



IMPROVING OUR COMMUNITY

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
**CITY OF THE DALLES**

---

**AGENDA**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD**

Meeting Conducted in a Room in Compliance with ADA Standards

**Tuesday, January 21, 2020**

**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 – November 19, 2019
- VI. PUBLIC COMMENT
- VII. EXECUTIVE SESSION
  - A. Recess to Executive Session in accordance with ORS 192.660(2)(h) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.
  - B. Reconvene to Open Session
  - C. Decision following Open Session
- VIII. ACTION ITEMS
  - A. First Addendum for the Disposition and Development Agreement for the Recreation Building, 213-215 E. Second Street
  - B. Exclusive Negotiating Agreement with TD Fitness Hub, LLC, for the Purchase and Redevelopment of Property Located at 401-407 E. Second Street
  - C. Urban Renewal Agency Annual Reports FY2018-19
  - D. Agency Financial Workshop Discussion Topics

IX. STAFF COMMENTS

Special Agency Financial Workshop – February 27, 2020

Next Regular Meeting Date – February 18, 2020

X. BOARD MEMBERS COMMENTS OR QUESTIONS

XI. ADJOURNMENT



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, November 19, 2019**

**5:30 p.m.**

**CALL TO ORDER**

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

**ROLL CALL**

Present: Scott Baker, Staci Coburn, Bob Delaney, John Fredrick, Gary Grossman, Darcy Long-Curtiss, Tim McGlothlin and Linda Miller

Absent: Steve Kramer

Staff Present: Urban Renewal Manager Steve Harris, City Attorney Gene Parker and Assistant to the City Manager Matthew Klebes

**PLEDGE OF ALLEGIANCE**

Chair Grossman led the Pledge of Allegiance.

**APPROVAL OF AGENDA**

It was moved by Long-Curtiss and seconded by Coburn to approve the agenda as written. The motion passed 8/0; Baker, Coburn, Delaney, Fredrick, Grossman, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Kramer absent.

**APPROVAL OF MINUTES**

It was moved by Long-Curtiss and seconded by Fredrick to approve the minutes of September 11 and September 17, 2019, as written. The motion passed 8/0; Baker, Coburn, Delaney, Fredrick, Grossman, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Kramer absent.

**PUBLIC COMMENT**

None.

## **PRESENTATION**

Assistant to the City Manager Matthew Klebes presented an update on the EPA Brownfield Study Grant.

Earlier this year the City completed a study funded by an Integrated Planning Grant for \$25,000 from Business Oregon. The study, focused on the urban renewal area, was to identify and rank potential brownfield sites.

A significant number of brownfield sites were found, which led to the EPA application for a Coalition Assessment Grant. Coalition members are the City, Port of The Dalles, and Wasco County. Three coalition members allow for the maximum grant of up to \$600,000.

Stantec was the consultant selected to assist with the grant application. Contingent upon award, the grant will be used for specific site assessments of properties identified on the previous project, as well as different opportunity sites throughout the community. Determination of mitigation costs specific to a site will lead to additional funding opportunities for property owners.

There is no requirement for the property owner to participate.

Objectives of the study are to maximize use of the lands, increase the tax base, and improve public health conditions.

## **EXECUTIVE SESSION**

Chair Grossman read the rules for Executive Session. Grossman asked the Board if there was any objection to Mayor Rich Mays, Brian Lauterbach and Matthew Klebes attending Executive Session. There were no objections.

Pursuant to Item VI. A. of the Urban Renewal Agency Board Agenda dated November 19, 2019, which cites ORS 192.660(2)(e), the Board adjourned to Executive Session at 5:39 p.m.

Chair Grossman reconvened the Open Session at 6:03 p.m.

Board Member Long-Curtiss moved to approve the proposal of TD Fitness Club, LLC, for the purchase of the Tony's Building located at 401 E. Second Street and authorize preparation of a formal sale/purchase agreement and an Exclusive Negotiating Agreement and Development and Disposition Agreement, if necessary. The motion was seconded by Coburn and passed 8/0; Baker, Coburn, Delaney, Fredrick, Grossman, Long-Curtiss, McGlothlin and Miller in favor, none opposed, Kramer absent.

## **ACTION ITEM** – A Community Vision for The Dalles Downtown

Director Harris presented the staff report.

Board discussion included:

- Scheduling a work session to define goals
- Use of the vision statement to inform discussion
- Difficulty for property owners to operate rentals in the community
- Where the socioeconomics of the homeless, unemployed and under employed fit into the plan

Director Harris said there were discussions between City staff and community partners on services available downtown and the impacts on surrounding properties.

House Bill 4006 identified The Dalles as severely rent burdened. Approximately 650 rental households in The Dalles pay more than 50 percent of their income for housing. Last year the City hosted a public meeting on HB 4006. Results of questions posed at that meeting were reported to City Council. Another public meeting will be held early next year.

An additional strategy included adoption by City Council of code amendments for housing development standards. The new code includes accessory dwelling units and a new housing category, cottage clusters.

In anticipation of the public meeting on HB 4006, staff will bring to City Council a “best management practices manual,” a summary of what other Oregon communities are doing to address the cost of housing, rentals and development. The Urban Renewal Plan, as written, focuses on commercial, industrial and retail uses; the Plan is missing housing as a primary focus.

Board consensus was to take no action.

### **INFORMATION ITEM** – Economic Opportunities Analysis and Action Plan

Director Harris presented the staff report. There was no discussion.

### **STAFF COMMENTS**

Director Harris stated controlled demolition on the Recreation Building was completed and the building had been weatherized. Staff awaits a determination from the insurance company on the coverage of the loss and the final engineer’s report to determine the cause. Upon receipt of the reports, staff will meet with Mr. Carpenter regarding future plans.

The next regular meeting is scheduled for December 17, 2019. At this time, there are no items scheduled. City Attorney Parker said the ENA for the Tony’s Building may be ready for this meeting.

Director Harris referred to Board comments at the October 17, 2019, meeting regarding the life of the Agency. He requested direction from the Board regarding dissolution of the Agency. Dissolution is a City Council action. All financial obligations must be satisfied and/or transferred as part of that action. If the Board wished to pursue this action, Harris said staff would report back on the steps required by State law. The Agency has an adopted budget for this year. Included within that are obligations on various properties, loans and interest rate buy downs.

Acting as a representative for Mid-Columbia Fire and Rescue (MCFR), Board Member Delaney stated he was speaking for his Board, another taxing district within the community. Funds which would normally fund MCFR, approximately \$186,000 per year, are funding the Urban Renewal Agency.

Board Member Baker said small districts fund a disproportionate burden of Urban Renewal compared to cities, counties and school districts which have additional funding sources.

Board Member Delaney asked at what point MCFR could expect a return for districts.

Board consensus was to schedule a work session to review goals, accomplishments, and next steps.

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

None.

**ADJOURNMENT**

Chair Grossman adjourned the meeting at 7:23 p.m.

Respectfully Submitted  
Paula Webb, Community Development Secretary

---

Gary Grossman, Chair

DRAFT



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

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

**DATE:** January 21, 2020

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

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

**ISSUE:** **First Addendum for the Disposition and Development Agreement for the Recreation Building, 213 - 215 East 2nd Street**

**BACKGROUND**

Attached for the Agency's consideration is the proposed First Addendum to the Disposition and Development Agreement (DDA) between Mr. Todd Carpenter and Ms. Carla McQuade, and the Agency for the Recreation Building. On January 25, 2019, the Agency entered into a DDA with and Mr. Carpenter and Ms. McQuade for the purchase and redevelopment of the property. The agreement provided for the terms of purchase (\$50,000 sales price and installment payments) and schedule of improvements.

Due to the partial collapse of the roof (August 2019) and subsequent controlled demolition of the westerly portion of the property, Mr. Carpenter and Ms. McQuade have requested relief from the installment payment and improvements schedules as provided for in the original DDA.

The essence of the addendum is that:

- It adds a condition of closing for the purchase of the property, the parties will agree upon additional revisions to the DDA which will include the scope of the redevelopment;
- A timeline related to completion of the architectural design for the façade improvements and for completion of the façade improvements;
- Possible revisions to the purchase price and installment payments; and
- Revisions to the schedule for providing status reports on the rehabilitation and restoration of the Recreation Building.

### **BUDGET IMPLICATIONS**

Approval of the addendum will delay for period of six months the second installment payment of \$10,000, from twelve months to eighteen months from the date of execution of the DDA (January 25, 2020 to July 25, 2020). The delay will result in moving anticipated revenue from the Agency's FY2019-20 budget to the FY2020-21 budget.

### **BOARD ALTERNATIVES**

1. Staff recommendation: Move to authorize the execution of the First Addendum to the Disposition and Development Agreement between the Columbia Gateway Urban Renewal Agency and Mr. Todd Carpenter and Ms. Carla McQuade for property known as the Recreation Building located at 213 – 215 East 2nd Street.
2. Move to decline authorization of the First Addendum and direct staff accordingly.

### **Attachments**

- Proposed First Addendum to DDA
- Executed DDA (January 25, 2019)

FIRST ADDENDUM TO AGREEMENT FOR  
DISPOSITION OF PROPERTY FOR REDEVELOPMENT  
OF RECREATION BUILDING

WHEREAS, the Columbia Gateway Urban Renewal Agency, hereinafter referred to as “Agency”, and Todd Carpenter and Carla McQuade, hereinafter referred to as “Developer” entered into an agreement for the disposition of property for redevelopment of the property commonly referred to as the Recreation Building, on January 25, 2019; and

WHEREAS, the January 25, 2019 included a schedule for installment payments, and also contemplated that repairs to the roof of the Recreation Building would be completed within one year from the date of execution of the agreement; and

WHEREAS, on August 10, 2019 a partial roof collapse occurred to the Recreation Building, which would prevent the Developer from being able to comply with the condition requiring that repairs to the roof of the Recreation Building be completed within one year from date of execution of the agreement; and

WHEREAS, Agency and Developer have negotiated the terms of an amendment to the January 25, 2019 Disposition and Development Agreement (“DDA”), which acknowledges the parties will likely need to negotiate further revisions to January 25, 2019 DDA, which could include revisions to the scope of the redevelopment, revised timelines for completion of the architectural design for façade improvements and completion of façade improvements for the Recreation Building, and possible revisions to the purchase price and installment payments to be paid by Developer to the Agency;

NOW, THEREFORE, in consideration of the terms and provisions set forth in this First Addendum, it is mutually agreed as follows:

1. The third sentence in the second paragraph of Section 2.3.1 on page 2, shall be amended to provide the second payment of \$10,000 shall be paid within eighteen (18) months from the date of execution of the agreement.

2. Section 2.6.1(a) on page 4 shall be amended by adding a subsection (3) which shall read as follows:

(3) Developer and Agency have mutually agreed upon a revised scope for redevelopment of the Project Site, which includes a designation of which portions of the three buildings which make up the Project Site will be redeveloped by Developer; a timeline for completion of the architectural design for improvements to the façade of the Recreation Building, and for completion of construction of said façade improvements, which improvements shall comply with any requirements of Chapter 11.12 of the City of The Dalles Municipal Code concerning historic resources; and if necessary, any revisions to the purchase price

and installment payments to be made by the Developer to the Agency, and to the schedule of status reports concerning the rehabilitation and restoration of the Recreation Building to be provided by the Developer to the Agency.

3. Section 2.6.1(b)(1) on page 4 shall be amended to read as follows:

(1) Developer and Agency have mutually agreed upon a revised scope for redevelopment of the Project Site, which includes a designation of which portions of the three buildings which make up the Project Site will be redeveloped by Developer; a timeline for completion of the architectural design for improvements to the façade of the Recreation Building, and for completion of construction of said façade improvements, which improvements shall comply with any requirements of Chapter 11.12 of the City of The Dalles Municipal Code concerning historic resources; and if necessary, any revisions to the purchase price and installment payments to be made by the Developer to the Agency, and to the schedule of status reports concerning the rehabilitation and restoration of the Recreation Building to be provided by the Developer to the Agency.

4. Exhibit C on page 20, shall be amended by changing the due date for payment of the second installment payment to be June 25, 2020.

5. Except as modified by this First Addendum, the terms and conditions of the Development and Disposition Agreement entered into on January 25, 2019, shall remain in full force and effect.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

AGENCY

DEVELOPER

By: \_\_\_\_\_  
Gary Grossman, Chair

By: \_\_\_\_\_  
Todd Carpenter

Approved as to form:

By: \_\_\_\_\_  
Carla McQuade

\_\_\_\_\_  
Gene E. Parker, City Attorney

## AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT OF RECREATION BUILDING

This **AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT** (this “Agreement”) is made as of Jan. 25, 2019, by the **COLUMBIA GATEWAY URBAN RENEWAL AGENCY**, the duly authorized and acting Urban Renewal Agency of the City of The Dalles, Oregon (“City”), a political subdivision of the State of Oregon (“Agency”) and Todd Carpenter and Carla McQuade (“Developer”). Agency and Developer are referred to jointly in this Agreement as “Parties” and individually as a “Party.”

### RECITALS

1. Agency has acquired the real property located at 215 East Second Street in The Dalles, Oregon, which includes the building commonly known as the Recreation Building which is located upon three separate tax parcels (the “Project Site”). The Project Site is more particularly described in Exhibit “A”.
2. Agency’s intent in acquiring the Project Site is to facilitate private redevelopment in support of the public objectives of the Columbia Gateway Urban Renewal Plan (“UR Plan”).
3. Developer is interested in redeveloping the building located upon the Project Site (hereinafter referred to as “Project”).
4. The Parties are now prepared to enter into a definitive Agreement for Developer to undertake acquisition of the real property located upon the Project Site, and development and operation of the Project to be renovated or built thereon.
5. The completion of the Project according to the terms of this Agreement is a material inducement to Agency's sale of the real property described in Exhibit A.
6. Agency finds that Developer's use of the Project Site, pursuant to this Agreement, will help achieve the community and Agency goals for, among others, enhancing the Downtown, curing blighted conditions, increasing taxable value of real property and reasonably anticipating additional job creation.

