



IMPROVING OUR COMMUNITY

# COLUMBIA GATEWAY URBAN RENEWAL AGENCY

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## CITY OF THE DALLES

### **AGENDA**

#### **COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD**

Meeting Conducted in a Room in Compliance with ADA Standards

**Tuesday, October 16, 2018**

**5:30 p.m.**

City Hall Council Chambers  
313 Court Street  
The Dalles, Oregon

- I. CALL TO ORDER
- II. ROLL CALL
- III. PLEDGE OF ALLEGIANCE
- IV. APPROVAL OF AGENDA
- V. APPROVAL OF MINUTES – September 18, 2018
- VI. PUBLIC COMMENT
- VII. EXECUTIVE SESSION
  - A. Recess to Executive Session in accordance with ORS 192.660(2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.
  - B. Reconvene to Open Session
  - C. Decision following Open Session
- VIII. ACTION ITEMS
  - A. Consideration to Extend Exclusive Negotiating Agreement with GBHD, LLC
- IX. STAFF COMMENTS

Next Regular Meeting Date: November 20, 2018
- X. BOARD MEMBERS COMMENTS OR QUESTIONS
- XI. ADJOURNMENT

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IMPROVING OUR COMMUNITY

## COLUMBIA GATEWAY URBAN RENEWAL AGENCY

### CITY OF THE DALLES

## MINUTES

### COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD

Meeting Conducted in a Room in Compliance with ADA Standards

**Tuesday, September 18, 2018**

**5:30 p.m.**

City Hall Council Chambers  
313 Court Street  
The Dalles, Oregon

#### **CALL TO ORDER**

Chair Miller called the meeting to order at 5:30 p.m.

#### **ROLL CALL**

Present: Scott Baker, Staci Coburn, John Fredrick, Steve Kramer, Darcy Long-Curtiss and Linda Miller

Chuck Raleigh arrived at 5:32 p.m.

Absent: Taner Elliott

Staff Present: Urban Renewal Manager Steve Harris and Assistant to the City Manager Matthew Klebes

In Attendance: Six

#### **PLEDGE OF ALLEGIANCE**

Chair Miller led the Pledge of Allegiance.

#### **APPROVAL OF AGENDA**

Board Member Long-Curtiss moved to approve the agenda; Board Member Coburn seconded the motion. The motion passed unanimously.

#### **APPROVAL OF MINUTES**

Board Member Kramer moved to approve the minutes of August 21, 2018, as written. Board Member Long-Curtiss seconded the motion; the motion passed unanimously.

#### **PUBLIC COMMENT**

None.

## **PRESENTATION**

### **The Dalles Main Street -- Branding**

Luise Langheinrich, The Dalles Main Street, provided background and information on recent efforts, Exhibit 1.

The City joined the national program in 2010. TD Main Street program has received grants for the Odd Fellows building, the Lemke building, and Herbring House. Future projects include the A's Sewing façade.

The cruise boat coordinator is also under the TD Main Street program.

In 2015, a year was spent developing a survey for downtown businesses. One of the top three priorities identified was marketing the downtown as a whole. Based on brainstorming sessions, a story concept was developed. The concept includes the "soul" of the Gorge, entrepreneurial spirit, downtown resurgence, and walkability. Brand character includes passion, commitment and grit.

The branding effort kicked off in June.

The Travel Oregon grant decision is expected in October.

## **DISCUSSION**

### **Hanlon Development Proposal**

Mary Hanlon, Hanlon Development, presented further information on her mixed-use development project, Exhibit 2.

Topics included:

- Power pole issue
- Pro-forma submitted to both conventional private lenders and HUD 221(d)(4) lenders
- Median income
- Construction costs
- Housing demand/supply
- Low housing rates make new construction difficult
- Comparison of conventional and HUD lenders
- Housing Massing Study
- Increased number of units
- 1:1 parking ratio
- Team consists of Hanlon Development, John Residential Construction Group, LLC, and Sera Architects

### **Waldron Drug/Gitchell Building – Possible Relocation**

Matthew Klebes, Assistant to the City Manager, presented the staff report.

Discussion included:

- Potential donation of the property may be sufficient
- Route for relocation
- An attempt to identify and secure a partner is in process
- Ownership of the proposed sites and the potential impacts on other Urban Renewal projects
- Loss of historic ghost signs
- Loss of parking
- Potential sites were chosen based on location and ownership

- Klebes' recommendation to City Council was to discontinue the relocation discussion; that recommendation may be affected by the Board's input.
- Options presented in Eric Gleason's proposal were to:
  - Preserve the structure in place
  - Move the structure 20 feet north out of the railroad right-of-way or safety corridor
  - Relocate the structure
- Future expansion of the wastewater treatment plant would impact the second option
- The City has put on a new roof, installed a HVAC system, and repaired the corner of the structure

Board Member consensus was not in favor of relocation.

#### Agency Revenue/Expenditure Report – August 31, 2018

Director Harris presented the staff report. He stated two façade improvement grants were closed out, the Granada Theatre and Herbring House.

Financial reports will be provided on a quarterly basis.

#### **STAFF COMMENTS**

Director Harris provided comments:

- House Bill HR 4006 addresses cities considered severely rent burdened. The Dalles is considered a rent burdened city. Thirty-three percent of renter households in the City are spending more than 50 percent of household income on rent. By the end of this calendar year, the City is required to advertise and conduct a public meeting. Organizations and individuals will be invited to bring awareness to this issue. Harris will reach out to Columbia Cascade Development Corporation and Blue Zones to assist with the effort. Following the meeting a report must be sent to the State.
- Two meetings were held with NWC PUD regarding downtown utilities. Additional utilities in the downtown area will be invited to participate. The City will explore necessary elements in a feasibility study to install services underground as well as potential costs.
- Downtown Visioning Exercise Grant – Harris received a draft Scope of Work. The State selects a consultant firm, administers the contract and pays the consultant. There is no local match. Once the work is approved, results of the Scope of Work will be shared with the Board.
- Harris will meet next week with the Parks District, their consultants, and KPFF, the Agency's consultants on the First Street Streetscape Project. This is an attempt to marry the First Street plan with the Mill Creek Trail plan.
- Stantec was the consultant chosen to move forward on the Brownfields inventory.
- Tokola Project – Appeal was formally filed; awaiting the appointment of the administrative law judge and hearing date (in approximately one month's time).
- Leash/GBHD – Leland Consulting Group's work was suspended temporarily due to missed deadlines. Technical errors were resolved and work will proceed.
- Director Harris introduced new Board Member Bob Delaney, representative for Mid-Columbia Fire and Rescue.
- The next regularly scheduled meeting is October 16, 2018.

### **BOARD MEMBERS COMMENTS OR QUESTIONS**

Board Member Kramer requested clarification of responsibility regarding HB 4006. Harris replied the Community Development Department is responsible for scheduling meetings and reporting to the State.

Board Member Baker complimented Staff for obtaining the grant for visioning.

### **ADJOURNMENT**

Chair Miller adjourned the meeting at 6:43 p.m.

Respectfully Submitted  
Paula Webb, Community Development Secretary

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Linda Miller, Chair



**Who:** Main Street is a national program focused on transformation strategies to revitalize downtowns. The Dalles Main Street is a state recognized “Performing Main Street” (the highest participation level).

**What:** The Main Street program focuses on four points: 1) sustainable organization, 2) effective promotion, 3) quality design, and 4) economic vitality. What that means to The Dalles Main Street is historic preservation and downtown façade improvements, supporting downtown businesses with marketing and promotions, producing additional opportunities to beautify and make a vibrant downtown, and directing visitors to our downtown core.

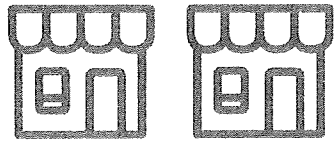
**Where the money goes:** The Dalles Main Street is a non-profit organization that gets its funding primarily through fundraising. Additional support comes from The City of The Dalles, and small fees obtained through the many grants we administer every year for our local businesses. Funding supports our small staff as grant writers for downtown businesses, developing and executing promotions and marketing materials like our kiosk maps and events, and working on business retention, expansion, location and relocation into Downtown The Dalles.

Without staff, many of these opportunities would no longer be available for our local businesses. Last year alone, our grants resulted in over \$288,000 in investment in downtown. We helped support 12 new businesses, with over 30 new jobs, and assisted in 3 relocations. Over \$8,500 was spent during promotional events and we leveraged over 772 volunteer hours to support Downtown The Dalles. This year, we are already on track to beat those grant dollar investments...but we need your help and support to do it!

