance of 120 feet, more or less to the South line of Lot 2; thence Westerly along the South line of Lots 2 and 3, a distance of 45.5 feet; thence Northerly to the place of beginning; EXCEPTING therefrom any portion lying within the East 30.5 feet to the West 36.5 feet of Lot 3, Block 3 of said plat.

**Granada Theater**

Lot 6, Block 3, DALLES CITY PROPER, in the City of The Dalles, County of Wasco, and State of Oregon

Subject to:

1. Covenants, conditions, restrictions and/or easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey.

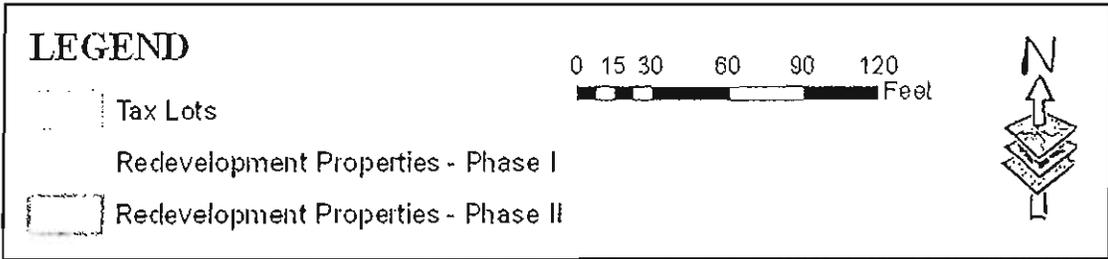
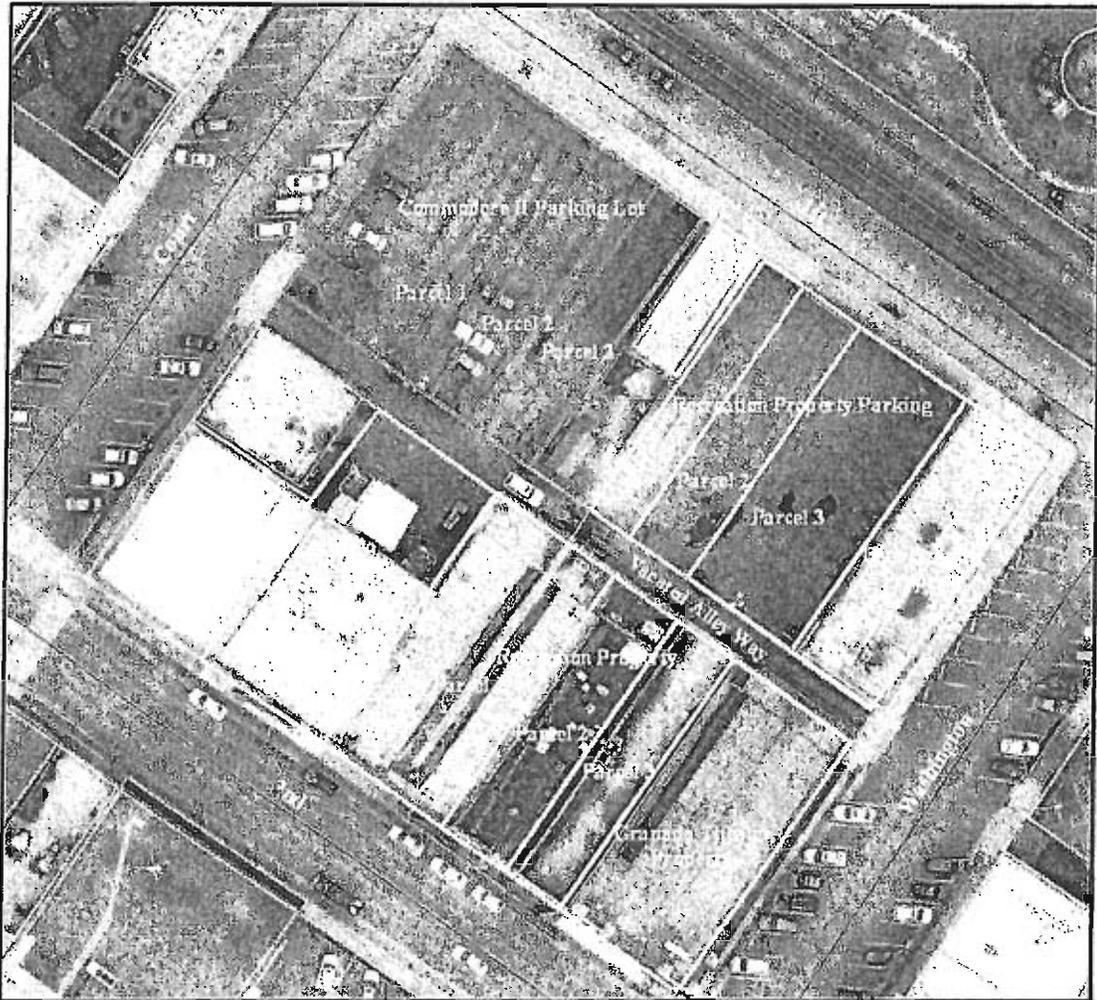
**Blue Building**

