



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, August 21, 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, Linda Miller and Chuck Raleigh

Taner Elliott arrived at 5:39 p.m.

Absent: None

Staff Present: Urban Renewal Manager Steve Harris, City Attorney Gene Parker, Assistant to the City Manager Matthew Klebes, Senior Planner Dawn Hert and Planning Technician Joshua Chandler

In Attendance: Eight

PLEDGE OF ALLEGIANCE

Chair Miller led the Pledge of Allegiance.

APPROVAL OF AGENDA

Board Member Fredrick moved to approve the agenda; Board Member Long-Curtiss seconded the motion. The motion passed unanimously, Elliott absent.

APPROVAL OF MINUTES

Board Member Fredrick moved to approve the minutes of July 17, 2018, as written. Board Member Coburn seconded the motion; the motion passed unanimously, Elliott absent.

PUBLIC COMMENT

None.

PRESENTATION

Mary Hanlon, Hanlon Development, presented a Development Proposal for 523 E. Third Street. The presentation is summarized in her letter dated August 21, 2018, Exhibit 1.

Hanlon stated if there is interest by the Board, she will gather information and return at a future date.

In response to questions from the Board, Hanlon replied:

- Hanlon does the initial work, her partners will then invest
- She has been working on market rate housing and is interested in offering affordable housing. An increase in overall units would allow for additional affordable housing units.
- Alleyway power poles and transformers would obstruct second and third story views; power could be located underground
- Current parking standards were not ideal
- System Development Charge waivers may be requested
- Nailing down the funding gap
- Property would be purchased by Hanlon

Board consensus was to pursue the project.

ACTION ITEMS

Declaration of Agency-Owned Personal Property as Surplus and Authorization to Dispose of Said Property

Manager Harris presented the Staff Report.

Board Member Baker moved to declare the fixtures identified in the Staff Report as surplus personal property; that the Board determines the property is not needed for other public purposes; that the property has a current market value of less than \$250.00; and that the Board determines this is the most efficient and cost-effective method for disposing of the property, and to direct Staff to proceed with the donation of the property to the National Neon Sign Museum. Board Member Kramer seconded the motion; the motion passed unanimously.

Authorization to Participate in Appeal of Predetermination Letter Issued by BOLI for Tony's Building Redevelopment Project

City Attorney Parker presented the Staff Report.

Board Member Elliott moved to authorize the City Attorney to notify Tokola Properties, Inc., that the Agency will participate in an appeal of the predetermination letter issued by BOLI, dated August 9, 2018. Board Member Fredrick seconded the motion. Chair Miller invited discussion.

Board Member Long-Curtiss stated for the record that she was opposed. Prevailing wage should be paid.

Board Member Coburn asked for elaboration on "jointly pursue." Parker replied it would include his time working with the Tokola attorney, identifying witnesses and attendance at the hearing. Parker estimated 25-30 hours to prepare and attend the hearing.

The motion passed 8-1, Long-Curtiss opposed.

Authorization for Execution of Confidentiality and Non-Circumvention Agreement for GBHD, LLC

City Attorney Parker presented the Staff Report.

Board Member Long-Curtiss moved to authorize the Board Chair to sign the Confidentiality and Non-Circumvention Agreement with GBHD, LLC. Board Member Kramer seconded the motion.

Chair Miller invited comments or questions.

Board discussion included:

- Clarification of the purpose of the Agreement
- Transparency concerns
- Additional funds required to complete Phase 1
- Completion of Phase 1 would allow for an October recommendation on the project
- Personal liability for the effective term limits of the Agreement
- Limiting future financial impact

The motion did not carry; the vote was 4-4, Fredrick, Miller, Elliott and Raleigh opposed.

Further discussion included:

- The necessity of a decision
- Lack of information on which to base a decision
- Time frame for submission of documentation
- Potential to move forward without the Agreement
- Agency has already invested in the project
- The Agreement would provide another opportunity to decide on the project

Michael Leash, GBHD, stated the project was in the works for months and documents were already submitted to Leland Consulting. Leash has six confidentiality agreements with other entities.

Board Member Kramer moved to authorize the Agency Chair to sign the Confidentiality and Non-Circumvention Agreement with GBHD, LLC. Long-Curtiss seconded the motion.

Attorney Parker stated a motion to reconsider was required prior to the motion to authorize.

