



IMPROVING OUR COMMUNITY

COLUMBIA GATEWAY URBAN RENEWAL AGENCY

CITY OF THE DALLES

AGENDA
COLUMBIA GATEWAY
URBAN RENEWAL ADVISORY COMMITTEE

Conducted in a Handicap Accessible Meeting Room

Tuesday, August 31, 2010

5:30 pm

City Hall Council Chambers

313 Court St.

The Dalles, OR

- I. Call to Order
- II. Roll Call
- III. Pledge of Allegiance
- IV. Approval of Agenda
- V. Approval of Minutes: May 18, 2010
- VI. Public Comment for items not on the agenda
- VII. Action Items:
 - A. Property Rehabilitation Grant and Loan Recommendations:
 - 1. Changes to Urban Renewal Agency Administrative Plan relating to bank participation and payment method for interest rate subsidy program.
 - 2. Application submitted by Dong Xi, LLC
- VIII. Executive Session
 - A. Recess to Executive Session in Accordance with ORS 192.660(2)(e) to Conduct deliberations with persons designated by the Governing Body to Negotiate Real Property Transactions.
 - B. Reconvene to Open Session
 - C. Recommendation from Executive Session
- IX. Update of on-going Urban Renewal projects
- X. Next Regularly Scheduled Urban Renewal Advisory Meeting:
September 21, 2010
- XI. Adjourn



Columbia Gateway Urban Renewal Advisory Committee Minutes

Tuesday, August 31, 2010

5:30 PM

City Hall Council Chambers

313 Court Street

The Dalles, OR 97058

Conducted in a handicap accessible room.

CALL TO ORDER

Vice Chair Zukin called the meeting to order at 5:48 p.m.

ROLL CALL

Present members: Chris Zukin, Ken Farner, Gary Grossman, Jennifer Botts , Dick Elkins

Absent members: Benjamin Hoey, Dan Ericksen, Bill Dick, Diana Bailey

Staff present: Nolan Young, City Manager, Gene Parker, City Attorney, Dan Durow,
Community Development Dept. Director, Denise Ball, Planning Tech.,
Eric Nerdin, Consultant

PLEDGE OF ALLEGIANCE

Acting Chair Zukin led the group in the Pledge of Allegiance.

APPROVAL OF AGENDA ITEMS

Gary Grossman moved to approve the agenda and Dick Elkins seconded. The motion carried unanimously, Hoey, Ericksen, Dick, and Bailey absent.

APPROVAL OF MINUTES

Acting Chair Zukin asked if there were any corrections or additions needed for the minutes of May 18, 2010. Ken Farner moved to approve the minutes as submitted and Dick Elkins seconded the motion. The motion carried, Zukin, Farner, Grossman, Elkins voting in favor, Botts abstaining, and Ericksen, Hoey, Dick, and Bailey absent.

PUBLIC COMMENT

None.

ACTION ITEMS

Property Rehabilitation Grant and Loan Recommendations

A. Eric Nerdin presented the Staff Report regarding changes to Urban Renewal Agency Administrative Plan relating to bank participation and payment method for interest rate subsidy program.

Ken Farner asked if State Chartered Banks would also be considered as a qualifying lending institution and Eric Nerdin said they would.

After a brief discussion, Ken Farner moved to recommend that the Urban Renewal Agency approve that administratively the Agency will issue a check monthly in the amount of actual interest paid on loans at the level approved on each application to the approved applicant upon receipt of proof that all loan amounts due have been paid by the applicant. Issuance of this check will be in accordance to the process and timeline stated in this staff report. Urban Renewal Agency approve that administratively the Agency will not require bank participation agreements and will allow applicants to obtain loans from any federally and/or State regulated and insured financial institution. The motion was seconded by Gary Grossman and carried unanimously with Ericksen, Hoey, Dick, and Bailey absent.

B. Eric Nerdin presented the Staff Report for the application submitted by Dong Xi, LLC. This application is for interest rate subsidy. Dong Xi, LLC has obtained approval of a \$104,000 loan from CenterPointe Community Bank and is applying to have The Dalles Urban Renewal agency pay the interest on this loan. The purpose of the loan is to repair bricks on the Canton Wok building and replace the roof on the Other building.

Director Durow informed the Committee that the roof and walls are in very poor condition and the walls could pose a structural problem. Durow added he is happy to be working with the property owner who has a strong desire to improve the conditions of the building.

After a brief discussion, Gary Grossman moved to recommend that the Urban Renewal Agency approve the request for an interest rate subsidy by Dong Xi, LLC at 100% of interest charged, not to exceed 12%. This subsidy will be effective for duration of the loan obtained through CenterPointe Community Bank or until June 30, 2019, whichever occurs first. Ken Farner seconded the motion and it carried unanimously with Ericksen, Hoey, Dick, and Bailey absent.