**Bottom Line:** Join us **Saturday, September 29<sup>th</sup> 6:30pm for Main Street’s Uncorked** event on the 4<sup>th</sup> floor of the Commodore Building. Funds raised from Uncorked not only help keep The Dalles Main Street running, but it also signals to our partners like The City of the Dalles that we need to support our Downtown core.

6 NEW BUSINESSES

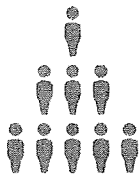
10 NEW JOBS



2,214 FACEBOOK  
LIKES, SHARES AND  
COMMENTS

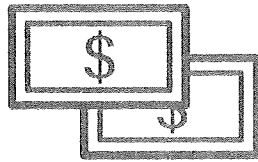


354 VOLUNTEER HRS  
+\$8,700 VALUE



GRANT DOLLARS TO DATE:

\$45,000



GRANT DOLLARS APPLIED FOR:

\$168,000

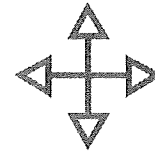


116 BOAT DOCKINGS  
9,5000 PASSENGERS



4 BUSINESS LOSS

4 BUSINESS RELOCATIONS



2,269 WEBSITE  
VISITORS

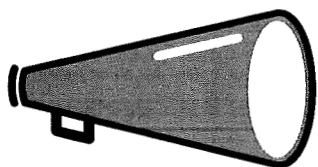


MADE ON MAIN STREET GRANT  
(1 OF 6 CITIES NATIONALLY)



## Year to Date Highlights

- Made on Main Street Grant and Street Party Celebration
- Diamonds in the Rough Storefront Improvement Grant
- Mugs n Mittens Promotion
- Slice of the Downtown Event
- Downtown Branding Workshops
- Passenger Boat Bag Promotion



**Visit our newly refreshed website:  
<https://www.thedallesmainstreet.org/>  
You can also find us on Facebook:  
<https://www.facebook.com/TDMainStreet>**

## MAIN STREET IMPACTS OVER 150 BUSINESSES WITH OUR SERVICES AND SUPPORT INCLUDING:

Grant development and support for historic preservation,  
redevelopment and facade improvement

Business retention and expansion

Business location services

Parklet program and downtown beautification works

Website and social media promotion

Special events and shopping promotions



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# Housing Over Retail



## DG Motors Site



## Private Work Completed to date

- Phase I (Hanlon)
- Phase II – Joint (Hanlon/Griffith)
- Clean Up – State of Oregon NFA Letter (Griffith)
- Housing & Demographic Demand Study (Hanlon)
- Massing Study (Hanlon)
- Review of PUD Solution (Hanlon, Griffith, City)
- Financing Options (Hanlon)
- Investors (Hanlon)

## ENVIRONMENTAL

- PHASE I – Further investigation
- PHASE II – Identification of Issues to be addressed
- Environmental Clean-Up
- State Certified – No Further Action (“NFA”) Letter

# The Dalles

## DEMAND STUDY

### Income

- Average (“Median”) income \$45,856 mean income \$56,649. An 11% increase between 2015 and 2016
- Average Male Salary, \$47,167, Average Female Salary, \$37,611
- State of Oregon average income \$53,270
- 18% of the population make more than \$75,000, exceeding the state percentage populations with average incomes between \$50,000 to \$100,000
- Poverty rate is 13.5%. Largest population living in poverty is women 55-64
- The average age in The Dalles is 40
- The unemployment rate is at 4.4%
- Median property value is \$177,500, the homeownership rate is 61.6%
- By comparison Median property value in Hood River is \$324,600, Portland, \$395,100
- Median income in Hood River is \$47,967, Poverty rate is 19.5%
- Median income in Portland is \$62,127, Poverty rate 14.7%

## Demand for Housing

- Only 100 new units (rental or ownership) have been built in The Dalles since 2010
- One 49-unit apartment building is in the planning stage
- Current vacancy rate is less than 1.7%
- Population is growing at 1.6% per year in The Dalles compared to the state average of 1.4%
- County is expecting more than 4,000 new residents in the next ten years
- 54% of the people who work in The Dalles commute from somewhere else
- 40% of those who commute to The Dalles earn more than the median income
- Employment growth of over 4.4% annually.
- Employers indicate that a lack of housing affects their growth.
- Employees report that a lack of housing affects their willingness/ability to accept a job.

## Conclusion – Opportunities and Unknowns

- Tremendous housing demand in The Dalles
- Relatively little supply of new housing
- Lack of housing effects ability to attract and retain employees
- Continued population growth in The Dalles and the region
- Housing prices are well below average for region
  - Good for homeowners
  - Difficult for new construction of any kinds
  - Constrains housing supply and options

# HUD FINANCING

- HUD 221d4
  - 40 year Amortization
  - Converts without additional Fees
  - Good Interest Rate
- Downside: Davis Bacon/Prevailing Wage adds \$1,200,000 to \$1,400,000
- Project no longer financially viable

## Conventional Financing

- Local Banks in The Dalles which take deposits should be doing this loan.
- Example: Columbia Bank, if they will do it, requires 7% underwriting
  - Proforma no longer works at 7% (instead of market rate 4.8- 5.2% interest)
- Conventional Loan is a 30 year amortization

## INVESTORS

- Risks:
  - New Construction – Always Risky
  - Unknown Market
  - Unknown Lease-Up
  - Other options
- Return
  - Return on Investment has to support the risk of investment

## Average Rents

- These rents are not Appraisal rents and are below any other new construction market rent:

	Rent	Income Required
• Studio –	\$1,122	\$40,392
• 1-Bedroom	\$1,400	\$50,400
• 2-Bedroom	\$1,615	\$55,140

- Average (“Median”) income \$45,856 mean income \$56,649

## Appraisal Unknown Outcome

- Current Market Value (Sales)
- Incomes
- Comparable Rents

## Financing Option Challenges

- HUD – adds \$1 -1.5 million in cost
- Private investors – high return thresholds
- Conventional banks – underwrite to higher than market rate
- Developer – reduce or delete fee

## GAP & Request

Assuming the market stays as is, the following public private partnership would be needed to make the partnership work.

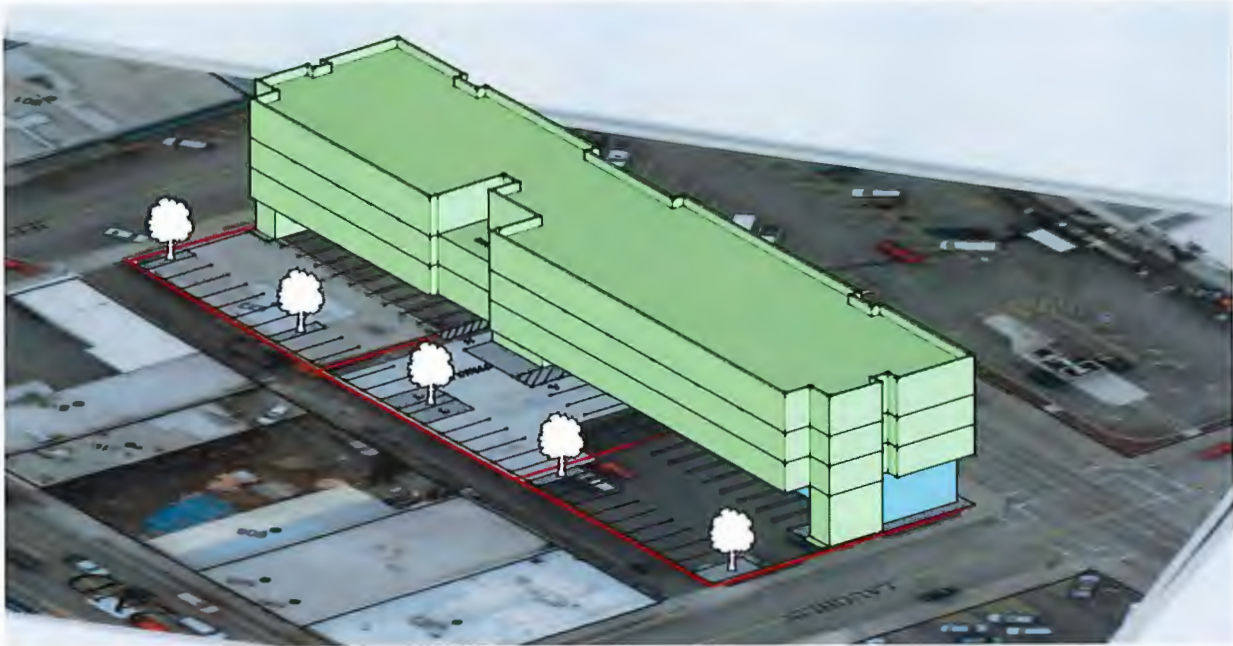
- Minimum \$700,000 contribution toward construction costs
- SDC & Permit Fee Waiver
- Funding to below grade power poles
- Interest Rate write down
- Additional \$ identified to reduce rents and maintain balance of pro forma, e.g. HUD Section 8 vouchers
- Property Tax Abatement



