AGENDA

Columbia Gateway Urban Renewal Agency
and Urban Renewal Advisory Committee
City Hall Council Chambers
313 Court Street, The Dalles, Oregon

Meeting Conducted in a Handicap Accessible Room

Special Meeting

December 9, 2013
6:30 p.m.

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF AGENDA

IV. ACTION ITEMS

A. Request by Rapoza Development Regarding Disposition and Development Agreement for Redevelopment of the Granada Block

V. ADJOURNMENT

CITY of THE DALLES
313 COURT STREET
THE DALLES, OREGON 97058

(541) 296-5481
FAX (541) 296-6906

AGENDA STAFF REPORT
CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
December 9, 2013	Action Item	

TO: Urban Renewal Agency

CC: Urban Renewal Advisory Committee

FROM: Nolan K. Young, City Manager NY

DATE: December 3, 2013

ISSUE: Request from Rapoza for Development and Disposition Agreement Extension

BACKGROUND: The Development and Disposition Agreement (DDA) with Rapoza LLC for redevelopment of the Granada Block requires that the developer exercise their option to purchase the Recreation and Granada building property by December 31, 2013. Attached is a letter from Rapoza requesting a one year extension. In addition to the letter they also submitted the attached project update and summary timeline.

To assist the Agency Board in considering this request we have invited the Urban Renewal Advisory Committee to the meeting to discuss this with the Board. We have also attached a document from the DDA that identifies the current timeline for this development and proposed new timeline.

The City Attorney is working on the draft amendment to include revisions to all other sections that would be affected by the proposed extension. A copy of this draft Second Amendment to the DDA will be provided to the Agency Board and Advisory Committee members as soon as the draft has been completed.

BUDGET IMPLICATIONS: The Urban Renewal Agency would incur approximately $7,800 in carrying costs; or about $650 per month. These costs are primarily utilities on the buildings for fire protection and to keep minimal heat in the structures.

BOARD ALTERNATIVES:

1. Approve the second amendment to the DDA for redevelopment of the Granada Block and Granada Theatre, as drafted by the City Attorney, extending the purchase option for one year, to December 31, 2014.
2. Require additional amendments for any extension of the DDA, and direct staff to prepare a revised Second Amendment for signature including any additional provisions required by the Agency for approval of the extension.
3. Decline to extend the DDA at this time.

Rapoza Development Group, LLC
306 Court Street
The Dalles, OR 97058

Rapoza Development Group, LLC

December 2, 2013

COLUMBIA GATEWAY URBAN RENEWAL AGENCY
C/O THE CITY OF DALLES
The Dalles City Hall
313 Court Street
The Dalles, Oregon 97058

Attention: Nolan Young

Re: Agreement for Disposition of Property dated as of July 31st, 2013, as amended (the "DDA")

Dear Nolan,

On behalf of Rapoza Development Group, LLC, I am writing to express our thanks for your consenting to consideration of our request for a further extension of the deadline under the DDA for the acquisition of the Hotel Site, the Blue Building and the Granada Theater. We believe that we have made significant progress over the past four months in financing of the project described in the DDA. We hope that in the joint meeting of the City Council, the Agency and Advisory Committee, which you have kindly scheduled at our request for December 9, 2013, we will demonstrate this progress to the satisfaction of the Agency and The City of the Dalles and be approved for the requested extension to December 31, 2014.

In support of our request, we enclose for your consideration the following:

1) Our Status Report as of December 02, 2013;
2) A timeline showing our achieved milestones over the past six months;
3) A draft of the Second Amendment to the DDA, based closely on the First Amendment originally drafted by the City Attorney's office.

We wish to emphasize that we have attracted a significant lead equity investor and co-developer and are hard at work in conjunction with him to attract the remainder of the debt and equity capital needed for the Project. We will provide further details on our efforts at the December 9, 2013 meeting.

Feel free to contact me via phone at 541-340-0892 or email at mleash@rapozadevgrp.com if you have questions or need further information in advance of the Joint Meeting.