Executive Session

A. Recess to Executive Session in Accordance with ORS 192.660(2)(e) to Conduct deliberations with persons designated by the Governing Body to Negotiate Real Property Transactions. (6:15 pm)

B. Reconvene to Open Session (7:13 pm)

C. Recommendation from Executive Session: The Urban Renewal Advisory Committee, by a vote of 4 to 1, directed City Attorney Parker to negotiate with the Property Owner and Property Owner's Agent regarding the real property transaction.

ON-GOING PROJECTS

City Manager Young told the Committee:

- The Roundabout is viewed as an asset to our community. The vegetation problem is recognized and will be corrected. The murals are being created and the LED lights will be installed in the near future.
- The Flour Mill project is operational on the first floor with the bottling and wine tasting activities. Currently there are eight employees. The original \$500,000 loan has been used and an additional \$100,000 loan is available for cleaning and painting. The 2-5 year plan is to strengthen the existing activity and bring in additional complimentary artisan businesses. The five year plus plan calls for 60 employees, 2-3 new site attractions, and an additional anchor business, possibly lodging. No decision has been made regarding the fate of the Warehouse building. The Underground Storage Tank removal presented unexpected challenges that are being resolved.
- The Washington~1st Street Undercrossing: ODOT contracts and Railroad permit is pretty much wrapped up. Still working on the 1st Street ROW location identification. This part of the project is still about \$3 million short. However, over \$4 million has been raised in grants for the Festival Area and Commercial Dock projects. The Festival project is scheduled to go out to bid in mid-September with the bid award the first part of November. The Dock project is scheduled to go out to bid in late September with the bid award the end of November.
- Urban Renewal owns the Granada building. Contracts for the Fire Sprinkler system, HVAC, and fire doors will be going out to bid following the City Council approval of the Design Build bid process.
- Third Street Streetscape should be starting this time next year.

City Manager Young also pointed out that the City has great partners who are working with Cruise Ship companies for use of our future Dock.

FUTURE MEETINGS

The next scheduled meeting is Tuesday, September 21, 2010.

ADJOURNMENT

The meeting was adjourned at 7:33 P.M.

Respectfully submitted by Denise Ball, Planning Tech.



Dan Ericksen, Chair

AGENDA STAFF REPORT



URBAN RENEWAL ADVISORY COMMITTEE

Meeting Date: August 31, 2010

DATE: August 31, 2010

TO: Urban Renewal Advisory Committee

FROM: Eric Nerdin, Urban Renewal Contract Consultant – Mid Columbia
Economic Development District, Loan Fund Manager

THRU: Nolan Young, City Manager 
Dan Durow, Urban Renewal Manager 

ISSUE: Changes to Urban Renewal Agency Administrative Plan relating to bank participation and payment method for interest rate subsidy program.

BACKGROUND:

The Agency administrative plan states “The Agency will subsidize interest rates on loans to pay for the restoration work according to the approved designs. The Agency will buy down the interest rate that the bank charges up to 12 points below the bank’s standard rate for such loans (1 point equals a 1% annual interest rate). The effective rate for the borrower will be 0% in most cases.”

The Agency requires that an agreement is in place between participating banks and Agency; Columbia State Bank is the only bank that has signed an agency bank participation agreement. This requirement is listed on pages 5 and 6 of the administrative plan:

Agreement with Participating Banks:

Agency will have agreements in place with participating banks showing the rights, duties and responsibilities of each party:

Agency Responsibility:

When an application for funding through this program is received Agency will:

1. Screen the application for completeness and eligibility.
2. Refer the applicant to participating banks for pre-screening.
3. Upon receipt of a conditional letter of commitment from the bank, authorize an appointment with an architect or engineer.
4. Pay for the approved architectural services.
5. When design process is complete and approval is obtained from the Historic Landmarks Commission, a certificate of approval will be issued

by Urban Renewal staff authorizing the applicant's bank of choice to proceed with processing the loan request under the program.

6. After completion of the construction, certify that the project has been completed according to the approved plan and authorizing the bank to put the permanent financing in place. If not certified as completed as authorized, the entire construction loan will become due and payable.
7. Agency will pay the bank for the interest subsidy on all loans each month. The subsidy will be the difference between the note rate (generally 0%) and the standard rate for similar loans (but not more than 12% per annum). The bank will be authorized to initiate an electronic funds transfer from the City's account each month.
8. Agency will monitor the interest rate charged by banks to ensure that the rates are maintained at competitive market levels.

Bank Responsibility:

The bank will pre-qualify the applicants through its own application process and issue a conditional letter of commitment. After the applicant has completed the design process and has certification by Agency staff that they are approved for interest rate subsidy, the bank may proceed with the final application for the loan. When processing a final loan request under this program, the bank will ensure that the applicant has provided the following and will retain in the bank's files:

1. Certificate of approval from Agency.
2. Letter of approval from Historic Landmarks Commission.
3. A summary of the project outlining the work to be done.
4. Complete plans and specifications.
5. Costs estimates or bids from contractor.
6. Evidence that building permits or any other required permits are in place.
7. Preliminary commitment of any other funds to be used in the project.
8. Amount of loan requested and proposed terms being requested.
9. Any information required by bank such as bank's loan application, current financial statements, including balance sheets and income statements, etc.