The Easterly 40 feet of even width of Lot 1, Block 3, Original Dalles City, in the City of The Dalles, Wasco County, Oregon:

Subject to:

1. Any facts, rights, interest, or claims which are not shown by the public record but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
2. Discrepancies, conflicts in boundary lines, shortage in area, encroachments or any other facts which a survey would disclose, and which are not shown by public records.
3. Agreement, including the terms and provisions thereof:  
  
    Between: Dalles City, a municipal corporation of the State of Oregon  
    And: Raymond P. Matthew and Irma H, Matthew, husband and wife  
  
    Recorded: November 2, 1961  
    Book: 144  
    Page: 512 Deed Records of Wasco County, Oregon
4. Existing leases and/or tenancies.

# Granada Block Redevelopment Project



Attachment A-1



# **Proposed Hotel Development The Dalles, Oregon**

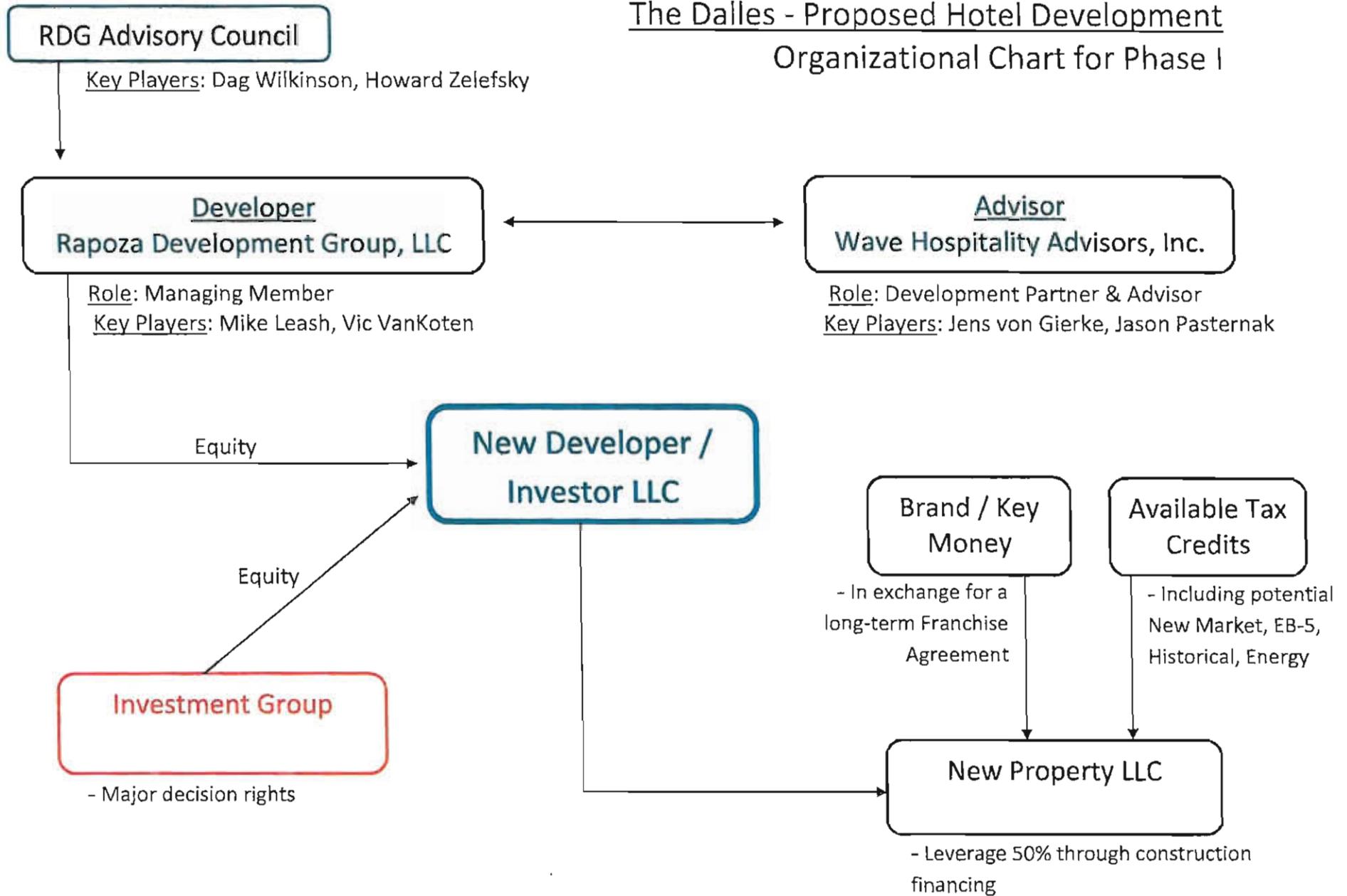
**For your review & consideration:**

**Proposed Organizational Chart for Phase I**

**Biographies – RDG Advisory Council &  
Wave Hospitality Advisors**

**Updated Preliminary Renderings & Floor Plans  
by CSHQA as of 7/20/12**

# The Dalles - Proposed Hotel Development Organizational Chart for Phase I



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## Dag Wilkinson Counsellor

## Biography

With more than 25 years of experience as a large law-firm partner and general counsel, Mr. Wilkinson brings to his clients a wealth of corporate finance, securities, transactional, and executive expertise. He has a proven track record of forging long-term working relationships with executive management teams.

Mr. Wilkinson was previously chief legal officer and secretary of Capital Pacific Holdings, Inc., a publicly traded \$600 million real-estate company based in Newport Beach, California, with operations in multiple states. Prior to Capital Pacific, Mr. Wilkinson was a partner at Wiley Rein LLP, a prominent Washington, DC law firm, where he led the firm's corporate practice and loss-mitigation program. Previously, he practiced corporate law as a partner in his own law firm and as an associate in the Washington, DC office of the international law firm Willkie Farr & Gallagher, LLP.

### Representative Experience:

- Oversaw all legal activities — including general corporate matters, securities law compliance, corporate finance, and risk management — of \$600 million, publicly traded company for 7 years
- Responsible for over \$500 million in senior, subordinated, and project-level financing, an annual average of \$300 million in land acquisitions, and led Capital Pacific successfully through a complex “going private” transaction in 2006
- General counsel to sponsor of commercial REITs with over \$400 million in assets under management
- General counsel to borrower in workout of over \$275 million in senior debt
- Lead transactional counsel in acquisition of 24,000-acre real estate development site
- Lead transactional counsel to television and radio operators in acquisition of more than 500 radio and television stations
- Investee counsel in over \$750 million in real estate joint venture financing