Yours sincerely,

Michael Leash
Rapoza Development Group, LLC

cc: Jens von Gierke, Wave Hospitality Advisors
John Lee, VIP Hospitality
Gene Parker, City Attorney

Office: (541) 298-8326 | Mobile: (541) 340-0892 | efax: (888) 394-6743

The Dalles, Oregon Hotel Development

Project Update and Summary Timeline

Current Project Status

Michael Leash ("Developer") and Wave Hospitality Advisors ("Consultant") are currently working together with a committed third party, John Lee at VIP Hospitality, to take on the role of major investor, co-developer and management company for a potential hotel development in The Dalles, Oregon. VIP Hospitality is well acquainted with both the hospitality industry and the local Oregon market surrounding The Dalles, and both Developer and Consultant are thrilled to have them involved with this project.

VIP Hospitality is currently attracting new capital to provide a solid investment foundation for the hotel development. The goal is to confirm a capital partner by the end of the 2013 year, allowing Developer and Consultant to take the next steps in this exciting project – franchise brand negotiations, hotel design and drawings development, construction proposal reviews, and more.

Recent Timeline & Milestones

November 2013

- Wave, Michael Leash and VIP Hospitality continued to discuss the project in more detail.
- VIP Hospitality furthered communication with several debt and equity partners.
- Michael Leash continued to review the parking structure bids with the City of The Dalles.

October 2013

- Wave, Michael Leash and VIP Hospitality continued to discuss the project in more detail – brands, hotel program, development costs, etc.
- VIP Hospitality communicated with several debt and equity partners regarding the project.
- Michael Leash initiated negotiations to complete a 20-year lease of 7,000 sq ft on the ground floor of the proposed hotel development.

September 2013

- Michael Leash participated in the City meeting concerning the parking structure design RFPs, due in late September 2013.
- Wave narrowed down the appropriate third party investor for the project, VIP Hospitality, and negotiated a term sheet and LOI to confirm their involvement as investor, co-developer ad management company.

August 2013

- Wave prepared and submitted an application for potential New Market Tax Credits (NMTC) through United Fund Advisors (UFA) for the project.
- Wave prepared a lender term sheet to send to potential lenders for review.
- Wave continued to work with potential third party investors, narrowing down the top interested candidates who were the best fit for the project.

July 2013

- Wave & Michael Leash prepared and submitted a brief presentation for the Advisory Board Meeting on July 16th. Dag Wilkinson, Wave's legal counsel, attended the meeting with Michael Leash to represent the project.
- Wave and Michael Leash met on-site on July 22nd with potential third party investors to discuss the project.
- Wave continued to conduct meetings and conference calls with interested parties, local and regional contacts, to discuss their potential involvement as a third party investor.

June 2013

- Wave reached out to various contacts in the hospitality industry, as well as local and regional lenders, to inquire about being involved in this hotel development project. As a result, Wave conducted several meetings and conference calls with interested parties to discuss their potential involvement as a third party investor with the project.
- Wave confirmed a very interested investor, based in San Francisco, CA, and shared information on the project for their review.

May 2013

- Michael Leash & Wave submitted the DDA to the City, which was approved.

Confidential Information: Subject to confidentiality, disclaimer and risk factors by Wave Hospitality Advisors and its affiliates. All information is preliminary and subject to further revision.

DRAFT

SECOND AMENDMENT TO AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT OF DOWNTOWN BLOCKS AND GRANADA THEATER

THIS AMENDMENT to the Agreement for Disposition of Property for Redevelopment of Downtown Blocks and Granada Theater ("DDA") is made this ____ day of December, 2013, between the **COLUMBIA GATEWAY URBAN RENEWAL AGENCY**, the duly authorized and acting urban renewal agency of the City of The Dalles, Oregon, a political subdivision of the State of Oregon, (hereinafter referred to as "Agency") and **RAPOZA DEVELOPMENT GROUP, LLC**, an Oregon limited liability company, (hereinafter referred to as "Developer"). All capitalized terms not otherwise defined herein shall have their respective meanings as set forth in the DDA.