### AGREEMENT

This Agreement shall incorporate by this reference, the Recitals, and all Exhibits hereto. The Parties, in consideration of the promises and the Agreements set forth herein and for other valuable consideration the receipt and adequacy of which are hereby acknowledged, covenant and agree as follows:

## 1. DEFINITIONS

Words that are capitalized, and which are not the first word of a sentence, are defined terms. A defined term has the meaning given it when it is first defined in this Agreement. Defined terms may be used together, and the combined defined term has the meaning of the combined defined terms. A defined term that is a noun may be used in its verb or adjective form and vice-versa. Defined terms may be used in the singular or the plural.

## 2. GENERAL TERMS OF CONVEYANCE

2.1 **Identification of Parcel.** The Project Site consists of three separate tax parcels, popularly known as the Recreation Building property, and referred to in this Agreement, as follows in this Section 2.1 and identified more specifically in Exhibit A. The Agency shall convey the parcels as provided in this Agreement in accordance with the scheduled closing date on or about February 1, 2022.

### 2.2 Form of Deed.

2.2.1 Following the closing for the purchase of the Project Site by the Agency, upon satisfaction of the Conditions Precedent to Conveyance as set forth in Section 2.6.1 hereof, the Agency will convey the parcels which constitute the Project Site to Developer pursuant to a Warranty Deed in substantially the form attached hereto as Exhibit B.

### 2.3 Purchase Price.

The Purchase Price for the Parcel is as follows:

2.3.1 The actual purchase price in terms of monetary consideration is \$50,000. The purchase price reflects the fair reuse value, expressed in terms of capital price, as determined by the Agency in its discretion as the price necessary to facilitate development or redevelopment of the Project Site in accordance with the provisions of the Agency's Urban Renewal Plan.

The sum of \$50,000 shall be paid in four installment payments. The first payment of \$10,000 shall be paid upon execution of this Agreement. The second payment of \$10,000 shall be paid upon the date which is one year from the date of execution of this Agreement. The third payment of \$15,000 shall be paid upon the date which is two years from the date of execution of this Agreement. The fourth payment of \$15,000 shall be paid upon the date which is three years from the date of execution of this Agreement. The dates for payment of the first, second, third and fourth installments are listed in Exhibit "C".

### 2.4 Title Review.

The following title review process will apply to the purchase of the Project Site.

2.4.1. Not later than five (5) business days after receipt of the preliminary title report for the transaction involving acquisition of the Project Site by Developer, Agency shall deliver to Developer a copy of the preliminary title report for the Project Site. Developer shall notify Agency within five (5) business days of any objection to the preliminary title report or the

exceptions to title. Within five (5) business days after Developer's written notice to Agency described in the preceding sentence, Agency shall notify Developer in writing of its intention to remove, or not remove, the objectionable exceptions to title prior to Closing. If Agency refuses to remove any such objected to exceptions, Developer may terminate this Agreement or proceed to close subject to same. Any exceptions to which Developer does not timely object in writing or otherwise accepts at Closing are the "Final Permitted Exceptions."

2.4.2 Agency covenants and agrees that it shall not further encumber the Project Site after the date hereof (other than those exceptions appearing on the Title Report on the date provided to Developer) without the written consent of Developer, which consent shall not be unreasonably withheld, conditioned or delayed.

## 2.5 Title Insurance, Survey, Property Taxes and Closing Costs.

The following provisions will apply to the purchase of the Project Site.

2.5.1 The Agency, at its expense, shall provide Developer with a standard coverage ALTA Owner's Policy of Title Insurance, issued by Wasco Title, covering the Project Site to be purchased insuring Developer in the amount of the Purchase Price, all free and clear of encumbrances except the standard exceptions and the Final Permitted Exceptions. Developer, at its option and its expense, may elect to obtain extended coverage under such policies of title insurance, and the Agency agrees to execute any affidavits or other documents required by Wasco Title to enable Developer to obtain such coverage.

2.5.2 The costs for recording a Memorandum of this Agreement, the Deed for the Project Site and any other documents required by Developer to be recorded will be paid by Agency.

2.5.3 Any assessments on the conveyed Project Site shall be paid in full by the Developer as of the Closing Date. All other Closing costs, if any, shall be allocated in accordance with the customary practice in Wasco County.

2.5.4 The Developer shall pay personal property taxes which are assessed as of January 1<sup>st</sup> of any calendar year. For example, if the Developer installs equipment in the building on the Project Site during the remainder of the 2019 calendar year, Developer shall pay the tax assessed upon the personal property which is present in the building as of January 1, 2020. Real property taxes assessed upon the Project Site shall be paid by the Developer under either of the following scenarios; (a) as a result of the Developer's occupation of the Recreation Building and the opening of the Recreation Building for the any use; or (b) from and after the Closing Date when title to the Project Site is conveyed to the Developer.

## 2.6 Conditions Precedent to Conveyance.

### 2.6.1 Conditions Precedent to Conveyance of Project Site.

Developer and the Agency are not obligated to close the transfer of the Project Site unless the following conditions are satisfied to the reasonable satisfaction of, or waived by, the benefited Party. The Party benefited by a particular condition shall not unreasonably withhold or

delay acknowledgment that the condition has been satisfied. The Parties shall act diligently and in good faith to satisfy conditions over which they have control or influence.

(a) Developer is not obligated to purchase the Project Site until, to Developer's satisfaction:

(1) Agency shall have given Developer satisfactory proof of marketable title and the issuance of a preliminary title insurance commitment evidencing the willingness of a title insurance company to insure the Project Site, subject only to the standard exceptions and the Final Permitted Exceptions;

(2) No litigation is pending which prevents the Agency or Developer from performing their respective obligations under this Agreement.

(b) Agency is not obligated to sell the Project Site until, to the Agency's satisfaction:

(1) Developer has completed repairs to the roof of the Recreation Building within a period of one year from the date of execution of this Agreement. Agency has agreed to contribute an amount up to \$15,000 toward the cost of the roof repairs, and Developer understands and agrees they will be responsible for any costs in excess of the \$15,000 contributed by the Agency for the repair of the Recreation Building roof. During the period which shall commence on the date of execution of this Agreement and continue to a date one year from the date of execution of this Agreement, Developer shall have completed the architectural design for improvements to the façade of the Recreation Building, with the intent of restoring the original façade of the Recreation Building. Developer shall also have obtained the approval of the City's Historic Landmark Commission for the proposed design of the façade improvements. With the assistance of the Agency, Developer will initiate the process of applying for grant funding, including funding available through the Main Street Program, to assist with the costs of the façade improvements. The façade improvements shall comply with any requirements of Chapter 11.12 of the City of The Dalles Municipal Code concerning Historic Resources.

In the event that grant funding is not obtained to assist with the costs of the façade improvements for the Recreation Building, Developer shall be responsible for securing funding to ensure that the façade improvements are completed by no later than the date which is three years from the date of execution of this Agreement.

(2) Developer agrees that on the dates which coincide with the one year, two year, and three year anniversary of the date of the execution of this Agreement, they will provide a written report to the Agency detailing the improvements which have occurred during the annual period of the report, showing that the Developer has made substantial progress toward the redevelopment and rehabilitation of the Recreation Building. The annual reports provided by Developer shall include confirmation that the physical upgrades to the Recreation Building have been performed in a satisfactory and workmanlike manner, which requires that the Developer shall be responsible for ensuring that applicable codes and regulations required for the physical upgrades, including but not limited to, building, fire, plumbing, and Americans with Disabilities Act requirements, shall have been complied with in the completion of the physical upgrades.

#### **2.6.2 Elections upon Non-Occurrence of Conditions.**

Except as provided below, if any condition in Section 2.6.1 is not fulfilled to the satisfaction of the benefited Party or Parties on the date scheduled for Closing as to the Project Site, subject to any extension that may be granted pursuant to this Section 2.6.2, or elsewhere in this Agreement, then such benefited Party or Parties may elect to:

(a) Terminate this Agreement, which termination shall become effective sixty (60) days after the Notice of Termination is sent (“Termination Date”) unless, before the sixty (60) day period ends, the other Party fulfills such condition or conditions to the reasonable satisfaction of the benefited Party or Parties; or

(b) Waive in writing the benefit of that condition precedent to its obligation to perform under this Agreement, and proceed in accordance with the terms hereof; or

(c) Extend the Termination Date by which the applicable condition may be satisfied, and if the other Party agrees in writing to the extension.

#### **2.7 Agency Representations and Warranties.**

Agency represents that:

2.7.1 A copy of the Level I Environmental Assessment dated August 20, 2012 has been disclosed to Developer. Except as has been disclosed to Developer in writing, to Agency's knowledge there has been no generation, manufacture, refinement, transportation, treatment, storage, handling, disposal, transfer, release or production of Hazardous Substances, or other dangerous or toxic substances, or solid wastes on the Project Site, or underground storage tanks existing on the Agency Parcel, except in compliance with Environmental Laws currently in

effect; and Agency has not received notice of the release of any Hazardous Substances on the Project Site.

2.7.2 The Agency is not a "foreign person" within the meaning of Section 1445(f) (3) of the Internal Revenue Code of 1986, as amended;

2.7.3 To the best of Agency's knowledge, there is no litigation, action, suit, or any condemnation, environmental, zoning, or other government proceeding pending or threatened, which may affect the Agency Parcel or Agency's ability to perform its obligations under this Agreement;

2.7.4 The Agency has not received any notice stating that the Project Site is in violation of any applicable laws, rules, regulations, ordinances and other governmental requirements ("Laws");

2.7.5 No representation, warranty or statement of the Agency in this Agreement, or any of the exhibits attached, contains any untrue statement of a material fact;

2.7.6 As of the date hereof, there are no defaults by the Agency under this Agreement or events that, with the passage of time, would constitute a default of Agency under this Agreement.

2.7.7 Agency has obtained approvals required by Law in order to enter into this Agreement.

2.7.8 "Agency's knowledge" shall mean the actual knowledge of Steven Harris, Urban Renewal Manager.

## 2.8 **Developer Representations and Warranties.**

Developer represents that:

2.8.1 Developer has full power and authority to enter into and perform this Agreement in accordance with its terms, and Developer has taken all requisite entity action in connection with the execution of this Agreement and the transactions contemplated hereby.

2.8.2 No representation, warranty or statement of Developer in this Agreement, or any of the exhibits attached, contains any untrue statement of a material fact.

2.8.3 As of the date hereof, there are no defaults by Developer under this Agreement or events that with the passage of time would constitute a default of Developer under this Agreement.

2.8.4 Developer enters into this Agreement without reliance upon any verbal representation of any kind by Agency, its employees, agents or consultants regarding any aspect of the site, the Project, its feasibility, financing or compliance with any governmental regulation.

### 3. PUBLIC IMPROVEMENTS AND INFRASTRUCTURE

3.1 **Utility Service Representations.** Developer will determine, for their own benefit, that public and private utilities are available to the Project Site with sufficient capacity to serve the Project, and that any utilities located within the Project Site are acceptable or shall be removed by Developer.

3.2 **Subsurface, Surface and Building Conditions.** Except for Agency's specific representations and warranties set forth in this Agreement, the Project Site shall be conveyed to Developer "AS IS". Except as otherwise specifically provided in this Agreement, Agency makes no warranties or representations as to the suitability of the soil conditions, or any other conditions of the Project Site or structures thereon, for any improvements to be constructed by the Developer, and except for representations and warranties otherwise provided by Agency in this Agreement, Developer warrants that it has not relied on any representations or warranties made by the Agency as to the environmental condition of the Project Site, the suitability of the soil conditions, or any of the conditions of the Project Site for any improvements to be constructed by the Developer. Except for breach of Agency representations and warranties expressly set forth in this Agreement, Developer agrees that the Agency will not be liable for any loss, cost or damage which may be caused or incurred by Developer by reason of any such soil or physical conditions on the Project Site. Agency has allowed Developer free access to Agency's records with respect to conditions of the soils and will assist in obtaining the cooperation of other public and private agencies having such information.

### 4. DEVELOPMENT

#### 4.1 **Project Financing.**

4.1.1 Developer will be responsible for the raising of all funds necessary for re-development of the Recreation Building on the Project Site.

#### 4.2 **Historic Character of the District.**

4.2.1 In developing the design for the façade of the Recreation Building to facilitate the use of the Project Site, the Developer agrees to comply with any applicable provisions of the City's Historic Landmarks Ordinance (Chapter 11.12 of the City of The Dalles Municipal Code). Developer is encouraged to apply for a façade improvement grant through the Main Street Grant Program to offset the costs of the façade work for the Recreation Building.

#### 4.3 **Diligent Completion.**

4.3.1 In accordance with the terms and conditions of this Agreement, at a minimum, by a date which is defined as three years from the date of execution of this Agreement, subject to Unavoidable Delay as provided in Section 7.6, Developer shall have completed construction of tenant improvements for at least one portion of the Recreation Building such that the portion of the building can be leased for occupancy.

4.3.2 Developer agrees to keep Agency informed of its progress with respect to the Project after the Effective Date, by issuing annual reports as to the status of the annual physical upgrades to the Recreation Building. The projected dates for the annual reports are listed in Exhibit “C”. Agency shall be entitled to depend on the accuracy and completeness of any such information provided to it by Developer, except third-party reports or work products.

4.3.3 Developer’s annual reports described in Section 4.3.2 may be made via email correspondence to the Agency Contract Manager or his appointee.

#### 4.4 **Agency Role in Construction Approval Process.**

4.4.1 Agency will, upon Developer’s request, assist Developer in obtaining the City approvals necessary to commence construction and complete the Project as proposed in this Agreement. The Parties understand and agree that Agency cannot guarantee such approvals, but Agency shall use its best efforts in working with the City and any other parties necessary to accomplish the Project.

### 5. ENVIRONMENTAL MATTERS

5.1 **Indemnification.** Developer shall comply with all Environmental Laws with respect to its business and the construction and operation of the Project from and after the Closing Date, except for matters caused solely by the act or failure to act of the Agency, its employees, agents, contractors, or invitees. Developer shall defend, indemnify and hold harmless the Agency, its successors and assigns, against any and all damages, claims, losses, liabilities and expenses, including, without limitation, reasonable legal, accounting, consulting, engineering and other expenses which may be imposed on or incurred by the Agency or asserted against the Agency, and its successors or assigns, by any other party or parties, including, without limitation, a governmental entity, arising out of or in connection with any violation of Environmental Laws by Developer.

5.2 **Contribution.** The foregoing indemnity does not limit any rights of contribution that the parties may have against others under applicable law or Agreement. The indemnity is intended only as an allocation of responsibility between the Parties to this Agreement.