### Experience and Education

#### Practice Areas:

- Business and Finance
- Telecommunications, Media, and Technology
- Bankruptcy and Financial Restructuring
- Real Estate Transactions
- Hospitality
- Intellectual Property

#### Bar Admissions:

- California
- District of Columbia
- U.S. Supreme Court

#### Education:

- JD, Yale Law School
- MPA, Princeton University Woodrow Wilson School
- BA, *summa cum laude*, University of Maryland

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Howard Zelefsky  
Planning & Development Advisor

Biography

Howard Zelefsky started his career with the City of Huntington Beach where he ultimately was promoted to Director of Planning. During his 17-year tenure as Director, he guided the redevelopment of Coastal Huntington Beach, and helped to transform the City from a sleepy beach town dominated by oil operations, to a vibrant diverse community that has become an international tourist destination. Mr. Zelefsky has extensive hands-on knowledge of the inner workings of government at both the local and state level, and has personally worked on a myriad of commercial, residential and industrial developments during his more than 30 years of land use planning. Earlier in his career, Mr. Zelefsky served as the Planning Director for the City of West Hollywood where he guided many of the changes along the Sunset Strip.

More recently, Mr. Zelefsky was Vice President of Planning and Development for Makar Properties, LLC, a privately-held diversified real estate company with more than \$2 billion worth of assets, where he was responsible for all entitlement planning and inter-governmental relations.

Mr. Zelefsky holds a Graduate degree in Urban Planning from California State University, Fullerton and a Bachelors' degree in Political Science from Brooklyn College. He is past President of the Planning Directors Association of Orange County, and a member of the Urban Land Institute. He also serves on the Advisory Board for Jamboree Housing.

Howard is married with three children and resides in Orange County, California.



## Wave Hospitality Advisors, Inc.

### RESUME & HOTEL EXPERIENCE

#### OVERVIEW

Wave Hospitality Advisors, Inc provides a broad spectrum of real estate management and development advisory services, all of which are tailored to the specific needs of the client. With over 30 years of industry experience, Wave Hospitality has developed extensive knowledge of a variety of hotel related properties and projects, ranging from mixed-use, residential, retail, golf and resort.

Wave Hospitality's most requested services are listed below. However, there are many other services that Wave has previously been involved in, and we are always open and interested in exploring new real estate projects and opportunities.

- Hotel Asset Management Advisory
- Hotel Feasibility and Development Advisory
- Lender Advisory
- Full Acquisition Services
- Strategic Consulting for specific projects and situations
- Restaurant and other Food & Beverage Advisory
- Spa and Leisure Facility Consulting and Management

#### CURRENT PROJECTS

- **Hotel Asset Management Advisory:**
  - Auberge Private Residences at Esperanza (Cabo San Lucas, Mexico): private, full-service residences included as an integral part of the Punta Ballena master plan.
  - St. Regis Aspen Resort (Aspen, Colorado, USA): 179-room luxury resort in the heart of Aspen.
  - St. Regis Mexico City Resort (Mexico City, Mexico): 189-room luxury hotel in the Reforma area of Mexico City.
  - Westin Guadalajara (Guadalajara, Mexico): 221-room luxury hotel opened as of September 2011. Wave also provided Development Advisory services to the ownership team during the hotel's construction.
  - Westin Santa Fe (Santa Fe, Mexico): 225-room business hotel in Santa Fe.
- **Hotel Development Advisory:**
  - Untitled Hotel Project (La Jolla, California, USA): a proposed hotel development with approximately 260 guestrooms in the heart of the UTC area of La Jolla.
  - Element Harrison (Harrison, New Jersey, USA): a proposed 150 guestroom upper select service hotel development due to open in the fall of 2013.
  - Untitled Hotel Project (Jersey City, New Jersey, USA): a proposed hotel development with approximately 300 guestrooms, dual brands, incorporated with residential units, in a



## Wave Hospitality Advisors, Inc.

re-energized area of Jersey City located immediately adjacent to a PATH transportation hub.