Loan decisions, underwriting standards, loan terms and collateral requirements will be entirely at the discretion of the bank. It will be the bank's responsibility to:

1. If the loan is declined, the bank will send a copy of decline letter to Agency.
2. If approved, set the annual interest rate at 0 % but not less than 12 points below the standard rate for similar loans (in agreement with Agency).
3. After the construction loan is disbursed and upon receiving certification from Agency that the work was completed as authorized, put the permanent financing into place.
4. If the borrower does not receive certification from Agency, the loan will be in default and become due and payable.

5. All loans under this program will be due on the same day of the month and the bank will calculate the interest subsidy due and charge Agency each month by electronic funds transfer. The bank will send Agency an accounting of this transaction each month.

Currently there are two loans that have their interest paid by Agency.

- Claudia Leash: Agency has an agreement with Columbia State Bank (formerly Columbia River Bank) that the UR Agency will pay 100% of the interest on this loan, while Ms. Leash pays the principal. The bank sends Agency an invoice every month for the amount of interest due. Agency issues a check and takes it to the bank and has it applied to Claudia Leash's loan.
- MJG Development: Agency approved to pay 3.25% of the 8% loan interest. Agency issues a check to MJG for \$3,654.58 every month automatically and deposits it directly into a bank account owned by MJG. The amount paid was calculated on an average interest payment agreed to be paid by agency per year of \$43,855 divided by 12 months per year = \$3,654.58. The agreement states that agency will continue to pay this amount per month until the end of Agency in 2015 or until the end of the life of the loan, whichever is earlier. The life of the loan appears to end in 2014.

Columbia State Bank is the only bank that has signed an agency bank participation agreement to participate with applicants in this program.

Currently there are two loans that have their interest paid by Agency; Claudia Leash and MJG Development. The payment of interest subsidy is handled differently for each of these loans.

ADMINISTRATIVE CHANGE PROPOSED:

Currently Agency requires that an agreement is in place between participating banks and Agency as listed on pages 5 and 6 of the administrative plan:

Agreement with Participating Banks:

Agency will have agreements in place with participating banks showing the rights, duties and responsibilities of each party:

Agency Responsibility:

When an application for funding through this program is received Agency will:

9. Screen the application for completeness and eligibility.
10. Refer the applicant to participating banks for pre-screening.
11. Upon receipt of a conditional letter of commitment from the bank, authorize an appointment with an architect or engineer.
12. Pay for the approved architectural services.

13. When design process is complete and approval is obtained from the Historic Landmarks Commission, a certificate of approval will be issued by Urban Renewal staff authorizing the applicant's bank of choice to proceed with processing the loan request under the program.
14. After completion of the construction, certify that the project has been completed according to the approved plan and authorizing the bank to put the permanent financing in place. If not certified as completed as authorized, the entire construction loan will become due and payable.
15. Agency will pay the bank for the interest subsidy on all loans each month. The subsidy will be the difference between the note rate (generally 0%) and the standard rate for similar loans (but not more than 12% per annum). The bank will be authorized to initiate an electronic funds transfer from the City's account each month.
16. Agency will monitor the interest rate charged by banks to ensure that the rates are maintained at competitive market levels.

Bank Responsibility:

The bank will pre-qualify the applicants through its own application process and issue a conditional letter of commitment. After the applicant has completed the design process and has certification by Agency staff that they are approved for interest rate subsidy, the bank may proceed with the final application for the loan. When processing a final loan request under this program, the bank will ensure that the applicant has provided the following and will retain in the bank's files:

10. Certificate of approval from Agency.
11. Letter of approval from Historic Landmarks Commission.
12. A summary of the project outlining the work to be done.
13. Complete plans and specifications.
14. Costs estimates or bids from contractor.
15. Evidence that building permits or any other required permits are in place.
16. Preliminary commitment of any other funds to be used in the project.
17. Amount of loan requested and proposed terms being requested.
18. Any information required by bank such as bank's loan application, current financial statements, including balance sheets and income statements, etc.

Loan decisions, underwriting standards, loan terms and collateral requirements will be entirely at the discretion of the bank. It will be the bank's responsibility to:

6. If the loan is declined, the bank will send a copy of decline letter to Agency.
7. If approved, set the annual interest rate at 0 % but not less than 12 points below the standard rate for similar loans (in agreement with Agency).
8. After the construction loan is disbursed and upon receiving certification from Agency that the work was completed as authorized, put the permanent financing into place.

9. If the borrower does not receive certification from Agency, the loan will be in default and become due and payable.
10. All loans under this program will be due on the same day of the month and the bank will calculate the interest subsidy due and charge Agency each month by electronic funds transfer. The bank will send Agency an accounting of this transaction each month.

Columbia State Bank is the only bank that has signed an agency bank participation agreement.

Currently there are two loans that have their interest paid by Agency.