### 6. ASSIGNMENT PROVISIONS

6.1 **No Assignment.** Unless approved by the express written consent of Agency, Developer may not assign their interest in this Agreement. Agency may condition its approval of a transfer or assignment as Agency finds necessary in its sole discretion. Any attempt to assign or transfer an interest in this Agreement, or the Project Site, or any portion thereof shall result in immediate termination of this Agreement, and shall trigger the remedies of Section 7.2 or 7.3, as the case may be.

6.2 **Permitted Assignment or Transfer.** Notwithstanding Section 6.1, “assignment or transfer” shall not include:

6.2.1 Any Mortgage(s) which Developer may cause to attach to the Project Site for purposes of the Project development; or

6.2.2 The assignment of this Agreement to an entity owned solely by, or controlled by Developer.

*Provided that*, any assignment or transfer permitted by this Section 6.2 shall not operate to relieve the Developer of the Developer's obligations under this Agreement.

## **7. DEFAULT; REMEDIES**

### **7.1 Default and Cure.**

**7.1.1 Default by Developer.** A default shall occur if Developer breaches any material provision of this Agreement, whether by action or inaction, and such breach continues and is not remedied within sixty (60) days after Developer receives written notice from Agency specifying the breach. Failure of Developer to act diligently and in good faith to satisfy conditions over which it has control or influence is a breach. Specifically, Developer's failure to Close the purchase of the Project Site after all conditions to conveyance has been satisfied or waived as to the subject conveyance is a breach. In the case of a breach which cannot, with due diligence, be cured within a period of sixty (60) days, a default shall occur if Developer does not commence the cure of the breach within sixty (60) days after Developer receives written notice from Agency and thereafter diligently prosecute to completion such cure. A default also shall occur if Developer makes any assignment for the benefit of creditors, or is adjudicated a bankrupt, or has a receiver, trustee or creditor's committee appointed over it that is not removed within one hundred eighty (180) days after appointment. Developer shall not be in default hereunder for failure to pay any tax, assessment, lien or other charge if Developer in good faith is contesting the same and, if necessary to avoid foreclosure, has furnished an appropriate bond or other undertaking to assure payment in the event Developer's contest is unsuccessful.

**7.1.2 Default by Agency.** A default shall occur if Agency breaches any material provision of this Agreement, and such breach continues and is not remedied within sixty (60) days after Agency receives written notice from Developer specifying the breach or, in the case of a breach which cannot with due diligence be cured within a period of sixty (60) days, if Agency shall not within such sixty (60) day period commence the cure of the breach and thereafter diligently prosecute to completion such cure.

**7.2 Agency's Pre-Conveyance Remedies.** If Developer defaults in any material term of this Agreement before the Project Site is conveyed to Developer, Agency may, at its option: (i) terminate this Agreement by written notice to Developer as to the Project Site including notice the Agency is requiring Developer execute the Quitclaim Deed in the form attached as Exhibit D, without waiving any cause of action Agency may have against Developer and seek monetary damages against Developer; or (ii) specifically enforce the obligations of Developer under this Agreement.

**7.3 Developer's Pre-Conveyance Remedies.** If Agency defaults as to any material term of this Agreement prior to Closing, Developer may, as its sole remedy, but at its option: (i)

terminate this Agreement by written notice to Agency, and pursuant to such a termination, Developer shall be entitled to receive a refund of all sums paid toward the purchase of the property, including interest; or (ii) specifically enforce the obligations of the Agency under this Agreement.

7.4 **Developer's Post-Conveyance Remedies.** In the event of Agency's material default after the Agency conveys the Project Site to Developer, Developer may, as its sole remedy, specifically enforce the obligations of the Agency under this Agreement.

7.5 **Nonexclusive Remedies.** The rights and remedies provided by this Agreement shall not be deemed exclusive, except where otherwise indicated, and shall be in addition to any and all rights otherwise available at law or in equity. The exercise by either Party of one or more of such remedies shall not preclude the exercise by it, at the same or different times, of any other such remedies for the same default or of any of its remedies for any other default by the other Party, including, without limitation, the right to compel specific performance. Any limitation of remedies set forth herein should not limit or affect the obligations of a Party under any contractual indemnities set forth herein.

7.6 **Unavoidable Delay.**

7.6.1 Neither a Party nor Party's successor in interest shall be considered in breach of or in default with respect to any obligation created hereunder or progress in respect thereto if the delay in performance of such obligations (the "Unavoidable Delay") is due to causes that are unforeseeable, beyond its control, and without its fault or negligence, including but not limited to acts of God, acts of the public enemy, acts of the government, acts of the other Party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquake, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation involving a Party or others relating to zoning or other governmental action or inaction pertaining to the Project, extraordinary delay in the issuance of necessary permits for the Project, malicious mischief, condemnation action, delays of litigation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar events and/or occurrences beyond the control of such Party.

7.6.2 It is the purpose and intent of this provision that, in the event of the occurrence of any such Unavoidable Delay, the time or times for performance of the obligations of the Agency or Developer, as the case may be, shall be extended for the period of the Unavoidable Delay; provided, however, that the Party seeking the benefit of this Section shall, within thirty (30) days after the Party becomes aware of the causes of any such Unavoidable Delay, notify the other Party in writing of the cause or causes of the delay and the estimated time of correction. Notwithstanding any other provision of this Agreement, the time for Parties' performance shall not be extended by one or more events of Unavoidable Delay for a cumulative period greater than 365 days.

## 8. MISCELLANEOUS PROVISIONS

8.1 **Agency Contract Manager.** For the purposes of making determinations relating to provisions of this Agreement on behalf of Agency, granting approvals and approving Minor Modifications, Agency has designated Steven Harris as the Agency Contract Manager.

8.2 **Authorization and Confidentiality.**

8.2.1 Except for published information, or information ascertainable from public records, any confidential information furnished or disclosed by Agency in connection with the Project will be held by Developer in confidence and will not be divulged to any third party, except for a Party's advisors and consultants or as may be necessary to further the development of the Project.

8.2.2 Except for published information, or information ascertainable from public records, if the Agency concludes that information furnished or disclosed to the Agency by Developer in connection with the Project is exempt from disclosure under state law, then, to the extent allowed by state law, and until ordered to disclose pursuant to a valid order of the district attorney, Agency will hold in confidence such information, and will not divulge such information to any third party, except for Agency's advisors and consultants.

8.2.3 If, for any reason, this Agreement is terminated, then each Party will return all such confidential information to the party from whom it was obtained.

8.3 **Compliance with Laws; Discrimination.** Developer shall comply with all applicable laws and, for itself and its successor and assigns, agrees that, during the construction of the Project, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, age, gender, sexual orientation or national origin.

8.4 **Notice.**

8.4.1 Any notice or communication under this Agreement by either Party to the other shall be deemed given and delivered (a) forty-eight (48) hours after being dispatched by registered or certified U.S. mail; postage prepaid, return receipt requested, or (b) when received if personally delivered, and:

8.4.2 In the case of a notice or communication to Developer, addressed as follows:

Todd Carpenter and Carla McQuade  
P.O. Box 2688  
The Dalles, OR 97058  
[toddecarpenter@gmail.com](mailto:toddecarpenter@gmail.com)

8.4.3 In the case of a notice or communication to the Agency, addressed as follows:

Steven Harris, Agency Manager  
City of The Dalles  
313 Court Street  
The Dalles, OR 97058  
E-mail: [sharris@ci.the-dalles.or.us](mailto:sharris@ci.the-dalles.or.us)

With a copy to:

Gene Parker, City Attorney  
City of The Dalles  
313 Court Street  
The Dalles, OR 97058  
E-mail: [gparker@ci.the-dalles.or.us](mailto:gparker@ci.the-dalles.or.us)

or addressed in such other way in respect to either Party as that Party may, from time to time, designate in writing dispatched as provided in this Section. Notice given in any other manner shall be effective upon receipt by the Party for whom the same is intended.

8.5 **Merger.** None of the provisions of this Agreement are intended to, or shall be, merged by reason of any Deed transferring title to the Project Site or a portion thereof from the Agency to Developer or any successor in interest, and any such Deed shall not be deemed to affect or impair the provisions and covenants of this Agreement, but shall be deemed made pursuant to this Agreement.

8.6 **Headings.** Titles of the sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

8.7 **Waivers.** Except as otherwise expressly provided in this Agreement, no waiver made by either Party with respect to the performance, or manner or time thereof, of any obligation of the other Party, or any condition inuring to its benefit under this Agreement, shall be considered a waiver of any other rights of the Party making the waiver. No waiver by Agency or Developer of any provision of this Agreement, or any breach thereof, shall be of any force or effect unless in writing; and no such waiver shall be construed to be a continuing waiver.

8.8 **Attorneys' Fees.** If a suit, action, or other proceeding of any nature whatsoever, including, without limitation, any proceeding under U.S. Bankruptcy Code, is instituted to interpret or enforce any provision of this Agreement, or with respect to any dispute relating to this Agreement, including, without limitation, any action in which a declaration of rights is sought or an action for rescission, each party shall be responsible for paying for their own attorney's fees and other costs associated with the proceeding. This provision shall cover costs and attorney fees related to, or with respect to, proceedings in Federal Bankruptcy Courts, including those related to issues unique to bankruptcy law.

8.9 **Choice of Law.** This Agreement shall be governed by Oregon law.

8.10 **Calculation of Time.** All periods of time referred to herein shall include Saturdays, Sundays, and legal holidays in the State of Oregon, except that if the last day of any period falls on any Saturday, Sunday or legal holiday, the period shall be extended to include the next day which is not a Saturday, Sunday or legal holiday.

8.11 **Construction.** In construing this Agreement, singular pronouns shall be taken to mean and include the plural, and the masculine pronoun shall be taken to mean and include the feminine and the neuter, as the context may require.

8.12 **Legal Purpose.** Developer agrees that it shall use the Project Site solely for lawful purposes.

8.13 **Severability.** If any clause, sentence or any other portion of the terms and conditions of this Agreement becomes illegal, null or void for any reason, the remaining portions will remain in full force and effect to the fullest extent permitted by law.

8.14 **Entire Agreement.** This Agreement and the attachments hereto are the entire Agreement between the Parties. There is no other oral or written Agreement between the Parties with regard to this subject matter. There are no oral or written representations made by a Party, implied or express, other than those contained in this Agreement.

8.15 **Modifications.** Any modifications to this Agreement shall be made in writing and executed by both Parties. The Parties recognize that circumstances may change and that it may be in the interest of both Parties that Agreement be amended from time to time. For this reason, each of the Parties will consider changes that may be proposed by the other during the term of this Agreement. Agency Contract Manager may approve minor modifications to this Agreement without Agency Board approval. "Minor Modifications" include:

8.15.1 Changes in the Schedule of Performance when deemed warranted by the Agency Contract Manager which do not exceed ninety (90) days, excluding a change in the Final Termination Date; and

8.15.2 Corrections of errors, clarifications, or minor modifications that do not change the substantive content of the Agreement.

8.15.3 All other modifications to the Agreement must be approved by the Agency Board.

8.16 **Successors and Assigns.** Subject to the provisions of Sections 6 and 7, the benefits conferred by this Agreement, and the obligations assumed thereunder, shall inure to the benefit of and bind the successors and assigns of the Parties.

8.17 **Place of Enforcement.** Any action or suit to enforce or construe any provision of this Agreement by any Party shall be brought in the Circuit Court of the State of Oregon for Wasco County, or the United States District Court for the District of Oregon in Portland, Oregon.

8.18 **No Partnership.** Nothing contained in this Agreement or any acts of the Parties hereby shall be deemed or construed by the Parties, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or any association between any of the Parties.

8.19 **Non-waiver of Government Rights.** Subject to the terms and conditions of this Agreement, by making this Agreement and delivery of the deeds, Agency is specifically not obligating itself, or any other agency with respect to any discretionary action relating to development or operation of the improvements to be constructed on the Project Site, including, but not limited to, rezoning, variances, environmental clearances or any other governmental approvals which are, or may be required, except as expressly set forth herein.

8.20 **Approvals.** Except as otherwise provided in this Agreement, where approvals of Agency are required, Agency will approve or disapprove within thirty (30) business days after receipt of the material to be approved, except where a longer or shorter time period is specifically provided to the contrary. Failure by Agency to approve or disapprove within said period of time shall be deemed approval. Any disapproval shall state in writing the reasons for such disapproval. Approvals will not be unreasonably withheld, conditioned or delayed except where rights of approval are expressly reserved to Agency’s sole discretion in this Agreement. Developer, upon receipt of such disapproval, shall revise such disapproved portions in a manner responsive to the stated reasons for disapproval and resubmit the same to Agency within forty-five (45) days after receipt of the notice of disapproval.

8.21 **Approval by Agency Contract Manager.** Unless specified to the contrary elsewhere in this Agreement as to a particular consent or approval, whenever consent or approval by Agency is required under the terms of this Agreement, all such consents or approvals shall be given in writing from the Agency Contract Manager, or from such other staff as the Agency Board has designated.

8.22 **Recording of Memorandum of Agreement.** Agency shall provide for recording a Memorandum of this Agreement within thirty (30) days of the Effective Date. The form of the Memorandum of Agreement is attached as Exhibit “E” to this Agreement. If the Agreement is terminated, the Parties shall cooperate to promptly record an Amended Memorandum of Agreement to reflect the surviving covenants of this Agreement.

8.23 **Insurance.** Agency shall continue the commercial property coverage for the Project Site, which it currently has in effect, until the Closing for purchase of the Project Site. Developer shall obtain and maintain in effect, until Closing for the purchase of the Project Site, a policy or policies of liability insurance with limits and coverage as set forth below:

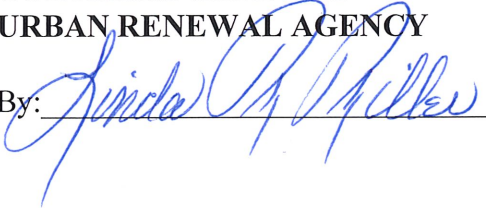
<u>Type of Insurance</u>	<u>Limits of Liability</u>
Commercial General Liability	\$1,000,000 (each occurrence)
Combined Single Limits	\$2,000,000 (aggregate)

Such policy or policy of Commercial General Liability insurance shall name as additional insured, "The Columbia Gateway Urban Renewal Agency, its officers, employees, and agents" with respect to claims arising from this Agreement.