- Untitled Hotel Project (The Dalles, Oregon, USA): a proposed upper select service hotel and city block re-development in the heart of the downtown area of The Dalles with approximately 135-150 guestrooms.
  - Untitled Hotel Project (Mexico City, Mexico): a proposed 350 room full service hotel development as part of a mixed-use development consisting of residential, retail, office and medical components.
  - Untitled Hotel Project (Mexico City, Mexico): a proposed 150 room boutique hotel development in an office park development in the business center of Mexico City/ Santa Fe.
- **Restaurant Development Advisory:**
    - Untitled Restaurant Project (TBD): Wave has been exclusively contracted by a world-class, high end restaurant owner and operator to assist with locating, contracting and developing new restaurant locations on the entire West Coast of the USA.

### PAST PROJECTS

- **Asset Management – as Owner & Manager:**
  - Korakia Pensione (Palm Springs, California, USA): Acquisition, renovation, hotel management and asset management of the 28-room boutique hotel. (2007-2009)
  - Hilton Anaheim (Anaheim, California, USA): Acquisition, renovation and asset management of the 1,572-room convention center hotel. The \$65 million renovation included all guestrooms, 107,000 square feet of meeting space and other public areas and retail space. (2007-2009)
  - St. Regis Resort, Monarch Beach (Dana Point, California, USA): Development and asset management of the 400-room resort, golf course and private beach club. (1999-2009)
  - Wyndham Orange County (Costa Mesa, California, USA): Acquisition, renovation, entitlement and asset management of the 238-room hotel. Planned entitlement allowed for 120 condos and 200 boutique hotel rooms. (2006-2009)
- **Asset Management – as Advisor:**
  - Untitled Hotel Project (Long Branch, New Jersey, USA): a proposed 68 guestroom hotel development at the Pier Village Long Branch development (2010-2011).
  - St. Regis Punta Mita Resort (Punta Mita, Mexico): 120-room luxury resort north of Puerto Vallarta. (2010-2012)
  - W Hoboken Hotel (Hoboken, New Jersey, USA): 225-room business hotel right outside of Manhattan in Hoboken. (2009-2010)
- **Renovation Redevelopment – as Owner & Manager:**
  - Ritz Plaza Hotel & Residences (South Miami Beach, Florida, USA): Development of the 1.4-acre property to allow for the substantial renovation of an existing 130-room hotel tower and the development of five fractional residential units. (2004-2009)

# The Dalles – Proposed Hotel Development

CSHQA – Preliminary Renderings as of 7/20/12

## OPTION 1 1ST STREET PERSPECTIVE



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# The Dalles – Proposed Hotel Development

CSHQA – Preliminary Renderings as of 7/20/12

**OPTION 1**  
1ST STREET PERSPECTIVE



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# The Dalles – Proposed Hotel Development

CSHQA – Preliminary Renderings as of 7/20/12



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# The Dalles – Proposed Hotel Development

CSHQA – Preliminary Renderings as of 7/20/12

**OPTION 2**  
1ST STREET PERSPECTIVE



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# The Dalles – Proposed Hotel Development

CSHQA – Preliminary Renderings as of 7/20/12

**OPTION 2**  
2ND STREET PERSPECTIVE



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# DRAFT

## Preliminary Hotel Program:

*Updated July 23, 2012*

<b>Total Hotel Keys:</b>	135 - 150 Rooms
<b>Floors:</b>	Total of 5 - Ground Floor + 4 Floors of Guest Rooms
<b>Underground Parking:</b>	1 Level
<b>F&amp;B Outlets:</b>	2, including one Restaurant/Bar
<b>Meeting Space SF:</b>	Estimated 2,000 - 4,000SF, including large banquet hall
<b>Leasable SF:</b>	Estimated up to 3,000 SF

## Other Amenities Include:

Swimming Pool (Indoor or Outdoor)  
Fitness Center  
Business Center  
Video Poker Room  
Outdoor Terrace

## Other Notes:

Entrances on Both 1st and 2nd Street, with Port Cochere off 1st Street Entrance  
Potential 3rd Entrance off Washington Street Plaza