- Claudia Leash: Agency has an agreement with Columbia State Bank (formerly Columbia River Bank) that the UR Agency will pay 100% of the interest on this loan, while Ms. Leash pays the principal. The bank sends Agency an invoice every month for the amount of interest due. Agency issues a check and takes it to the bank and has it applied to Claudia Leash's loan.
- MJG Development: Agency approved to pay 3.25% of the 8% loan interest. Agency issues a check to MJG for \$3,654.58 every month automatically and deposits it directly into a bank account owned by MJG. The amount paid was calculated on an average interest payment agreed to be paid by agency per year of \$43,855 divided by 12 months per year = \$3,654.58. The agreement states that agency will continue to pay this amount per month until the end of Agency in 2015 or until the end of the life of the loan, whichever is earlier. The life of the loan appears to end in 2014.

It is proposed that payment of the interest subsidy be changed to the following:

- The applicant will make the monthly payment in full; both principal and interest amounts and will obtain a receipt showing the allocation of payment to principal, interest and fees individually.
- The applicant will bring the receipt (proof of payment) to the Community Development Department of City Hall. Staff will copy receipt and generate a check request, properly authorized with the attached documentation, for the appropriate amount of the interest to be refunded.
- Within ten (10) business days of receipt of the check request by the A/P Clerk in the Finance Department, a check will be generated for the amount of the refund and mailed to the applicant.

This will insure that principal is being paid prior to interest subsidy payment and will insure that the correct amount of interest is being paid. Also this will require that all interest subsidy payments are handled the same.

Additional this will eliminate the requirement of banks to sign a participation agreement, as this agreement will be between the applicant and Agency. This will increase the number of financial institutions that can participate, as the only requirement is that the applicant has obtained a loan. This should increase accessibility of this program to a

wider range of applicants and increase overall participation in this program. The Administrative plan refers to banks and commercial banks, but it doesn't specifically require that commercial banks and banks do the lending.

It is additionally proposed that loans qualifying for Agency interest subsidy program can be obtained through any federally regulated and insured financial institution, including credit unions, savings and loans, thrifts and finance companies.

BUDGET IMPLICATIONS:

There are not any direct budget implications associated with these proposed changes.

RECOMMENDATION:

Staff Recommendation: Move to recommend that the Urban Renewal Agency approve the following administrative recommendations:

1: Urban Renewal Agency approve that administratively the Agency will issue a check monthly in the amount of actual interest paid on loans at the level approved on each application to the approved applicant upon receipt of proof that all loan amounts due have been paid by the applicant. Issuance of this check will be in accordance to the process and timeline stated in this staff report.

2: Urban Renewal Agency approve that administratively the Agency will not require bank participation agreements and will allow applicants to obtain loans from any
* federally regulated and insured financial institution.
or state

ALTERNATIVES:

Alternative 1: Move to recommend that the Urban Renewal Agency approve Recommendation 1.

Alternative 2: Move to recommend that the Urban Renewal Agency approve Recommendation 2.

Alternative 3: Move to recommend that the Urban Renewal Agency decline Recommendation 1 and Recommendation 2.

AGENDA STAFF REPORT



URBAN RENEWAL ADVISORY COMMITTEE

Meeting Date: August 31, 2010

DATE: August 31, 2010

TO: Urban Renewal Advisory Committee

FROM: Eric Nerdin, Urban Renewal Contract Consultant – Mid Columbia
Economic Development District, Loan Fund Manager

THRU: Nolan Young, City Manager 
Dan Durow, Urban Renewal Manager 

ISSUE: Historic Design and Restoration Program interest rate subsidy application
review – Application submitted by Dong Xi, LLC.

BACKGROUND:

The approved Urban Renewal Agency Administrative Plan in **Section I. Historic Design and Restoration Program** states:

“The Urban Renewal Agency (hereinafter, “Agency”) will provide design services and loan interest rate subsidies to assist in the financing for the restoration and renovation of historic buildings and buildings located in the Historic Districts in the Urban Renewal Area. The intent of Agency is to encourage property owners or business owners to do restoration of the exterior facades of the buildings to their original design and character or compatible design and to do other qualified work, which will increase the value and use of the buildings. These actions will upgrade the physical characteristics of the city and improve the value of buildings by preserving the thriving historic character of the downtown and other historic districts.”

“Agency will subsidize interest rates on loans to pay for the restoration work according to the approved designs. Agency will buy down the interest rate that the bank charges up to 12 points below the bank’s standard rate for such loans (1 point equals a 1% annual interest rate). The effective rate for the borrower will be 0% in most cases.”

This application is for the interest rate subsidy available to applicants which can obtain a loan through a commercial bank for the qualified work on buildings located within the urban

renewal area. This application is specifically to subsidize the interest on a \$104,000 loan to Dong Xi, LLC approved by CenterPointe Community Bank. Dong Xi, LLC is owned by Wai Dung AU and Yan Xi MA, owners of the Canton Wok restaurant. Dong Xi, LLC purchased building located 310 E. 2nd Street, The Dalles in 2002. This building is home to Canton Wok, a restaurant, which replaced House of Chin, a long time restaurant in The Dalles. In June 2009, Dong Xi, LLC purchased the building located at 312-320 E. 2nd Street. This building is immediately adjacent to the east of the Canton Wok building.

