



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, November 24, 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 October 27, 2014 Regular Meeting Minutes
- VI. ACTION ITEMS
 - A. Amendment to Loan and Purchase Agreement for Sunshine Mill With Discover Development LLC
- VII. ADJOURNMENT

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
REGULAR MEETING
OF
OCTOBER 27, 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, Finance Director Kate Mast

CALL TO ORDER

The meeting was called to order by Chair Lawrence at 5:45 p.m.

ROLL CALL

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

PRESENTATIONS

2013-14 Audit Presentation

Tonya Moffit, Merina and Company, provided a review the 2013-14 audit. She said a clean opinion was issued, noted one policy change (GASB 65) regarding bond issue costs.

It was moved by Spatz and seconded by Miller to accept the 2013-14 fiscal year audit. The motion carried unanimously.

RECESS

The meeting was recessed to return to the business of the City Council meeting agenda.

RECONVENE

The meeting reconvened at 7:25 p.m.

Agency member Spatz was absent.

AUDIENCE PARTICIPATION

None.

APPROVAL OF MINUTES

It was moved by Dick and seconded by Miller to approve the minutes of the October 13, 2014 Agency meeting. The motion carried unanimously, Spatz absent.

DISCUSSION ITEMS

Granada Block Redevelopment Update

Michael Leash summarized a recent press release regarding the project, noting the projected employment would be between 170 and 180 employees, including construction, hotel, restaurant, convention center and Granada Theater and café. He said there would also be jobs created with the construction of the parking structure. Leash pointed out the projected payroll would exceed \$3 million annually, and it was expected an average revenue of \$7,000 to \$10,000 per day would be generated in food and beverage business for the downtown area.

Mr. Leash said the press release would generate stories in Oregon Business magazine, local radio stations, the Daily Journal of Commerce, Oregonian and would be promoted by Weinstein Public Relations.

Jason Pasternak reported that the market study and financial projections had recently been updated with very positive results. He said the addition of the Fairfield Inn to The Dalles had helped improve the market. Pasternak said the Hilton continued to have a very strong interest and said TPG, the management company and Concept Entertainment, the food and beverage providers were still involved.

Chair Lawrence noted the letter provided from the Hilton had been dated in July, 2014. Mr. Pasternak said they had spoken with Mr. Speer, who confirmed the Hilton's continued interest in the project. Chair Lawrence asked when Rapoza would make formal application to the Hilton. Pasternak said they hoped to have the funding to purchase the properties and submit the application to Hilton by the end of the year.

Lawrence asked if the summary statement of assumptions could be provided to the Agency for review. Mr. Leash said much of the information was confidential. Mr. Pasternak said the document could be shared. He said they had provided it to the City Manager for review.

City Manager Young said he had reviewed the document and he had no concerns about what was in the document.

Chair Lawrence asked if the time frame for processing the Hilton application was still three to six months. Mr. Pasternak said the process would take approximately 60 days to submit and receive initial approval.

Reynold Roeder, Roeder and Company, provided an overview of new market tax credits and expressed confidence that this project would qualify for and receive the tax credit equity of up to \$1.6 million.

Marvin Kau addressed the Agency, explaining the concept of EB5 financing, saying he expected it to be a very successful way to finance the project. He said hotel projects were very popular with foreign financing. Mr. Kau said he would expect this portion of the funding to be in place in April or May of 2015. In response to a question, Kau said there was currency control in China, but they had programs that allowed them to invest.

Michael Leash noted the underground parking area would have 44 parking spaces. He said since they had learned they could dig down one meter, they would be able to accommodate some parking on-site. He thanked the Agency for their continued support of the project.

MINUTES (Continued)
Urban Renewal Agency Meeting
October 27, 2014
Page 4

ADJOURNMENT

Being no further business, the meeting adjourned at 8:03 p.m.

Submitted by/
Julie Krueger, MMC
City Clerk

SIGNED:

Stephen E. Lawrence, Chair

ATTEST:

Julie Krueger, MMC, City Clerk

AGENDA STAFF REPORT
URBAN RENEWAL AGENCY

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
November 24, 2014	Action Item	

TO: Urban Renewal Board

FROM: Nolan K. Young, City Manager *ny*

DATE: November 12, 2014

ISSUE: Amendment to the Loan Agreement and Purchase Agreements with Discover Development for Sunshine Mill

BACKGROUND: The Urban Renewal Agency previously extended the loan agreement with Discover Development while we consider their request for a three year extension of that agreement and their purchase option for the Sunshine Mill property. The Urban Renewal Advisory Committee will be considering this issue at their November 18 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 a long with minutes to assist you in consideration of the request at your November 24 meeting.