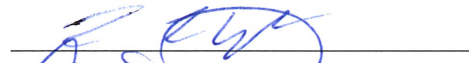
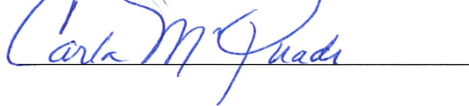
8.24 **Indemnification.** The Developer shall indemnify, defend, and hold harmless the Agency, its officers, employees, and agents, from all claims, demands, actions and suits, whether or not frivolous or groundless, including appeals, arising out of any negligent act, error, or omission of the Developer, or of any negligent act, error or omission performed by a contractor or subcontractor performing renovation work on or inside the Recreation Building.

Executed in multiple counterparts as of the day and year first above written.


**COLUMBIA GATEWAY  
URBAN RENEWAL AGENCY**

By: 

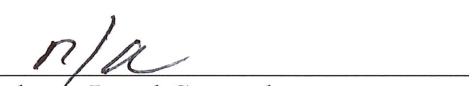
**DEVELOPER**

By:   
By: 

APPROVED AS TO FORM:

  
Agency Legal Counsel

APPROVED AS TO FORM:

  
Developer Legal Counsel

## EXHIBITS

- Exhibit A - Legal Description of the Project Site
- Exhibit B - Form of Warranty Deed
- Exhibit C - Schedule of Contract Payments, Progress Report Dates, and Annual Payment Periods
- Exhibit D - Quitclaim Deed and Escrow Instructions
- Exhibit E - Form of Memorandum of Agreement

**EXHIBIT A**  
**LEGAL DESCRIPTION OF THE PROJECT SITE**

Assessor's Map 1N 13 3BD Tax Lot 3500:

The West 31 feet of Lot 7, Block 3 ORIGINAL DALLES CITY, Wasco County, State of Oregon

Assessor's Map 1N 13 3BD Tax Lot 3400:

The East 27 feet of Lot 7, Block 3, ORIGINAL DALLES CITY, Wasco County, State of Oregon

Assessor's Map 1N 13 3BD Tax Lot 3600:

Lot 8, Block 3, ORIGINAL DALLES CITY, in the City of The Dalles, Wasco County, State of Oregon

**EXHIBIT B**

**GRANTOR:**

Columbia Gateway Urban Renewal Agency  
313 Court Street  
The Dalles, OR 97058

**GRANTEE:**

Todd Carpenter & Carla McQuade  
216 East 5th  
The Dalles, OR 97058

**AFTER RECORDING  
PLEASE RETURN TO:**

City Clerk  
313 Court Street  
The Dalles, OR 97058

**UNTIL A CHANGE IS REQUESTED,  
SEND ALL TAX STATEMENTS TO:**

Todd Carpenter & Carla McQuade  
216 East 5th  
The Dalles, OR 97058

**WARRANTY DEED**

**THE COLUMBIA GATEWAY URBAN RENEWAL AGENCY**, a municipal corporation of the State of Oregon, Grantor, conveys and warrants to **TODD CARPENTER & CARLA MCQUADE**, as joint tenants, Grantee, that certain real property located in Wasco County, Oregon, more particularly described as follows:

Parcel 1:

The West 31 feet of Lot 7, Block 3 ORIGINAL DALLES CITY, Wasco County, State of Oregon

Parcel 2:

The East 27 feet of Lot 7, Block 3, ORIGINAL DALLES CITY, Wasco County, State of Oregon

Parcel 3:

Lot 8, Block 3, ORIGINAL DALLES CITY, in the City of The Dalles, Wasco County, State of Oregon

This conveyance is made pursuant to that Certain Agreement for Disposition of Property for Redevelopment located in Wasco County, between Grantor and Grantee, dated the \_\_\_ day of \_\_\_\_\_, 2019, a Memorandum of which was recorded on the \_\_\_ day of \_\_\_\_\_, 2019, as Document No. \_\_\_\_\_.

This conveyance is subject to a condition subsequent that in the event Grantee commits an act of default pursuant to Section 7.1 of the Agreement, Grantor shall have the right to declare a termination in favor of the Grantor of the title by providing Grantee a Notice of Termination, of all the rights and interests of the Grantee in the real property described herein. Grantee shall reconvey the real property described in the Notice of Termination to Grantor by Quitclaim Deed, pursuant to the Escrow Instructions in Exhibit D to the Agreement for Disposition of Property and Redevelopment.



**EXHIBIT C**

**SCHEDULE OF CONTRACT PAYMENTS, AND DATES FOR  
PROGRESS REPORTS TO BE PROVIDED TO AGENCY**

January 25, 2019 - First installment contract payment of \$10,000 by Developer

January 25, 2020 – Second installment contract payment of \$10,000 by Developer. Status report on initial roof repair and façade improvements to Recreation Building by Developer

January 25, 2021 - Third installment contract payment of \$15,000 by Developer. Status report detailing substantial progress on rehabilitation and restoration of Recreation Building by Developer

January 25, 2022 – Fourth and final installment contract payment of \$15,000 by Developer. Status report detailing substantial progress on rehabilitation and restoration of Recreation Building by Developer

On or about February 1, 2022 - Closing Date for purchase of Project Site

**EXHIBIT D**

**FORM OF QUITCLAIM DEED AND ESCROW INSTRUCTIONS**

After recording return to and,  
until a change is requested,  
all tax statements shall be sent to:

Columbia Gateway Urban Renewal Agency  
313 Court Street  
The Dalles, OR 97058

**QUITCLAIM DEED**

\_\_\_\_\_, a \_\_\_\_\_ (“Grantor”), releases and quitclaims to the COLUMBIA GATEWAY URBAN RENEWAL AGENCY, as the duly designated Urban Renewal Agency of the City of The Dalles (which, together with any successor public agency designated by or pursuant to law, is herein called “Grantee”), all right, title and interest in and to the following described real property:

Parcel 1:

The West 31 feet of Lot 7, Block 3 ORIGINAL DALLES CITY, Wasco County, State of Oregon

Parcel 2:

The East 27 feet of Lot 7, Block 3, ORIGINAL DALLES CITY, Wasco County, State of Oregon

Parcel 5:

Lot 8, Block 3, ORIGINAL DALLES CITY, in the City of The Dalles, Wasco County, State of Oregon

The true consideration for this conveyance is \$0; however, other property or value was either part of or the whole consideration.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON’S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER



**EXHIBIT D (Continued)**

**ESCROW INSTRUCTIONS FOR QUITCLAIM DEED**

\_\_\_\_\_ Title Insurance Company

\_\_\_\_\_

Attention: [INSERT TITLE OFFICER]

Re: Escrow No. \_\_\_\_\_

\_\_\_\_\_, a \_\_\_\_\_ (“Developer”), has entered into that certain Agreement for Disposition of Property for Redevelopment (“DDA”) with the Columbia Gateway Urban Renewal Agency (“Agency”) dated as of \_\_\_\_\_, 20\_\_, a Memorandum of which was recorded \_\_\_\_\_, 20\_\_ as Document No. \_\_\_\_\_, Records of Wasco County, Oregon, whereby Agency will convey to the Developer or its assignees certain real property (the “Property”). The Property is the subject of this escrow and is described in the accompanying quitclaim deed (“Quitclaim Deed”).

Section \_\_\_\_ of the DDA provides that, under certain circumstances, Agency is entitled to reconveyance of the Property pursuant to a Quitclaim Deed and Escrow Instructions. This document constitutes those escrow instructions and is for the purpose of irrevocably instructing you as to the disposition of the accompanying Quitclaim Deed.

In the event that you receive from Agency a notice signed by Agency’s \_\_\_\_\_ certifying that a copy of said notice has been delivered concurrently to Developer and certifying that a termination in favor of Agency of the title, and of all of the rights and interest of Developer in the Property has occurred, and that rights to the Property described in the Quitclaim Deed have reverted in Agency pursuant to the DDA (“Notice of Termination”), you shall at the end of thirty (30) days after receipt of said instructions record the subject Quitclaim Deed unless within said thirty (30) day period, you are notified by Agency that Agency has withdrawn the Notice of Termination, or unless you are prohibited from recording the Quitclaim Deed by temporary restraining order, preliminary injunction, or other court order.

In the event that you receive a copy of a Certificate of Completion issued by Agency with respect to the Property, or any specified Parcel thereof (either an original or one certified by Agency as being a duplicate of the original), you will forthwith return the Quitclaim Deed to Developer. In the event that there still remains in your possession an undisposed Quitclaim Deed by [insert date thirty six (36) months after execution of the DDA] you shall contact Agency and Developer as to its disposition.

These instructions may not be withdrawn or in any way amended, modified or waived without the prior written consent of both of the parties hereto. Please indicate your acceptance of, and agreement to, carry out these instructions as indicated below.

Very truly yours,

\_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Very truly yours,

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted and agreed to this \_\_\_ day of \_\_\_\_\_, 20\_\_\_  
\_\_\_\_\_, Title Insurance Company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**  
**FORM OF MEMORANDUM OF AGREEMENT**

**After recording return to:**

Mr. Gene Parker  
City Attorney  
City of The Dalles  
313 Court Street  
The Dalles, OR 97058

**Form of Memorandum of Agreement for Disposition for Development**

THIS MEMORANDUM OF AGREEMENT FOR DISPOSITION OF PROPERTY FOR DEVELOPMENT (“Memorandum”) shall serve as notice to all persons that the **COLUMBIA GATEWAY URBAN RENEWAL AGENCY**, (“Agency”), and **TODD CARPENTER & CARLA MCQUADE**, as joint tenants (“Developer”), entered into an **AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT**, dated as of \_\_\_\_\_, 2019 (“Agreement”) relating to the real property (“Property”) to be conveyed by the Agency located in Wasco County, Oregon. The Property is more particularly described as:

Parcel 1:

The West 31 feet of Lot 7, Block 3 ORIGINAL DALLES CITY, Wasco County, State of Oregon

Parcel 2:

The East 27 feet of Lot 7, Block 3, ORIGINAL DALLES CITY, Wasco County, State of Oregon

Parcel 5:

Lot 8, Block 3, ORIGINAL DALLES CITY, in the City of The Dalles, Wasco County, State of Oregon

The parties to the Agreement are:

**Columbia Gateway Urban Renewal Agency**  
**313 Court Street**  
**The Dalles, OR 97058**

and

**Todd Carpenter & Carla McQuade**  
**216 East Fifth Street**  
**The Dalles, OR 97058**

Among other things, the Agreement requires the Agency to convey the Property to Developer upon the satisfaction of certain conditions precedent, and requires Developer to complete certain private improvements on the Property all as more particularly set forth in the Agreement (the “Project”). Other property or value was part of the whole consideration given for the Property conveyance referenced herein.

As a condition subsequent to the Property conveyance, in the event of a default by Developer as defined in Section 7.3 of the Agreement, the Agency shall have the option to declare a termination in favor of the

Agency of all the title, rights and interests of Developer in the Property. Upon such declaration of termination, Developer's title, right and interest in the Property shall revert to the Agency at no cost to the Agency.

Agency and Developer execute this Memorandum to acknowledge being bound by the Agreement and to give notice of the Agreement to third parties.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY:**

By: \_\_\_\_\_

Date: \_\_\_\_\_

**BUYER**

By: \_\_\_\_\_  
Todd Carpenter

\_\_\_\_\_  
Carla McQuade

Date: \_\_\_\_\_

STATE OF OREGON            )  
  ) ss.  
COUNTY OF WASCO        )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of the COLUMBIA GATEWAY URBAN RENEWAL AGENCY.

\_\_\_\_\_  
Notary Public for  
My commission expires: \_\_\_\_\_

STATE OF OREGON            )  
  ) ss.  
COUNTY OF WASCO        )

This instrument was acknowledged before me on \_\_\_\_\_, 20\_\_\_, by Todd Carpenter and Carla McQuade, as their voluntary act and deed.

\_\_\_\_\_  
Notary Public for  
My commission expires: \_\_\_\_\_



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

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

**DATE:** January 21, 2020

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

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

**ISSUE:** **Exclusive Negotiating Agreement with TD Fitness Hub, LLC for the Purchase and Redevelopment of Property located at 401-407 East 2<sup>nd</sup> Street (12N 13E 3 BD Tax Lots 2200, 2300)**

**BACKGROUND**

Attached for the Board's consideration is an Exclusive Negotiating Agreement (ENA) with TD fitness Hub, LLC and the Agency for the purchase and redevelopment of the Agency-owned property known as the Tony's Department Store building located at 401-407 East 2<sup>nd</sup> Street.

**DISCUSSION**

On November 19, 2019, the Agency Board reviewed submittal proposals and selected the proposal submitted by TD Fitness Hub, LLC for the purchase and redevelopment of the property. TD Fitness Hub, LLC's conceptual proposal for the property includes a fitness center, which may include such ancillary uses as physical therapy, massage or chiropractic care and the installation of a commercial kitchen.

The ENA as proposed provides for a 180-day initial period, with two possible 120-day extensions (paragraph 2 Duration). TD fitness Hub, LLC does not intend to request direct Agency assistance for the purchase of the property. The agreement does include language indicating that TD Fitness Hub, LLC is aware of the Agency's various property loan and grant programs, and may consider applying for such assistance in the future (paragraph 4 projected Financial Contributions). Approval of any such requests would be processed consistent with Agency loan and grant program guidelines. Additionally, the ENA also acknowledges that TD Fitness Hub, LLC may request future Agency financial

assistance with the cost of building repairs, system development charges (SDCs), permit fees, tax abatements or other costs. Any amount of future Agency financial assistance would be subject to negotiation and Agency Board approval, and would be addressed in a memorandum of understanding or disposition and development agreement.

### **BOARD ALTERNATIVES**

1. Staff recommendation: Move to authorize the Chair to enter into an Exclusive Negotiating Agreement with TD Fitness Hub, LLC for the purpose of negotiating the purchase and redevelopment of property located at 401-407 East 2<sup>nd</sup> Street (12N 13E 3 BD, Tax Lots 2200, 2300).
2. Decline to authorize the Chair to enter into the ENA with TD Fitness Hub, LLC.
3. Direct staff as appropriate.

### **Attachments**

- Exclusive Negotiating Agreement

## 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 TD Fitness Hub, LLC, an Oregon limited liability corporation (“TD Fitness Hub”).

