

AGENDA**COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD**

August 15, 2023

5:30 p.m.

City Hall Council Chambers
313 Court Street, The Dalles, Oregon

Via Zoom<https://us06web.zoom.us/j/86259459367?pwd=Z0Nnd3E4bkxBUVhXQkRKtJkCdEJ6QT09>Meeting ID: **862 5945 9367** Passcode: **292293**

Dial: 1-669-900-6833 or 1-253-215-8782

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. APPROVAL OF MINUTES – June 20, 2023
6. PUBLIC COMMENT – During this portion of the meeting, anyone may speak on any subject that does not later appear on the agenda. Five minutes per person will be allowed.
7. ACTION ITEMS
 - A. Seventh Addendum for the Disposition and Development Agreement for the Recreation Building, 213-219 East Second Street
 - B. *Basalt Commons* – Request for Urban Renewal Incentive Program Assistance for a commercial and residential complex located at 523 East 3rd Street
 - C. *Basalt Commons* – Development and Funding Agreement for a commercial and residential complex located at 523 East 3rd Street
8. STAFF COMMENTS / PROJECT UPDATES
9. BOARD MEMBER COMMENTS / QUESTIONS
10. ADJOURNMENT

Meeting conducted in a room in compliance with ADA standards.

Prepared by/
Paula Webb, Secretary
Community Development Department

MINUTES

COLUMBIA GATEWAY URBAN RENEWAL AGENCY BOARD MEETING

June 20, 2023

5:30 p.m.

City Hall Council Chambers
313 Court Street, The Dalles, Oregon 97058
Via Zoom / Livestream via City Website

PRESIDING: Darcy Long, Chair

BOARD PRESENT: Staci Coburn, Scott Hege, Tim McGlothlin, Dave Peters, Dan Richardson, and Shanon Saldivar, two positions vacant

BOARD ABSENT:

STAFF PRESENT: Director and Urban Renewal Manager Joshua Chandler, City Attorney Jonathan Kara, Secretary Paula Webb

CALL TO ORDER

The meeting was called to order by Chair Long at 5:30 p.m.

PLEDGE OF ALLEGIANCE

Chair Long led the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Saldivar and seconded by Hege to approve the agenda as prepared. The motion carried 7/0; Coburn, Hege, Long, McGlothlin, Peters, Richardson, and Saldivar voting in favor, none opposed, two positions vacant.

APPROVAL OF MINUTES

The minutes were corrected to reflect Dave Peters as absent.

It was moved by Saldivar and seconded by Hege to approve the minutes of May 16, 2023 as amended. The motion carried 6/0; Coburn, Hege, Long, McGlothlin, Richardson, and Saldivar voting in favor, none opposed, Peters abstained, two positions vacant.

PUBLIC COMMENT

Dan Spatz introduced himself. He will join the City as Economic Development Officer in mid-July. Mr. Spatz is currently working in Capital Projects/Community Relations for Columbia Gorge Community College.

CONTRACT REVIEW BOARD ACTIONS

Contract No. CGURA 2023-01 Hazardous Materials Abatement and Demolition: Tony's Building, 401-407 E. Second Street

Director Chandler presented the staff report.

In response to Board questions, Director Chandler replied:

- The anticipated completion date is October 31, 2023.
- The total cost for completion will depend on the results of the archeological review. Chair Long added many Chinese artifacts were discovered on earlier sites.
- In discussion with Stantec, it was noted the area had been the recipient of fill from other areas. The basement pre-dates 1981.

It was moved by Hege and seconded by Richardson to authorize the Agency Manager to enter into the Contract No. CGURA 2023-01 with Konell Construction and Demolition Corp. for Tony's Building property for hazardous materials and demolition in an amount not to exceed \$422,355.00. The motion carried 7/0; Coburn, Hege, Long, McGlothlin, Peters, Richardson, and Saldivar voting in favor, none opposed, two positions vacant.

ACTION ITEM

Intergovernmental Agreement for Mill Creek Greenway Segment Two

Director Chandler presented the staff report.

Scott Baker, Executive Director, Northern Wasco County Parks & Recreation District (NWPRD), 602 W. Second Street, The Dalles

In response to Board questions, Mr. Baker replied:

- The contract from the Oregon Department of Transportation (ODOT) states they have 10 years for completion from the execution of the contract. Execution was almost a full year after award of the grant. The project is moving forward.
- The Project Manager is Paul Singer of ODOT.
- ODOT will cover the project management and review. The contract states ODOT will put the project out to bid. ODOT will perform engineering review.
- ODOT and NWPRD will collaborate, most specifically around value engineering. Since the time the cost estimate was completed, construction costs have increased. The District cannot go over the budget of \$2.9 million, but there are areas where cost savings can be realized if needed.

It was moved by Coburn and seconded by McGlothlin to authorize the Agency Manager to enter into an Intergovernmental Agreement for Mill Creek Greenway Segment Two between the Columbia Gateway Urban Renewal Agency and the Northern Wasco County Parks and Recreation District in an amount not to exceed \$290,352.10.. The motion carried 7/0; Coburn, Hege, Long, McGlothlin, Peters, Richardson, and Saldivar voting in favor, none opposed, two positions vacant.

Board Member McGlothlin left the meeting at 5:55 p.m.

PRESENTATION

Urban Renewal Overview

Director Chandler presented the Urban Renewal Overview, Attachment 1.

Board Member Richardson suggested outreach include successful urban renewal projects over the years with a map/graphic to reflect past and current projects.

Chair Long complimented Director Chandler on a recent press release, as well as distributing information in Spanish.

Board Member Hege asked if increases in the tax base are tracked. Director Chandler replied a financial report is required yearly. In addition, the consultant with Tiberius Solutions stated a separate report could be created with that data. If funding becomes available, Director Chandler plans to return to the Board this winter with a financial update. City Attorney Kara added the raw data is available.

Board Member Saldivar complemented Director Chandler on the presentation, and appreciated the historical information provided.

Chair Long noted state-wide, the CGURA is one of the only stand-alone agencies. This Board performs well and quickly with a streamlined process. Chair Long added the Board is currently short two members, a community member and a representative for NWPRD. If you have suggestions, please pass them on to Director Chandler.

STAFF COMMENTS / PROJECT UPDATES

Director Chandler stated staff is excited to bring on a new Economic Development Officer. Mr. Spatz' first day will be July 17, 2023.

Director Chandler is also excited about the Tony's project moving forward. He intends to contact Konell Construction by end of week to set up a pre-construction meeting. The City's new Facilities Maintenance Supervisor, Matt Caldwell, and Construction/Development Inspector, Randy Seibel, are working on steps to shut down the building, street, and sidewalk.

Director Chandler suggested the Board work on next steps while demolition is underway. He felt the City should go straight into a Request for Proposal (RFP) to line up a project.

BOARD MEMBER COMMENTS / QUESTIONS

None.

ADJOURNMENT

Having no further business, the meeting adjourned at 6:24 p.m.

Meeting conducted in a room in compliance with ADA standards.

Submitted by/
Paula Webb, Secretary
Community Development Department

SIGNED: _____
Darcy Long, Chair

ATTEST: _____
Paula Webb, Secretary
Community Development Dept



COLUMBIA GATEWAY URBAN RENEWAL AGENCY

URBAN RENEWAL OVERVIEW

JUNE 2023



What is Urban Renewal?

Financing program that allows cities/counties the use of property tax to facilitate economic growth in designated areas and fund capital projects that would otherwise remain unfunded

Authorized under Oregon Revised Statute 457

Used throughout Oregon

Cities/counties adopt a Plan with goals and projects, UR provides an avenue to fund these projects

Specifically used to address “blighted” areas, as defined by statute

Acknowledgement of past practices



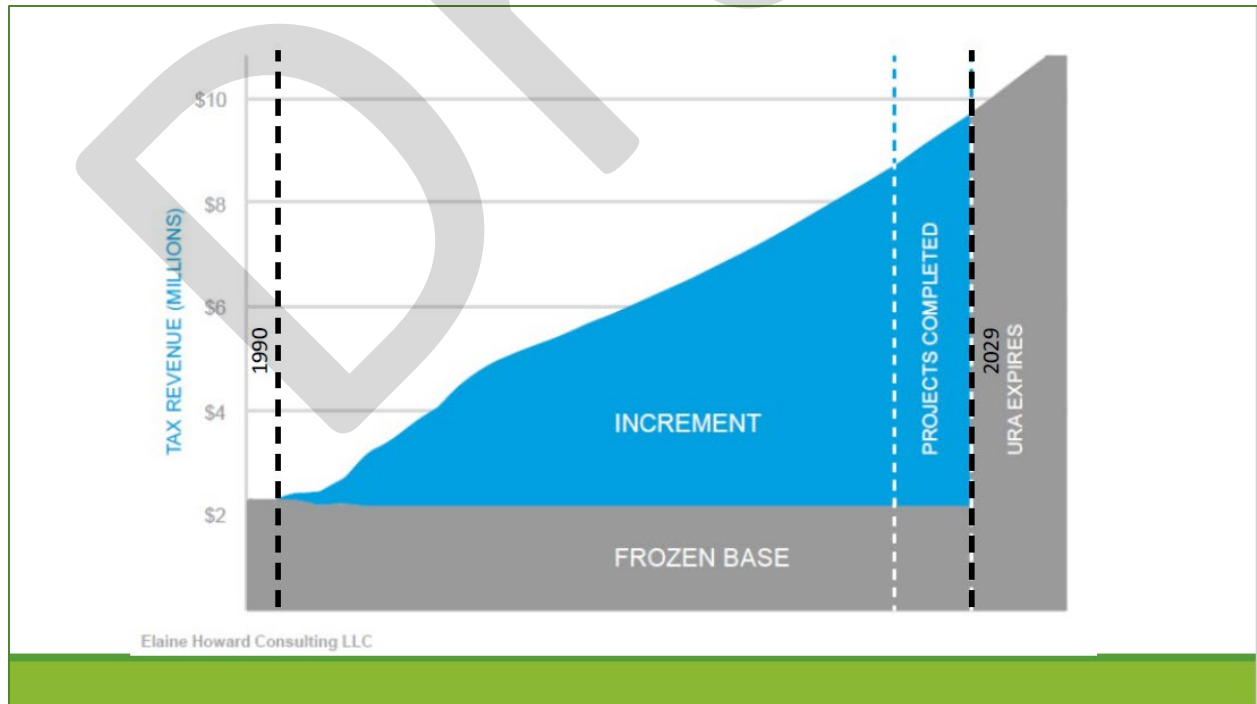
How does it work?