### THE DALLES HOUSING STUDY

SEPTEMBER 10, 2018

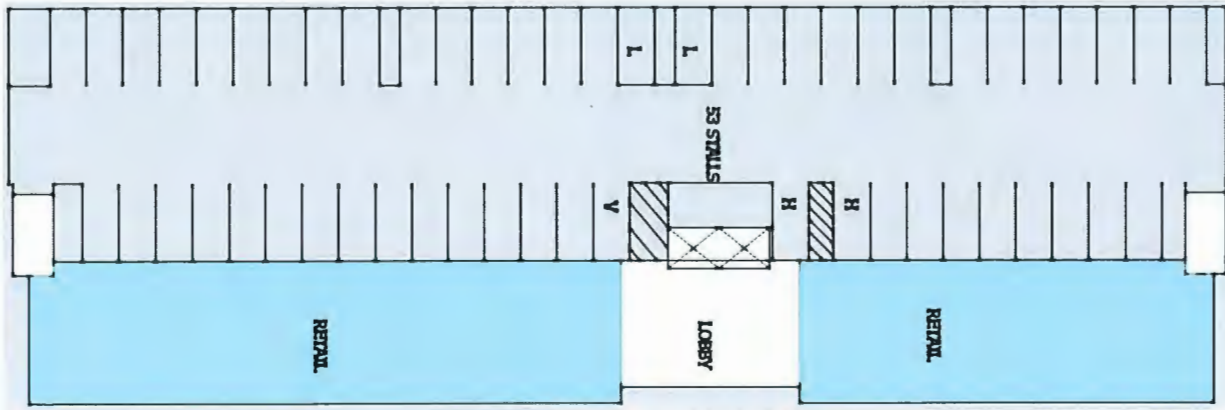




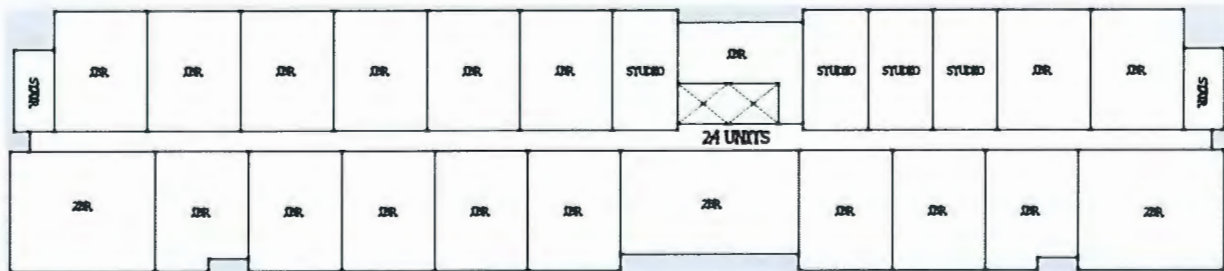
FROM NW



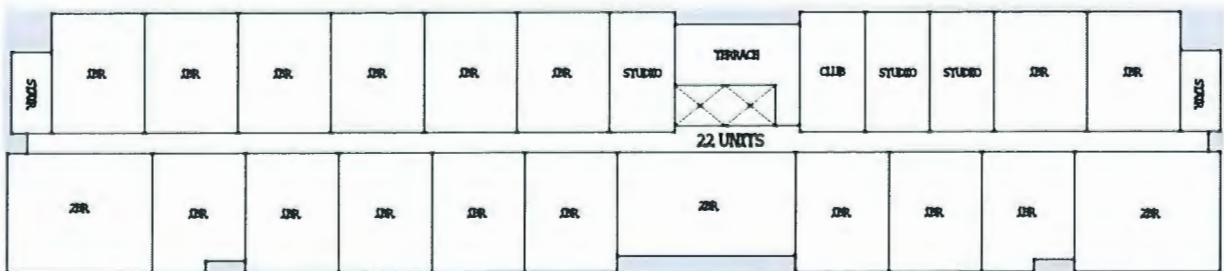
FROM SE



LEVEL 1, NTS



LEVEL 2-3, NTS



LEVEL 4, NTS





## Challenges

## Proforma

### Consider/Variables

- Rents
- Cost of Construction
- Property Management Expenses
- NOI
- Return on Investment

### Assessment so far

- Rents okay or high (Appraisal to support these numbers?)
- Construction costs in this market “high”
- Property Management “low”
- NOI Problem: income, interest rate, cap rate, mortgage payments

## Number of Units

- 46 Units
- Cannot get returns to work
- 70 Units
- Tough number to take on in unknown market
- Doesn't meet Parking ratio
- Better outcome because Common Area, lobby, deck, fitness room is the same SF, labor, materials, many costs

## Cost of Construction

- Lack of supply - construction labor
- Rental rates?
- Comparables?
- Quality of Existing Conditions
- Number of units?

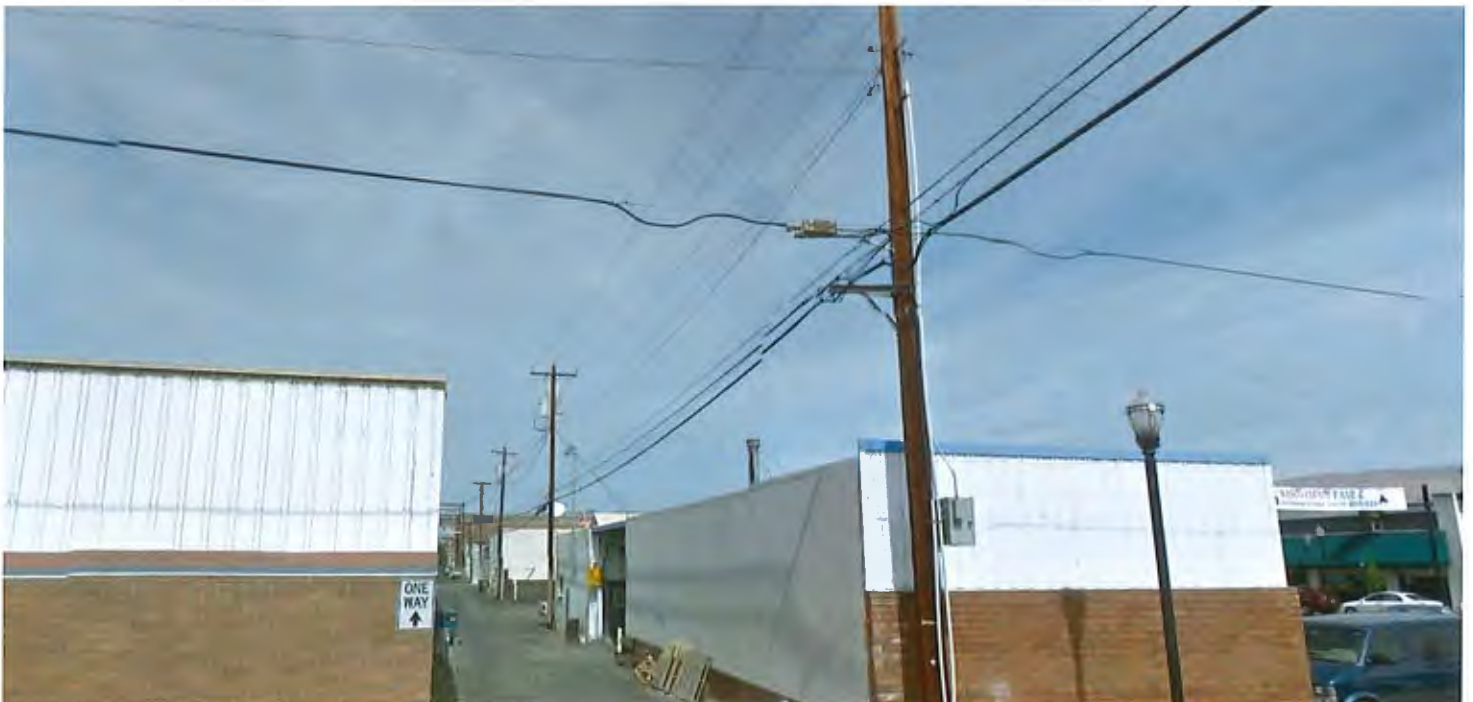
## Proforma Gap

- Construction Cost: \$220,000 per unit
- Hard Costs: \$11 million
- Soft Costs: \$2.5
- Land: \$760,000
- Davis Bacon: \$1.5
- The Gap: Power Polls below grade, SDC, Permits, Cash Contribution, Davis Bacon