### RECITALS

- A. On September 27, 2019, the Agency published a Request for Proposals for the purchase and redevelopment of property owned by the Agency. The property consisting of two lots totaling approximately 0.28 acres described as Assessor’s Map No. 12N 13E 3BD Tax Lots 2200 and 2300, located at 401- 407 East 2nd Street in The Dalles, Oregon. The parcels consist of the site commonly known as the Tony’s Department Store building, and are referred to in this Agreement as the “Property”.
- B. On November 19, 2019, the Agency Board reviewed the submitted proposals and selected the proposal submitted by TD Fitness Hub for the purchase and redevelopment of the Property.
- C. TD Fitness Hub’s conceptual proposal to the Agency Board for the redevelopment of the Property, includes a fitness center, which may include such uses as physical therapy, massage or chiropractic care and installation of a commercial kitchen.
- D. This Agreement confirms the basis upon which the Agency, and TD Fitness Hub (the “Parties”) are prepared to negotiate the terms of a Disposition and Development Agreement (“DDA”) and related documents for the redevelopment of the Property, which must be approved by the Urban Renewal Agency.
- E. The terms of this Agreement are as follows:

### TERMS

1. Good Faith Exclusive Negotiations. Agency, and TD Fitness Hub 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 TD Fitness Hub 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 TD Fitness Hub 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 180 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 TD Fitness Hub, 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 the obligations of the non-terminating party.
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. TD Fitness Hub does not intend to request that the Agency provide direct financial assistance for the purchase of the Property. The Parties also understand and agree that TD Fitness Hub does intend to consider applying for financial assistance through the Agency's Property Rehabilitation Grant and Loan Program, the Façade Rehabilitation Program, and the Redevelopment of Unused and Underused Property Program to aid in interest subsidies, and that the determination whether TD Fitness Hub receives any financial assistance under these programs is dependent on whether TD Fitness Hub satisfies the criteria for the programs, and the amount of funding which the Agency commits for the various programs, and that the final decision as to the amount of any assistance awarded by the Agency rests with the Agency. The Parties also understand that following inspections of the Property as part of their due diligence, TD Fitness Hub may be requesting the Agency to pay for the costs of certain repairs, or to deduct the costs of those repairs from the total purchase price, and that such request will be the subject of negotiations between the Parties and may be addressed in a MOU or a DDA. The Parties understand and agree that any contribution by the Agency may take the form of waiver of system development charges or building permit fees, or tax abatements, and that the total amount of any public financial participation is subject to negotiation and will be outlined in any agreed upon MOUs and the final DDA.
5. Co-application/Cooperation. Agency and TD Fitness Hub shall be co-applicants on any land use permit application sought in connection with this Agreement or subsequent Memoranda issued during the term hereof. TD Fitness Hub 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 TD Fitness Hub 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 TD Fitness Hub shall cooperate in connection with any applications, permits, approvals or entitlements sought by TDF Fitness Hub 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. TD Fitness Hub 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 TD Fitness Hub.
7. Indemnity and Insurance. TD Fitness Hub hereby agrees to indemnify, defend and hold the Agency, including the 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 TD Fitness Hub or its representatives or consultants on or about the Property. During the term of this Agreement, TD Fitness Hub 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 \$5,000,000 aggregate; (ii) automobile liability insurance with combined single limit of not less than \$1,000,000 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 \$4,000,000 for each occurrence and in the aggregate. The indemnity required under this Section 9 shall survive termination of this Agreement.
8. 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.
9. Confidentiality. Agency and TD Fitness Hub agree that all information submitted by TD Fitness Hub 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 TD Fitness Hub, including but not limited to financial statements regarding TD Fitness Hub 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 they 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.

10. Governing Law. This Agreement shall be governed by the laws of the State of Oregon.
11. Time is of the Essence. Time is of the essence of this Agreement.
12. Amendments. This Agreement may be amended only by written agreement of the Parties hereto.
13. 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, UR Manager  
313 Court Street  
The Dalles, OR 97058

To TD Fitness Hub: TD Fitness Hub, LLC  
732 East 19<sup>th</sup> 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.

14. 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 TD Fitness Hub 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 TD Fitness Hub 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 9, 11, and 12, which shall survive termination. If

during the course of negotiations it becomes clear that the Parties will not reach an agreement, TD Fitness Hub shall not unreasonably withhold consent to early termination of this Agreement.

TD FITNESS HUB

COLUMBIA GATEWAY URBAN  
RENEWAL AGENCY

TD Fitness Hub, LLC  
An Oregon limited liability corporation

An Oregon municipal corporation

By: \_\_\_\_\_  
Brian Casady  
Managing Member

By: \_\_\_\_\_  
Gary Grossman, Chair

Date: \_\_\_\_\_

Date: \_\_\_\_\_

*(This page intentionally left blank.)*



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
CITY OF THE DALLES

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

**DATE:** January 21, 2020  
**TO:** Chair and Members of the Urban Renewal Agency Board  
**FROM:** Steven Harris, AICP  
Urban Renewal Manager  
**ISSUE:** Urban Renewal Agency Financial Reports – FY2018-19

**BACKGROUND**

Under ORS 457.460, each year an Urban Renewal Agency must prepare a report on finances and file that report with the governing body of the municipality within which it is located. The report typically must be made by January 31st and filed with the City Council. ORS 457.460 requires an Urban Renewal Agency to provide specific financial information in the annual report. HB 2174, signed into law in 2019, made a number of amendments to state statutes affecting urban renewal agencies, including annual reporting requirements. These amendments included a requirement to report out on the agency's remaining amount of maximum indebtedness (457.460 (e.)), and that the annual report be distributed to each taxing district affected by an urban renewal plan of the agency.

That information is provided in the attachments and is presented below at the summary level.

**DISCUSSION**

The City's Finance Department prepares, or oversees the preparation of four separate reports/memorandums that present the required financial information:

- Annual Financial Report/Independent Auditor's Report for the Fiscal Year Ended June 30, 2019
- Urban Renewal Annual Report FY 2018-19
- Maximum Urban Renewal Indebtedness and Property Tax Revenues - 2019

- Report to Fire District - Urban Renewal Debt Repayment Plan as of December 1, 2019

### **Tax Revenue Received (FY2018-19)**

#### **ORS 457.460 (a)**

- a) The amount of money received during the preceding fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460. Below is the total revenue collected by the agency from tax increment and debt issuance.

- Total Tax Increment Received in FY2018-19: \$1,640,729
- Total Revenue from Debt Issuance: \$185,027

### **Expenditures (FY2018-19)**

#### **ORS 457.460 (b)**

- b) The purposes and amounts for which any money received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 expended during the preceding fiscal year. Expenditures must be authorized by the individual area plans and may include construction projects and programs.

- Total Materials and Services: \$279,164
- Total Capital Outlay Expenditures: \$15,133
- Total Debt Service Expenditures: \$800,538

### **Estimated Revenues for Current Fiscal Year (FY2019-20)**

#### **ORS 457.460 (c)**

- c) An estimate of money to be received during the current fiscal year under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460.

- Total Tax Increment Projected to be received for FY2019-20: \$1,532,057
- Total Revenue from Debt Issuance Projected to be received for  
FY2019-20: \$175,861

### **Adopted Budget for Current Fiscal Year (FY2019-20)**

#### **ORS 457.460 (d)**

- d) A budget setting forth the purposes and estimated amounts for which the money will be received under ORS 457.420 to 457.460 and from indebtedness incurred under ORS 457.420 to 457.460 to be expended during the current fiscal year.



**Impact of The Dalles Urban Renewal on Taxing District Permanent Rate Levies  
FY 2018/2019**

Taxing District	Permanent Rate	Incremental Assessed Value	Taxes Raised for		Total Permanent Rate Levy Extended	Percent of Total Permanent Rate Levy Extended
			Urban Renewal	Total AV Less UR		
WASCO COUNTY	4.2523	92,459,270	393,165	2,349,008,057	9,988,687	3.94%
PORT OF THE DALLES	0.2007	92,459,270	18,557	1,780,419,731	357,330	5.19%
THE DALLES CITY	3.0155	92,459,270	278,811	1,148,455,499	3,463,168	8.05%
NORTHERN WASCO PARK & REC	0.6799	92,459,270	62,863	1,269,862,270	863,379	7.28%
COLUMBIA GORGE COMMUNITY COLLEGE	0.2703	92,459,270	24,992	2,337,462,122	631,816	3.96%
MID-COL FIRE & RESCUE	2.1004	92,459,270	194,201	1,557,776,161	3,271,953	5.94%
LIBRARY	0.6800	92,459,270	62,872	2,270,213,817	1,543,745	4.07%
SOIL CONSERVATION COUNTY 4H	0.2442	92,459,270	22,579	2,349,008,057	573,628	3.94%
	0.2500	92,459,270	23,115	2,337,462,122	584,366	3.96%

**The Following Taxing Districts Are Not Directly Impacted by The Dalles Urban Renewal**

<i>COLUMBIA GORGE ESD</i>	<i>0.4678</i>	<i>92,459,270</i>	<i>43,252</i>	<i>2,320,727,981</i>	<i>1,085,637</i>	<i>3.98%</i>
<i>NORTH WASCO SD 21</i>	<i>5.2399</i>	<i>92,459,270</i>	<i>484,477</i>	<i>1,705,831,241</i>	<i>8,938,385</i>	<i>5.42%</i>

**BOARD ALTERNATIVES**

1. Staff recommends that the Columbia Gateway Urban Renewal Agency approve and forward to the City Council the Urban Renewal Financial Report for FY2018-19.
2. Decline and direct staff as appropriate.

**Attachments**

- Urban Renewal Annual Report FY 2018-19
- Maximum Urban Renewal Indebtedness and Property Tax Revenues – 2019 (memo dated December 6, 2019)
- Report to Fire District - Urban Renewal Debt Repayment Plan as of December 1, 2019
- Annual Financial Report/Independent Auditor’s Report for the Fiscal Year Ended June 30, 2019

## URBAN RENEWAL ANNUAL REPORT FOR FY 2018-19

The City of The Dalles has an urban renewal agency, the Columbia Gateway Urban Renewal Agency, (Agency), that receives property taxes to pay for projects and programs to improve the Columbia Gateway Urban Renewal Area. Each year, urban renewal agencies provide a summary of their finances for public information. This report is in addition to the annual agency budgets, which are adopted only after a public hearing.

Urban renewal agencies can receive property taxes in two ways. First, they are entitled to the amount of property taxes that is imposed on the increase in property values (taxable assessed values) within the urban renewal area since the urban renewal plan for the area was adopted. This process is called the “division of tax” process.

Second, for urban renewal plans that were adopted prior to December 6, 1996, the urban renewal agencies may receive funds from a Special Urban Renewal Levy. The Dalles’ Urban Renewal Agency receives taxes only from the division of tax process and is prohibited from receiving taxes from a special levy.

In **FY 2018/2019**, the Agency received **\$1,640,729** from the division of taxes. The Agency used funds received from property taxes to make payments on debt for financing urban renewal projects or to reserve funds for future debt payments. The Agency made **\$800,538** in debt payments. Debt Fund reserves remained at the same level as the prior year. **New revenues exceeded expenditures by \$755,557, increasing the fund balance to \$2,226,299.**

The division of taxes process results in some property taxes that may have been received by the “taxing districts” that levy property taxes within the urban renewal area (for example, Wasco County or the City of The Dalles) being paid over to the Agency. The taxing districts forego a share of the property tax income during the life of an urban renewal plan so that the urban renewal agencies can carry out activities that increase property values in the long term.

The Columbia Gateway Urban Renewal Area was reduced in size in FY 1998/1999. Because the incremental assessed value was greater in FY 1997/98 than it was in FY 1999/2000, the taxing districts actually gained revenues as a result. This was a one-time change in a prior year and is therefore not reflected in the table of this year’s annual report.

The table below shows the property taxes raised for the Columbia Gateway Urban Renewal Plan from the permanent rate levies of each of the taxing districts that levies property taxes within the Urban Renewal Area. This amount represents the “property taxes foregone” by the taxing district because of the tax increment financing of the Urban Renewal Plan. The table also shows the percent of the permanent rate levy that the property taxes foregone represent.

For the North Wasco School District and Region 9 ESD, the foregone property taxes have a small and indirect impact on the districts’ total revenues, because of state funding of K-12 Districts and Educational Service Districts.

**Impact of The Dalles Urban Renewal on Taxing District Permanent Rate Levies  
FY 2018/2019**

Taxing District	Permanent Rate	Incremental Assessed Value	Taxes Raised for		Total AV Less UR	Total Permanent Rate Levy Extended	Percent of Total
			Urban Renewal	Total AV Less UR			Permanent Rate Levy Extended
WASCO COUNTY	4.2523	92,459,270	393,165	2,349,008,057	9,988,687	3.94%	
PORT OF THE DALLES	0.2007	92,459,270	18,557	1,780,419,731	357,330	5.19%	
THE DALLES CITY	3.0155	92,459,270	278,811	1,148,455,499	3,463,168	8.05%	
NORTHERN WASCO PARK & REC	0.6799	92,459,270	62,863	1,269,862,270	863,379	7.28%	
COLUMBIA GORGE COMMUNITY COLLEGE	0.2703	92,459,270	24,992	2,337,462,122	631,816	3.96%	
MID-COL FIRE & RESCUE	2.1004	92,459,270	194,201	1,557,776,161	3,271,953	5.94%	
LIBRARY	0.6800	92,459,270	62,872	2,270,213,817	1,543,745	4.07%	
SOIL CONSERVATION COUNTY 4H	0.2442	92,459,270	22,579	2,349,008,057	573,628	3.94%	
	0.2500	92,459,270	23,115	2,337,462,122	584,366	3.96%	

**The Following Taxing Districts Are Not Directly Impacted by The Dalles Urban Renewal**

COLUMBIA GORGE ESD	0.4678	92,459,270	43,252	2,320,727,981	1,085,637	3.98%
NORTH WASCO SD 21	5.2399	92,459,270	484,477	1,705,831,241	8,938,385	5.42%

The Agency expects to receive **\$1,663,905** from the division of taxes in FY19/20. The Agency has not budgeted authority to issue debt in FY19/20.

These funds received from property taxes will be used to make payments on debt for financing urban renewal projects or to keep in a reserve fund for future debt payments. The Agency intends to spend **\$801,288** for debt payments.