The work financed by this loan and outlined in this application is on two separate buildings, which are next two each other. In this staff report these buildings will be referred to as Canton Wok (310 E. 2nd Street) and Other (312-320 E. 2nd Street) for easier reference. Although there is one application and one staff report; this application will require two separate urban renewal agreements if approved.

The Canton Wok building located at 310 E. 2nd Street was built in 1890 and is approximately 3000 square feet; with only its first floor used by Canton Wok. The 2nd floor is not used and does not qualify for any use, other than storage in its current condition. This building has been occupied by various restaurants during the past decades and has also historically been a theater and a casino. This brick and mortar building survived the great fire of 1891. The exposed south (alley) and east (second level) exterior brick and mortar walls are deteriorating and need broken and decaying bricks replaced and loose and missing mortar replaced. The applicant has obtained two bids for this work ranging from \$6,600 to \$34,391.50. Due to disparaging bids the applicant is still trying to obtain additional bids and to confirm that work included in bids obtained are for the same scope of work.

The Other building located at 312-320 E. 2nd Street was built in 1880 and is a zero lot line building with a full basement. A fire in the 1960 heavily damaged the building and was extensively remodeled. It has been remodeled, reconfigured and renovated numerous times since its construction. The roof on this building showed extensive leaking when the applicant purchased it and to date the applicant has spent \$2,300 attempting to stop the leaking. These repairs have not solved all of the leaking problems. This leaking is causing on-going damage and deterioration to all levels of the building and is impacting its usability and inhabitability. *See attached photos of brick walls and roof issues.* This is a non-owner occupied commercial building and the applicant relies on rental income to make the payments on the loan used to purchase this building and to maintain building. Current tenants include Under the Skin tattoo shop, Kay Jewelers, Sassy's, Gameopoly and Jitterbug. The applicant has obtained a bid in the amount of \$92,500 to replace the roof; replacing the roof appears to be the best long term solution to preserving this building by stopping the leaking. Replacing the roof requires removing several layers of roofing and installing roof boards and single layer fully adhered heavy duty PVC roofing system. It is the best to schedule the brick and mortar repair work to be done at the same time as removing the existing roofing materials to avoid damage to the new roofing system, since the east wall of the Canton Wok building is a 2nd level wall that extends above the roof level of the Other building.

Replacing the roof and repairing the brick and mortar costs range from \$99,100 to \$126,891. The applicant is approved for a \$104,000 loan through CenterPointe Bank. This loan amount is sufficient for the low end of these repairs, but leaves a potential shortfall of \$22,891 for the

high end of these repairs. The applicant doesn't have additional money available to coverage very much shortfall due to payment of other repair expenses to this building. The applicant has talked to MCEDD about acquiring a loan to cover any potential shortfall between repairs costs and CenterPointe Bank's loan amount; however additional loan payments will increase monthly cash flow to a level that is not acceptable to the applicant.

If estimates on these repairs exceed \$100,000 - \$104,000, then the applicant will likely not do these projects at this and will just attempt to repair roof for a period of time and wait to do the brick work until they can afford to both repair projects at the same time. Doing both brick repairs and roof replacement at the same time eliminates protecting the roof while doing the brick repairs as the old roof will be being removed at the same time as the brick repairs is being performed. It is logical to want to protect a \$92,000 investment of a new roof.

If estimates are less than the \$104,000 approved loan amount, then the applicant will only obtain a loan in the amount need to complete these repairs, so there will be less interest paid.

APPLICATION:

The application from Dong Xi, LLC was received on 8/19/2010 is the only application being considered.

This application is for interest rate subsidy. Dong Xi, LLC has obtained approval of a \$104,000 loan from CenterPointe Community Bank and is applying to have The Dalles Urban Renewal agency pay the interest on this loan. The purpose of the loan is to repair bricks on the Canton Wok building and replace the roof on the Other building.

The \$104,000 loan from CenterPointe has the following terms:

- Collateral: real estate located at 312-320 E. 2nd Street, The Dalles, Oregon
- Interest rate: 7% but adjusts every 5 years (3% margin above the 5 year Federal Home Loan Bank advance rate with a 7% floor and 18% ceiling)
- Amortization: 25 years (An amortization that is longer than the loan term creates a balloon payment at the end of the loan term on the loan maturity date)
- Term: Approximately 9 years (Loan matures June 15, 2019)
- Monthly payment: \$735.05 for the first 5 years of loan; the monthly loan payment for the next 4 years will change as the interest rate adjusts.
- Bank fees: Loan fee : 1% Loan documentation fee: \$250
- Other third party fees: Approximately \$1200 (includes tax related service fee, recording, flood and title insurance)

During the first 5 years of this loan there will be approximately will be approximately \$34,912 of interest accrued and assuming the interest rates doesn't change there will be \$24,241 interest accrued on the loan for the remaining 4 years for a total interest charged to the loan of \$59,153. This total interest amount will increase if the interest adjusts higher. The interest amount on this loan structure is higher due to the amortization period being longer than the loan payment term and resulting balloon payment.