Board Member Long-Curtiss moved to reconsider; Board Member Coburn seconded the motion. The motion passed 5-3, Fredrick, Raleigh and Miller opposed.

Board Member Kramer moved to authorize the Agency Chair to sign the Confidentiality and Non-Circumvention Agreement with GBHD, LLC. Long-Curtiss seconded the motion. The motion passed 5-3, Fredrick, Raleigh and Miller opposed.

EXECUTIVE SESSION

Pursuant to Item IX. A. of the Urban Renewal Agency Board Agenda dated August 21, 2018, which cites ORS 192.660(2)(e), the Board adjourned to Executive Session at 6:25 p.m.

Chair Miller reconvened the Open Session at 6:36 p.m.

Board Member Long-Curtiss moved to approve the purchase and sales agreement for real property located at 215 E. Second Street subject to the terms and conditions of the seller's counter offer Number 1 and completion of a signed DDA. Board Member Fredrick seconded the motion, the motion passed unanimously.

STAFF COMMENTS

Director Harris provided comments:

- The Mid-Columbia Fire and Rescue District had not notified staff of a new Agency appointment
- The Dalles Main Street Project would attend a September meeting to make a presentation on their recent branding project
- Harris is working with the State on a grant with no local match for downtown visioning exercise

- Staff met with representatives from PUD regarding facility upgrades. Staff will follow up with PUD, looking at a master plan for underground utilities.
- Brownfield study grant application was successful. Staff will review three submitted proposals from consultant firms.
- First Street project was at ODOT; they were working out contract details with KPFF. Staff is waiting on Notice to Proceed. Part of that project was to extend boundaries for possible connection with the Mill Creek Trail. KPFF will formally amend the project description and bring construction costs up to date.
- Leash/GBHD proposal:
 - A series of deadlines were agreed upon by Mr. Leash and his attorneys. The first deadline was for a detailed project overview. The materials were due on August 17, 2018, and were received on August 21, 2018.
 - Items due August 22, 2018: a current site control map, a future hotel plan map and a draft project timeline. Other materials due relate to the ownership of GBHD and equity.
 - These deadlines would provide time for review and return to the Board.
 - The October 16 meeting will address additional work completed for Phase 1, the decision to authorize Leland for Phase 2, and decision on the ENA.
- Next regularly scheduled meeting is 18, 2018

Board Member Long-Curtiss left the meeting at 6:47 p.m.

BOARD MEMBERS COMMENTS OR QUESTIONS

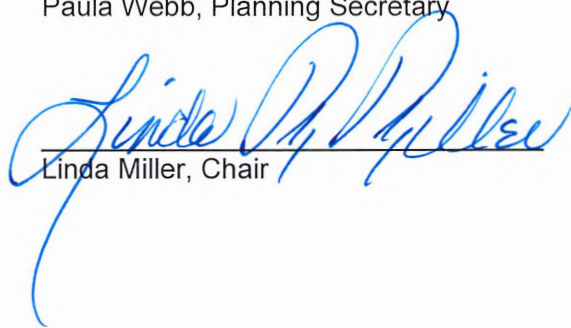
Board Member Kramer requested quarterly financials with a suggested October meeting.

Board Member Fredrick requested a roll call vote on action items. Chair Miller agreed with the request.

ADJOURNMENT

Chair Miller adjourned the meeting at 6:49 p.m.

Respectfully Submitted
Paula Webb, Planning Secretary



Linda Miller, Chair

Hanlon Development, LLC
101 SW Main Street, Suite 825
Portland, OR 97204
Telephone: (503) 228-9787
Email: mary@hanlondevelopment.com

August 21, 2018

Steve Harris
Urban Renewal Agency
The Dalles City Hall
313 Court Street
The Dalles, Oregon 97058

Subject: DG Motors Site, The Dalles, OR

Dear Mr. Harris and Advisory Committee Members:

For over a year, Hanlon Development has been in negotiations with DG Motors to purchase its property at 523 E. 3rd Street in historic downtown The Dalles. It has been Hanlon Development's intention to redevelop this site with ground floor retail and three stories of residential housing above. The initial goal was to build this as an entirely privately funded project which would add to the strength and health of the downtown core. However, given the current market conditions in The Dalles, we have concluded that a public-private partnership will be necessary to make this project economically feasible.