**Fiscal Year 2019-20 Budget**

	<u>Capital Projects Fund</u>	<u>Bond Fund</u>
<b>Resources:</b>		
Beginning Fund Balance	\$ 2,038,358	\$ 801,588
Tax Increment Proceed	\$ 867,617	\$ 796,288
Bond Proceeds	\$ 0	\$ 0
Interest and other Income	\$ 217,104	\$ 5,000
<b>Total Resources</b>	<b>\$ 3,123,079</b>	<b>\$1,602,876</b>
<b>Expenditures:</b>		
Materials and Services	\$ 398,081	\$ 0
Capital Outlay	\$2,724,998	\$ 0
Debt Service	\$ 0	\$1,602,876
Contingency	\$ 0	\$ 0
<b>Total Expenditures:</b>	<b>\$ 3,123,079</b>	<b>\$1,602,876</b>

**CITY OF THE DALLES**  
**MEMORANDUM**

December 6, 2019

To: Julie Krueger, City Manager  
Steve Harris, Community Development Director / Urban Renewal Manager

From: Angie Wilson , Finance Director

Subject: **Maximum Urban Renewal Indebtedness and Property Tax Revenues - 2019**

The Columbia Gateway Urban Renewal Agency was formed in 1990.

During FY90/91 a bond was sold in the amount of \$2,400,000. The bond proceeds were held for several months and then returned, although interest had accrued and was owed. The Agency levied taxes in FY91/92 to pay that interest. No taxes were levied in FY 92/93 through FY95/96, although some prior year taxes from FY91/92 was received in each of those subsequent years.

The Agency began levying taxes, under the maximum allowed, in FY96/97 on the opinion of Counsel that the Agency had a continuing obligation to the City to pay for Urban Renewal qualified projects that the City was building. Counsel’s opinion stated that those payments to the City constituted a continuing debt instrument.

The Urban Renewal Plan was amended in FY99/00, and at that time the maximum indebtedness of the plan was \$14,227,353. The tax increment financing process, pursuant to ORS 457.420 through 457.450, at that time, was to be terminated no later than June 30, 2015.

A new Urban Renewal Plan amendment went into effect on July 22, 2009, which increased the maximum indebtedness by \$14,898,230, for a total maximum of \$29,125,583. This plan amendment also increased the tax increment financing process timeline so that the new termination date is now June 30, 2029.

The table below shows the calculation of indebtedness issued subject to the maximum indebtedness and the remaining capacity:

<u>Detail</u>	
Maximum Indebtedness as of July 1, 1999	14,227,353
Less 2000 Bond, Principal	(3,500,000)
Less 2002 Bonds (\$4,555,000) - New Money	(1,273,818)
Plan Amendment Effective July 22, 2009 - Maximum Indebtedness	14,898,230
Less 2009 Loan/FFCO Bond (\$10,205,000) - New Money	(7,805,000)
Tax Revenue Used for Reimbursement/Admin - FY99/00 - FY18/19	(11,195,054)
Ending Fund Balances June 30, 2019	2,226,299
<b>Balance Indebtedness as of</b>	<b>7,578,010</b>
<b>June 30, 2019</b>	

The calculation of the current indebtedness is based on our understanding of bond counsel opinion that indebtedness subject to the maximum indebtedness figure consists of:

- *Principal payments on long term debt*
- *Principal payments on short term debt*
- *Annual property tax revenues used to reimburse project fund costs*

Since the Agency chooses to reduce indebtedness by the full amount of any bonds or other debt issued when that debt is issued, the principal and interest payments made annually on that debt do not affect indebtedness. This means that interest payments on debt are not subject to the maximum indebtedness and the principal amount of refunding of existing debt is not subject to the maximum indebtedness. Urban Renewal indebtedness is not revolving, and so is not increased by the repayment of debt already incurred.

The Urban Renewal Agency issued bonds in 2000 and 2002. The 2002 bonds refunded the remaining principal on the 2000 bonds and provided additional proceeds for project costs.

The par amount of the 2000 Bonds was \$3,500,000. The par amount of the 2002 bonds allocable to new money was \$1,273,818. (Total proceeds of \$4,555,000 were allocated based on the proportion of amounts used for refunding to the amounts deposited in project fund, so part of the reserve fund and issuance costs were also allocated between the refunding and the new money.)

The Urban Renewal Agency borrowed \$10,205,000 from the City of The Dalles in 2009 and used a portion of those funds to refund the remaining principal of \$2,400,000 on the 2002 bonds, leaving \$7,805,000 in new money to be used for the required reserve for debt service and new projects.

The Agency doesn't show any short term indebtedness ("du jour" bonds) on its budget documents. However, the Agency does show "Property Taxes – Current," "Property Taxes – Prior" and "Unsegregated Tax Interest" as revenues for the General Fund, that supports capital projects and administration of the agency. We assume this means those annual tax increment revenues (current, prior and unsegregated) were used to reimburse the costs of Urban Renewal administration, projects and programs, and as such are subject to the maximum indebtedness.

The table on the following page shows the tax revenues received and the calculations to determine the amount of additional debt added each fiscal year. The principal payments made from the tax revenues on debt have been subtracted from the total tax revenues received in each fiscal year, per the audited Comprehensive Annual Financial Reports (CAFR), because the original debt principal has already been shown as indebtedness. The interest payments have also been subtracted from the total because interest payments on debt are not subject to the maximum indebtedness. Finally, all of the taxes received in the Urban Renewal General/Capital Projects Fund (in column titled '*Annual Tax Increment Revenues Used to Reimburse Project Costs*'\* are subtracted based on the assumption, as stated above, that those funds were used to reimburse the costs of Urban Renewal administration, projects and programs, and as such are subject to maximum indebtedness.

## History of Tax Increment Receipts and Calculation of Portion that Increases Indebtedness

Includes any prior year tax increment income and unsegregated tax interest.

<b>FISCAL YEAR</b>	<b>All Taxes Received</b>	<b>Less Debt Principal Payments</b>	<b>Less Debt Interest Payments</b>	<b>Annual Tax Increment Revenues Used to Reimburse Project Costs*</b>
FY 1991-1992	360,465			
FY 1992-1993	13,255			
FY 1993-1994	13,393			
FY 1994-1995	18,804			
FY 1995-1996	176			
FY 1996-1997	226,509			
FY 1997-1998	603,330			
FY 1998-1999	762,506			
Tax Increment Receipts Prior to July 1, 1999	1,998,438			
FY 1999-2000	621,362	-		621,362
FY 2000-2001	677,439	200,000	180,923	287,091
FY 2001-2002	735,039	210,000	185,493	403,971
FY 2002-2003	807,178	240,000	193,926	319,606
FY 2003-2004	913,121	295,000	169,335	459,116
FY 2004-2005	898,120	305,000	162,698	435,391
Tax Increment Receipts Prior to July 1, 2005	4,652,259	1,250,000	892,375	2,526,537
FY 2005-2006	916,164	310,000	154,615	445,660
FY 2006-2007	1,061,674	325,000	145,160	619,435
FY 2007-2008	1,110,521	335,000	134,110	660,411
FY 2008-2009	1,198,900	345,000	121,883	768,529
FY 2009-2010	1,254,084	2,585,000	316,384	461,124
FY 2010-2011	1,249,771	370,000	431,737	787,195
FY 2011-2012	1,218,409	380,000	424,338	421,386
FY 2012-2013	1,342,273	390,000	412,938	541,335
FY 2013-2014	1,320,993	400,000	401,238	536,426
FY 2014-2015	1,410,470	415,000	386,238	615,641
FY 2015-2016	1,398,202	430,000	373,788	595,456
FY 2016-2017	1,485,374	445,000	356,587	688,786
FY 2017-2018	1,524,081	465,000	338,788	725,923
	1,640,729	485,000	315,538	801,210
Tax Increment Receipts Prior to July 1, 2019	18,131,645	7,680,000	4,313,342	8,668,517
Total Tax Increment Receipts from FY99/00 through FY18/19	22,783,904	8,930,000	5,205,716	11,195,054

*(This page intentionally left blank.)*



**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
**CITY OF THE DALLES**

**Report to Fire District**  
**Urban Renewal Debt Repayment Plan as of December 1, 2019**

The Urban Renewal Agency Obligations for the 2009 Series Bond is as follows:

<b>Fiscal Year</b>	<b>UR Share of Principal</b>	<b>UR Share of Interest</b>	<b>Total UR Share of 2009 FFCO</b>
FY09/10	185,000	274,519	459,519
FY10/11	370,000	431,738	801,738
FY11/12	380,000	424,338	804,338
FY12/13	390,000	412,938	802,938
FY13/14	400,000	401,238	801,238
FY14/15	415,000	386,238	801,238
FY15/16	430,000	373,788	803,788
FY16/17	445,000	356,588	801,588
FY17/18	465,000	338,788	803,788
FY18/19	485,000	315,538	800,538
FY19/20	510,000	291,288	801,288
FY20/21	535,000	270,888	805,888
FY21/22	550,000	249,738	799,738
FY22/23	575,000	227,738	802,738
FY23/24	600,000	200,425	800,425
FY24/25	630,000	171,925	801,925
FY25/26	660,000	142,000	802,000
FY26/27	695,000	109,000	804,000
FY27/28	725,000	74,250	799,250
FY28/29	760,000	38,000	798,000
<b>TOTALS</b>	<b>10,205,000</b>	<b>5,490,963</b>	<b>15,695,963</b>

According to the Tax-Exempt Financing Agreement dated October 15, 2009, Section 3.03 *Prepayment*, states:

*Optional Prepayment.* The Obligations maturing in years 2010 through 2019, inclusive, are not subject to prepayment prior to maturity. The Obligations maturing on and after June 1, 2020, are subject to prepayment at the option of the City, in whole or in part on any date on and after June 1, 2019, at a price of par plus accrued interest, if any, to the date of prepayment.

The City and the Urban Renewal Agency have set a goal to repay this Bond in full by June 30, 2025, which is four years ahead of the obligations shown above. Since there is no opportunity to make additional payments to reduce the debt in the first ten (10) years of this debt, this will require that prepayments in the amount of \$3,203,250 be made between June 1, 2019 and June 30, 2025.

The Columbia Gateway Urban Renewal Agency Urban Renewal Note, dated October 15, 2009, III AGREEMENT, 3. Agency Covenants Pursuant to the Agency Resolution, item vi. states:

At Closing, the Agency will deliver to the City a report from a Qualified Consultant projecting that, in each of the three fiscal years immediately following the issuance of the Series 2009 Note, inclusive of the year in which the Series 2009 Note is issued, the Tax Increment **Revenues will be no less than 1.4 times the Maximum Annual Debt Service on all Outstanding Bonds, with the Series 2009 Note being treated as Outstanding.**

In previous years, we have used original Tashman projections for Tax Increment Revenues for the tables. The trend clearly shows that the actual tax revenues had fallen short of those projections, so we have used the Actual Tax Revenues for 2019 and revised the projections for the subsequent years based on a 2% annual increase.

Fiscal Year Ending June 30	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Actual
Tax Increment Revenues after Adjustments	1249771	1218409	1342273	1320993	1410470
Projected Debt Service	801738	804338	802938	801238	801238
Coverage	1.56	1.51	1.67	1.65	1.76
Fiscal Year Ending June 30	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Rvsd
Tax Increment Revenues after Adjustments	1398202	1473438	1524081	1640729	1663905
Projected Debt Service	803788	801588	803788	800538	801288
Coverage	1.74	1.84	1.90	2.05	2.08

The purpose of increasing the debt for the Agency was to accomplish more projects. The intent of the Agency is: 1) to maximize flexibility for projects; 2) to maintain the 1.4 debt ratio; and 3) to fully retire the debt by the end of FY24/25.

Continuing the revised forecasting at a rate of 2% increase per year for six years beyond the calculations above would provide enough funds to pay off the debt by the end of fiscal year 2025. **However, this would reduce the debt ratio below the required 1.4 level required by the bond, as shown below.**

Fiscal Year Ending June 30	2021 Rvsd	2022 Rvsd	2023 Rvsd	2024 Rvsd	2025 Rvsd
Tax Increment Revenues after Adjustments	1697183.1	1731126.8	1765749.3	1801064.3	1837085.6
Projected Debt Service	805888	799738	802738	800425	801925
Amount of Prepayment	640650	640650	640650	640650	640650
Coverage	1.17	1.20	1.22	1.25	1.27

The revised projections show that the current plan for early repayment is not feasible at this time. This issue will be addressed with the Urban Renewal Board in the near future, and again during the upcoming budget process to determine what steps may be taken to remedy the situation.

*(This page intentionally left blank.)*

**COLUMBIA GATEWAY  
URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

**ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2019**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
(A Component Unit of the City of The Dalles, Oregon)

**TABLE OF CONTENTS**  
**For the Fiscal Year Ended June 30, 2019**

<b>OFFICIALS OF THE AGENCY</b>	i
<b>INDEPENDENT AUDITOR’S REPORT</b>	A - B
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b>	a - c
<b>BASIC FINANCIAL STATEMENTS</b>	
Agency-wide Financial Statements:	1
Statement of Net Position	2
Statement of Activities	3
Fund Financial Statements:	4
Balance Sheet-Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	8
Notes to the Basic Financial Statements	9 - 17
<b>SUPPLEMENTAL INFORMATION</b>	18
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	19
<b>INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>OREGON STATE REGULATIONS</i></b>	20 - 21

**THIS PAGE INTENTIONALLY LEFT BLANK**

**OFFICIALS OF THE AGENCY**

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
**(A Component Unit of the City of The Dalles, Oregon)**

**OFFICIALS OF THE AGENCY**  
**AS OF JUNE 30, 2019**

**BOARD OF DIRECTORS**

<b><u>Name and Address</u></b>	<b><u>Term Expires December 31</u></b>
John Fredrick P.O. Box 318 The Dalles, Or 97058	2020
Darcy Long-Curtiss 2409 Mt Hood St The Dalles OR 97058	as appointed
Linda Miller 1534 East 9 <sup>th</sup> Street The Dalles OR 97058	as appointed
Gary Grossman 1827 Quinton The Dalles, Or 97058	2021
Scott Baker 903 East 14 <sup>th</sup> Street The Dalles OR 97058	as appointed
Bob Delaney 4377 Browns Creek Rd The Dalles OR 97058	as appointed
Staci Coburn 460 E Knoll Drive The Dalles, OR 97058	as appointed
Steve Kramer 511 Washington Street The Dalles, OR 97058	as appointed
Timothy McGlothlin 328 west 21st The Dalles, OR 97058	as appointed

**AGENCY ADDRESS**

Administrative Offices  
313 Court Street  
The Dalles, OR 97058

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Columbia Gateway Urban Renewal Agency  
The Dalles, Oregon

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Columbia Gateway Urban Renewal Agency, a component unit of the City of The Dalles, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Columbia Gateway Urban Renewal Agency's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Columbia Gateway Urban Renewal Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Columbia Gateway Urban Renewal Agency, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparison statements for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note III (I) to the financial statements, the Columbia Gateway Urban Renewal Agency adopted new accounting guidance, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplemental and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Columbia Gateway Urban Renewal Agency's basic financial statements. The officials of the agency and supplemental information sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The officials of the agency section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **Reports on Other Legal and Regulatory Requirements**

### **Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 25, 2019, on our consideration of Columbia Gateway Urban Renewal Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co  
Tualatin, Oregon  
November 25, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

This discussion is intended to be an easily readable analysis of the Columbia Gateway Urban Renewal Agency’s (Agency) financial activities based on currently known facts, decisions and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow.