Urban Renewal does not increase taxpayers rates, but rather reallocates tax revenues from taxing districts to UR fund

Under State School Fund, school districts have negligible impact from UR

Use of Tax Increment Financing

- *Frozen Base = Taxable assessed value prior to UR formation; taxing districts still receive this base throughout life of district*
- *Increment = Increase in assessed value following adoption; distributed to UR fund*

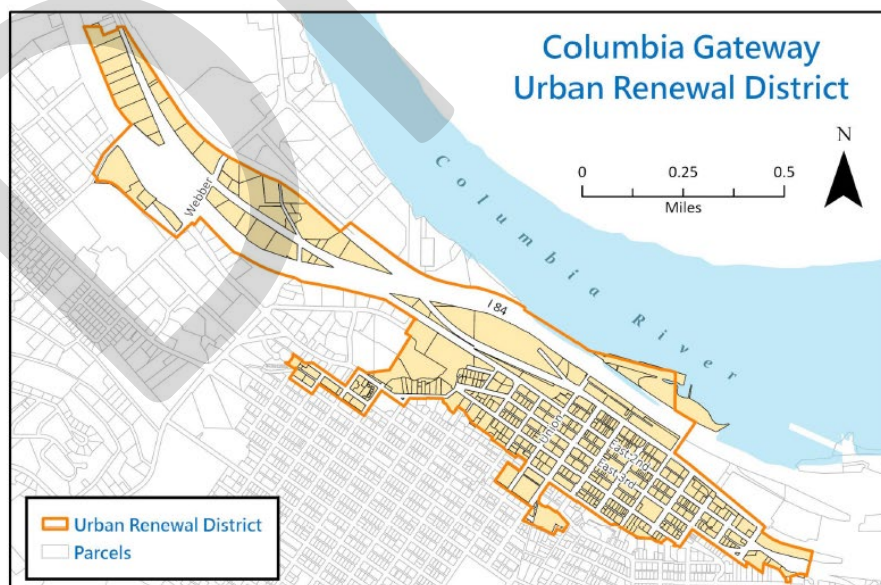


Elaine Howard Consulting LLC

Urban Renewal in The Dalles: *Columbia Gateway Urban Renewal Agency*

MISSION

The Mission of the Urban Renewal Agency is to eliminate blight and depreciating property values within the Agency's jurisdiction and in the process, attract aesthetically pleasing, job producing private investments that will stabilize or increase property values and protect the Area's historic places and values.



Urban Renewal in The Dalles: *Columbia Gateway Urban Renewal Agency*

Plan Adopted / Area Established

- August 23, 1990
- Ordinance No. 90-113

Plan Amendments

- 16 total
- Most recent: April 2018
- Substantial:
 - 1990, 1998 – Reduced size of Area
 - 2009 – Increased size of Area and Maximum Indebtedness

Total Area (as amended): 318 acres



Urban Renewal in The Dalles: *Columbia Gateway Urban Renewal Agency*

Urban Renewal Agency Board – consists of nine members

- 3 City Councilors
- 2 Citizens
- 1 member from each: Mid-Columbia Fire and Rescue, North Wasco County Parks & Recreation, Port of The Dalles, Wasco County

Support Staff

- Community Development Director (UR Manager)
- Community Development Secretary
- City Attorney
- City Finance Director
- Economic Development Officer



Plan Goals

- A. To make strategic investments of urban renewal funds and engage in various urban renewal activities which increase the value of properties within the Urban Renewal District.
- B. To make strategic investments of urban renewal funds so that unused and underused properties can be placed in productive condition and utilized in a manner consistent with the City's Comprehensive Plan and implementing ordinances;
- C. To participate by means of various urban renewal activities (e.g. land acquisition and disposition, rehabilitation loans, etc.) in specific opportunities for business, civic, residential, cultural, and tourist-related property to be developed, redeveloped, improved, rehabilitated and conserved in ways which will:
 - 1. Encourage the expansion and development of businesses that will produce jobs for the people of The Dalles and Wasco County; or
 - 2. Increase property values so that the area will contribute its fair share to the costs of public services, provided by the city, county, schools, community college, port and park and recreation district; or
 - 3. Insure a more attractive, functional and economically viable city; or
 - 4. Conserve historically significant places and properties;
- D. To be responsive to the needs and the concerns of all people of the City of The Dalles in the details of amending and implementing the Urban Renewal Plan using multiple forms of outreach including: town hall meetings, the internet, news releases, and signs on projects;



Plan Goals

- E. To encourage the maximum amount of public involvement and citizen participation in the formation and implementation of the Urban Renewal Plan by explaining and discussing the details of the Urban Renewal process:
 - 1. To the public at town hall type gatherings;
 - 2. To special interest groups, public service organizations, public bodies and the general public by invitation to Agency meetings;
 - 3. By issuing periodic news releases;
 - 4. By cooperating with the print and electronic news media by being available to discuss the Urban Renewal Plan and process;
 - 5. By use of the Internet;
- F. To provide an adequate amount of properly located and designed off-street parking, including disabled parking, in the downtown area, including a plan and program to effectively pay for, manage and maintain such parking;
- G. To create positive linkages among the two sectors of the Urban Renewal Area - i.e. the Downtown and the West Gateway Area;
- H. To cooperate, coordinate and assist in funding with the program to improve access and connections from downtown to the Riverfront and to provide facilities, such as trails and a public dock, to enhance public use of the Riverfront;



Plan Goals

- I. To improve the visual appearance, capacity, and traffic flow of streets that carry the major share of vehicular and pedestrian traffic in areas where development would otherwise be inhibited;*
- J. To assist property owners in the rehabilitation of their buildings and property to the extent that it helps implement the intent of redevelopment goals, policies, and standards, especially where rehabilitation may spur additional redevelopment activity;*
- K. To install and maintain coordinated street furniture, night lighting and landscaping in areas of maximum pedestrian concentration; including alley rights-of-way in the Downtown area;*
- L. In conjunction with specific urban renewal development or redevelopment projects, supplement existing funding sources to construct, install or replace publicly owned utility systems such as water, storm drains, and sanitary sewers where existing facilities are inadequate, undersized or otherwise substandard; and*
- M. To leverage the Agency's financial resources to the maximum extent possible with other public and private investments and other public and private funding sources.*
- N. To install underground utilities in areas of urban renewal projects including alley rights-of-way in the downtown area.*



Plan Projects

1. Downtown Streetscape Improvements
2. Downtown / Riverfront Access
3. Grain Elevator Demolition
4. Commodore Building Redevelopment
5. Penney's Block Redevelopment
6. Downtown Parking Structure and Surface Lots
7. Civic Auditorium Remodel and Reconstruction
8. Mill Creek Bridge Reconstruction (West 6th St.)
9. Mill Creek Greenway Property Development
10. Gateway Project.
11. Redevelopment of Armory Property / Public Works Site
12. Thompson Park Sidewalk
13. Property Rehabilitation Grant and Loan Fund Program
14. Redevelopment of Wasco Warehouse & Milling Company Property
15. East Gateway/Brewery Grade Street Reconstruction
16. 3rd Place Street Improvements
17. Redevelopment of Properties Located Within the Block Bordered By Washington and Court Streets, and 1st And 2nd Streets
18. Thompson Park Pool Project
19. Redevelopment of The Elks Lodge Building



Plan Projects

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New Project: UR Incentive Program

Adoption (orig.)

- *Adopted (v1): May 2022*
- *Adopted (v2): April 2023*
- *Program replaces five previously established programs*

Program Types

- **Commercial Projects:** Up to \$50,000
- **Mixed-Use Projects:** Up to \$150,000
- **New Residential Projects:** \$10,000 / new housing unit

Funding committed to date

- \$144,000 / 4 properties



Budget (FY 23/24)

Urban Renewal is separate from the City Budget

Two separate funds:

- Debt Services
- Capital Projects

Beginning Balance: \$5,416,605

- Debt Services + Capital Projects

Revenues: \$1,716,898

- Property taxes + interest income

Total Resources/Expenditures: \$7,161,327

- Beginning Balance + Revenues



Impact of Taxing Districts

Table 5. Impact on Taxing Districts FY 2021/2022

Taxing Jurisdiction	Foregone Revenue to Urban Renewal	Total Permanent Rate Levy Imposed for Taxing District *	Urban Renewal as a Percent of Permanent Rate Levy
Wasco County	395,358	10,642,944	3.58%
Port of The Dalles	18,560	379,913	4.66%
Northern Wasco Park	63,140	920,160	6.42%
Mid-Col Fire & Rescue	195,209	3,495,323	5.29%
City of The Dalles	280,396	3,676,941	7.09%
Columbia Gorge Comm Coll	25,102	671,961	3.60%
Columbia Gorge ESD	43,395	1,154,424	3.62%
North Wasco School District 21	487,280	9,576,301	4.84%
Wasco County Soil Conservation	23,233	625,843	3.58%
4H Extension	23,233	622,691	3.60%
Wasco County Library	63,156	1,641,087	3.71%
TOTAL:	\$1,618,062		

Source: FY 2021/2022 Sal 4a and 4e from Wasco County Assessor
 * represents permanent rate levy amounts in Wasco County only



Bond Debt Services

Fiscal Year	UR Share of Principal	UR Share of Interest	Total UR Share of 2009 FFCO	UR Interest Share – 84.4%
FY23/24	600,000	200,425	800,425	675,559
FY24/25	630,000	171,925	801,925	676,825
FY25/26	660,000	142,000	802,000	676,888
FY26/27	695,000	109,000	804,000	678,576
FY27/28	725,000	74,250	799,250	674,567
FY28/29	760,000	38,000	798,000	673,512
TOTALS	4,070,000	735,600	4,805,600	4,055,926

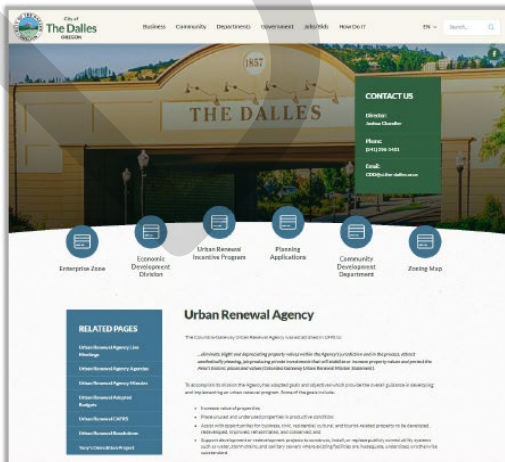
Total Debt Obligations:
 \$4,055,926

This is the remaining balance of a ~\$10.2M bond issued in 2009

If paid in accordance with debt payment schedule, outstanding debt will be paid in full on June 30, 2029



Resources



Urban Renewal webpage:

<https://www.thedalles.org/government/urban-renewal-agency/index.php>

Elaine Howard Consulting:

<http://www.elainehowardconsulting.com/index.html>

ORS 457:

<https://secure.sos.state.or.us/oard/displayDivisionRules.action?selectedDivision=46>





AGENDA STAFF REPORT
AGENDA LOCATION: 7. A.

MEETING DATE: Tuesday, August 15, 2023

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Dan Spatz
Economic Development Officer

ISSUE: Seventh Amendment for the Disposition and Development Agreement for the Recreation Building, 213-219 East Second Street

BACKGROUND

Attached for the Agency’s consideration is an Addendum to the Disposition and Development Agreement (DDA) between Todd Carpenter and Carla McQuade (“Developers”), and the Agency for redevelopment of the “Recreation Building” located at 213-219 E. Second Street. The development consists of three separate parcels. The Agency transferred title of Parcels #1 and #2 to the Developers in April 2022, upon receipt of final installment contract payments and copies of certificates of occupancies, as required by the DDA.

On December 12, 2022, the Agency Board executed a Sixth Amendment allowing an extension of time for Parcel #3 completion. This extension expires September 1, 2023.

Progress toward completion of Parcel #3, which includes an outdoor venue on what had been the second floor of a former bowling alley, has been slowed by sub-contractor availability. Parcel #3 also has required more work than the other two parcels, complicated by collapse of a roof in August 2019 and subsequent debris removal. This was unanticipated work undertaken by the Developers at their own expense, and which also required a modification to the Developer’s original plans for this structure.

Staff have conducted several site visits to monitor progress in 2023, most recently on July 24, 2023. Developer has made substantial progress toward a Temporary Certificate of Occupancy (TCO). Insulation and plumbing permits are approved; some electrical is approved for cover. Developer anticipates TCO by October 1, 2023. Given continuing uncertainties in obtaining skilled labor and construction supplies (as was the case with the Sixth Amendment), staff are proposing a Seventh Amendment to expire on March 1, 2024. This is significantly more time than the Developer indicates is needed for completion, but

staff believes this extended time provides adequate margin for the Developer to resolve Wasco County Building Department requirements for a Certificate of Occupancy (CO).