WHEREAS, Agency and Developer are parties to the DDA dated as of April 30, 2013, with respect to the proposed acquisition and development by Developer (or an entity formed by the Developer to undertake the project) of certain property located on the block in downtown The Dalles, Oregon bounded by East 1st Street, Washington Street, East 2nd Street, and Court Street; and

WHEREAS, on July 31, 2013, pursuant to that certain First Amendment To Agreement For Disposition Of Property For Redevelopment Of Downtown Blocks And Granada Theater, the Scheduled Closing Date for the purchase of the Hotel Site and Blue Building and Granada Theater was extended until December 31, 2013; and

WHEREAS, the Developer has requested a further extension of the Scheduled Closing Date for the purchase of the Hotel Site, the Blue Building and the Granada Theater to December 31, 2014 pursuant to Sections 2.2.1 and 2.2.2 of the DDA; and

WHEREAS, following a presentation by the Developer to the Agency and the City Council of The City of the Dalles (the "City Council") at its joint meeting on December 9, 2013, the Agency determined and the City Council agreed that the Developer has made sufficient progress to ensure that the purchase of the Phase 1 Parcels will be closed within the additional time extension, and the Agency voted to granted the Developer's request to extend the Scheduled Closing Date for the purchase of the Hotel Site and Blue Building and Granada Theater;

NOW, THEREFORE, in consideration of the provisions set forth herein, Agency and Developer mutually agree that the Scheduled Closing Date for the purchase of the Hotel Site, the Blue Building, and the Granada Theater shall be extended from December 31, 2013 to December 31, 2014.

Except as modified by the First Amendment and this Second Amendment, all terms and conditions set forth in the DDA shall remain in full force and effect.

AGREED AND ACCEPTED

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

By: _____
Stephen E. Lawrence, Agency Chair

Date: _____

RAPOZA DEVELOPMENT GROUP, LLC

By: _____
Michael Leash, Manager

Date: _____

Revised 12/02/13

PROPOSED
Granada Block Redevelopment Checklist-DDA Requirements

DDA §	Activity	Deadline	Responsibility (Agency/City Staff)	Proposed Deadline	Completed
3.3.3 (b)(ii) **2.9.1(a)(5)** **2.9.1(b)(4)**	Agency provides developer estimated range of per parking space construction costs	**May 15, 2013**	Agency (CSHQA)	Completed	5/15/13
4.4.2(b)	Agreement on Demolition Scope of work and cost estimate	**May 15, 2013**	Developer & Agency (Dan)	Completed	5/17/13
9.23	Recording of Agreement	**Within 30 days of execution**	Agency (Gene)	Completed	5/17/13
3.3.3(b)(ii)	Agency provides developer estimated cost per parking space	**September 15, 2013**	Agency (CSHQA)	April 30, 2015	
4.6.2	Developer notify the Agency of Development Team members	**Prior to exercising Phase 1 Option**	Developer	Dec 31, 2014	
2.2.1	Purchase and Sale Agreement for Hotel Site and Blue Building (Phase 1 Parcels)	**August 31, 2013 w/ 120 extension**	Developer & Agency (Gene)	Dec 31, 2014	
2.9.1(a)(7) **2.9.2(b)(7)**	City has given all land use approvals for the Phase I Projects and the appeals period has passed.	**Prior to closing of Phase 1 Parcels** **Final appeal period closes 21 days after Council's issuance of notice of decision.**	Developer & City (Dick)	Dec 31, 2014	
4.1.6 **4.3.2**	Developer submits plans for Granada	**No more than 60 days after submitting plans for site review for Phase 1**	Developer	Same	
2.2.2	Purchase and Sale Agreement for Granada	**Prior to closing of each Agency Parcel**	Developer & Agency (Gene)	Dec 31, 2014	
2.6	Provide preliminary title report	**Within 10 days of developer providing notice of exercising Phase 1 or Phase 2 option**	Agency (Gene)	Same	
2.7.1 **2.9.1(a)(1)**	Obtain and convey ALTA Owner's Policy of Title Insurance	**Prior to closing of each Agency Parcel**	Agency (Gene)	Dec 31, 2014	