### **REPORT CONTENTS**

The report consists of agency-wide financial statements, fund financial statements, notes to the financial statements, and supplemental information. The agency-wide financial statements include the Statement of Net Position and the Statement of Activities.

### **STATEMENT OF NET POSITION**

The Statement of Net Position focuses on the unrestricted net position of the Agency’s governmental activities. The statement reflects all assets and liabilities of the Agency.

### **STATEMENT OF ACTIVITIES**

The Statement of Activities focuses on the programs costs and their matching resources. To the extent a program’s cost is not recovered by grants and direct charges, it is paid from general taxes and other resources. This Statement summarizes and simplifies the user’s analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

### **FUND FINANCIAL STATEMENTS**

Following the agency-wide financial statements are the fund financial statements. The Agency presents each of its two funds as major funds. For each major fund a budgetary comparison statement/schedule is presented. The General Fund statement is included in the basic financial statements and the Debt Service Fund schedule is shown in the supplemental information section.

## AGENCY-WIDE FINANCIAL STATEMENTS

Summary Statements of Net Position as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current and other assets	\$ 3,830,692	\$ 3,138,999
Capital assets	<u>1,471,767</u>	<u>1,838,865</u>
Total assets	<u>5,302,459</u>	<u>4,977,864</u>
<b>Liabilities</b>		
Long-term liabilities	6,136,537	6,687,196
Other liabilities	<u>543,117</u>	<u>519,682</u>
Total liabilities	<u>6,679,654</u>	<u>7,206,878</u>
<b>Net position</b>		
Net Investment in capital assets	(5,174,770)	(5,333,331)
Restricted	3,071,869	2,272,331
Unrestricted (deficit)	<u>725,706</u>	<u>831,986</u>
Total net position	<u>\$ (1,377,195)</u>	<u>\$ (2,229,014)</u>

The deficit in unrestricted net position is the result of the Agency carrying long-term liabilities used to finance the construction of public infrastructure assets, which are transferred to the City of The Dalles.

Summary Statements of Activities for the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
General revenues:		
Property taxes	\$ 1,645,480	\$ 1,525,864
Other	<u>140,579</u>	<u>73,122</u>
Total revenues	<u>1,786,059</u>	<u>1,598,986</u>
<b>Expenses</b>		
General Government	659,361	510,647
Interest on long-term debt	<u>274,879</u>	<u>298,129</u>
Total expenses	<u>934,240</u>	<u>808,776</u>
Change in net position	851,819	790,210
Net position - beginning	<u>(2,229,014)</u>	<u>(3,019,224)</u>
Total net position	<u>\$ (1,377,195)</u>	<u>\$ (2,229,014)</u>

## **AGENCY-WIDE FINANCIAL STATEMENTS (continued)**

Net position increased during the year by \$851,819 mostly due to the Agency lowering the long-term debt liability by the amount of the annual principal payment (\$485,000).

The Agency's tax levy totaled \$1,645,480 and is restricted to urban renewal projects and the repayment of debt. The debt has been issued to finance a number of improvements within the Urban Renewal District. The Agency's projects are constructed and, upon completion, ownership is transferred to the City of The Dalles, except for capital assets that are purchased to be refurbished and sold. This transfer is the primary component of expenses for General Government Expenses in the Statement of Activities.

## **BUDGETARY HIGHLIGHTS**

The budget was based upon an effort by management to continue with projects identified in the urban renewal plan and with other projects as opportunities arise. The Agency's General Fund original legal appropriations totaled \$2,183,999. Expenditures in the General Fund were \$1,889,702 under budget.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### *Capital Assets*

As of June 30, 2019 the Agency had \$1,471,767 invested in capital assets. The Agency has no other capital assets since all of the projects become assets of the City of The Dalles. They have been transferred to the City and do not appear as assets of the Agency.

### *Debt Outstanding*

As of June 30, 2019, the Agency had \$6,646,537 in debt outstanding compared to \$7,172,196 last year. The \$525,659 decrease resulted from the annual principal payment and the annual adjustment to the premium on debt that was made.

## **ECONOMIC FACTORS**

The Urban Renewal Agency continues to be an important partner in economic development within the City of The Dalles, providing necessary infrastructure improvements to support continued growth and quality of service to those within the Agency's boundaries. Urban Renewal projects that increase property values within the boundaries of the Agency result in greater tax increment resources. That tax increment is then used to pay debt service on bonds issued to fund projects and improvements.

## **FINANCIAL CONTACT**

The Agency's financial statements are designed to present citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability. If you have questions about the report or need additional financial information, please contact the Agency's Finance Director at 313 Court Street, The Dalles, Oregon 97058.

**BASIC FINANCIAL STATEMENTS**

## **BASIC FINANCIAL STATEMENTS**

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

- Government-Wide Financial Statements
  
- Fund Financial Statements
  - Governmental Funds
  
- Budgetary Comparison Statement
  - General Fund

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
**(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Current assets:	
Restricted cash and cash equivalents (temporary)	\$ 3,037,305
Receivables:	
Accounts receivable	<u>793,387</u>
Total current assets	<u>3,830,692</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	<u>1,471,767</u>
Total noncurrent assets	<u>1,471,767</u>
Total assets	<u><u>\$ 5,302,459</u></u>
<b>LIABILITIES:</b>	
Current liabilities:	
Accounts payable and accrued expenses	\$ 8,609
Accrued interest payable	24,508
Current portion of long-term debt	<u>510,000</u>
Total current liabilities	<u>543,117</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>6,136,537</u>
Total noncurrent liabilities	<u>6,136,537</u>
Total liabilities	<u>6,679,654</u>
<b>NET POSITION:</b>	
Net investment in capital assets	(5,174,770)
Restricted for:	
Debt Service	845,570
System development	2,226,299
Unrestricted (deficit)	<u>725,706</u>
Total net position (deficit)	<u>(1,377,195)</u>
Total liabilities and net position	<u><u>\$ 5,302,459</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
**(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2019**

---

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Expense Revenue and Change in Net Position</u>
			<u>Total Governmental Activities</u>
Governmental activities:			
General government	\$ 659,361	\$ -	\$ (659,361)
Interest on long-term obligations	<u>274,879</u>	<u>-</u>	<u>(274,879)</u>
Total government	<u>\$ 934,240</u>	<u>\$ -</u>	<u>(934,240)</u>
			General revenues:
			Property taxes levied for debt service
			1,645,480
			Interest and investment earnings
			68,617
			Miscellaneous
			<u>71,962</u>
			Total general revenues and transfers
			<u>1,786,059</u>
			Change in net position
			<u>851,819</u>
			Net position - beginning
			<u>(2,229,014)</u>
			Net position - ending
			<u>\$ (1,377,195)</u>

*The accompanying notes are an integral part of the basic financial statements.*

**FUND FINANCIAL STATEMENTS**  
**Major Governmental Funds**

**General Fund**

The Urban Renewal General Fund accounts for services and construction costs for the development within the Columbia Gateway Urban Renewal District. Principal sources of revenues are property taxes, grants, and interest on investments.

**Debt Service Fund**

The Urban Renewal Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest relating to the Columbia Gateway Urban Renewal District.

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY**  
**(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental</u>
<b>ASSETS:</b>			
Restricted cash and cash equivalents (temporary)	\$ 2,191,735	\$ 845,570	\$ 3,037,305
Receivables:			
Accounts	43,172	-	43,172
Property taxes	109,545	-	109,545
Notes	640,670	-	640,670
	<u>640,670</u>	<u>-</u>	<u>640,670</u>
Total assets	<u>\$ 2,985,122</u>	<u>\$ 845,570</u>	<u>\$ 3,830,692</u>
<b>LIABILITIES:</b>			
Accounts payable and other current liabilities	\$ 8,609	\$ -	\$ 8,609
Total liabilities	<u>8,609</u>	<u>-</u>	<u>8,609</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable revenue	750,214	-	750,214
Total deferred inflows of resources	<u>750,214</u>	<u>-</u>	<u>750,214</u>
<b>FUND BALANCES:</b>			
Restricted for:			
Intergovernmental agreement	-	845,570	845,570
State statute	2,226,299	-	2,226,299
	<u>2,226,299</u>	<u>-</u>	<u>2,226,299</u>
Total fund balance	<u>2,226,299</u>	<u>845,570</u>	3,071,869
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 2,985,122</u>	<u>\$ 845,570</u>	

Amounts reported in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,471,767
Long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	750,214
Premium on long-term debt reported in the governmental activities is included in revenues in the fund financial statements on issuance of debt and therefore are not reported in the funds.	406,537
Long-term liabilities and accrued interest are not due and payable in the current period and therefore are not reported in the funds.	<u>(7,077,582)</u>
Net position	<u>\$ (1,377,195)</u>

*The accompanying notes are an integral part of the basic financial statements.*

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2019**

---

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental</u>
<b>REVENUES:</b>			
Property taxes	\$ 801,210	\$ 839,519	\$ 1,640,729
Interest on investments	63,617	5,000	68,617
Miscellaneous	185,027	-	185,027
	<u>1,049,854</u>	<u>844,519</u>	<u>1,894,373</u>
Total revenues			
<b>EXPENDITURES:</b>			
Current:			
General government	279,164	-	279,164
Capital outlay	15,133	-	15,133
Debt service:			
Principal	-	485,000	485,000
Interest	-	315,538	315,538
	<u>294,297</u>	<u>800,538</u>	<u>1,094,835</u>
Total expenditures			
Net changes in fund balances	755,557	43,981	799,538
<b>FUND BALANCES, BEGINNING</b>	<u>1,470,742</u>	<u>801,589</u>	<u>2,272,331</u>
<b>FUND BALANCES, ENDING</b>	<u><u>\$ 2,226,299</u></u>	<u><u>\$ 845,570</u></u>	<u><u>\$ 3,071,869</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2019**

---

Amounts reported in the statement of activities are different because:

Net change in fund balances - Governmental Funds		\$ 799,538
Revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds as follows:		
Property taxes		4,751
Notes receivable		(113,065)
Governmental funds report expenditures for capital outlay while governmental activities report the expenditures as an increase in capital assets.		
		(367,098)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest	2,034	
Amortization of bond premium	<u>40,659</u>	
		42,693
Repayment of long-term obligations principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position.		
		<u>485,000</u>
Change in net position of governmental activities:		<u><u>\$ 851,819</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
GENERAL FUND  
STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2019**

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 736,516	\$ 736,516	\$ 801,210	\$ 64,694
Interest on investments	14,300	14,300	63,617	49,317
Miscellaneous	177,412	177,412	185,027	7,615
Total revenues	928,228	928,228	1,049,854	121,626
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Materials and services	508,251	508,251	279,164	229,087
Capital outlay	1,675,748	1,675,748	15,133	1,660,615
Total expenditures	2,183,999	2,183,999	294,297	1,889,702
Revenues over (under) expenditures	(1,255,771)	(1,255,771)	755,557	2,011,328
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of property	20,000	20,000	-	(20,000)
Total other financing sources (uses)	20,000	20,000	-	(20,000)
Net changes in fund balances	(1,235,771)	(1,235,771)	755,557	1,991,328
<b>FUND BALANCE, BEGINNING</b>	1,235,771	1,235,771	1,470,742	234,971
<b>FUND BALANCE, ENDING</b>	\$ -	\$ -	\$ 2,226,299	\$ 2,226,299

The accompanying notes are an integral part of the basic financial statements.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

# COLUMBIA GATEWAY URBAN RENEWAL AGENCY

(A Component Unit of the City of The Dalles, Oregon)

## NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Organization

The Columbia Gateway Urban Renewal Agency (the Agency), a component unit of the City of The Dalles, Oregon, is the urban renewal agency of, and controlled by the City of The Dalles (the City). It was organized in 1990 to assist in the redevelopment of blighted and deteriorated areas within the City through tax increment financing. The governing body consists of a nine member Board of Directors. The Board of Directors is composed of representatives from local taxing districts, the City Council, and citizens at large.

#### B. Inclusion of the Agency in The Dalles, Oregon, Comprehensive Annual Financial Report

All significant activities and organizations for which the City exercises oversight responsibility have been included in the City's combined financial statements. The following criteria from Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 30, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34" regarding manifestation of oversight were considered by the City in its evaluation of City organizations and activities:

- Financial Interdependency – the City receives financial support or provides financial benefit to the organization,
- Authoritative appointment of governing authority – The Dalles City Council is the organization's governing authority.

City management has determined that the Agency meets the criteria set forth above, and, therefore, is a blended component unit of the City. This report is issued solely to meet a State of Oregon, Department of Revenue Interpretation of Oregon Revised Statutes that requires a separate audit report.

#### C. Agency-wide and Fund Financial Statements

The agency-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include:

1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### **D. Measurement Focus, Basis of Accounting and Basis of Presentation**

The agency-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the Agency. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment, are recorded only when payment is due.

The Agency reports the following major governmental funds:

The *General Fund* is the Agency's primary operation fund. It accounts for all financial resources of the Agency, except those required to be accounted for in another fund. Principal sources of revenue are property taxes and capital grants. Expenditures are primarily for the construction of public infrastructure assets for the City of The Dalles.