Staff recommends that property transfer occur upon the Developer receiving a Certificate of Occupancy. Upon demonstration of a CO, the Agency would accept a \$25,000 payment for Parcel #3 and prepare conveyance of ownership of Parcel #3 to the Developers.

The Seventh Addendum DDA incorporates a schedule of contract payments, closing, and dates established in the Sixth Amendment, as approved December 12, 2022. The revised Seventh Amendment schedule identifies a new closing date of March 1, 2024, which may be advanced if work is completed earlier.

In order to monitor progress, the Developer has agreed to monthly staff site visits beginning in October 2023. These visits will focus on Wasco County Building Department requirements for CO.

Wasco County Building Codes CO will require:

- Mechanical permit pulled, inspected upon, and approved.
- Plumbing and electrical permits approved.
- Fire alarm and suppression permits pulled, inspected upon, and approved. (Sprinkler system permit has been applied for; issuance pending.)
- Provision of life/safety items such as handrails, functional exits, exit stairways, guardrails, all fire separation assemblies complete and caulked, and other items as identified by Building Codes.

The purpose and intent of monthly site visits with the Developer is to track progress toward CO milestones in order to help ensure project completion by March 1, 2024, or earlier, and subsequent property transfer to the Developer.

BUDGET IMPLICATIONS

Approval of the Seventh Addendum will not create any new budget implications. The developer's total purchase price for the Agency-owned properties remains \$50,000. The schedule for payment and completion of performance milestones has changed, as outlined in this report.

BOARD ALTERNATIVES

1. ***Staff recommendation: Move to authorize the execution of the Seventh Addendum to the Disposition and Development Agreement between the Columbia Gateway Urban Renewal Agency and Todd Carpenter and Carla McQuade for property known as the Recreation Building located at 213-219 E. Second Street.***
2. Move to decline authorization of the Seventh Addendum and direct staff accordingly.
3. Other direction as URB provides to staff.

Attachments:

- **Attachment 1** – Seventh Addendum to DDA
- **Attachment 2** – Fully executed Sixth Addendum to the DDA signed December 12, 2022
- **Attachment 3** – Revised timeline to completion

**SEVENTH ADDENDUM TO AGREEMENT FOR
DISPOSITION OF PROPERTY FOR REDEVELOPMENT
OF RECREATION BUILDING**

This SEVENTH ADDENDUM TO AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT OF RECREATION BUILDING (**Seventh Addendum**) is entered by the Columbia Gateway Urban Renewal Agency (**Agency**) and Todd Carpenter and Carla McQuade (jointly, **Developer**) to amend the terms of that certain January 25, 2019, Agreement for the Disposition of Property for Redevelopment (**DDA**) of the real property commonly referred to as *The Recreation Building*.

WHEREAS, on January 28, 2020, the Parties entered into the First Addendum to DDA, changing the dates of payments to be made by Developer for purchase of the parcels and revising the schedule for Developer's completion of improvements;

WHEREAS, on March 10, 2020, the Parties entered into the Second Addendum to DDA, addressing renegotiated terms and revisions outlined in the First Addendum to DDA;

WHEREAS, on June 16, 2020, the Parties entered into the Third Addendum to DDA, modifying the DDA's insurance provisions consistent with recommendations from the Agency's insurer;

WHEREAS, on April 20, 2021, the Parties entered into the Fourth Addendum to DDA, modifying timeline obligations for Developer's performance of conditions precedent to conveyance;

WHEREAS, on March 2, 2022, the Parties entered into the Fifth Addendum to DDA, extending timeline obligations for Developer's performance of conditions precedent to conveyance to January 18, 2023;

WHEREAS, on April 18, 2022, Agency conveyed title to Developer for those certain Parcels #1 and #2 of the three-parcel property, recorded in the Wasco County Deed Records on April 19, 2022, as Instruments Nos. 2022-1364 and 2022-1365, respectively;

WHEREAS, on December 12, 2022, the Parties entered into the Sixth Addendum to DDA, extending timeline obligations for Developer's performance of conditions precedent to conveyance to September 1, 2023; and

WHEREAS, the Parties now understand Developer requires additional time for full performance of its DDA obligations for Parcel #3 and intend this Seventh Addendum to modify the DDA's terms reflective of Developer's request for extension.

NOW, THEREFORE, in consideration of the terms and provisions herein, the Parties agree:

1. Subparagraph 2.3.1 of Paragraph 2.3 **Purchase Price** in Section 2. **GENERAL TERMS OF CONVEYANCE** shall be revised to read:

2.3.1 The actual purchase price in terms of monetary consideration is \$50,000. The purchase price for the three parcels is allocated as follows: Parcel #1 - \$12,500, Parcel #2 - \$12,500, and Parcel #3 - \$25,000. 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 was paid upon execution of this Agreement. The second payment of \$7,500 for Parcel #1 shall be paid at closing (scheduled for April 18, 2022) following the issuance of a certificate of occupancy for the structure to be built upon Parcel #1, which certificate of occupancy is anticipated to be issued prior to April 18, 2022. If additional time is needed for Developer to obtain the certificate of occupancy for the structure to be built upon Parcel #1, Agency and Developer agree the time for closing Parcel #1 may be extended to June 1, 2022. The third payment of payment of \$7,500 for Parcel #2 shall be paid at closing (scheduled for April 18, 2022) following the issuance of a certificate of occupancy for the structure to be built upon Parcel #2, which certificate of occupancy is anticipated to be issued prior to April 18, 2022. If additional time is needed for Developer to obtain the certificate of occupancy for the structure to be built upon Parcel #2, Agency and Developer agree the time for closing Parcel #2 may be extended to June 1, 2022. The fourth payment of \$25,000 for Parcel #3 shall be paid at closing (scheduled to occur on or before March 1, 2024). The dates for payment of the first, second, third, and fourth installments and the projected closing dates are listed in Exhibit "C".

2. Subparagraph 2.6.1(b)(2) **Conditions Precedent to Conveyance of Project Site** of Paragraph 2.6 **Conditions Precedent to Conveyance** in Section 2. **GENERAL TERMS OF CONVEYANCE** shall be revised to read:

(2) For Parcel #3, prior to closing, Developer must provide Agency with a copy of the certificate of occupancy for the structure to be built upon the parcel and such provision must occur no later than March 1, 2024.

3. Exhibit C shall be replaced with the revised Exhibit C attached hereto.
4. Except as modified by the First Addendum, Second Addendum, Third Addendum, Fourth Addendum, Fifth Addendum, Sixth Addendum, and this Seventh Addendum, the terms and conditions of the DDA entered by the Parties on January 25, 2019, shall remain in full force and effect.

DATED this _____ of _____, 2023.

AGENCY

DEVELOPER

Darcy Long, Board Chair

Todd Carpenter

Carla McQuade

Approved as to form:

Jonathan Kara, City Attorney

**SIXTH ADDENDUM TO AGREEMENT FOR
DISPOSITION OF PROPERTY FOR REDEVELOPMENT
OF RECREATION BUILDING**

This SIXTH ADDENDUM TO AGREEMENT FOR DISPOSITION OF PROPERTY FOR REDEVELOPMENT OF RECREATION BUILDING (**Sixth Addendum**) is entered by the Columbia Gateway Urban Renewal Agency (**Agency**) and Todd Carpenter and Carla McQuade (jointly, **Developer**) to amend the terms of that certain January 25, 2019, Agreement for the Disposition of Property for Redevelopment (**DDA**) of the real property commonly referred to as *The Recreation Building*.

WHEREAS, on January 28, 2020, Agency and Developer entered into the First Addendum to DDA, changing the dates of payments to be made by Developer for purchase of the parcels and revising the schedule for Developer's completion of improvements;

WHEREAS, on March 10, 2020, Agency and Developer entered into the Second Addendum to DDA, addressing renegotiated terms and revisions outlined in the First Addendum to DDA;

WHEREAS, on June 16, 2020, Agency and Developer entered into the Third Addendum to DDA, modifying the DDA's insurance provisions consistent with recommendations from the Agency's insurer;

WHEREAS, on April 20, 2021, Agency and Developer entered into the Fourth Addendum to DDA, modifying timeline obligations for Developer's performance of conditions precedent to conveyance;

WHEREAS, on March 2, 2022, Agency and Developer entered into the Fifth Addendum to DDA, extending timeline obligations for Developer's performance of conditions precedent to conveyance to January 18, 2023;

WHEREAS, on April 19, 2022, Agency conveyed title to Developer for those certain Parcels #1 and #2 of the three-parcel property, recorded in the Wasco County Deed Records as Instruments Nos. 2022-1364 and 2022-1365, respectively; and

WHEREAS, the Parties now understand Developer requires additional time for full performance of its DDA obligations for Parcel #3 and intend this Sixth Addendum to modify the DDA's terms reflective of Developer's request for extension.

NOW, THEREFORE, in consideration of the terms and provisions herein, the Parties agree:

1. Subparagraph 2.3.1 of Paragraph 2.3 **Purchase Price** in Section 2. **GENERAL TERMS OF CONVEYANCE** shall be revised to read:

2.3.1 The actual purchase price in terms of monetary consideration is \$50,000. The purchase price for the three parcels is allocated as follows: Parcel #1 - \$12,500; Parcel #2 - \$12,500; and Parcel #3 - \$25,000. 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 was paid upon execution of this Agreement. The second payment of \$7,500 for Parcel #1 shall be paid at closing (scheduled for April 18, 2022) following the issuance of a certificate of occupancy for the structure to be built upon Parcel #1, which certificate of occupancy is anticipated to be issued prior to April 18, 2022. If additional time is needed for Developer to obtain the certificate of occupancy for the structure to be built upon Parcel #1, Agency and Developer agree the time for closing Parcel #1 may be extended to June 1, 2022. The third payment of payment of \$7,500 for Parcel #2 shall be paid at closing (scheduled for April 18, 2022) following the issuance of a certificate of occupancy for the structure to be built upon Parcel #2, which certificate of occupancy is anticipated to be issued prior to April 18, 2022. If additional time is needed for Developer to obtain the certificate of occupancy for the structure to be built upon Parcel #2, Agency and Developer agree the time for closing Parcel #2 may be extended to June 1, 2022. The fourth payment of \$25,000 for Parcel #3 shall be paid at closing (scheduled to occur on or before September 1, 2023). The dates for payment of the first, second, third, and fourth installments and the projected closing dates are listed in Exhibit "C".

2. Subparagraph 2.6.1(b)(2) **Conditions Precedent to Conveyance of Project Site of Paragraph 2.6 Conditions Precedent to Conveyance** in Section 2. **GENERAL TERMS OF CONVEYANCE** shall be revised to read:

(2) For Parcel #3, prior to closing, Developer must provide Agency with a copy of the certificate of occupancy for the structure to be built upon the parcel and such provision must occur no later than September 1, 2023.

3. Exhibit C shall be replaced with the revised Exhibit C attached hereto.
4. Except as modified by the First Addendum, Second Addendum, Third Addendum, Fourth Addendum, Fifth Addendum, and this Sixth Addendum, the terms and conditions of the DDA entered by Agency and Developer on January 25, 2019, shall remain in full force and effect.