## 1:1 Parking Requirement

- Limits number of units
- No economy of scale in building units, increases cost per unit
- Need housing downtown to activate retail
- What is the priority
- Is there a parking problem?
- Are there other parking solutions
  - E.g. parking lots that can be used at night
  - People drive to work during the day

## Power Poles and Transformers



## Economic Opportunities

- High demand for housing
- Investment Stimulates Other Growth
- Supports local business growth
- Supplies Places for Employees to Live
- Canby “Best Practices”
  - Public investment, Dramatic increase in L-T tax base
  - New Store front across the street
  - Investor purchased building without hesitation

## Pledge

- Open, Honest Dialogue
- Explanation of the trade-offs
- Cost Benefit Analysis
- Opportunity to provide some affordable housing
- Will not ask for incentives that are not necessary to achieve goals
- High Quality Construction Type
- Development team with track record and integrity
- Building City will be proud of

# Canby Before







# Canby After







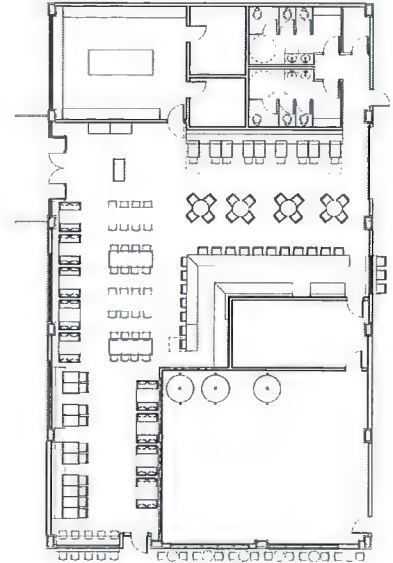
## Police Building Exterior



## Renovation of Police Building



## Police Building Finishes



## Canby Mural



# THE DEVELOPMENT TEAM



DEVELOPMENT



ARCHITECTURE  
URBAN DESIGN + PLANNING  
INTERIOR DESIGN

## PUTTING COMMUNITY FIRST

### SOCIALLY RESPONSIBLE REAL ESTATE

Hanlon Development specializes in sustainable development – for our environment, for the local economy, and for the people who live in these communities.

We work on projects big and small in both rural and urban communities – wherever there's an opportunity to generate economic opportunity and drive positive change. Our approach is collaborative – we bring community stakeholders into the fold to ensure the benefits from development extend beyond the balance sheet.

Our experience includes project management, financial analysis, public-private partnerships, underwriting, sustainable design and Earth Advantage certification.

Simply put, we open doors of opportunity that benefit everyone.

[LEARN MORE ABOUT OUR WORK](#)



## CANBY CIVIC BLOCK

### CANBY, OR

Hanon Development is currently leading the redevelopment of the Canby Civic Block in the heart of Canby, Oregon, a growing community approximately 20 miles to the south of Portland.

The Canby Civic Block is a community-oriented development project that meets the region's growing demand for walkable urban spaces and features a mix of uses that complements the downtown Canby's historic main street.

Created in collaboration with the City of Canby and Portland-based SERA Architects, Hanon Development's plans for the site include 69 high-quality apartments built over approximately 8,000 square feet of small-format, street-facing retail space designed with local retailers in mind. Like the new civic building recently opened in the downtown corridor, the building's exterior will combine brick with high-quality accent materials such as steel canopies to honor the neighborhood's architectural heritage. The vision for the Canby Civic Block includes repurposing both the historic Work Progress Administration City Hall building on the northeast corner of the site and the 6,000 square foot 1926 police station on the southeast corner as a brewpub or gathering place for the Canby community.



## NORTHWOOD

### PORTLAND, OR

Hanon Development is the developer of Northwood, a transit-oriented apartment building located in North Portland's vibrant and growing Kenton neighborhood. Northwood combines retail space, live-work units, and high-quality residential apartments to create a community asset that draws upon Kenton's rich history and culture. Located along the MAX light rail line, Northwood provides easy access to outdoor recreation, local food, and the performing arts – all the things that make Portland such a special place to live.

The building was designed with sustainability in mind – it has an "Earth Advantage Platinum" rating.



# LOMBARD STATION

## PORTLAND, OR

Hanlon Development is the developer and owner of Lombard Station, a 16,000 SF property with 11,500 SF of retail space located next to the Lombard Light Rail stop in North Portland. Along with the adjacent rebuilt Fred Meyer, Lombard Station was among the first new construction projects in the Interstate Corridor for many years. Development of Lombard Station required significant zoning and lot adjustments as well as complex negotiations regarding deeds, restrictions, CCRs and commercial leases.



# SOUTH WATERFRONT DISTRICT

## PORTLAND, OR

As a consultant to H. Williams & Associates and the Portland Development Commission, Hanlon Development assisted in the strategic and master planning for the private-public development of a 100-acre property known as South Waterfront. We began work with an assessment of the initial land purchase and early identification of potential funding sources for this brand new neighborhood.

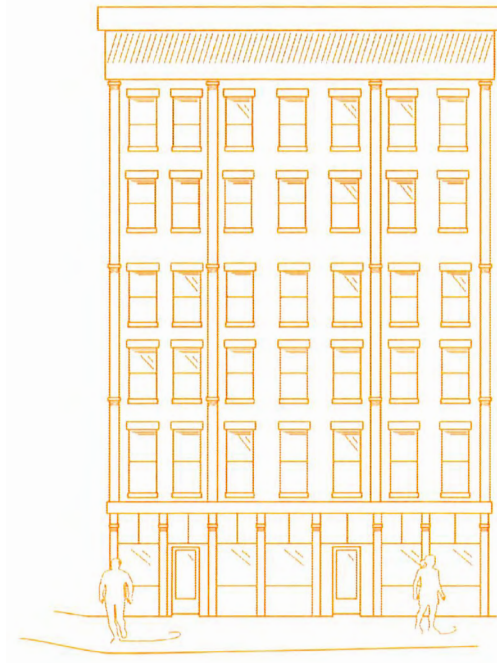
Hanlon Development helped broker agreements that balanced layers of public and private objectives and with neighborhood, business and public desires for this designated Brownfield and tax increment district. We made recommendations and facilitated public-private negotiations and public processes that ultimately led to the development of significant public investments, including an aerial tram, a streetcar extension, and new streets and utilities. Hanlon Development helped guide key land use decisions, including greenway and waterfront setbacks, building height increases, locations of public parks, parking, streets, and transportation routes.



## WATER STREET

### NEW YORK, NY

Harlon Development provided Owners Representative/Project Management services for the renovation of a 26-unit apartment building in the South Street Seaport historic preservation district of Manhattan, adjacent to the Financial District. We were brought in to move the project forward and get it back on budget and schedule. Our work included an evaluation of current plans, review and selection of contractors, regular assessment of work completed, and assistance with property management issues.