Revised 12/02/13

DDA §	Activity	Deadline	Responsibility (Agency/City Staff)	Proposed Deadline	Completed
2.8.1 **2.9.1(a)(3)** **2.9.1(b)(3)**	Develop and Submit a comprehensive redevelopment plan for the Phase 1 Parcels	**Prior to closing of Phase 1 Agency Parcels**	Developer	Dec 31, 2015	
2.8.1 **4.3**	Complete designs of redevelopment project	**Prior to closing of Phase 1 Parcels**	Developer	December 2014	
2.9.1(b)(8)	Submission of engineering plans	**Prior to closing of Phase 1 Parcels**	Developer	Dec 31, 2014	
2.9.1(a)(2) **2.9.1(b)(1)**	Submission of supporting documentation of commitments of the private equity and of private financing sources to complete Phase 1	**Prior to closing of Phase 1 Parcels**	Developer	Dec 31, 2014	
2.9.1(a)(4) **2.9.1(b)(6)**	Obtain any necessary third party easements	**Prior to closing of Phase 1 Parcels**	Agency (Gene)	Dec 31, 2014	
2.9.1(a)(5) **2.9.1(b)(4)** **4.4.2**	Obtain and approve cost estimate for demolition	**Prior to closing of Phase 1 Parcels**	Developer & Agency (Dan)	Dec 31, 2014	
4.4.2(a)	Demolition of recreation building (permits secured)	**Prior to closing of Phase 1 Parcels**	Developer	Dec 31, 2014	
2.9.1(a)(6) **2.9.1(b)(5)** **3.3.3**	Obtain and approve cost per space for the required parking in the Public Garage and Special Equipment Premium	**Prior to closing of Phase 1 Parcels**	Developer & Agency (FFA)	April 30, 2015	
2.9.1(a)(8) **2.9.1(b)(9)**	City is ready to issue building permits	**Prior to closing of Phase 1 Parcels**	Developer & City (Dick)	Dec 31, 2014	
2.9.1(a)(9)	Approval of environmental condition of project site	**Prior to closing of Phase 1 Parcels**	Developer	Dec 31, 2014	
2.9.1(a)(10) **2.9.1(b)(11)** **4.4.1**	Approval of archaeology costs	**Prior to closing of Phase 1 Parcels**	Developer & Agency (Dan)	Dec 31, 2014	
2.9.1(b)(2)	Developer presents signed hotel franchise agreement	**Prior to closing of Phase 1 Parcels**	Developer	Dec 31, 2014	
2.9.1(b)(10)	Developer is a legal LLC	**Prior to closing of Phase 1 Parcels**	Developer	Dec 31, 2014	

Revised 12/02/13

DDA §	Activity	Deadline	Responsibility (Agency/City Staff)	Proposed Deadline	Completed
2.9.2(a)	Agency has issued its Certificate of Completion for all Phase 1 Projects	**Prior to closing of Phase 2 Parcels (4 years and 10 mos. from conveyance of Granada Theater**	Agency	Same	
2.9.2(b)	Developer's commitment to construct a mixed use project or additional hotel rooms	**Prior to closing of Phase 2 Parcels**	Developer	Same	
2.9.1(c)	Optional requirement that City enacts vertical housing ordinance	**Prior to closing of Phase 2 Parcels**	City (Dick)	Same	
2.9.1(d)	Agency has replaced parking spaces	**Prior to closing of Phase 2 Parcels**	Agency (Gene)	Same	
3.3.3(c)	Provide Developer with actual cost per space w/any Special Equipment Premium	**Substantial completion of parking garage**	Agency (Nolan)	Same	
4.4.3	Turnover all reports, designs, plans to developer	**Prior to closing of Phase 1 Parcels**	Agency (Dan)	Dec 31, 2014	
4.4.4	Support Developer's request for alley vacation	**Prior to closing of Phase I parcels**	Agency (Nolan)	Dec 31, 2014	
5.1	Necessary Environmental Studies	**Prior to closing of Phase I Parcels**	Agency (Dan)	Dec 31, 2014	√
3.3.3(b)(v)	Agency provides monthly reports to developer on progress of parking structure construction until completed	**March, 2014—First Report December 31, 2015—Construction Complete**	Nolan	March 2015-First Report June 30, 2016 Complete	
3.3.1	Completion of Construction of Parking Garage	**December 31, 2015**	Agency (Nolan)	Dec 31, 2015	
4.5.3	Developer provides monthly reports to Agency on progress of Hotel construction until completed	**June 1, 2014—First Report December 31, 2015—Construction Complete**	Developer	June 1, 2015-30June , 2016	
4.9	Issuance of Certificate of Completion	**Substantial completion of the portion of the project on each parcel**	Agency (Jim and Gene)	Same	