DATED this 12th of December, 2022. *FMK*

AGENCY

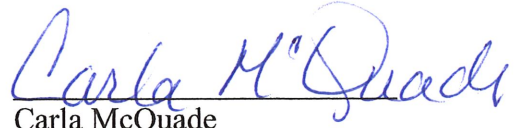
DEVELOPER

Darcy A. Long
Darcy Long, Board Chair

Todd Carpenter
Todd Carpenter

Sixth Addendum to Recreation Building DDA

Columbia Gateway Urban Renewal Agency – Todd Carpenter and Carla McQuade


Carla McQuade

Approved as to form:

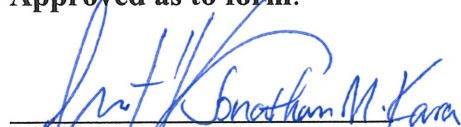

Jonathan Kara, City Attorney

EXHIBIT C

REVISED AS OF SEVENTH ADDENDUM TO DDA

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

January 25, 2019 – First installment contract payment of \$10,000 was paid by Developer.

April 18, 2022 – Second and third installment contract payments of \$7,500 each (\$15,000 total) was paid by Developer. Developer provided Agency with copies of certificates of occupancy for structures built on Parcels #1 and #2. Agency transferred title to Parcels #1 and #2 to Developer.

March 1, 2024 – Fourth installment contract payment of \$25,000 to be paid by Developer.
Closing Date for Parcel #3.



AGENDA STAFF REPORT

AGENDA LOCATION: 7. B.

MEETING DATE: Tuesday, August 15, 2023

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Dan Spatz
Economic Development Officer

ISSUE: *Basalt Commons* – Request for Urban Renewal Incentive Program Assistance for a commercial and residential complex located at 523 East 3rd Street.

BACKGROUND

A mixed-use commercial and residential development known as *Basalt Commons* is proposed for the Central Business Commercial Zone at 523 East 3rd Street. The site is currently occupied by the former Griffith Motors auto sales and repair center (previously Thomas Motors), and is owned by TD3rd, LLC (Hanlon Development, LLC) (**Developer**). The existing building is currently unused except for storage purposes. Developer proposes to demolish the existing structure and replace it with a five-story commercial and residential complex (**Project**).

The \$26M-29M Project contemplates constructing 108 residential dwelling units comprising 40 studio units, 48 one-bedroom units, and 20 two-bedroom units. In addition, the Project is designed to accommodate 9,350 SF of ground-floor commercial space and 32 on-site parking spaces.

Developer submitted an application for the Agency's Incentive Program (**Program**) for a *New Residential Project Grant* for an amount not to exceed \$1,000,000.00. Unlike other classifications of grants the Agency awards, funds awarded through this Program are not given to the grantee directly; instead, the Agency commits the funds to cover the Project's residential system development charges (**SDCs**) – fees assessed and collected at the time of building permit approval intended to offset a residential development's impact to existing infrastructure – by paying those charges directly to the government entities to whom the fees would be owed.

In this case, both the City of The Dalles (**City**) and the Northern Wasco County Parks and Recreation District (**District**) impose SDCs on the Project; accordingly, the Agency’s award contemplated by the **Incentive Program Grant Agreement** presented for your consideration pertains to the Agency’s direct payment to the City and District of the residential SDCs Developer would owe the City and District, respectively, for the Project. Put another way: if the Agency Board authorizes this Grant, Agency-awarded funds would be disbursed to the City and District at the time the Project receives building permit approval.

The Program imposes a fixed \$50,000 award cap for *Commercial Project Grants* and a fixed \$150,000 award cap for *Mixed-Use Project Grants*, but the Program does not limit the funding available for award for this type of grant; instead, *New Residential Project Grants* do not have an upper bound for Agency fund commitment but rather the Agency limits the funding available for award based on the number of new housing units developed – specifically, the Program established a maximum of *\$10,000 per new unit* to cover residential SDCs paid to the City and District.

Since Developer is anticipating 108 new units, Developer is eligible for Agency’s award of up to \$1,080,000 for this Project. Here, Developer’s application requests Agency’s award of **up to \$1,000,000**. For illustrative purposes, Staff calculated the following cost breakdown for the Project’s residential SDC assessments based on 108 new units:

- SDCs payable to City:

<i>Water</i>	4” meter/Project	\$57,925
<i>Sewer</i>	\$1,789/dwelling unit	\$193,212
<i>Transportation</i>	\$1,053/dwelling unit	\$113,724
Subtotal		\$364,861

- SDCs payable to District:

<i>Parks</i>	\$4,539/multifamily unit	\$490,212
Subtotal		\$490,212
Total		<u>\$855,073</u>

The City and District typically modify their SDC rates each fiscal year. To account for any variance between the SDC rates currently assessed and the SDCs rates assessed at the time the Project secures building permit approval, Staff recommends the Agency Board approves Developer’s grant request in an amount not to exceed \$1,000,000, with the understanding:

- (1) that authorization is intended to provide Staff flexibility in administering the terms of the grant award;
- (2) if Developer does not actually construct each of the anticipated 108 units, the Agency’s SDC payment obligation to the City and District will be prorated commensurate with the number of actual units constructed and the Agency will retain the remaining funds; and
- (3) all awarded funds will be paid directly to partner agencies.

The Developer projects an 18-month construction period beginning from Agency approval. Should approval be granted in August 2023, construction is anticipated to begin in Summer 2024 and be completed Spring 2026.

PROJECT BENEFITS

Staff determined the *Basalt Commons* Project is aligned with and furthers the Agency's mission, goals, and objectives: a more robust analysis is provided in the Staff Report for Agenda Item 7.C.

BUDGET IMPLICATIONS

The Urban Renewal Incentive Program launched in August 2022 and is accounted through the Urban Renewal Capital Projects Fund; the approved budget for that fund in fiscal year 2023-24 is \$2,583,382. Sufficient funds are available for this and other projects. Staff, in consultation with the Wasco County Assessor, estimates the recapture period for this Incentive Program investment is 13.5 years (based on 108 new units actually constructed) – if fewer units are actually constructed, the recapture period will be shortened and the Agency's return on investment will be sooner realized.

BOARD ALTERNATIVES

1. ***Staff recommendation: Move to authorize the Agency Manager to execute and implement the Incentive Program Grant Agreement with TD3rd, LLC, in an amount not to exceed \$1,000,000.00, as presented.***
2. Make modifications to then authorize the Agency Manager to execute and implement the Incentive Program Grant Agreement with TD3rd, LLC, as amended.
3. Decline authorization and provide direction to Staff.

Attachments:

- **Attachment 1** – Urban Renewal Incentive Program Application, 523 East 3rd Street
- **Exhibit A** – Recitals and Declaration
- **Exhibit B** – Urban Renewal Incentive Program Grant Agreement

Urban Renewal Incentive Program APPLICATION



Property address: 523 E. 3rd Street, The Dalles, Oregon

Incentive requested: Commercial Project Mixed Use Project New Residential Project
(check all that apply)

Applicant

Mary Hanlon, Member

Contact person and title

(503) 539-2880

Phone number(s)

101 SW 2nd Street #2049

Mailing address

The Dalles

City

www.hanlondevelopment.com

Website URL

Are you current on business taxes? Y N

Ownership status: I own the property
 I own the property with others

TD 3rd, LLC

Business name

mary@hanlondevelopment.com

Email Address

Oregon

State

97058

ZIP Code

27 yrs in business; 7 yrs in The Dalles

Years in Business / Years in The Dalles

In which state are your incorporation &/or organization documents filed: Oregon

I am purchasing the property*
 I lease the property*

* Owner Authorization form required (attached)

Property Owner

(Required if different than Applicant.)

Mary Hanlon, Sole Member, Hanlon Development LLC, Managing Member, TD3rd LLC

Owner name / contact

(503) 539-2880

Phone number(s)

101 SW 2nd Street #2409

Mailing address

The Dalles

City

Oregon

State

97058

ZIP Code

Do you expect property owner to be the same at time of project completion? Y N

Application Submittal

Minimum Requirements

To be eligible for Program funds, the following minimum requirements must be met:

- (1) The subject real property (**Property**) must be located within the Area;
- (2) Applicant must be the Property's current owner or must obtain the owner's prior written consent on the Application;
- (3) Applicant must not be delinquent on any City accounts (e.g., utility accounts) and real property taxes concerning the Property must be paid in full at the time of Application submission and all fund disbursements. If the Applicant is not the Property's current owner, both the Applicant and owner must not be delinquent on any City accounts and be current on their real property taxes;
- (4) The Property must not be subject to any tax abatements reducing its assessed market value (including, without limitation, tax credits, property-related subsidies, or any other tax exemption); provided, however, the Property may receive tax abatement or subsidies from The Dalles Vertical Housing Development Zone without impacting its eligibility under this Program;
- (5) The project for which Program funds are sought must be an Eligible Project meeting and seeking to advance Plan goals and objectives; and
- (6) Applicant must timely apply for Program funds on Agency's then-current Program application and in such manner as the Agency Manager (**Administrator**) may then prescribe.

Attachments

Separately attach the following documents:

- All relevant plans and specifications;
- Current photographs of the Property and adjacent buildings;
- Project schedule;
- Information concerning the Property, including ownership information and legal description;
- Title report to determine the extent of any existing liens or other encumbrances impacting the Property;
- Current property tax information for the Property; and
- All other information and/or documentation the Administrator deems necessary or appropriate to enable Agency to review the application and determine eligibility for the Program funds.

Public Information Notice

All documents and information contained in documents submitted by an Applicant to this Program are public records subject to the Agency's disclosure pursuant to the Oregon Public Records Law (ORS 192.311 *et seq.*) except such portions the Agency deems exempt from disclosure pursuant to ORS 192.345, 192.355, and other Oregon statutes or federal law. An Applicant may request the Agency consider portions of the Application *confidential* by submitting an analysis of the applicability of ORS 192.355(4) to the City Attorney prior to submission of this Application or any documents or information.

- Interior and exterior infrastructure upgrades (e.g., plumbing, mechanical, electrical, sidewalk, drive-approaches, etc.).
- Parking lot improvements.
- Permanent improvements for upper floors of existing Area buildings to make the space usable (if not currently in use).
- Demolition in conjunction with redevelopment of blighted properties.
- Safety and accessibility improvements (e.g., ADA access improvements, elevator installation, architectural lighting, seismic reinforcement systems, etc.).
- Fire suppression systems for new or reused spaces; however, fire suppression systems for existing uses are ineligible.
- Façade improvements, including: (i) restoration of masonry, brickwork, and/or wood and metal cladding; (ii) installation of new or replacement of existing replacement and/or repair of architectural features; (iii) installation of new or replacement of existing awnings; (iv) installation of new or replacement of existing exterior lighting; (v) installation of new or replacement of existing gutters and downspouts; (vi) installation of new or replacement of existing windows; (vii) entranceway modification and/or implementation of safety features; (viii) structural support for façade only; (ix) new construction for façade treatments; (x) painting of exterior walls when repairs to siding are made or part of new construction of the façade; and/or (xi) construction and installation of bike racks.
- Design or engineering work leading to permanent and physical improvements.
- Other permanent improvements and redevelopment aligned with Area and Agency goals as approved by the Administrator or Agency Board (as applicable), unless listed as an Ineligible Project.

Ineligible Projects

The following projects are not eligible for Incentive Program funding.

- Projects completed prior to grant funding award.
- Projects on land exempt from property taxes or otherwise by an Applicant or owner exempt from property taxes (e.g., non-profit organizations).
- General cleaning.
- Maintenance and *like-for-like* replacements.
- Roof repairs or replacements.
- Fire suppression systems for existing uses.
- Real property acquisition.
- Equipment acquisition
- Financing costs or debt and other similar operating expenses.
- Flooring.
- Interior electrical and plumbing fixtures.
- Paint and painting.
- Landscaping.
- Security system upgrades.
- Other non-permanent improvements or redevelopment not aligned with Area and Agency goals as denied by the Administrator or Agency Board (as applicable).