## PRIOR PUBLIC SECTOR EXPERIENCE

### NW COMMUNITY CAPITAL FUND

- COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION

### PORTLAND DEVELOPMENT COMMISSION (PDC)

- SHARED AMORTIZATION LOAN FUND
- DEVELOPMENT OF PUBLIC HOUSING LAND TRUST
- EVALUATION OF HOUSING PROPOSALS FOR PUBLICLY OWNED BLOCK
- REVIEW OF THE DOWNTOWN TAX INCREMENT DISTRICT
- REVIEW OF ALL PUBLIC FUNDS AVAILABLE FOR SOUTH WATERFRONT

### MEYER MEMORIAL TRUST

- HOUSING STUDY

### PORTLAND HOUSING BUREAU

- EVALUATION OF KILLINGSWORTH AND LENTS BUSINESS INCENTIVE PROGRAMS

### CITY OF TEXARKANA, AR

- REVIEW OF CDBG PROGRAM

### US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD")

- HEALTH CARE AND HOUSING
- REGIONAL ADMINISTRATORS
- EMPOWERMENT ZONES
- REINVENTING GOVERNMENT

### US HOUSE OF REPRESENTATIVES – HOUSE SELECT COMMITTEE ON AGING

- HOUSING AND COMMUNITY SERVICES
- FARMWORKERS

### BOSTON HOUSING AUTHORITY – MASSACHUSETTS SENIOR ACTION

- ELDERLY HOUSING TENANT ADVOCATE

### PORTLAND PLANNING COMMISSION BOARD

**JOHN RCG**

**John Residential Construction Group, LLC**, is a Pacific Northwest General Contractor specializing in mixed use multifamily construction. We are an affiliate of James E. John Construction Co. Inc., and were formed with the purpose of serving the residential mixed use development community as well as complementing the commercial operations of our sister company James E. John Construction Co., Inc. Our senior management team consists of Cameron Foroud as President, Jim Aarhus as Vice President of Operations.

**Urban Infill Projects**, especially multi-family, can be challenging. John Residential Construction, LLC possesses the talent, the knowledge, the experience, and the ingenuity to successfully deliver Urban Infill projects on time, on budget, and meet the Client's expectations every time. Our extensive experience with this type of project can help our Clients navigate the numerous organizations encountered through the life-cycle of a project, from the City of Portland, Portland DOT, Portland BES, Portland Water Dept, Portland Fire Dept, the project design team, neighborhood organizations, community organizers, property managers, and even the next-door neighbor.

### **Cameron Foroud – President**

With over 30 years of practical experience managing construction projects and personnel, coupled with his innate business skills, Cameron provides our company direction, vision, strategic planning, policy, procedures and strong leadership.

### **Jim Aarhus – Vice President of Operations**

Bringing over 20 years of construction experience to the team, Jim is responsible for all company operations, including staffing, training, safety, quality, delivery and execution of all projects. During Jim's lengthy career, he has provided guidance and leadership to some notable projects ranging in size from \$5-million to \$350-million.

Some of our recent projects include:

## **THE BENEVENTO**

### **NW 23rd & NW Raleigh St., Portland, OR**

The Benevento is a LEED Platinum, four-story mixed use wood frame and concrete building consisting of 24 apartment units on the upper floors and ground level retail space. The apartment units consist of a mix of one and two bedroom units. The ground level parking garage features a seventeen vehicle Carmatrix automated parking system for tenant vehicles. The façade of the building features FSC certified tiger wood siding, stucco, brick veneer and a custom wood storefront system made with FSC certified Mahogany. The project is named for "Mr. Baseball" Rocky Benevento, the legendary Portland Beavers groundskeeper.

- Unit Count: 24-Apartments Stories: 4-stories
- Parking: 18-spaces
- Retail: 4,487-sf
- Construction: Wood over Concrete
- LEED: Platinum
- Other: 17-car Mechanized Parking Machine
- Client: C.E. John Co.
- Architect: GBD Architects



## FRANKLIN IDE

NW 23rd & NW Lovejoy St., Portland, OR

The Franklin Ide is a LEED Gold, six-story mixed-use, wood-framed and concrete structure consisting of 92 apartment units with ground level retail. The unit types are a mix of studio, one-bedroom, and two-bedroom units. Below grade parking is available on site for residents and the building features a shared common space and outdoor courtyard with gas fireplace for community events. Located on the street car line in walkable NW Portland, the Franklin Ide celebrates the street car and is named for one of the original street car pioneers. Upon completion in July 2013 the project demonstrated the team's commitment to sustainability and the local community.

- Unit Count: 92-Apartments
- Stories: 6-stories above grade,  
1-story below grade
- Parking: 63-spaces
- Retail: 2,400-sf
- Construction: Wood over Concrete
- LEED: Gold
- Client: C.E. John Co.
- Architect: SERA Architects



## SAWYER'S ROW

NW 20th & NW Raleigh St., Portland, OR

Sawyer's Row is a LEED Platinum, 3-story wood framed apartment building consisting of 40 apartment units and "tuck-under" parking. The building consists of one and two bedroom units, an exterior courtyard, BBQ-Fire-Pit gathering area, and a warm-water pet wash. The modern exterior gracefully employs Cera-Clad and Cedar siding, alongside Fiberglass Composite windows to complement the neighborhood. Upon completion in November 2013, the project earned a Platinum LEED for Homes status.

- Unit Count: 40-Apartments,  
2-Buildings
- Stories: 3-stories
- Parking: 17-covered, 18-uncovered
- Retail: None
- Construction: Wood
- LEED: Platinum
- Client: C.E. John Co.
- Architect: Holst Architecture



# LL HAWKINS & SLABTOWN MARKETPLACE

NW 21st & NW Raleigh St., Portland, OR

Sawyer's Row is a LEED Platinum, 3-story wood framed apartment building consisting of 40 apartment units and "tuck-under" parking. The building consists of one and two bedroom units, an exterior courtyard, BBQ-Fire-Pit gathering area, and a warm-water pet wash. The modern exterior gracefully employs Cera-Clad and Cedar siding, alongside Fiberglass Composite windows to complement the neighborhood. Upon completion in November 2013, the project earned a Platinum LEED for Homes status.

- Unit Count: 114-Apartments
- Stories: 6-stories above grade,  
1-story below grade
- Parking: 80-spaces (Apt),  
67-spaces (Grocery)
- Retail: 16,000-SF
- Grocery: 28,000-SF
- Construction: Wood over Concrete
- LEED: Gold
- Client: Cairn Pacific &  
Capstone Partners
- Architect: Holst/GBD



## Black Cat Apartments & Retail (Madison @ Sellwood)

Sellwood Neighborhood, Portland, OR

Black Cat Apartments & Retail is a 4-story mixed use urban infill building. Comprised of 21-apartment units over two retail spaces, the project also includes 5-enclosed parking spaces. Situated in the Sellwood neighborhood of SE Portland at the site of the former Black Cat Tavern, the building is Type-V construction with on-grade concrete foundation. The façade is comprised of cedar and cement board siding with structural brick at grade. Black Cat Apartments & Retail was completed Sept-2014.

- Unit Count: 21-ea, 2-bedrm  
Apartments
- Stories: 4-stories above grade
- Parking: 6-spaces
- Retail: 5,000-SF, two restaurants
- Construction: Wood
- Client: Sellwood-2, LLC
- Architect: Kevin Cooley



# Kenton Apartments (Northwood)

## North Portland, OR

Kenton Apartments is a 4-story mixed use apartment building with 57-units, one retail space, and 17- parking spaces. The building is an all wood structure with interior corridors and air conditioned units. Situated in the Kenton neighborhood of North Portland, the project enjoys its close proximity to public transportation and Kenton City Park. Kenton Apartments broke ground October 2014.

- Unit Count: 57-Apartments
- Stories: 4-stories above grade
- Parking: 17-spaces, tuck-under
- Retail: 1,900-SF
- Construction: Wood
- Client: 8300 Interstate, LLC
- Architect: SERA Architects



## SERA ARCHITECTS



- SERA is a multi-disciplinary design firm committed to sustainability for the built environment. Founded in Portland, Oregon, in 1968, SERA holds a key role in the development of the city's national reputation for livability. Today, the firm focuses on providing planning, architecture, interior design and sustainability services for mixed-use housing, workplace, hospitality and public projects. SERA's cross-disciplinary approach provides a wealth of value and inspiration. Our approach is site specific and context sensitive, and looks for opportunities to connect across scales, disciplines and boundaries. SERA is proud of our history of creating successful, award-winning projects that strive for a sense of beauty, proportion and specificity of place while maintaining functionality and durability over time

### Architecture

SERA's core service, architecture, blends two traditions: urban revitalization and sustainable design. Our design approach stresses urban infill, reuse and redevelopment as important strategies for creating a new sense of community. This civic pride for all projects is directed toward achieving architecture that balances urban and natural resource flows. SERA's focus on listening and learning ensures that our design expresses the client's unique aspirations.

