Columbia Gateway Urban Renewal Agency Advisory Committee
Special Meeting Minutes
Tuesday, November 25, 2014
5:30 PM

City Hall Council Chambers
313 Court Street
The Dalles, OR 97058
Conducted in a handicap accessible room.

CALL TO ORDER
Chair Grossman called the meeting to order at 5:30 PM.

ROLL CALL
Roll call was conducted by Administrative Secretary Trautman, all members present.

Staff Present: City Manager Nolan Young, City Attorney Gene Parker, Administrative Secretary Carole Trautman

PLEDGE OF ALLEGIANCE
Chair Grossman led the group in the Pledge of Allegiance.

APPROVAL OF AGENDA
It was moved by Miller and seconded by Nelson to approve the agenda as submitted. The motion carried unanimously.

APPROVAL OF MINUTES
It was moved by Dewey and seconded by Miller to approve the November 18, 2014 minutes as submitted. Grossman, Botts, Dewey, Miles, Weast, Nelson, Lincoln and Miller voted in favor; Kramer abstained; the motion carried.

PUBLIC COMMENT
None

ACTION ITEM – Consideration of Amendments to the Disposition and Development Agreement with Rapoza for the Granada Block Redevelopment Project

City Manager Young highlighted the staff report and the staff recommendation on page 2 of the report.

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Weast asked what the Agency's decision was the last time Rapoza requested an extension. Young stated an extension agreement was signed, and there was a deadline. He suggested the Committee consider if enough significant progress had been made by Rapoza to conclude that this project was the best opportunity for redevelopment of the Granada block.

Rapoza representative Michael Leash introduced Ryan Snyder of Martin Hospitality. Leash stated that Snyder was a potential investor, currently negotiating a second term sheet with Rapoza.

Miller commented that Mr. Leash had come before the Urban Renewal Advisory Committee (URAC) several times asking for extensions, and she asked for an explanation. Leash said Rapoza's current financial partnership structure was much better than what they had a year ago. They are within two weeks, if not days, of signing a 7 million dollar term sheet with American United. Leash said he was confident about the new potential financial companies; he could show a complete timeline. He could not guarantee anything yet, but he was confident these companies would be active. If the last marketing study had not come back as good as it did, he would have "thrown in the towel," Leash commented.

Botts commented that Leash had made significant progress and showed a high level of commitment to the project. She asked what the impact would be to the Agency if the request was granted. City Manager Young reported the actual loss to other UR activity would be close to $75,000.

Miles commended Leash on what the project would do for the redevelopment of the block, and she was excited to see his diligence and the project's progress.

Dewey pointed out that it would take 6 months for the Agency to put together a Request for Proposal (RFP), should the project not progress. Leash was asking for a 9 month extension. She felt a three month window was not going to make or break anything.

Nelson said he had watched the project from the beginning, and Rapoza had come a long way. He saw the project as a vision and dream of reconnecting to the river, bringing commerce and visitors to The Dalles. He supported the extension of time and felt the Committee should not get in the way and make it more difficult for the project to succeed. Nelson asked Leash if he would be able to fulfill the financial terms in staff's recommendation, and whether or not he had other expenditures in this timeline besides the Agency's proposed obligations. Leash said there would be a total of $75,000 in additional funds that would be due and payable by May or June of 2015 including the EB5 application fee, a marketing package to foreign investors, and escrow fees.

Mr. Snyder gave an explanation of his personal and professional background. His roots go back to The Dalles. He has worked with Martin Hospitality for 20 years and has been previously involved in several good sized projects. Regarding the timeline, he understood the frustrations—projects take a long time. Although he had not previously worked with financing at this level, he understood EB5 money was extremely problematic. Leash clarified that Rapoza was working

with a great company, the application was in, and the person working with the foreign companies was very positive.

Barb Pashek, 1332 West 10th Street, The Dalles, Oregon, stated that she had been working on selling some property to the local housing authority for two years, and the property still has not sold because the purchaser cannot obtain private funding. She said if the Granada Block developers were close to getting funding, they were ahead of most other people.

Chair Grossman stated Leash had previously submitted a signed term sheet that had a December 26, 2014 deadline. He asked Leash for an explanation on that term sheet. Leash advised those funds would be liened against the property and would not be available until the acquisition was completed. Leash said, at this point, he was funding everything, so he had skin in the game.

Weast asked if there would be any consequences linked to the extension if Rapoza defaulted in performance of the obligations imposed by the amended DDA. City Manager Young reported that City Attorney Parker was developing language indicating that if no franchise fee was submitted on March 31, 2015, the Agency would have $50,000, Rapoza would have no claim to the property, and staff would formulate an RFP. The estimated cost for the RFP would be approximately $5,000. Grossman pointed out that it costs the community every time the agreement is extended, because it would take several years for the Agency to take the property back, market it, and get it developed. He said the Committee members needed to keep in mind that if anticipated Agency funds did not come in as agreed upon, the Agency might be in a position to borrow money to fund other UR projects. Weast commented that the RFP could be prepared, but not published, which would not affect Rapoza's efforts.

After further discussion, it was moved by Weast to recommend approval of an amendment to the Disposition and Development Agreement (DDA) between the Columbia Gateway Urban Renewal Agency and Rapoza Development as recommended by Agency staff on page 2 of the November 19, 2014 staff report. The Advisory Committee recommends, as an additional condition of the recommended amendment, that Agency staff proceed with the creation of a Request for Proposal (RFP) for the development of the Granada Block property with the understanding the RFP would not be issued unless there was a default in performance of any obligation imposed by the DDA upon Rapoza Development. Dewey seconded.

Nelson stated he was concerned about obligating Rapoza to pay a substantial amount of money up front. He suggested a recommendation of a nine-month extension to the DDA, with the required timelines as identified in Attachment A to the staff report. Rapoza to pay a non-refundable $10,000 deposit by December 31, 2014. The application for the hotel franchise could be made within four months from the date of the signed DDA amendment. Nelson said this would extend the payment deadlines to April 30, 2015.

After further discussion, Dewey retracted her second to Weast's motion. Chair Grossman called for a second to Weast's motion. There was no second, the motion died for lack of a second.

It was moved by Nelson and seconded by Botts to recommend an amendment to the existing DDA between Columbia Gateway Urban Renewal Agency and Rapoza Development allowing a nine-month extension with the following terms of agreement: Rapoza to pay a non-refundable $10,000 deposit by December 31, 2014 and pay all carrying costs (utilities, maintenance) on the property for the extension period. The extension would include the required timelines as identified in Attachment A to the Agency staff report. By April 30, 2015, Rapoza to pay an additional $65,000 for a hotel franchise fee. Change the timeline date on Attachment A, Item I, from March 31, 2015 to April 30, 2015.

Chair Grossman called for the vote. Nelson, Botts, Miles, Dewey, Lincoln and Kramer voted in favor; Miller, Weast, and Grossman voted against; the motion carried.

It was moved by Weast and seconded by Kramer to recommend an additional condition to the DDA amendment for staff to proceed with the creation of an Agency RFP for the Granada Block property with the understanding the RFP would not be issued unless there was a default in performance of any obligation imposed by the DDA upon Rapoza Development. The motion carried unanimously.

ONGOING URBAN RENEWAL PROJECTS UPDATE

City Manager Young reported that the Agency approved the URAC's recommendation for the loan and purchase option extension for Sunshine Mill with Discover Development.

FUTURE MEETING – December 16, 2014

ADJOURNMENT

Chair Grossman adjourned the meeting at 6:28 PM.

Respectfully submitted by Administrative Secretary Carole Trautman.

Gary Grossman, Chairman