Property and Project Description

Property Description

Briefly describe the current use(s) and condition of the Property. This may include utility information, existing improvements, business uses and names of current commercial/industrial tenants, and number of current residential units.

The site is flat, and features an 18,000 square foot building which formerly housed Griffith Motors (including sales, offices, parts, and garage). The business was closed over a decade ago and the building has been vacant since with the exception of some storage spaces in the old garage, on month-to-month leases. All utilities (water, sewer and private utilities) are available to the site.

Project Narrative and Schedule

Briefly describe the proposed project and schedule of project completion. This may include business(es) committed to occupying the new/improved area, a description of the current development phase, estimated construction start/end dates, and type of work already completed.

Basalt Commons is proposed to be a five story building, with four levels of apartments over a single ground floor of commercial use. The project as currently envisioned will contain 108 housing units (40 studios, 48 one bedroom units, and 20 two bedroom units), with 9350 sq ft of ground floor commercial (likely to include a brewpub and other retail/food and beverage uses). A total of 56 parking spaces are proposed (32 on site + 24 adjoining on-street parking).

Our schedule anticipates a construction start in Spring/Summer of 2024, with completion in late 2025/early 2026. This schedule is predicated on several critical milestones including approval of City funding (including the URA-funding identified in this application, as well as the Vertical Housing Development Zone), approval of entitlements by the City, leasing of the ground floor retail space, and our successful securing of financing from a private lender at terms that allow the project to be deemed financially feasible by our equity partners.

Eligible Projects

Please choose all that apply.

- Development of new residential units.
- Restoration, reuse, or upgrades to historically listed buildings, including adapting historic or culturally significant existing buildings in the Area to new uses. Such improvements must first receive Historic Landmarks Commission approval prior to Application submission.
- Temperature or ventilation system upgrades (e.g., HVAC); however, *like-for-like* replacements are ineligible.

Funding

Amount of Requested Incentive Grant Funding

Commercial Grant Request	\$ _____
Mixed Use Grant Request	\$ _____
Residential Grant Request	\$ 1,000,000 (see also information below)

Anticipated Financing

Grant funds will be committed prior to commencement of work but will not be disbursed until the Applicant provides proof of payment for the completed improvements (the Grant Agreement will have anticipated reimbursement schedule). Additionally, the Incentive Grant Program requires matching funds: Commercial Grant Applicants must fund at least 50% of total eligible project costs, Mixed Use Grants 30% of total eligible costs; and Residential Grants require the full project to be funded (through public and private sources) to take advantage of the SDC buydown. How will the improvements be financed?

- Bank / Credit Union Loan (name of lender): _____
- Other grant from City of The Dalles (list source, amount): _____
- Other Grant (list all grant sources): _____
- Other public funding (list source, amount, and whether secured/timing to secure): _____
- Other Urban Renewal Funding
- Private loan
- Equity Business Savings Personal Savings Gift Friend
- Other: Vertical Housing Development Zone (10 year partial property tax abatement)

Eligibility of Proposed Project | Public Funding

Has the Property received other public funding or grants in the past five years? Is the Applicant or owner pursuing any other funding from City of The Dalles to carry out work on this property? Include details on source and amounts received or being pursued and note date of any public approvals.

The project will largely be funded through private funds - equity and a bank loan. We have not received any public funding (including grants) in acquiring or holding the property, and we will not be seeking financial assistance from the City other than the URA incentive program funds which are the subject of this application, a separate URA "gap" grant of \$730,000 and the Vertical Housing Development Zone. There are no other funding sources anticipated at this time, but if we should secure any other sources (an unlikely possibility) we will inform the URA promptly.

We are seeking URA Board authorization for up to \$1,000,000 from the Urban Renewal Incentive Program. We understand that the basis of this incentive program is the total SDCs for the project, up to a maximum of \$10,000 per unit. We also understand that the total SDC amount may ultimately be something less than \$1,000,000, in which case we realize that the total incentive may be reduced commensurately. But anticipating that the final SDC for the residential portion of the project has not yet been finalized, we respectfully request URA Board authorization for the entire \$1,000,000.

Owner Authorization
(Required if owner is different than Applicant.)

AUTHORIZATION AND CONSENT OF OWNER

I, _____, am the owner of record for tax purposes of the Property addressed _____ in The Dalles, Oregon. I hereby authorize the Applicant, _____, to alter my Property as described in this Application. I do not waive the right to review and approve and proposed Project before it commences.

I certify I have reviewed and understand the Incentive Program guidelines, including property tax abatement and credit restrictions that will be in effect for 15 years.

Print name of owner

Owner Signature

Date

Certification by Applicant

(Please initial and sign.)

APPLICANT AFFIRMATION

By initialing each below, the Applicant affirms the following statements in the event the Applicant is awarded any funding or credits under this Program for the Project:

MCH/JWS

I understand I will enter into a contractual Grant Agreement with the Agency and a lien equal to the value of any awarded funds disbursed or credits applied will be assessed against the Property for fifteen (15) years from the date of Project completion. I further understand and commit to reimbursing the Agency the value of any awarded funds if the Property receives any Abatements in during the 15-year period other than abatements or subsidies through The Dalles Vertical Housing Zone.

MCH/JWS

If I am awarded any Grants for a Commercial Project or Mixed-Use Project, I understand I am required to invest at least fifty percent (50%) of the improvement costs for Commercial Projects and at least thirty percent (30%) for Mixed-Use Projects.

MCH/JWS

I understand any funding or credits may only be used for costs incurred (1) after award and (2) after the Agency executes the Grant Agreement. I further understand any costs incurred prior to award or the Agency's execution of the Grant Agreement are ineligible for reimbursement.

MCH/JWS

I understand all awarded funds or credits must be applied toward permanent and physical improvements or design or engineering work leading to permanent and physical improvements.

MCH/JWS

I understand the Project complies with The Dalles Municipal Code, the City's Land Use and Development Ordinance (including zoning and design standards), and historic review. I further understand I must secure all required land use approvals prior to submitting this Application.

MCH/JWS

I understand the Property is current with its property taxes and agree the Property owner is expressly responsible for all taxes associated with any award.

MCH/JWS

I authorize the Agency to request a title report on the Property subject to City Attorney review, and I understand the Agency may deny any awarded funding based on the title report and/or the number of liens assessed against the Property.

APPLICANT CONTACT CERTIFICATION

May Helen JWS

I, May Helen JWS, the Applicant Contact, certify I am authorized to sign on behalf of the Applicant. I understand the Agency must approve the proposed Project by executing a Grant Agreement before I am eligible for any reimbursements. Certain changes or modifications to the Project may be required by the Agency prior to its final approval. A Letter of Commitment will not be issued before the Agency receives the necessary bids, proposals, and documentation for the approved work. Any work commenced before the Agency issues a Letter of Commitment is not eligible for reimbursement. If approved for award, I hereby authorize the Agency to use before-and-after images or photographs of the Property and Project, both in print and online. I certify all information in this Application, and all information furnished in support of this Application, is true and complete to the best of my knowledge. The Agency may verify any of the information contained in or supporting this Application from any available source.

May Helen JWS

Applicant Signature

7-7-23

Date

RECORDING REQUESTED BY:

Jonathan V. Barg
Barg Singer Hoesly PC
121 SW Morrison St. Ste. 600
Portland, Oregon 97204

DECLARATION

THIS DECLARATION (this “**Declaration**”) is made as of _____, 2023, by TD3RD, LLC, an Oregon limited liability company (“**Declarant**”), with reference to the following facts:

RECITALS

A. Declarant is the owner of real property located in the City of The Dalles, County of Wasco, State of Oregon, more particularly described on Exhibit A attached hereto (the “**Property**”).

B. Declarant intends to develop the Property as a mixed-use residential and commercial property (the “**Project**”).

C. The Columbia Gateway Urban Renewal Agency (the “**Agency**”) has awarded to Declarant a grant (the “**Grant**”) from the Agency’s Incentive Grant Program for purposes of paying residential system development charges arising from development of the Project.

D. As a condition of the Grant, Agency has requested and Declarant has agreed that Declarant not apply for or avail itself of certain tax abatements on the Property for a period of 15 years from the date of this Declaration, all pursuant to the terms of this Declaration.

DECLARATION

NOW, THEREFORE, Declarant hereby declares that the Property and each portion thereof is and shall be owned, conveyed, mortgaged, encumbered, leased, developed, improved, used, and occupied subject to this Declaration and the covenants, conditions, and restrictions set forth herein, all of which are equitable servitudes and shall run with the title to the land and shall be binding on all parties having or acquiring any right, title, or interest in the Property or any portion thereof and their respective heirs, successors, and assigns.

1. Tax Abatement Covenant. During the term of this Declaration, Declarant covenants that Declarant shall not pursue any special property tax abatements to reduce the assessed market value of the Property, including without limitation property tax credits, property-related subsidies, and abatements tied to the non-profit status of the Property's users, to the extent that the foregoing would reduce the real property taxes payable with respect to the Property or any part thereof (collectively, "**Abatements**"). Notwithstanding the foregoing, Declarant may, at any time (a) pursue property tax appeals, and (b) pursue and avail itself of tax abatements or subsidies through The Dalles Vertical Housing Development Zone or any successor thereto. Additionally, the terms of this Section 1 will not be applicable to a commercial tenant of the Property obtaining an abatement for eligible fixtures and personal property used or installed at the Property by such tenant.

2. Default. In the event that Declarant violates the terms of Section 1 above (a "**Default**"), Declarant will be obligated to pay to Agency the Unamortized Grant Amount. "**Unamortized Grant Amount**" shall mean the amount of the Grant that, as of the date of such violation, has not been amortized, based on straight line amortization of the amount of the Grant over a period of 15 years from the date of this Declaration until the date of the Default. The amortization will be calculated on a monthly basis.

3. Term of Declaration. This Declaration shall run with the land and shall continue in full force and effect until the fifteenth (15th) anniversary of the date of recordation of this Declaration (the "**Expiration Date**"). Upon the Expiration Date, this Declaration shall automatically terminate and be of no further force or effect, without further action of Declarant.

4. Amendments. Prior to the Expiration Date, no amendments to this Declaration shall be effective unless signed and acknowledged by Declarant (or its successors or assigns) and the Agency and recorded in the land records of Wasco County.

5. Constructive Notice and Acceptance. Each owner, tenant, and occupant and every other person who now or hereafter owns or acquires any right, title, estate or interest in or to any portion of the Property, by acceptance of a deed, lease or other interest therein, shall be conclusively deemed to have consented and agreed to hold such title, leasehold or interest subject to and to comply with every covenant, condition and restriction contained herein, whether or not any reference to this Declaration is contained in the deed, lease or other instrument by which such person acquired said interest in the Property. Every provision of this Declaration, regardless of its characterization herein, shall be deemed a covenant, condition, restriction, reservation, easement or servitude, as the circumstances may require to permit the enforcement thereof and to carry out the intent of this Declaration.

6. Governing Law. This declaration shall be governed, construed and enforced in accordance with the laws of the State of Oregon.

Exhibit A
Legal Description

LOTS 7, 8, 9, 10, 11 AND 12, BLOCK 9, LAUGHLIN'S ADDITION TO DALLES CITY, IN CITY OF THE DALLES, COUNTY OF WASCO AND STATE OF OREGON.

URBAN RENEWAL INCENTIVE PROGRAM GRANT AGREEMENT



This INCENTIVE PROGRAM GRANT AGREEMENT (**Agreement**) is entered by and between the *Columbia Gateway Urban Renewal Agency*, an urban renewal agency duly formed and operating under the provisions of ORS Chapter 457 (**Agency**) and *TD3rd, LLC*, a domestic limited liability company (**Grantee**), for its project located at **523 East 3rd Street** (**Property**) in The Dalles, Oregon.