### Interior Design

SERA's in-house Interior Design department provides clients with integrated interior design and space planning services. The Interior Design group assists clients in arriving at effective solutions for developing, renovating, or redesigning building interiors.

### Urban Design and Planning

SERA offers strategic visioning, planning and urban design services to public and private sector clients engaged in the creation of sustainable communities, cities and regions.

On each project, we work with clients and stakeholders to formulate a sustainable development framework for the social, cultural, economic and ecological infrastructure that underpins the making of whole and beautiful places.



### Sustainable Value

Since the firm's organization in 1968, SERA has earned a national reputation for excellence in sustainable design. Our experience in adaptive re-use and building renovation led to our early involvement in sustainable design. SERA has provided design services on 45 LEED projects, 38 of which have received certification. SERA is a national leader amongst organizations that promote sustainability in the construction industry, such as the U.S. Green Building Council, the Cascadia Green Building Council, The Natural Step - USA, and the AIA Committee on the Environment. Our work environment is a direct reflection of the firm's commitment to practice sustainability in our daily lives: we purchase 100% wind power; provide bicycles and hybrid vehicles for office use; purchase sustainable office supplies from local vendors; and commit to green housekeeping practices, waste diversion, and a sustainable catering policy including food waste composting.



## Enhancing the Urban Neighborhood

SERA's experience with urban housing ranges from subsidized supportive apartments to market rate luxury condominiums. Our residential studio staff enjoy this diversity of housing types, keeping SERA at the cutting edge of trends, codes, and current cost effective construction techniques. From the benefits of building enhancements in renovation work to the high quality of new buildings, SERA's commitment to the urban context is consistent in all of our work. This contributes to SERA's exceptional track record of designing projects that are enthusiastically approved by Portland design review commissions as well as neighborhood associations.



11 Marché, Portland, OR

Attwell Off Main, Tigard, OR

The Avenue Lofts Condominiums, Portland, OR

Burnside 26 Apartments, Portland, OR

Cadence Apartments, Portland, OR

The Cameron, Portland, OR

The Civic Condominiums, Portland, OR

Corbett Crescent Townhouses & Condominiums, Portland, OR

Cordelia Apartments, Portland, OR

The Crane Lofts Mixed-Use, Portland, OR

The Dahlia, Canby, OR

Division Street Lofts, Portland, OR

East 12 Lofts, Portland, OR

Encore on First, Mesa, AZ

Franklin Ide Apartments, Portland, OR

Goose Hollow Apartments, Portland, OR

Hawthorne Twenty-Six Apartments, Portland, OR

Jantzen Apartments, Portland, OR

Landing Drive Apartments, Portland, OR

McCormick Pier Condominiums, Portland, OR

Modera Belmont Apartments, Portland, OR

Modera Davis Apartments, Portland, OR

Modera Pearl Apartments, Portland, OR

Multnomah Village Apartments, Portland, OR

Northwood Apartments, Portland, OR

The Overlook Mixed-Use, Portland, OR

Park 19 Apartments, Portland, OR

Parkside Lofts, Vancouver, WA

Riverscape Apartments (Lots 1 & 8), Portland, OR

Savner Street Flats, Portland, OR

Slabtown Flats, Portland, OR

The Susanne Luxury Apartments, Houston, TX

The Tate Mixed-Use, Eugene, OR

Tupelo Alley, Portland, OR

Wilshire Center (design), Los Angeles, CA 1

900 Yorktown, Houston, TX



# REQUEST for PUBLIC PRIVATE PARTNERSHIP

## **Gap Financing**

- Cash contribution
- SDC waiver
- Permit waiver
- State funding for Affordable Housing
- Property Tax Abatement
- Interest rate write down or interest-only payments
- PUD Utility Poles Below Ground

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IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

**AGENDA STAFF REPORT**  
**AGENDA LOCATION: VIII. A.**

**DATE:** October 16, 2018

**TO:** Chair and Members of the Urban Renewal Agency Board

**FROM:** Steven Harris, AICP  
Urban Renewal Manager

**ISSUE:** **Consideration to Extend Exclusive Negotiating Agreement with GBHD, LLC**

**BACKGROUND**

On February 20, 2018 the URA Board authorized the Chair to enter into an Exclusive Negotiating Agreement (ENA) with GBHD, LLC for the purposes of developing a hotel on property generally located at Union and First Streets. The initial authorization period was for 120 days from the effective date of the agreement (February 26, 2018). On June 19, 2018, the Board subsequently approved a 120-day extension to the ENA which expires on October 24, 2018.

Section 2 of the ENA states that the agreement may be extended for two 120-day renewal terms upon the approval of the URA Board; and that the agreement will automatically terminate upon execution and delivery of the DDA (Development and Disposition Agreement).

Exhibit A of the ENA details GBHD's requested \$1,000,000 in Agency financial assistance; including ownership transference of an Agency-owned property located at the corner of 1<sup>st</sup> and Court Streets currently used as a parking lot for the residents and tenants of the Commodore Hotel (see attached).

Timmons Law PC, on behalf of Mr. Michael Leash and GBHD, LLC, has submitted a request to extend the ENA for a 120-day period (see attached).

## **DISCUSSION**

Since the June 19<sup>th</sup> URA Board meeting, staff and GBHD completed the Confidentially and Non-Circumvention Agreement between GBHD and the Agency (September 5, 2018). Initiated, but not yet complete, is Leland Consulting Group's (Leland) review of documents submitted by GBHD. Delays in the timely submission of the documents, as well as the completeness and structure in which they were received have impacted Leland's ability to complete their analysis in a timely manner. Noted in the June 19<sup>th</sup> URA Board agenda report, Leland's anticipated presentation on their Phase 1 findings at that meeting was delayed until the Board's July 17<sup>th</sup> meeting.

As originally presented to the Board, Leland's agreement with the Agency would be comprised of two separate phases. The first phase analysis (described in their memo of March 30, 2018) would be presented to the Board at the June 19<sup>th</sup> meeting, that presentation did not occur until the July 17<sup>th</sup> meeting. The cost for the Phase 1 analysis was \$12,730. The second phase, consisting of an economic/fiscal impact analysis of the proposed hotel was to be authorized by the Board upon Leland's completion of the Phase 1 tasks and an extension of the ENA. The second phase analysis is proposed to cost \$11,750.

However for reasons cited above, the Phase 1 analysis has not been completed and the contracted amount (\$12,730) has been exhausted. Leland has submitted a Phase 1B proposal to complete the analysis originally scoped in Phase 1. The cost of the Phase 1B work is \$11,800. Staff has not authorized Leland to begin the Phase 1B analysis.

In an effort to keep the review effort moving forward, staff authorized an additional \$1,500 for Leland to give a cursory review to the most recently submitted documents (Phase 1.1). Staff has authorized, as of this date, a total of \$13,870 for Leland to analyze GBHD documents. If Phase 1B and Phase 2 of the Leland proposal were to be authorized, Agency funds expended for this effort would total:

Phase 1	\$12,370
Phase 1.1	1,500
Phase 1B	11,800
<u>Phase 2</u>	<u>11,750</u>
<b>Total</b>	<b>\$36,780</b>

## **STAFF RECOMMENDATIONS**

In a September 7, 2018 email, Agency staff informed GBHD that Leland's work was being suspended due to missed document submittal deadlines. The email also made GBHD aware of the following staff position:

*It is also my understanding that neither of your two funding sources (Live Oak and Premier Capital) will provide a funding commitment letter at this time. Without a commitment of funding, lack of site control, unknown source(s) of equity, or submission of a current hotel franchise agreement, I can only conclude that your request for Agency financial participation (\$1,000,000) at this time is premature. Therefore, my*

*recommendation to the Board will be to let the current 120-day extension of the ENA expire and not to authorize additional work by Leland Consulting Group on this project.*

*If you desire to move forward with this project, I offer the following for your consideration:*

- 1. Apply for necessary City entitlements for a hotel, without UR Agency financial assistance, including the off-site parking lot located on the corner of Court and First Streets.*
- 2. Enter into a reimbursement agreement with the Agency that will pay for Leland's Phase 1B work (\$11,800), and if authorized by the Agency Board, Leland's Phase 2 work (\$11,750). This option will also require the Board's approval of a second extension of the ENA. The extension would be necessary for reasons stated above.*

Access to the GBHD documents was made available to Leland and staff on September 18<sup>th</sup>. Following this, staff authorized the \$1,500 expenditure for Leland to provide a completeness review of the documents (Phase 1.1). GBHD, Leland and Agency staff participated in an October 2<sup>nd</sup> conference call to review Leland's comments on the submittals.