Hanlon Development has been involved in housing, economic development, and public-private partnerships since the mid-90s. Hanlon Development focuses its own development efforts in communities and neighborhoods that have not yet experienced significant financial investment. Hanlon Development has over 150,000 sf of retail and housing redevelopment projects in its own portfolio and we have provided development services to both public and private projects on a much larger scale.

As the principal of Hanlon Development, I have a special interest in doing a project in The Dalles because I currently reside in The Dalles. I am a native Oregonian. This community has been my home for two years and I have had a home in the general region for five years.

Hanlon Development has been looking at potential redevelopment opportunities in The Dalles since 2004. We have evaluated the community and its economic potential on several occasions both for our own portfolio and in partnership with local economic development groups. Changes in The Dalles historic downtown core have occurred slowly. This is not necessarily a bad thing, but revitalization of the walkable downtown core would be beneficial to all concerned. It would assist in making the downtown businesses healthier, it would create a focal point for both visitors and residents and would inject new capital in the community. A vibrant, healthy, downtown with the addition of housing options would help to ensure that people who work in The Dalles are able to live in The Dalles.

Steve Harris
August 21, 2018
Page - 2

A high quality, visible, new development on 3rd street at the east end of downtown would both anchor and activate that part of the downtown core. If new housing and retail can be successfully built, it would stimulate other market growth and renovation making The Dalles historic downtown more desirable for all. In addition, it would create the potential for virtually 24-hour activity and connectivity to the entire downtown area.

As you know, the cost of developing housing in The Dalles is essentially the same as developing housing in Portland. However, at present, the amount of rent that can be charged for those living in The Dalles is approximately 30 to 50 percent less than Portland. That market rental rate difference makes a solely private development not feasible at this time. For this reason, Hanlon Development is interested in determining if the Urban Renewal Agency would consider partnering on the DG Motors site in an effort to stimulate development in the core area. If the response is positive, we would work with your staff to share the project's financial costs and income projections and to identify the funding gaps and the mechanisms available to assist in filling those gaps.

Hanlon Development recently has finished a similar project in historic downtown Canby. We worked closely with the city on a new project in its downtown core. The city of Canby continues to be completely committed to this development and believes it will be the primary stimulus to redevelop its historic core area of that town. During that process, we balanced the city's goals and objectives together with bank financing requirements and developed a package that would be attractive to private investment to provide the necessary equity for the project.

Development in areas that have experienced little to no new development carries substantial risk. Construction is by its very nature is risky. One then must consider conventional financing considerations such as the absence of comparable properties, an inability to verify projected rental rates, uncertainty concerning demand, and no firm projections on the time required to lease both housing and commercial retail. It thus becomes very difficult to obtain conventional financing and attract investors. In addition, we are experiencing a virtually unprecedented regional economic boom which most conventional thought suggests may need to be readjusted in the near future. To avoid this possibility, we would like to have this project financed and under construction before any potential regional economic downturn.

Hanlon Development specializes in opportunities of this nature. It has an ability to interpret and provide an understanding of risk in undeveloped and underserved markets to assist in creating an atmosphere of comfort for investors and lenders. We also firmly believe that new development is only successful if it is properly integrated into the long term goals of the community. In summary, Hanlon Development builds Class A properties in underdeveloped areas that both stimulate small business development and provide quality housing options for local residents who desire to live in core areas.

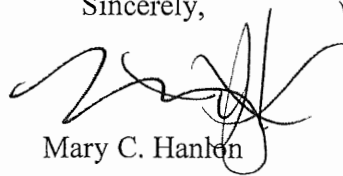
Hanlon Development engages experienced professionals on its projects. John Residential Group (JRCG, also CE John) has been engaged in joint development efforts with it for close to

Steve Harris
August 21, 2018
Page - 3

15 years. JRCG, located out of Vancouver, WA, generally develops few projects outside its own portfolio and performs high quality work. Hanlon Development also engages SERA Architects on most of its projects. This would be our fifth project with SERA. SERA is one of the best architectural firms in the region for both public-private partnerships and exceptional design.

If the City of The Dalles is interested in working with us on development of this site, you can be assured of open, honest communication with a shared vision for the creation of a healthy, vital, active, downtown core. Additionally, this project would provide a much needed supply of housing for the community.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mary C. Hanlon', with a stylized, flowing script.

Mary C. Hanlon