WHEREAS, Agency aims to incent redevelopment of unused and underused land and buildings to meet the goals of the Columbia Gateway/Downtown Urban Renewal Plan;

WHEREAS, Agency sponsors that certain Incentive Grant Program (**Program**) for building and property owners seeking to meet community goals through improving, rehabilitating, and developing properties located with the Columbia Gateway/Downtown Urban Renewal Area; and

WHEREAS, Grantee applied for and Agency awarded a grant from the Program (**Grant**) and this Agreement outlines the Parties’ respective rights and responsibilities connected with the Grant and its funding.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree:

Agency agrees to each and every obligation in the following Terms and Conditions. Grantee agrees to be bound by each and every provision of the Program’s Guidelines, their Project Application, and the following Terms and Conditions to remain eligible to receive the benefit of any Grant funds Agency agrees to award. The terms of this Agreement expressly control over all other documents on this matter. Grantee agrees to assume all risks of and Agency disclaims any obligation to pay under this Agreement for any commitments Grantee entered prior to obtaining a fully executed agreement with Agency.

Grant Title	Basalt Commons
Grant Purpose	Grant funds are to be used exclusively to pay the City of The Dalles, Oregon (City) and the Northern Wasco County Parks and Recreation District (District) for Grantee’s residential system development charges (SDCs) arising from the anticipated 108-unit mixed use development of 523 East 3 rd Street (Project) and in an amount not to exceed \$10,000 per new dwelling unit.
Grantee Project Manager / Contact	Mary Hanlon mary@hanlondevelopment.com 503-539-2880 101 W 2 nd Street The Dalles, OR 97058
Grant amount (maximum) New Residential Incentive	NTE \$1,000,000
Total Project Budget	Approximately \$26,000,000-\$29,000,000

TERMS & CONDITIONS

1. **GRANT AWARD:** Agency hereby awards Grantee a *New Residential Project Grant* in an amount not to exceed *one million dollars and no cents* (**\$1,000,000.00**) for use expressly as follows and subject to this Agreement's qualifying limitations for the Project:

A. Agency agrees to directly pay the City and District for any residential SDCs they may collect or assess when the Property connects to City utility or transportation systems and the District's park system (**Payment**) consistent with the provisions of The Dalles Municipal Code Chapter 3.08 (*System Development Charges*) and all other applicable law, all as limited by the provisions of this Agreement.

B. Generally, the Parties agree Agency's obligation to make the Payment is limited by the Program to up to \$10,000 per each dwelling unit actually constructed through and for the Project. Below is the Agency's current estimate of Grantee's residential SDCs for the approximately 108-unit *Basalt Commons*, which amounts are provided only by way of example and will not limit the Payment:

• SDCs payable to City:			
	<i>Water</i>	4" meter/Project	\$57,925
	<i>Sewer</i>	\$1,789/dwelling unit	\$193,212
	<i>Transportation</i>	\$1,053/dwelling unit	\$113,724
	Subtotal		\$364,861
• SDCs payable to District:			
	<i>Parks</i>	\$4,539/multifamily unit	\$490,212
	Subtotal		\$490,212
	Total		<u>\$855,073</u>

C. Agency agrees to apply its Payment at the time the City's Community Development Department approves the Project's Building Permit application.

2. **CONDITIONS PRECEDENT TO PAYMENT:** Grantee agrees Agency may verify all SDCs at the time the City's Community Development Department approves the Project's Building Permit application. The Parties specifically agree Agency has no obligation to make its Payment to City and District until and unless Grantee satisfies each of the following conditions or provides Agency each of the following deliverables:

A. Grantee provides Agency evidence that Grantee has adequate funding to construct the Project effective and valid at the time of Payment. With regard to the part of the Project costs to be financed, Grantee also provides Agency with a commercially reasonable loan commitment executed by a construction lender indicating a commitment to fund the part of the Project costs for which financing is required.

B. Grantee commences demolition of all improvements currently existing on the Property. Agency agrees Grantee may satisfy this condition precedent to Agency's Payment obligation by delivering to the Agency Manager a fully executed copy of a contract for the demolition.

3. **TERM:** The Parties agree this Agreement is effective when mutually executed (**Effective Date**). Except as detailed elsewhere in this Agreement, the Parties agree its provisions

expire without Agency's Payment if the Building Permit for the Project is not issued within two (2) years from the Effective Date, unless the expiration of this Agreement is extended by Agency at its sole discretion.

- 4. PROJECT COMPLETION AND FINAL REPORT:** Grantee agrees to complete or cause to be completed the Project expeditiously, in a timely and good and professional manner, and in compliance with all applicable law. Grantee agrees to provide Agency with a final report, in form and content acceptable to Agency, identifying total expenditures, outcomes, and such other information reasonably requested by Agency to verify compliance with the Program within thirty (30) days from Project completion; provided, however, Agency agrees to not request information Grantee could not reasonably be expected to be able to provide without engaging outside consultants or professionals.

Conditions: Pre-Construction

The following conditions must be met prior to any Project work funded by this Agreement commencing:

- 1. COMMITMENT ACCEPTANCE:** The Parties agree Agency's commitment must be accepted by signing below and returning a copy to Agency no later than September 15, 2023: Agency's offer will expire without further notice if Grantee does not accept the commitment by then.
- 2. AUTHORIZATION:** If Grantee is not the Property's legal owner of record for tax purposes (**Owner**), Grantee agrees to provide Agency with written and executed evidence of Owner's authorization to **(a)** enjoy the privileges of and be bound to Grantee's obligations under this Agreement and **(b)** carry out the Project contemplated by this Agreement.
- 3. SCOPE OF WORK/WORK DESCRIPTION:** Agency reserves the right to refuse to make the Payment if Grantee's proposed scope of work does not meet the intent of the Grant as reflected in this Agreement.
- 4. OTHER APPROVALS:** Grantee agrees to obtain all necessary regulatory approvals (e.g., development review, building permits, and/or approval from the State Historic Preservation Office, where applicable) for the Project. Grantee, Owner, and the Property agree to comply with the City's zoning, design, land use and development, historic review (as applicable), and municipal code requirements.
- 5. PROPERTY TAXES:** The Parties agree Agency has no obligation to make the Payment until and unless Grantee or Owner submits proof the Property does not owe any property taxes at the time of the Payment.

Other Conditions

1. **15-YEAR RESTRICTION ON PROPERTY TAX ABATEMENTS OR CREDITS:** Grantee agrees not to pursue on the Property any tax abatements reducing its assessed market value (including, without limitation, tax credits, property-related subsidies, abatements tied to non-profit status of the Property's users, and any other tax exemptions) (collectively, **Abatements**) for fifteen (15) years from the Payment date (**Restricted Period**); provided, however, Agency agrees Grantee may avail itself of tax abatements or subsidies through The Dalles Vertical Housing Development Zone. The Parties agree Agency has no obligation to make its Payment to City and District until Grantee duly executes and delivers to Agency that certain *Declaration* (which includes a *Tax Abatement Covenant*), attached to and made part of this Agreement as **Exhibit A**, a copy of which Grantee agrees Agency may record in the Wasco County Official Records after Agency's Payment.
2. **TAXES:** Grantee agrees to complete a Form W-9 as a vendor of the Agency and City and is fully responsible for all taxes associated with the Payment, if applicable.
3. **PROJECT ACCESS AND ACKNOWLEDGEMENT:** Grantee agrees to allow Agency to conduct a final site visit to verify the Project has been fully and appropriately implemented as approved. Grantee agrees to periodically allow Agency or the City to tour or showcase the Project upon request, including photographs and publicity containing incidental non-commercial usage of Grantee's trademarked or copyrighted intellectual property, if any. Grantee agrees Agency may collect and publish information about the design, construction, and performance of the improvements, including but not limited to interviews with Grantee and Project participants. Grantee agrees Agency may photograph and videotape work relating to the construction or installation of the Project or development.
4. **LIABILITY, INDEMNITY, AND PRIVACY:** Grantee assumes full responsibility for the performance of the work and completion of the Project, including Grantee's and its contractor's labor, and assumes full responsibility and liability for bodily injury or physical damage to person or property arising out of or related to this Agreement. Grantee agrees to indemnify and defend Agency and City and hold Agency and City (including their agents, officials, and employees) harmless from any and all claims, demands, damages, actions, losses, and expenses, including attorney's fees, arising out of or in any way connected with this Agreement; provided, however, in no event shall Grantee indemnify against Agency's or City's sole negligence. Grantee is solely responsible for paying Grantee's contractor, subcontractors, suppliers and employees. There shall be no contractual relationship between any contractor, supplier, or employee and Agency, and nothing in this Agreement shall create any such relationship. Grantee expressly agrees Agency's liability under this Agreement is limited to the Payment amount.
5. **INSURANCE:** Owner agrees, at its expense, to carry and maintain in effect throughout this Agreement's Term (at least) the following coverage policies:
 - A. ***Comprehensive General Liability Insurance.*** Commercial general liability insurance with a combined single limit, or the equivalent, of not less than \$2,000,000 each occurrence for Bodily Injury, Personal Injury, and Property Damage, including contractual liability coverage applicable to the indemnity provided under this Agreement;

- B. Professional Liability Insurance. Professional liability coverage applicable to the services provided to Owner in connection with the Project with a limit of at least **\$1,000,000** per occurrence; provided, however, Agency agrees Owner may satisfy this coverage requirement by requiring the Project's architects and engineers to maintain such coverage;
- C. Automobile Liability Insurance. Automobile liability insurance applicable to the operation of Owner's trucks or automobiles with a combined single limit of not less than **\$2,000,000** each accident for Bodily Injury and Property Damage, including coverage for owned, non-owned, and hired vehicles, as applicable; provided, however, Agency agrees Owner may satisfy this coverage requirement by requiring the Project's general contractor to maintain such coverage;
- D. Builders Risk Insurance. "All risk" Builder's Risk Insurance covering the real and personal property of others in the care, custody, and control of the Owner or Owner's contractors; and
- E. Workers Compensation. Workers' compensation coverage in compliance with ORS 656.017 to the extent it employs *subject workers*.

As evidence of the insurance coverages required by this Agreement, Grantee agrees to provide Agency with acceptable insurance certificates and complete copies of any insurance policy contemplated by this Agreement as soon as practicable upon Agency's written request. Grantee agrees to provide Agency thirty (30) days' written notice prior to any cancellation, material change, or reduction of any limits contemplated by this Agreement.

F. ACCESS TO PROJECT: From the commencement of construction of the Project through the issuance of a certificate of occupancy for the Project, Grantee agrees to provide Agency reasonable access to the Project to monitor construction progress and activities, provided that Agency will not have the right to access the Project more than once during any 30-day period. Grantee acknowledges and agrees, for purposes of Agency's Payment, Agency has reasonable discretion to determine whether Grantee's contractors have fully and successfully completed the Project scope substantially as designed and specified.