Although the conference call did clarify some of the concerns raised by staff and Leland, there remain a number of items where GBHD has not fully satisfied the concerns raised in staff's September 7, 2018 email.

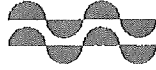
Therefore, staff's position remains unchanged, that the request for \$1,000,000 in Agency financial support is both premature and unverified. The September 7, 2018 email presented GBHD with two options for their consideration on proceeding with the hotel proposal (see above). GBHD has yet to respond to either option.

### **BOARD ALTERNATIVES**

- 1. Staff recommendation: Move to decline an extension to the Exclusive Negotiating Agreement between the Columbia Gateway Urban Renewal Agency and GBHD, LLC.**
2. Approve the extension of the Exclusive Negotiating Agreement between the Columbia Gateway Urban Renewal Agency and GBHD, LLC for the requested 120-day period.
3. Approve the extension of the Exclusive Negotiating Agreement between the Columbia Gateway Urban Renewal Agency and GBHD, LLC for a period of time less than 120 days as deemed appropriate.

### **Attachments**

- Request to Extend ENA (dated October 4, 2018)
- URA Board Agenda Report & Meeting Minutes (dated June 19, 2018)
- ENA – Agency/GBHD, LLC (dated February 26, 2018)



## TIMMONS LAW PC

October 4, 2018

**VIA Email: [sharris@ci.the-dalles.or.us](mailto:sharris@ci.the-dalles.or.us)  
and FIRST CLASS MAIL**

Steve Harris, Planning Director  
Urban Renewal Manager  
City of The Dalles  
313 Court Street  
The Dalles, OR 97058

Re: GBHD, LLC - The Dalles: Exclusive Negotiating Agreement

Dear Steve:

On behalf of Michael Leash and GBHD, LLC, pursuant to paragraph 2 of the Exclusive Negotiating Agreement dated February 26, 2018 (the "Agreement"), please submit for approval this request to extend the Agreement for the second 120 renewal term. Please confirm that this request has been approved at your earliest convenience.

Thank you.

Sincerely,

TIMMONS LAW PC

Bradley V. Timmons  
[brad@timmonslaw.com](mailto:brad@timmonslaw.com)

BVT/mh

cc: Michael Leash – via email  
Gene Parker



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

**AGENDA STAFF REPORT**  
**AGENDA LOCATION: VII. A.**

**DATE:** June 19, 2018

**TO:** Chair and Members of the Urban Renewal Agency Board

**FROM:** Steven Harris, AICP  
Urban Renewal Manager

**ISSUE:** **Consideration to Extend Exclusive Negotiating Agreement with GBHD, LLC**

**BACKGROUND**

On February 20, 2018 the Board authorized the Chair to enter into an Exclusive Negotiating Agreement (ENA) with GBHD, LLC for the purposes of developing a hotel on property controlled by GBHD, LLC (generally located at Union and First Streets). The initial authorization period was for 120 days from the effective date (February 26, 2018) of the agreement. The 120-day period will expire on June 26, 2018.

Timmons Law PC, on behalf of Mr. Michael Leash and GBHD, LLC, has submitted a request to extend the ENA for a 120-day period (see attached).

**DISCUSSION**

Section 2 of the ENA states that the agreement may be extended for two 120-day renewal terms upon the approval of the Urban Renewal Agency Board; and that the agreement will automatically terminate upon execution and delivery of the DDA (Development and Disposition Agreement).

Since Board action on the ENA in February, the City Attorney and GBHD, LLC's legal counsel have been working on the terms of a confidentially agreement. As of this writing (June 12<sup>th</sup>), the agreement has yet to be finalized. In addition, the public documentation requested of GBHD, LLC by Leland Consulting Group (in their March 30<sup>th</sup> proposal) to perform the Phase 1 analysis was made available on June 8<sup>th</sup>. Staff had originally anticipated that Leland Consulting would report out their findings on the

Phase 1 analysis at the June 19<sup>th</sup> Board meeting. However due to the delay in receiving the materials, Leland's presentation will need to be rescheduled to the July 17<sup>th</sup> Board meeting.

### **BOARD ALTERNATIVES**

The Agency Board has the discretion to extend the ENA up to a total of 240 days. The Board also has the discretion to determine how many days there may be in any one term of extension. In light of the status of the confidentiality agreement and the delayed receipt of the requested documentation necessary for the Agency's consultants to undertake their Phase 1 analysis, staff suggests the Agency Board consider extending the ENA for a period of 30 days. Such an extension would allow time for GBHD, LLC and the City Attorney to complete their work on the confidentiality agreement, while Leland Consulting completes their Phase 1 analysis. The matter of extending the ENA for an additional period would return to the Board at their July 17<sup>th</sup> meeting.

1. **Staff recommendation: *Move to approve the extension for one 30-day period for the Exclusive Negotiating Agreement between the Columbia Gateway Urban Renewal Agency and GBHD, LLC.***
2. Approve the extension of the Exclusive Negotiating Agreement for the requested 120-day period.
3. Approve the extension of the Exclusive Negotiating Agreement for a different length of time, as appropriate.
4. Decline to approve the extension of the Exclusive Negotiating Agreement.

### **Attachments**

- Request to extend ENA (dated June 6, 2018)
- Exclusive Negotiating Agreement – Agency/GBHD, LLC (dated February 26, 2018)

## EXECUTIVE SESSION

Pursuant to Item VIII. A. of the Urban Renewal Agency Board Agenda dated June 19, 2018, which cites ORS 192.660(2)(e), the Board adjourned to Executive Session at 5:35 p.m.

Chair Miller reconvened the Open Session at 6:43 p.m.



## ACTION ITEM

### Consideration to Extend the Exclusive Negotiating Agreement (ENA) with GBHD, LLC

Manager Harris presented the staff report.

Attorney Parker stated the Confidentiality Agreement had not been finalized. The submitted agreement was too broad, virtually all information submitted for review would have been considered confidential. Staff had extensive conversations with the Mr. Leash's attorney about the Confidentiality and Non-Circumvention Agreement; no resolution had been reached. Discussions continued regarding a narrowed scope for information considered confidential.

Attorney Parker stated the extension would provide time for an initial review by Leland Consulting Group.

### Michael Leash, 2003 View Court, The Dalles

Leash stated between 50 and 70 documents were submitted for review. The documents were marked with three different levels:

- Confidential – not for public release
- Private/confidential with redaction by the attorney, and
- For their eyes only, not for release.

The documents were submitted in good faith in order for the consultants to begin review. Because the Confidentiality Agreement was not yet completed, Leash added levels of confidentiality to the submitted documents. He clarified that some information submitted was not available to the Agency without redaction; he did not want the information made public.

Board Member Baker asked Attorney Parker if Leland Consulting felt unable to perform the review because information would be revealed to the Agency. Parker responded: Leland Consulting stated they had not previously seen a proposed Confidentiality Agreement with this level of restriction. Their concern was that they would be somewhat hamstrung if restrictions would prevent their sharing of information with the Agency.

Board Member Long-Curtiss stated the 120-day extension would provide time to negotiate; Board Member Kramer agreed.

### Kristen Campbell, Timmons Law, PO Box 2350, The Dalles

Campbell suggested the 120 days be expressly provided in the ENA. Campbell stated the client is working in good faith; legal terms can be resolved.

Board Member Kramer moved to approve the extension for the ENA for the requested 120-day period. Board Member Long-Curtiss seconded the motion.

Board Member Kramer clarified this would be the first 120-day extension.

The motion passed 7-2, Elliott and Fredrick opposed.

## EXCLUSIVE NEGOTIATING AGREEMENT

THIS EXCLUSIVE NEGOTIATING AGREEMENT (the “Agreement”) is made and entered into as of the last date of signature indicated below (the “Effective Date”) by and between the Columbia Gateway Urban Renewal Agency, a municipal corporation (“Agency”), and GBHD, LLC, an Oregon limited liability company (“GBHD”).