If this loan was fully amortized for 15 or 20 years as is common in business loans of this dollar amount, then the interest paid would be less. With a fully amortized 15 year loan the interest accrued in the first 5 years of the loan would be \$32,596 and during 9 years of the loan would be \$51,135 and for the entire duration of the loan would be \$ 64,260.84. A fully amortized loan also increases the monthly loan payment; on a 15 year loan the monthly loan payment would be \$934.78. This is almost a \$200 difference per month and this higher payment would cause some of the applicant's financial ratios, such as debt coverage to exceed CenterPointe's approval criteria, so a loan structure with a balloon payment is necessary for loan approval.

There is a difference of approximately \$2,316 in interest expected to be paid by Agency, if 100% of interest is paid during the first 5 years of this loan of the approved CenterPointe loan compared to if the loan amount was fully amortized for 15 years.

BUDGET IMPLICATIONS:

The amount Budgeted for the Property Rehabilitation Grant & Loan Program for fiscal year 2010-2011 is \$293,655 with \$10,000 allocated for interest rate subsidies. In this budget there is \$54,155 in total existing obligations and \$169,500 in approved and/or anticipated projects. In FY 2010-2011 approximately \$5,979 would be paid as an interest subsidy if 100% of interest is paid by Agency. \$4,021 remains of the allocated \$10,000 for interest rate subsidies to future applicants. The total amount scheduled to be paid by the Agency through June 2019 is \$59,153.

RECOMMENDATION:

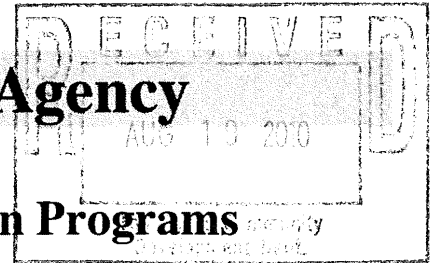
Staff Recommendation: Move to recommend that the Urban Renewal Agency approve the request for an interest rate subsidy by Dong Xi, LLC at 100% of interest charged, not to exceed 12%. This subsidy will be effective for duration of the loan obtained through CenterPointe Community Bank or until June 30, 2019, which ever occurs first.

ALTERNATIVES:

Alternative 1: Move to recommend that the Urban Renewal Agency approve an interest rate subsidy of 93% of interest accrued, which is less than 100%. This represents the difference between the interest accrued on a fully amortized loan and the interest accrued on the approved CenterPointe loan. This alternative reduces that amount that the Agency will pay, but increases the cost for the applicant.

Alternative 2: Move to recommend that the Urban Renewal Agency decline the loan subsidy request.

The Dalles Urban Renewal Agency



Property Rehabilitation Grant and Loan Programs

APPLICATION

Application Date 8-10-10

Application Number 083110-1

Interest RATE Buy-down

GENERAL INFORMATION

Applicant Dong Xi, LLC

Contact person _____

Mailing Address 310 E 2nd st
The Dalles OR 97058

Property Address 310 E 2nd st
312-320 2nd st

Applicant is: ☐ h Property owner ☐ k Business leasing the property

Telephone # 541-296-6500 Fax # 541-298-8968

Federal tax ID # or Social security # 27-0451803

Bank of account and contact 02300473 (Centerpointe Community Bank)
Christopher ley

Name of Business Canton Wok, TENANTS IN 312-320
(if different than applicant) UNDER THE SKIN

Mailing Address (TATTOO SHOP, Kay JEWELRY, JITTERBUG,
GAMEOPOLY, SASSY)

Name of Principal _____
Yan xi ma (Kelly)

PROJECT INFORMATION

Site address

310 E 2ND & 312-320 E 2ND ST

Legal Description

Building age

Square Footage

Building use

CANTON WOK - RESTAURANT
OTHER - RETAIL LEASES

Project description outline

REPLACING ROOF ON 312-320 E 2ND ST BUILDING

REPAIRING & REPOINTING BRICK EXTERIOR WALLS ON
SOUTH AND EAST SIDES OF 310 E 2ND ST BUILDING

Please include the following with your Application:


1. Project outline
2. Initial concept sketches
3. Proposed timeline
4. Final plans and specifications (prior to final certification)

EXPECTED PROJECT COSTS

Applicant hereby certifies that all information contained above and in exhibits attached hereto are true and complete to the best knowledge and belief of the applicant and are submitted for the purpose of allowing the full review by The Dalles Urban Renewal Agency and its agents for the purpose of obtaining the financial assistance requested in this application.

Applicant hereby consents to disclosure of information herein and the attachments as may be deemed necessary by MCEDD and its agents for such review and investigation.

I have read and understand the guidelines of The Dalles Urban Renewal Agency Property Rehabilitation Grant and Loan Programs and agree to abide by its conditions.