G. NO CONSTRUCTION CONTRACT, PARTNERSHIP, EMPLOYER STATUS: Notwithstanding any extra-contractual statements or inferences to the contrary (if any), Agency neither intends nor accepts any sponsorship or responsibility for care and custody of the improvements which result from the Project. Agency is neither the designer, contractor, nor developer of the Project. This Agreement is not intended to be a contract providing for the construction of the Project, either directly with a construction contractor or through Grantee. The Parties agree this Agreement's provisions conferring rights upon Agency are specifically limited to establishing satisfaction of the conditions precedent to its Payment. Agency specifically waives any provision contained in this Agreement to the extent it is construed to provide Agency the right to manage, direct, or control the general contractor or subcontractors. The Parties agree Grantee's general contractor's and the subcontractors' rights and duties are the subject of a separate contract or contracts to which Agency is not a party. With respect to the Project, Grantee is solely responsible for: **(a)** its performance under the Agreement; **(b)** for obtaining and maintaining all permits, licenses, and certifications necessary to carry out its

obligations herein; **(c)** for payment of any fees, taxes, royalties, or other expenses necessary to complete the work except as otherwise specifically set forth herein; and **(d)** for meeting all other legal requirements in carrying out its obligations herein. Nothing in this Agreement or the acts of the Parties resulting therefrom shall be deemed or construed by the Parties, or by any third party, to create the relationship of principal and agent, employer to employee, partnership, joint venture, or any other fiduciary association between Agency and Grantee. Agency specifically disclaims any and all representations and warranties as to the fitness or quality of the design, material specified, or work performed on the Project.

- H. ASSIGNMENT AND THIRD-PARTY BENEFICIARY:** Agency and Grantee are the only parties entitled to enforce or rely on provisions in this Agreement and nothing herein is intended to convey any benefit or right to a third party. Grantee's interests in this Agreement cannot be assigned or transferred without Agency's prior written approval. The Parties agree Agency is anticipated to reach its maximum indebtedness in 2029 and may, pursuant to ORS Chapter 457, transfer its authorities to any other body authorized to exercise those powers under ORS 457.045; accordingly, if Agency terminates pursuant to ORS 457.075, the Parties expressly agree Agency's rights and benefits under this Agreement transfer to such other authorized body by operation of law. The Parties agree all provisions of this Agreement are binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
- I. TERMINATION AND MODIFICATION:** The Parties agree this Agreement may be terminated or modified at any time only by their mutual written agreement.
- J. BREACH OF THE AGREEMENT - DEFAULT:** The Parties agree Grantee defaults if it breaches any material provision of this Agreement, whether by action or inaction, and such breach continues and is not remedied within thirty (30) days after Grantee receives written notice from Agency specifying the breach. Grantee agrees its failure to act diligently and in good faith to satisfy conditions over which it has control or influence is a breach. In the case of a breach which cannot with due diligence be cured within a period of thirty (30) days, Grantee agrees a default occurs if it does not commence the cure of the breach within thirty (30) days after Grantee receives written notice from Agency and thereafter diligently prosecute to completion such cure. Upon default, Grantee agrees Agency may act consistent with any manner authorized by applicable law.
- K. TIME OF THE ESSENCE:** The Parties agree time is of the essence with respect to every term, condition, obligation, and provision herein.
- L. COMPLIANCE WITH LAWS:** Grantee agrees to use the Property solely for lawful purposes. Grantee and Grantee's agents shall obtain all necessary permits and comply with all applicable laws in the construction and operation of the Project.
- M. NO OTHER AGREEMENTS:** The Parties agree this Agreement represents the entire and integrated Agreement between Agency and Grantee and supersede all prior negotiations, representations, or agreements, whether verbal or in writing, on the matter of the Grant and Payment. The Parties agree Oregon law governs this Agreement's construction and interpretation and any disputes arising from or

connected with this Agreement may only be filed in the Circuit Court of the State of Oregon for Wasco County.

IN WITNESS WHEREOF, the Parties duly execute this **INCENTIVE PROGRAM GRANT AGREEMENT** this _____ day of August, 2023.

**COLUMBIA GATEWAY
URBAN RENEWAL AGENCY**

TD3RD, LLC

Joshua Chandler, Agency Manager

Mary Hanlon, trustee of the Mary Hanlon Trust dated May 14, 2020, Sole Member of Hanlon Development, LLC, Manager

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Jonathan Kara, City Attorney

BARG SINGER HOESLY PC
Jonathan V. Barg, OSB #901460



AGENDA STAFF REPORT

AGENDA LOCATION: 7. C.

MEETING DATE: Tuesday, August 15, 2023

TO: Chair and Members of the Urban Renewal Agency Board

FROM: Dan Spatz
Economic Development Officer

ISSUE: *Basalt Commons* – Development and Funding Agreement (**DFA**) for a commercial and residential complex located at 523 East 3rd Street.

BACKGROUND:

A mixed-use commercial and residential development known as *Basalt Commons* is proposed for the Central Business Commercial Zone at 523 East 3rd Street. The site is currently occupied by the former Griffith Motors auto sales and repair center (previously Thomas Motors), and is owned by TD3rd, LLC (Hanlon Development, LLC) (**Developer**). The existing building is currently unused except for storage purposes. Developer proposes to demolish the existing structure and replace it with a five-story commercial and residential complex (**Project**).

As noted under Agenda Item 7. B., the \$26M-29M Project contemplates constructing 108 residential dwelling units comprising 40 studio units, 48 one-bedroom units, and 20 two-bedroom units. In addition, the Project is designed to accommodate 9,350 SF of ground-floor commercial space and 32 on-site parking spaces.

Developer requests an up-front Urban Renewal Agency equity contribution of \$730,000.00 to cover the relatively low anticipated return on investment by private investors from elevated interest rates, increased construction costs, and risk associated with undertaking commercial/residential development of this scale in an unproven market.

Public Benefits

- New permanent, full-time positions would be created through this project in the hospitality and fermentation industry sectors. Specific job projections are not yet available.

- Various construction opportunities for general and sub-contractors within the greater Columbia Gorge region.

Staff determined the *Basalt Commons* Project is aligned with and furthers the Agency’s mission, goals, and objectives:

- Aligns with the Agency Mission Statement. *The mission of the Urban Renewal Agency is to eliminate blight and depreciating property values within the Agency’s jurisdiction and in the process, attract aesthetically pleasing, job producing private investments that will stabilize or increase property values and protects the area’s historic places and values.*
- Aligns with Agency Goal A: *To make strategic investments of urban renewal funds and engage in various urban renewal activities which increase the value of properties within the Urban Renewal District.*
- Aligns with Agency Goal B: *To make strategic investments of urban renewal funds so that unused and underused properties can be placed in productive condition and utilized in a manner consistent with the City’s Comprehensive Plan and implementing ordinances.*
- Aligns with Agency Goal C: *To participate by means of various urban renewal activities ... in specific opportunities for business, civic, residential, cultural, and tourist-related property to be developed, redeveloped, improved, rehabilitated and conserved in ways which will:*
 - *Encourage the expansion and development of businesses that will produce jobs for the people of The Dalles and Wasco County;*
 - *Increase property values so that the area will contribute its fair share to the costs of public services provided by the city, county, schools, community college, port and park and recreation district;*
 - *Ensure a more attractive, functional and economically viable city.*

The Project also aligns with The Dalles Vision Action Plan 2040 (#2: Watershed Opportunity) to encourage downtown vertical housing in light of a continuing shortage of affordable and attainable housing in The Dalles, as evidenced by the City’s 2017 Housing Strategies Report prepared by Angelo Planning Group – that study projected a need for 1,769 new housing units by 2036. It further projected 41% of those new units would be available on the rental market and 13% would be multi-family structures of five or more attached units.

In addition, Staff found the Project aligns with Mid-Columbia Economic Development District’s Comprehensive Economic Development Strategy (#2: Develop innovative strategies to support increasing attainable housing production in the Gorge) which recognizes a challenge commonly cited by companies and organizations seeking to recruit employees: the high cost and scarcity of local housing is a significantly constraining growth factor throughout our region. As the region’s commercial hub, The Dalles is well-positioned to help address that need through projects such as the proposed *Basalt Commons*.

The Agency implements tax increment financing and realizes a return on any investment increasing the Urban Renewal Area’s property tax collections. Here, the projected annual property tax gains for this Project include:

- Estimated net tax increase (*accounting for property tax abatements tied to The Dalles Vertical Housing Tax Zone*) = \$70,230

- Estimated total tax revenue (*during VHTZ period of 10 years*) = \$702,300
- Estimated total return on Agency investment in Year 13 = \$1,774,292

Project Funding Sources and Project Costs

Funding Sources:

- Private equity: \$7,325,000
- Commercial debt (i.e., private bank loan): \$20,860,000

Project Costs:

- Prior land acquisition: \$1,200,000
- Construction: \$25,230,000
- Soft costs (e.g., architecture, engineering): \$3,340,000

Total Project Cost: \$26,500,000 - \$29,770,000

The Developer projects an 18-month construction period beginning from Agency approval. If the Agency Board approves the proposed Incentive Program Grant Agreement and DFA, Staff anticipates construction to begin in Summer 2024 and be completed by Spring 2026.

BUDGET IMPLICATIONS

The DFA would be funded through the Urban Renewal Capital Projects Fund; the approved budget for that fund in fiscal year 2023-24 is \$2,583,382. Sufficient funds are available for this and other projects. Staff, in consultation with the Wasco County Assessor, estimates the recapture period for this investment of \$730,000 is about 10 years.

BOARD ALTERNATIVES

1. ***Staff recommendation: Move to authorize the Agency Manager to execute and implement the Development Funding Agreement with TD3rd, LLC, in an amount not to exceed \$730,000.00, as presented.***
2. Make modifications to then authorize the Agency Manager to execute and implement the Development Funding Agreement with TD3rd, LLC, as amended.
3. Decline authorization and provide direction to Staff.

Attachments:

- **Attachment 1** – Developer’s Project Description and Request, 523 East 3rd Street
- **Attachment 2** – Development Funding Agreement
- **Exhibit A** – Escrow Instructions

Basalt Commons
Proposal for Urban Renewal Grant Funding
August, 2023

Hanlon Development, LLC, on behalf of TD3rd, LLC, is pleased to request urban renewal funding from the Urban Renewal Agency (URA) of The Dalles, Oregon for *Basalt Commons*, a proposed new mixed-use development in Downtown The Dalles. This paper sets forth our vision and development program for Basalt Commons; the credentials and background of the key parties in the project, information about project finances (providing a more detailed context for the proposed URA funding), and an *estimated* project timeline.

We look forward to meeting with the URA Board at its August 15, 2023 meeting. We welcome the opportunity to provide more detailed information at that time, and answer any questions Board Members may have.

I. Current Property Condition

The site of Basalt Commons is a half block located on the north side of E. 3rd Street, between Laughlin and Jefferson. An alley borders the site on the north. The site is developed with an older, largely abandoned 18,000 square foot building that formerly housed Griffith Motors. The building closed more than a decade ago, except for some storage space on month-to-month leases. The site is well served by urban services and is ripe for redevelopment in support of the City's goals for a robust downtown.

II. Description of proposed project: vision and development program

Basalt Commons is intended to be The Dalles' premier address to live, shop, and dine. Located in the heart of Downtown, the building will set a new standard for elegant design and quality amenities, a cool place to hang out with ground floor dining, and a landmark which will add to the growing cluster of activities in The Dalles.

The project team brings a wealth of experience in design, development, programming, and a commitment to excellence. The project will replace an essentially empty site with housing and commercial uses. Its residents will spend an estimated \$1,500,000 annually in discretionary income at area shops and restaurants. We envision a place that makes The Dalles more attractive to new business investment, by activating the street and providing those businesses' workers with a great place to live and access to a wide array of services, including good transit options. The project will also provide ample opportunities for local vendors and suppliers in the construction and ongoing operation of the building.

Basalt Commons will be a five-story structure, with four levels of apartment living over a ground floor containing 9,350 square feet of restaurants, brewpub, or other commercial uses. The unit mix includes 40 studios, 48 one BR units, and 20 two BR units, with parking for 56 cars (32 on-site + 24 on adjoining streets). The developer is also negotiating lease or acquisition of additional parking spaces nearby.

