



**Columbia Gateway Urban Renewal Agency Advisory Committee
Meeting Minutes**

Tuesday, November 18, 2014

5:30 PM

City Hall Council Chambers

313 Court Street

The Dalles, OR 97058

Conducted in a handicap accessible room.

CALL TO ORDER

Chair Grossman called the meeting to order at 5:31 PM.

Grossman welcomed the new Urban Renewal Advisory Committee member, Jennifer Dewey.

ROLL CALL

Members Present: Gary Grossman, Jennifer Botts, Jennifer Dewey, Atha Lincoln, Linda Miller, Greg Weast

Members Absent: Steve Kramer, Robin Miles*, John Nelson*

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

PLEDGE OF ALLEGIANCE

Grossman led the group in the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Weast and seconded by Botts to approve the agenda as submitted. The motion carried unanimously; Kramer, Miles, Nelson absent.

APPROVAL OF MINUTES

It was moved by Weast and seconded by Miller to approve the September 16, 2014 minutes as submitted. The motion carried unanimously; Kramer, Miles, Nelson absent.

PUBLIC COMMENT

None

ACTION ITEM – Recommendation Concerning an Amendment to the Loan Agreement and/or Purchase Agreement Between the Agency and Discover Development LLC

*NOTE: Miles joined the meeting at 5:36 PM. Nelson joined the meeting at 5:39 PM.

City Manager Young highlighted the main points of the staff report. It was noted by the Committee that the request for the extension of the purchase option for three years would bring the extension due date to May 15, 2018 rather than May 15, 2015.

James Martin, Discover Development representative, stated that in a perfect world all of Discover Development's goals would have been achieved. He explained that one of Discover Development's (Discover) early endeavors was to formulate a viable business that would create new jobs, one of the requirements for an approximate 1.6 million dollar federal grant to construct Urban Renewal's roundabout project. Mr. Martin said Discover met the goal and created new jobs; 50 locally and 67 nationally. He said building a company had challenges and required taking a substantial amount of risks. At the same time, trying to pay off all the loans in a short amount of time was difficult. He started in 2009 when the economy was suffering. Mr. Martin stated that through meetings with staff and the Mayor to formulate a loan payment timeline plan, he had a clear perspective on the direction of the project – where jobs would not be cut, and the company could continue to grow.

Martin explained that Sunshine Mill Winery was the dba of Discover Development. Copa Di Vino and TGE were entities of the wine business. Approximately \$900,000 had been used for property development including occupancy improvements, meeting fire code requirements, and painting the facility. Tenants paid over \$700,000 for tenant improvements to work towards a viable production winery, now the second largest in the state of Oregon. He said Discover would be unable to obtain a standard commercial loan because of the nature of the property. A special type of loan would be required.

Botts asked what the Agency's financial commitment was to the roundabout project, and would the project have happened without Discover's project. City Manager Young said he did not know the total dollar amount spent by Urban Renewal and he offered to research that information. He said the roundabout project would not have happened without the grant funds.

Regarding budget implications, Botts asked what other UR projects would be impacted if Discover's funds were not available, aside from the Agency obtaining a one million dollar loan. City Manager Young clarified that a one million dollar loan was one option, depending upon the rate of progress on the other projects. He said Urban Renewal would be spending \$200,000 for a new HVAC system in the Granada Theater. The Washington Street Undercrossing project would not begin until July 2015. Projects using existing cash included \$300,000 for the Civic (next fiscal year); \$200,000 for UR property rehabilitation; \$100,000 for the Lewis and Clark Fountain project (next spring); and \$220,000 for the Thompson Pool Project (next spring). Young said it might not be necessary to borrow, but if it was necessary, Urban Renewal would have the capacity to do so. Miller stated she did not think Urban Renewal typically borrowed money for projects. Young said the basic concept of Urban Renewal was to borrow funds for projects, then use the property tax increased revenues to pay off debt.

Miller asked if Copa Di Vino's (Copa) rent would cover the three year payments. Mr. Martin said the rent would cover approximately 50% of the \$900,000. He explained that Discover had not sought out the option of Copa (or other investors) buying into the property, because it could cause complications later on where other property investors could have different business expectations other than what the Martin family envisioned.

City Manager Young gave a detailed explanation of the proposed purchase option interest payment calculation over a three year extension period which would equal over \$16,000 a year, and \$48,000 over three years.

Miles stated she was in favor of the extension request because the property had been beautifully enhanced, and Mr. Martin's project was a great asset in the community. Discover created jobs for people in the community who need to pay bills, she said.

Dewey asked what would be the consequences if Discover's extension request was not granted. Weast said the worst case scenario would be that on December 15 Mr. Martin would walk away from the project and 50 employees would be unemployed. If the request was approved, and he could not make a loan payment later on, the worst case scenario would be that 50-70 people could possibly be unemployed.

It was moved by Miles and seconded by Nelson to recommend to the Columbia Gateway Urban Renewal Agency to accept the staff's recommendation as submitted: 1) Loan Retirement – Allow for the retirement of the debt over a two year period beginning May 15, 2015, with three principal payments as listed in staff's recommendation, and an increase in the interest rate to 5.25%; and 2) Purchase Option – Extend the purchase option for three years to May 15, 2018. Discover Development will pay interest on the purchase amount at an annual rate of 5.25%, with equal monthly payments. Grossman, Dewey, Miles, Weast, Nelson, Lincoln and Miller voted in favor, Botts opposed, the motion carried; Kramer absent.

ONGOING URBAN RENEWAL PROJECTS UPDATE

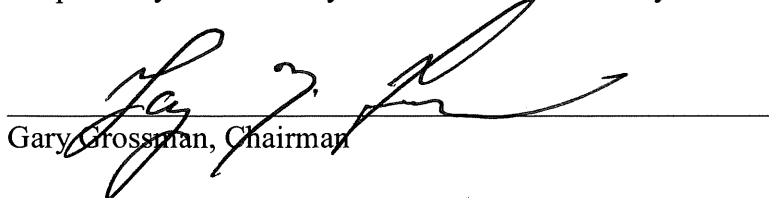
City Manager Young presented an update on the UR property rehabilitation grant project on the Independent Order of Odd Fellows façade restoration project. Young stated that one transom window still needs restorative work, it will be completed when the severe weather ends.

FUTURE MEETING – November 25, 2014 (Special Meeting)

ADJOURNMENT

Chair Grossman adjourned the meeting at 6:16 PM.

Respectfully submitted by Administrative Secretary Carole Trautman.



Gary Grossman, Chairman