### RECITALS

- A. GBHD owns the property described as 200 Union St. GBHD owns the property described as Assessor’s Map No. 01N-13E-03-BA-01500-00 . Agency owns the surface parking lot described as Assessor’s Map No. 01N-13E-03-BA- 01200-00. The properties listed herein are referred to as the “Property”.
- B. GBHD has submitted a proposal to the Urban Renewal Agency Board for the redevelopment of the Property.
- C. This Agreement confirms the basis upon which the Agency and GBHD (the “Parties”) are prepared to negotiate the terms of a Disposition and Development Agreement (“DDA”) and related documents for the redevelopment of the Property and the Agency’s surface parking lot (the “Project”), which must be approved by the Urban Renewal Agency Board.
- D. The terms of this Agreement are as follows:

### TERMS

- 1. Good Faith Exclusive Negotiations. Agency and GBHD agree and covenant to negotiate the terms of the DDA and any intervening Memorandum of Understanding (as defined below) in good faith. Agency acknowledges that GHBD has expended substantial time and expense, and will continue to expend time and expense, in preparing a more detailed proposal, conducting its due diligence, and refining its development proposal. During the term hereof, Agency agrees that GBHD shall have the exclusive right to conduct due diligence and to negotiate with Agency for the rights to develop the Property, and that the Agency will not accept, solicit, pursue or entertain any other offers or other indications of interest with respect to the Property for any development, sale or other transaction.
- 2. Duration. The term of this Agreement shall be 120 days from the Effective Date. This Agreement may be extended for two 120 day renewal terms upon the approval of the Urban Renewal Board. This Agreement shall automatically terminate upon execution and delivery of the DDA, which shall thereafter, control the rights of the Parties with respect to the Property. The Parties may terminate

this Agreement by mutual agreement if latent conditions are discovered on the Property or events occur that would, presently or with the passage of time, prevent the entry into a DDA. Notwithstanding the above, either the Agency or GBHD, may at their sole option, terminate this Agreement by notice in writing if any other party makes a material misrepresentation in the course hereof, otherwise fails to act in good faith, or if any party becomes insolvent, or in the terminating party's reasonable estimation, is otherwise unable to perform as outlined in the Base Development Criteria.

3. Memorandum of Understanding. Tentative agreements on the terms of the DDA may be memorialized in a written Memorandum of Understanding ("MOU"), or series of memoranda, during the Terms of this Agreement. Any such MOUs will provide the continuing framework for final preparation of the DDA.
4. Projected Financial Contributions. GBHD has requested public financial participation for the Project in an amount estimated at \$1.0 Million. This public participation is described in Exhibit A which includes the projected structure of the public financial contribution, and is subject to negotiation and will be outlined in the agreed upon MOUs and the final DDA.
5. Co-application/Cooperation. Agency and GBHD shall be co-applicants on any land use permit application sought in connection with this Agreement or subsequent Memoranda issued during the term hereof. GBHD shall bear responsibility for all land use application and permit fees, unless otherwise agreed to by the Agency as stipulated in an MOU. Agency and GBHD shall each promptly provide to the other all information reasonably related to the Property and the Project which may be obtained without material expense, upon written request. Agency and GBHD shall cooperate in connection with any applications, permits, approvals or entitlements sought by GBHD from any governmental authorities with respect to the Project, including easements, provided the Agency shall not be required to incur any material cost or liability connection with such applications, permits or approvals.
6. Due Diligence. GBHD may conduct due diligence and inspections of the Property, including such physical, legal, and engineering inspections, tests and investigations as it may deem necessary or desirable, including soils and environmental studies. Such studies and investigations may include, without limitation, zoning, land use, environmental, title, design review, covenants, conditions and restrictions, financing, leasing markets, project feasibility and related matters. The scope and cost of the due diligence and inspections shall be the sole discretion and responsibility of GBHD.
7. Access. Agency shall provide GBHD full access to property owned by the Agency for the purpose of conducting Due Diligence. GBHD shall repair or restore any damage caused by the entry of GBHD or its agents upon or under the Property.

8. Indemnity and Insurance. GBHD hereby agrees to indemnify, defend and hold the Agency, including its appointed and elected officials, officers, employees and agents, harmless from and against any and all claims for injury to persons or damage to property caused by or resulting from the acts or neglect of GBHD or its representatives or consultants on or about the Property. During the term of this Agreement, GBHD shall maintain insurance with respect to its activities on or about the Property, naming the Agency as an additional insured, in amounts as follows: (i) commercial general liability insurance with a combined single limit of not less than \$1,000,000 per occurrence and with at least \$2,000,000 aggregate; (ii) automobile liability insurance with combined single limit of not less than \$500,000 per occurrence; (iii) employers liability insurance with a limit of not less than \$1,000,000; and (iv) in addition to the primary limits specified in (i) and (ii) above, excess liability insurance with a limit of not less than \$1,000,000 for each occurrence and in the aggregate. The indemnity required under this Section 9 shall survive termination of this Agreement.
9. No Assignment. Neither party shall assign or transfer its interest in this Agreement or the Property until termination of this Agreement or execution and delivery of the DDA.
10. Confidentiality. Agency and GBHD agree that all information submitted by GBHD during the term hereof is submitted on the condition that the Agency shall keep said information confidential. Agency agrees not to disclose said confidential information provided by GBHD, including but not limited to financial statements regarding GBHD or the Project, and pro forma information. This nondisclosure agreement shall survive termination of this Agreement, but shall not apply to the extent any such information is publicly available, has been disclosed by other parties or is required to be disclosed by the Wasco County District Attorney under Oregon public record laws. Agency further agrees that it shall not disclose the terms of this Agreement, the MOUs or the DDA, prior to the termination or expiration of this Agreement, or the execution of the DDA, whichever occurs first, unless disclosure is required by the Wasco County District Attorney under Oregon public records law.
11. Governing Law. This Agreement shall be governed by the laws of the State of Oregon.
12. Time is of the Essence. Time is of the essence of this Agreement.
13. Amendments. This Agreement may be amended only by written agreement of the Parties hereto.
14. Notices. All notices under this Agreement must be in writing and either (i) personally delivered, (ii) delivered by express mail, Federal Express or

comparable courier service, or (iii) delivered by certified mail, postage prepaid, return receipt requested, as follows:

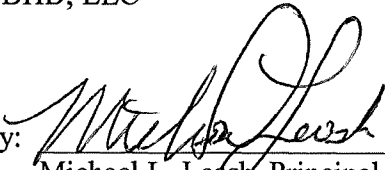
To the Agency: Steven Harris, Urban Renewal Project Manager  
313 Court Street  
The Dalles, OR 97058

To GBHD: GBHD, LLC  
306 Court Street  
The Dalles, OR 97058

All notices shall be deemed effective upon receipt. Any party may from time to time change its address for purposes of this Section by notice in writing to the other party.

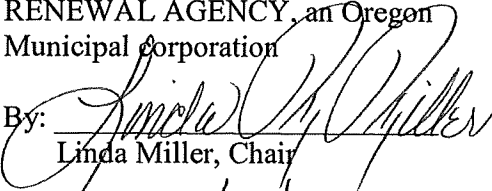
15. Binding Effect. During the Term hereof and any extensions thereto, the Parties shall negotiate in good faith to complete and execute the definitive DDA upon terms and conditions consistent with this Agreement and the MOUs. No sale agreement or other right, obligation or estate in land shall be created except by delivery of the definitive DDA and all other related and necessary instruments, duly authorized by the Columbia Gateway Urban Renewal Board, and all necessary GBHD corporate action and executed by authorized representatives of the Parties. If the DDA is not executed and delivered prior to the expiration of the Term and any extensions thereto, or if GBHD elects, in its sole discretion, by notice in writing to the Agency not to pursue development of the Project, this Agreement shall terminate and be of no further force or effect, except Sections 8 and 10, which shall survive termination. If during the course of negotiations it becomes clear that the Parties will not reach an agreement, GBHD shall not unreasonably withhold consent to early termination of this Agreement.

GBHD, LLC

By:   
Michael L. Leash, Principal

Date: 2/26/18

COLUMBIA GATEWAY URBAN  
RENEWAL AGENCY, an Oregon  
Municipal Corporation

By:   
Linda Miller, Chair

Date: 02/26/18

**EXCLUSIVE NEGOTIATING AGREEMENT – GBHD, LLC**

**“Exhibit A”**

**GBHD, LLC - Proposed breakout and review of funds structure**

- \$103,000 Parking Lot (1<sup>st</sup> and Court Street)

- \$172,000 SDC's/Permits/Fees Credit (not to exceed \$172K)

- \$100,000 Demolition Grant

- \$625,000 (Other Development Costs (not to exceed))

Total Equals \$1.0M