COLUMBIA GATEWAY URBAN RENEWAL AGENCY
CITY OF THE DALLES

AGENDA STAFF REPORT

URBAN RENEWAL ADVISORY COMMITTEE

Meeting Date: November 18, 2014

DATE: November 12, 2014

TO: Urban Renewal Advisory Committee

FROM: Nolan K. Young, Urban Renewal Manager *NKY*

ISSUE: Request from Discover Development to Allow For Time Extension for Repayment of Loan and Purchase of Sunshine Mill Property

BACKGROUND: The Columbia Gateway Urban Renewal Agency owns the former Sunshine Mill property. We have two agreements with James Martin, acting as Discover Development, for this property. The first is a \$600,000 loan/line of credit, for which he has drawn the entire amount. This loan has a monthly interest payment equal to an annual interest rate of 4.25%. There was a balloon payment of the entire principal amount due on October 14, 2014. The Urban Renewal Agency granted a two month extension to allow us to consider a request to extend the agreement for three years.

The second agreement is a purchase option for the Sunshine Mill Property at \$305,123.69. The option ends May 15, 2015. The cost to Discover Development for this option is a 1% annual interest charge at time of purchase, and to pay the property tax, utilities and to keep the property in good repair. Mr. Martin has requested a three year extension of this option as well.

The Urban Renewal Agency had a committee consisting of the City Manager, City Attorney and Mayor, meet with Discover Development on their requests. With the assistance of an accountant, we have reviewed the financial records of Discover Development. We identified that the only revenue of Discover Development is rent paid by Copa di Vino. Copa di Vino is currently operating a wine tasting room in conjunction with Quenett Winery and a bottling operation for wine by the glass.

The original intent was that Discover Development, in partnership with Copa di Vino, would be able to obtain a commercial loan in order to retire the debt and purchase the property. Because of the financial aspects of starting a new business like Copa di Vino, Mr. Martin has asked for a three year extension. The Urban Renewal Agency became involved by assisting with startup to create an environment where a vacant piece of property could become a thriving business creating jobs. We have been successful in creating jobs, as Copa has between 70 and 100 jobs in the bottling operation.

STAFF RECOMMENDATION:

A: Loan Retirement After meeting with Mr. Martin and reviewing the financial records, we feel that the rent revenue received by Discover Development would allow for the retirement of the debt over a two year period, from May 15, 2015. We recommend the following retirement schedule:

- May 15, 2015 - \$150,000 principal payment
- May 15, 2016 - \$100,000 principal payment
- May 15, 2017 - \$350,000 principal payment

In addition to these principal payments, we propose to increase the interest rate from an annual rate of 4.25% to 5.25%. This should be a sufficient amount to pay the interest on any debt the Urban Renewal Agency will need as explained under Budget Implications.

B: Purchase Option We recommend that the purchase option be extended for three years to May 15, 2015. For this extension, Discover Development will pay interest on the purchase amount at an annual rate of 5.25%, with equal monthly interest payments. The purchase price has been accruing 1% interest for the last 18 months (\$4,576.67). The new total purchase price is \$309,700.36. The monthly interest payment would be \$1,354.94 or \$16,259.28 per year.

BUDGET IMPLICATIONS: The Urban Renewal Agency's budget had been prepared expecting to receive over \$900,000 that would be repaid from the loan payment and the sale of this property this fiscal year. Under the staff recommendation we would only receive \$150,000, plus the additional interest of approximately \$27,860. To make up the remaining funds, we may have to obtain a loan of approximately \$1 million. We believe Urban Renewal has that borrowing capacity. The additional interest rate of 5.25% will help pay for any interest on that loan.

COMMITTEE ALTERNATIVES:

1. **Staff Recommendation:** Recommend to the Urban Renewal Agency that the loan be extended 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.
2. Recommend some other option for repayment of the loan and purchase of the property.