Signature (and Title if appropriate)

8-19-10

Date

Signature (and Title if appropriate)

Date

Signature (and Title if appropriate)

Date

Signature (and Title if appropriate)

Date

The following additional items will be required before the loan is approved:

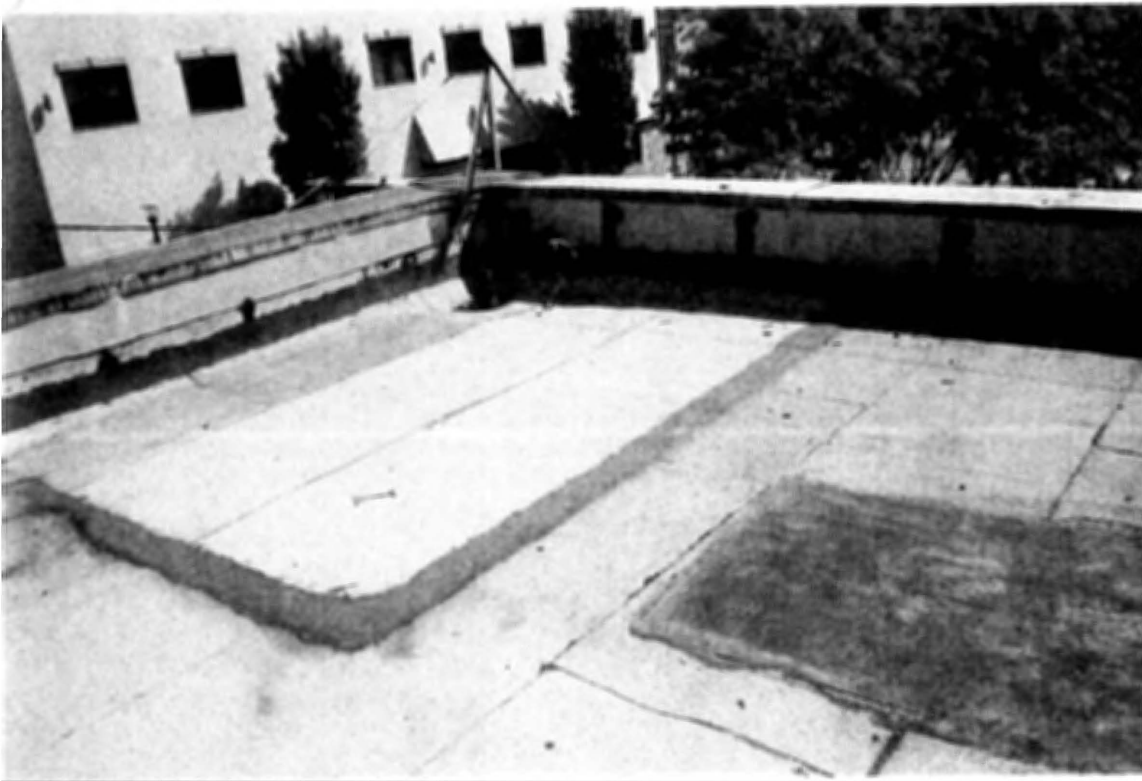
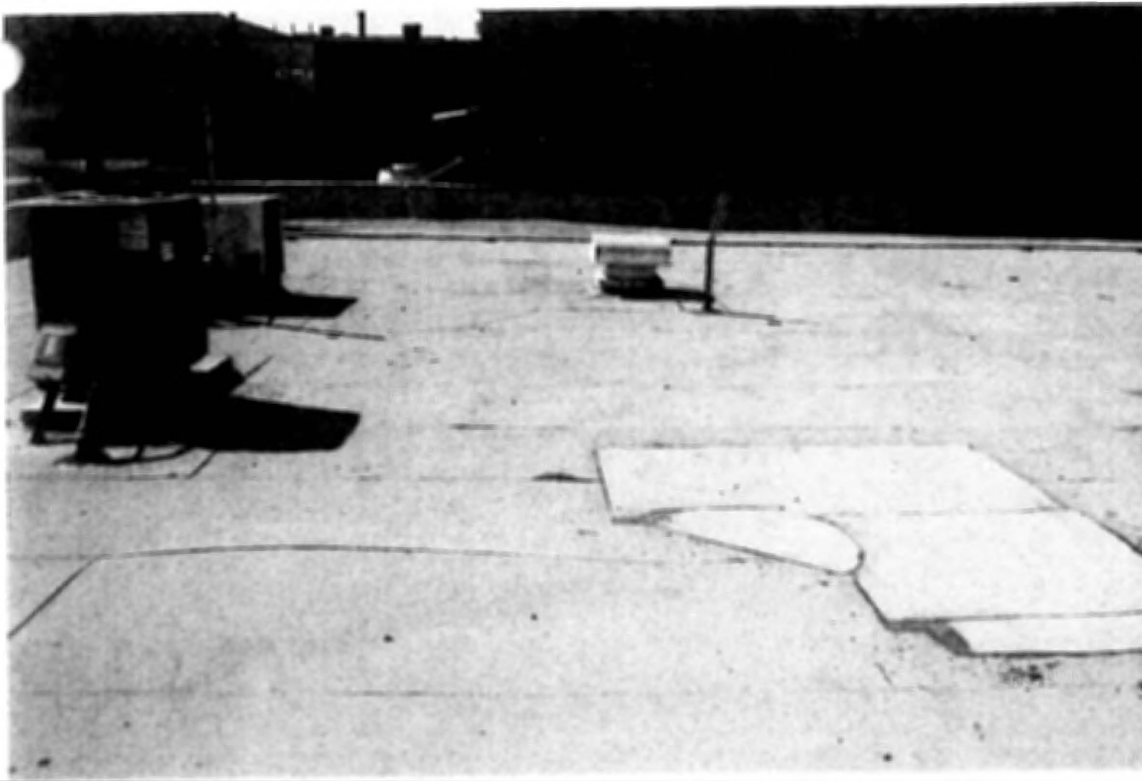
1. Certificate of approval from agency (if required).
2. Letter of approval from Historic Landmarks Commission.
3. A summary of the project outlining the work to be done.
4. Complete plans and specifications.
5. Costs estimates or bids from contractor.
6. Evidence that building permits or any other required permits are in place.
7. Preliminary commitment of any other funds to be used in the project.
8. Amount of loan requested and proposed terms being requested.
9. Bank's loan application and any other information the bank requires, such as current financial statements, including Balance sheets and Income statements.