The *Debt Service Fund* accounts for the repayment of principal and interest on long-term obligations used to finance the construction of public infrastructure assets for the City of The Dalles.

#### **E. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **F. Cash and Cash Equivalents**

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The Agency's bank accounts and investments are maintained in a central pool of cash and investments. The investment policy of the Agency is to invest in the Local Government Investment Pool (LGIP), U.S. Government Obligations, and interest bearing demand deposits with local banks, and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments, authorized for municipal corporations. The Agency allocates earnings on investments to each fund based on the average monthly balances throughout the year.

Investments in the LGIP are reported at amortized cost, which approximates fair value in accordance with GASB Statement Number 31, and are considered cash equivalents for financial reporting purposes. All other investments are reported at fair value.

## **G. Receivables and Payables**

Receivables including property taxes, accounts, entitlements, and shared revenues are reported in accordance with the policies enumerated in paragraph D above.

## **H. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until then. The Agency does not have deferred outflows of resources.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Agency only has one type of item that qualifies for reporting in this category, which arises only under the modified accrual basis of accounting. Accordingly, the item "unavailable revenue," is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and notes receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

## **I. Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – non-spendable, restricted, committed, assigned and unassigned.

**Non-Spendable** – Includes amounts not immediately converted to cash, such as prepaid items and inventory.

**Restricted** – Includes amounts that are restricted by external creditors, grantors or contributors, or restricted by enabling legislation.

**Committed** – Includes amounts that have been committed by resolution by the Agency’s Board of Directors which is the Agency’s “highest level of decision-making authority.” Committed amounts may not be used for any other purpose unless the Board of Directors removes the constraint by similar board action. Commitments of fund balance must be made prior to the end of the fiscal year.

**Assigned** – Includes amounts assigned for specific purposes by Agency action. Assigned fund balance is established by the Agency through adoption or amendment of the budget as intended for specific purpose.

**Unassigned** – This is the residual classification used for those balances not assigned to another category.

**J. Use of Restricted Resources**

When both restricted and unrestricted resources are available for use, it is the Agency’s policy to use restricted resources first, then unrestricted resources, as they are needed. When unrestricted resources (committed, assigned, and unassigned) are available for use it is the Agency’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

**K. Long-Term Obligations**

In the agency-wide financial statements, long-term debt obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt expenditures.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year end.

The Agency begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Board of Directors adopts the budget, makes

appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The Agency established the levels of budgetary control at the personnel services, materials and services, capital outlay, debt service, and all other requirement levels for all funds.

The Board of Directors must authorize all appropriation transfers and supplementary budgetary appropriations.

### **III. DETAILED NOTES ON ALL FUNDS**

#### **A. Deposits and Investments**

##### **Deposits**

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Agency does not have a deposit policy for custodial credit risk. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits up to \$250,000 for the combined total of all deposit accounts at each financial institution. The remaining deposits are covered by the Public Funds Collateralization program (PFCP) of the State of Oregon in accordance with ORS 295. Depositories qualified under this program are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank failure or loss. ORS 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. As of June 30, 2019, the book value of the Agency's deposits was \$80,085 and the bank balance was \$72,498. None of the Agency's bank balances were exposed to custodial credit risk as they were collateralized under PFCP.

##### **Investments**

The Agency has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the

adjustment to fair value would not represent an expendable increase in the Agency’s cash position.

Investments in the Oregon State Treasury LGIP are made under the provision of ORS 194.180. These funds are held in the Agency’s name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

*Credit Risk.* State statutes authorize the Agency to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers’ acceptances, certain commercial papers, and the State Treasurer’s investment pool, among others. The Agency has no formal investment policy that further restricts its investment choices.

*Concentration of Credit Risk.* The Agency is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Agency has no such investments.

*Interest Rate Risk.* The Agency has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Investments held by the Agency at June 30, 2019 are as follows:

	Weighted Average Maturity	Fair Value
	<u>                    </u>	<u>                    </u>
Investments in the State Treasurer’s Local Government Investment Pool	0.00	\$ 2,957,220
	<u>                    </u>	<u>                    </u>
Total cash equivalents	0.00	\$ 2,957,220
	<u>                    </u>	<u>                    </u>

**B. Receivables**

At June 30, 2019, the Agency’s receivables are as follows:

Accounts	\$ 43,172
Property Taxes	109,545
Notes	<u>640,670</u>
 Total receivables	 <u>\$ 793,387</u>

The Agency has a note receivable for the refurbishment of property. The principal of the note is due no later than December 31, 2026 and interest is payable at 1% annually. The note is secured by real property and is considered fully collectible.

A second note is a loan for improvements to property currently under a land sale agreement. The loan was to originally be repaid with interest only payments due monthly at a rate of 5.25% annually, and principal payments in January of 2017 (\$100,000.00) and May of

2017 (\$350,000.00). October 18, 2017 Urban Renewal committee proposed a Fifth Amendment for the Loan Agreement with the Purchaser. The Purchaser promises to pay Urban Renewal the sum of \$494,118.28. The property owner agree to pay interest at the rate of 5.25%. Borrower and Lender understand and agree that in the event Borrower makes all scheduled monthly payments on time to pay off the Loan, Lender shall credit the Borrower with the difference in interest paid between 2.25% and 5.25%, which difference of \$33,333.48 shall be deducted from the total balance due and owing from the loan. This credit will be applied to the final payments remaining on the loan balance.

Property taxes are assessed and attach as an enforceable lien on property as of July 1. Taxes are levied on July 1 and are payable on November 15. They may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by Wasco County and remittance to the Agency is made at periodic intervals. The Agency levied taxes at its maximum taxing authority of \$1,758,788. Reductions for offsets, compression and additional taxes and penalties, resulted in a net levy of \$1,686,820. Following is a summary of property tax transactions for the year ended June 30, 2019.

Tax Year	Property Taxes Receivable July 1, 2018	Add Levy as Extended by Assessor	Deduct Discounts Cancellations and Adjustments	Deduct Collections	Property Taxes Receivable June 30, 2019
2018-19	\$ -	\$ 1,686,820	\$ (44,024)	\$ 1,590,302	\$ 52,494
2017-18	50,167	-	5,363	25,204	30,325
2016-17	30,492	-	(409)	12,775	17,308
2015-16	14,433	-	196	9,519	5,111
2014-15	4,892	-	(237)	3,442	1,213
2013-14	2,177	-	734	798	2,113
2012-13	1,792	-	(515)	694	583
Prior	841	-	(374)	70	397
<b>Total</b>	<b>\$ 104,793</b>	<b>\$ 1,686,820</b>	<b>\$ (39,265)</b>	<b>\$ 1,642,804</b>	<b>\$ 109,545</b>

**C. Deferred Inflows of Resources**

Deferred inflows of resources as of June 30, 2019 consisted of \$109,545 in unavailable property taxes and \$640,670 of unavailable revenue from notes receivable.

**D. Capital Assets**

The Agency constructs and refurbishes assets for the benefit of the City and local businesses, and any assets constructed or improved would become the property of the benefiting entity. The Agency also purchases property to be refurbished and sold. The 3rd Street Streetscape project is in the early stages of design and engineering and the project is waiting on final approval for construction. Costs incurred to date are \$52,668, with the estimated costs of \$3 million. The 1<sup>st</sup> Street Parking Lot project has started. Cost incurred to date are \$42,866.

At June 30, 2019, the capital assets of the agency consist of the following:

	Beginning Balance, As Restated	Additions	Deletions	Ending Balance
Capital Assets, not being depreciated				
Construction in progress	\$ 95,534	\$ -	\$ -	\$ 95,534
Assets available for sale	<u>1,743,331</u>	<u>-</u>	<u>367,098</u>	<u>1,376,233</u>
Total Capital Assets	<u>\$ 1,838,865</u>	<u>\$ -</u>	<u>\$ 367,098</u>	<u>\$ 1,471,767</u>

### E. Long-Term Obligations

The City issued \$12,100,000 in 2009 Full Faith and Credit Obligations in October of 2009. \$10,205,000 of the bonds was for the benefit of the Columbia Gateway Urban Renewal Agency and will be repaid from tax increment revenues within the Urban Renewal area with interest rates ranging from 2% to 5%. The bonds were issued to finance construction of public infrastructure improvements, Urban Renewal Projects, to refinance the Urban Renewal Bonds Series 2002, to fund an Urban Renewal debt reserve, and to pay the costs of issuance. The Urban Renewal has pledged its tax increment revenues and earnings for repayment of the Urban Renewal Portion of the obligation. If bond is defaulted, by failure to make required principal or interest payments or other covenants, action to enforce the financing agreement may take place for the amount of the obligation then outstanding to its satisfaction.

Future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 510,000	\$ 291,287
2021	535,000	270,887
2022	550,000	249,738
2023	575,000	227,738
2024	600,000	200,425
2025-2029	<u>3,470,000</u>	<u>535,175</u>
	<u>\$ 6,240,000</u>	<u>\$ 1,775,250</u>

Changes in long-term obligations for the fiscal year ended June 30, 2019, are as follows:

	<u>6/30/2018 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2019 Balance</u>	<u>Due Within One Year</u>
<b>Urban Renewal Bonds</b>					
Series 2009	\$ 6,725,000	\$ -	\$ 485,000	\$ 6,240,000	\$ 510,000
Premium on Debt	<u>447,196</u>	<u>-</u>	<u>40,659</u>	<u>406,537</u>	<u>40,659</u>
	<u>\$ 7,172,196</u>	<u>\$ -</u>	<u>\$ 525,659</u>	<u>\$ 6,646,537</u>	<u>\$ 550,659</u>

## **F. Net Position**

The government-wide statement of net position reports \$3,071,869 of restricted net position, of which \$2,226,299 is restricted by enabling legislation.

## **G. Risk Management**

The Agency is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance coverage in the name of the City. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past three years.

## **H. Tax Abatements**

The City has authorized tax-exempt status for five qualified firms within the City: Escape The Dalles, Integrated 3D, NuCulture, 15 Mile Ventures, LLC, and Design, LLC. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2019, the foregone property tax revenue is \$1,358,025.

## **I. GASB Pronouncement Implemented**

The Governmental Accounting Standards Board (GASB) has issued *Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statement 88 amends GASB Statement 34 and GASB Statement 38 and improves disclosure requirements for notes to the financial statements related to debt, including direct borrowings and direct placements. GASB Statement 88 requires additional essential information about resources required to liquidate debt and the risks associated with changes in terms associated with debt. The Agency implemented Statement 88 for the year ending June 30, 2019.

**THIS PAGE INTENTIONALLY LEFT BLANK**

## **SUPPLEMENTAL INFORMATION**

## SUPPLEMENTAL INFORMATION

- Budgetary Comparison Schedule
  - Debt Service Fund

**COLUMBIA GATEWAY URBAN RENEWAL AGENCY  
(A COMPONENT UNIT OF THE CITY OF THE DALLES, OREGON)  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2019**

---

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 795,538	\$ 795,538	\$ 839,519	\$ 43,981
Interest on investments	5,000	5,000	5,000	-
Total revenues	800,538	800,538	844,519	43,981
<b>EXPENDITURES:</b>				
Debt service:				
Principal	485,000	485,000	485,000	-
Interest	315,538	315,538	315,538	-
Total expenditures	800,538	800,538	800,538	-
Net changes in fund balances	-	-	43,981	43,981
<b>FUND BALANCES, BEGINNING</b>	801,588	801,588	801,589	1
<b>FUND BALANCES, ENDING</b>	<u>\$ 801,588</u>	<u>\$ 801,588</u>	<u>\$ 845,570</u>	<u>\$ 43,982</u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *OREGON STATE REGULATION***

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH OREGON STATE REGULATION**

The Governing Body  
Columbia Gateway Urban Renewal Agency  
The Dalles, Oregon

We have audited the basic financial statements of Columbia Gateway Urban Renewal Agency, a component unit of the City of The Dalles, Oregon, as of and for the year ended June 30, 2019 and have issued our report thereon dated November 25, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

**Compliance**

As part of obtaining reasonable assurance about whether Columbia Gateway Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. Columbia Gateway Urban Renewal Agency does not receive highway funds.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. Columbia Gateway Urban Renewal Agency does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. In connection with our testing, nothing came to our attention that caused us to believe Columbia Gateway Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

## **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered Columbia Gateway Urban Renewal Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Columbia Gateway Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Columbia Gateway Urban Renewal Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control and have communicated them in a separate letter to management dated November 25, 2019 that we consider to be a material weakness as item 2019-1.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co  
Tualatin, Oregon  
November 25, 2019



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

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

**DATE:** January 21, 2020

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

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

**ISSUE:** **Agency Financial Workshop Discussion Topics**

**BACKGROUND**

The adopted FY2019-20 Agency budget includes a comprehensive financial analysis of the urban renewal plan, similar to that undertaken in 2009 for the 10<sup>th</sup> Amendment to the urban renewal plan. However, in consideration of Board discussion at the November 19, 2019 meeting pertaining to the life of the Agency, staff has placed this work effort on hold. Urban Renewal consultant Ms. Elaine Howard has been retained to assess the current financial condition of the Agency (e.g., revenues received, debt obligations, maximum indebtedness, etc.), to review the status of urban renewal projects and to identify options available to the Agency for going forward.

Ms., Howard will in attendance at the February 27<sup>th</sup> workshop. Wasco County Tax Collector/Assessor Ms. Jill Amery and City Public Works Director Dave Anderson have also been invited to attend the meeting.

As currently envisioned staff and the consultant will present the following information to the Board:

- Status of projects identified in the urban renewal plan.
- Analysis of financial position for completing remaining projects.
- Annual tax increment collections.
- Outstanding debt.
- Maximum indebtedness remaining.

Discussion with the Board will also address the following topics:

- Is there a desire for completing urban renewal projects which have not yet been completed?
- Are there new projects that the Agency should undertake?
- Are there options for a redistribution of tax increment revenues with the other taxing districts?
- Pros and cons of terminating the Agency as soon as debt can be paid and then reforming the Agency.

### **BOARD ALTERNATIVES**

1. Staff recommends that the Agency review the proposed workshop discussion topics and offer comments as appropriate. The list of urban renewal projects can be found in the Columbia Gateway/Downtown Plan and Report. Agency financial information can be found in annual financial reports (provided under separate cover) and the current Agency budget.
2. Decline.