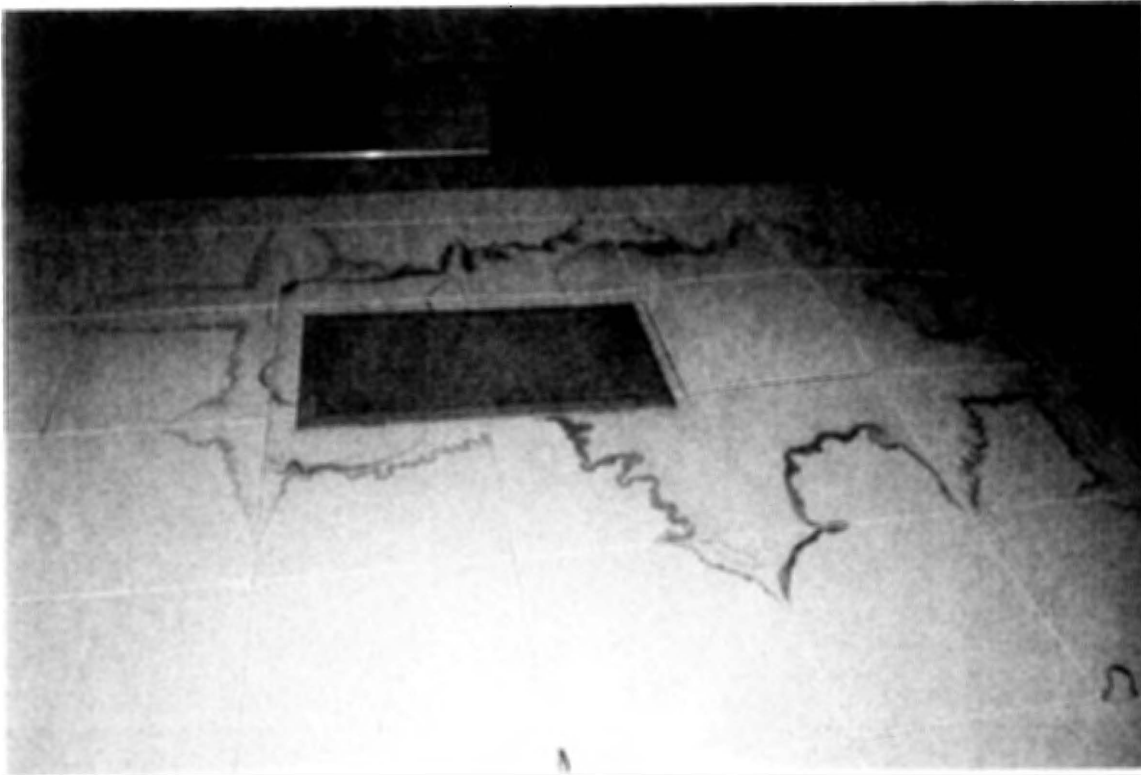
SOUTH (BACK) WALL OF CANTON WOK BUILDING



EAST UPPER LEVEL WALL OF CANTON WOK BUILDING



ROOF PROFESSIONAL REPAIRED IN NOVEMBER 2009,
OTHER AREAS AND POSSIBLY EVEN REPAIRED AREAS
ARE STILL LEAKING



CEILING IN JITTERBUG LOCATION IN "OTHER" BUILDING



ROOF LEAKS DAMAGING CEILINGS & WALLS



ROOFING BUBBLING AND BUCKLING



WATER PUDDLES AND DETERIORATES ROOFING