The architect for Basalt Commons is Hacker Architects, one of the premier firms in the Pacific Northwest. The design team has intentionally looked to The Dalles' rich legacy of historic architecture, its impressive stone and brick structures. We fully expect Basalt Commons to endure as a prominent architectural legacy into the next century.

III. Developer's background

The development team is led by Hanlon Development, LLC. Mary Hanlon is a lifelong Oregonian who has made The Dalles her home since 2016, having fallen in love with the region's natural beauty and cultural richness. Ms. Hanlon has over twenty years of experience in real estate development, and she has spent her entire 35-year career in housing and economic development policy and practice.

Ms. Hanlon has had a stellar record in producing premier mixed-use developments in Canby (the "Dahlia"), and the historic Kenton neighborhood in North Portland (the "Northwood"). These projects are similar in scope to what Ms. Hanlon and her team are now proposing for The Dalles – high quality design, market rate apartments, and ground floor commercial uses that bring life to hitherto vacant or under-performing properties. She works with investors and lenders in long-standing relationships, and the ownership entities hold the properties long-term, meaning that they are committed to superlative design and construction. Her projects represent a profound commitment to *local* benefit, to building community wealth and assuring compatibility with the local architectural and physical context while also being responsive to local needs and aspirations.

Assisting Ms. Hanlon on the project is John Southgate. Mr. Southgate has also worked at both a policy and on-the-ground level on a number of public-private partnerships around Oregon in communities as diverse as Canby, Lincoln City, Talent, and Gladstone. He was a Senior Project Manager at the Portland Development Commission (where he first worked with Ms. Hanlon), followed by a stint managing revitalization efforts in downtown Hillsboro. He now runs his own private practice, assisting municipalities and private developers around Oregon to help deliver projects which serve community needs and catalyze the economic vitality of the cities in which they are located.

IV. Architect's background

Over the last 40 years, Hacker has been working in the Pacific NW to create architecture inspired by the unique qualities of the region's landscape, history, and culture. This work has included significant cultural and civic buildings in the region, such as the Columbia Gorge Discovery Center, as well as private development for multifamily and hospitality. The firm's devotion to craft and experience of environmentally progressive design, its expressive use of materials and natural light – above all, the firm's reputation for clarity and meaning in every aspect of design – has earned Hacker international, national, and regional recognition for design excellence.

V. Financials Overview

The project cost is estimated to be \$26,500,000 - \$29,770,000. The final price will depend on several key factors that are not yet definitively known – interest rates (which remain quite high), and the cost of construction (construction costs have increased more than 40% in the last five years). The project will be financed primarily with private sources, including private equity partners and a bank loan. We are proposing urban renewal funding from two sources (the Urban Renewal Incentive Program, as well as a "gap" grant) which together represent about 5.3% of total project cost. Moreover, note that these combined investments will be recaptured by the URA over a period of about thirteen years, due to new property tax revenues generated by the new investment. This is the case even considering that we are also proposing a limited term property tax abatement (the "Vertical Housing Development Zone").

Assuming the high end of our “likely” range, below are the *estimated* sources and uses for the project:

SOURCES	Amount	Percent of Total Cost
• SDC:	\$855,000	2.8%
• URA Cash:	\$730,000	<u>2.5%</u>
○ URA Subtotal:	\$1,585,000	5.3%
• Private Equity:	\$7,325,000	24.6%
○ Total Equity:	\$8,910,000	29.9%
• Private Bank Loan:	\$20,860,000	70.1%
TOTAL:	\$29,770,000	

USES

• Land Cost:	\$1,200,000
• Hard Costs:	\$25,230,000
• Soft Costs:	\$3,340,000
TOTAL:	\$29,770,000

Again, these numbers are approximate. Final construction costs, bank fees, loan amounts and interest rates could go up or down when a schematic “85%” design set (more refined than conceptual drawings) is sent out to bid and depending on when the loan closes.

Increases in interest rates during the last year have required additional private equity investment and taken the investor return (ROI) from just under 5% to under 2.5%. A normal return on equity for a development project of this kind - which takes approximately five (5 years) for any return on capital – typically provides a 5-8% return depending on risk level.

Development of a new construction project in an untested market is considered a higher risk. As well, interest rates and higher construction costs impact the time in which a return on capital is achieved.

VI. *Tentative* Timeline

• August, 2023:	URA Authorizes Incentive Funds
• September, 2023:	Vertical Housing Development Zone authorized
• September, 2023:	Pre-Application Conference
• October, 2023:	Land Use Approval – Application Submitted
• November, 2023:	Planning Commission authorizes Land Use Approval
• December, 2023 – February, 2024:	Design Development
• March – May, 2024:	Construction Documents
• May, 2024:	Building Permits Submittal
• July, 2024:	Building Permits Issued
• July, 2024:	Private Equity Commitments and Securing of Construction Loan from private bank
• Summer, 2024:	Construction Start
• Spring, 2026:	Construction Completion

Please note that this timeline is tentative, and is predicated on key milestones, such as:

- URA Board Authorization of Incentive Package
- Developer securing bank financing from a private lender at terms that allow the project to be deemed financially feasible by equity partners (within the context of escalating construction costs and high interest rates)
- Authorization of Vertical Housing Development Zone for the site
- Timely City approval of Entitlements (land use approvals and building permits)
- Leasing of ground floor commercial space

VII. Request for funding

We are proposing a total of \$1,585,000 in urban renewal funds for this project, consisting of \$855,000 from the “urban renewal incentive” fund, along with a \$730,000 gap grant. We understand that the URA budget is sufficient for this funding amount. As noted, this amount represents about 5.3% of total estimated project cost of \$29,770,000. Even if construction costs decline (highly unlikely considering the trend over the past dozen or more years), the total URA percentage will be less than 7%.

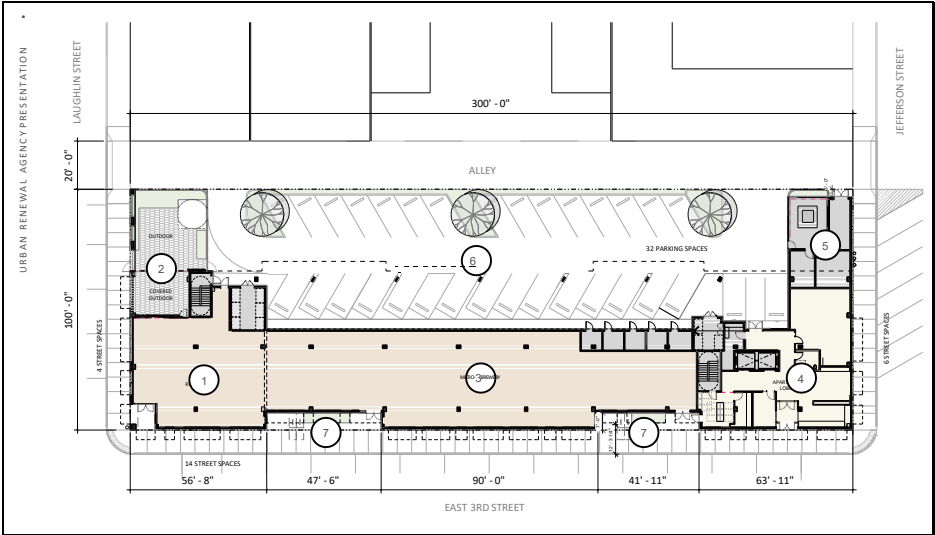
VIII. Images: Basalt Commons; and Examples of Other Projects by Hanlon Development



Vicinity Map



3rd Street Elevation



First Floor Site Plan



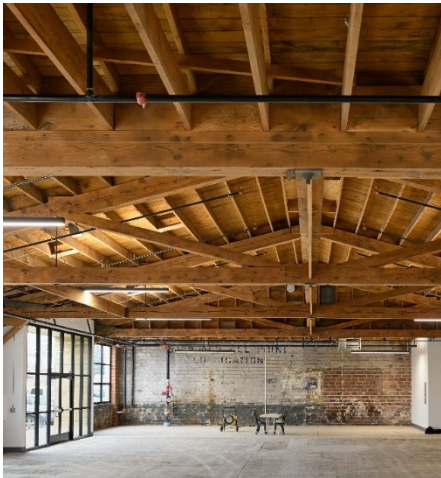
Northwood Lobby



Northwood Model Unit



The Dahlia



The Dahlia – Police Block



The Dahlia Mural



The Dahlia Historic City Hall



The Dahlia



The Dahlia

DEVELOPMENT FUNDING AGREEMENT

This DEVELOPMENT FUNDING AGREEMENT (**Agreement**) is entered _____, 2023 (**Effective Date**), by the *Columbia Gateway Urban Renewal Agency*, an urban renewal agency duly formed and operating under the provisions of ORS Chapter 457 (**Agency**), and *TD3rd, LLC*, a domestic limited liability company (**Owner**), for the anticipated development of real property located within the Columbia Gateway/Downtown Urban Renewal Area (**Area**) in The Dalles, Oregon.

WHEREAS, consistent with ORS Chapter 457, Agency is authorized to contract with any party to develop land located within the Area in conformity with the provisions of its Columbia Gateway/Downtown Urban Renewal Plan (**Plan**);

WHEREAS, Plan Section 400 provides Agency's mission is to eliminate blight and depreciating property values within the Area and ORS 457.420 through 457.450 authorize Agency to implement tax increment financing as a tool to support its mission's goals and objectives;

WHEREAS, Plan Section 401 provides Agency's primary goals and objectives relevantly include making strategic investments and engaging in various urban renewal activities increasing the value of Area properties, making strategic investments to place unused and underused Area properties in productive conditions, participating in specific opportunities for business and residential development to increase Area property values in an effort to ensure a more economically viable city, assisting property owners in the rehabilitation of Area properties (especially where rehabilitation may spur additional development activity), and leveraging Agency's financial resources to the maximum extent possible with other public and private investments and other public and private funding sources;

WHEREAS, Owner owns those certain parcels (**Property**) located in the Area (523 East 3rd Street), depicted in Assessor's Map No. 1N 13E 3 BD as Tax Lots 6700, 6800, and 6900, and legally described, to wit:

LOTS 7, 8, 9, 10, 11 AND 12, BLOCK 9, LAUGHLIN'S ADDITION TO DALLES CITY, IN CITY OF THE DALLES, COUNTY OF WASCO AND STATE OF OREGON.

WHEREAS, Owner anticipates developing the currently unused or underused Property by constructing improvements comprising an approximately 108-unit mixed use development and associated infrastructure (**Project**), commonly referred to as *Basalt Commons*;

WHEREAS, Agency finds the Project meets the Plan's mentioned goals and objectives for the Area and supports the Project's completion as presented to the Agency Board by the Owner at its August 15, 2023, regular meeting (**Presentation**); and

WHEREAS, the Parties intend this Agreement to quantify and qualify Agency's support for the Project and outline their respective rights and responsibilities associated with Agency's funding of Owner's development on the Property.

NOW, THEREFORE, in consideration of the terms and conditions set forth herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree:

A. Development Funding.

1. Funds. Agency agrees to pay Owner *seven hundred thirty thousand dollars and zero cents* (**\$730,000.00**) (**Funds**) for the Project's development pursuant to the terms and conditions of the escrow described in Section A(2) below.
2. Escrow.
 - a. Escrow and Conditions. Agency agrees to establish an escrow account (**Escrow Account**) with AmeriTitle, LLC, a title company located at 100 West 2nd Street in The Dalles, Oregon (**Escrow Company**) and to deposit the Funds into the Escrow Account within seven (7) days after the date both of the following conditions occur:
 - (1) Owner obtains a construction loan for the construction financing required for development of the Project and submits proof reasonably acceptable to the City Attorney to demonstrate sufficient funding; and
 - (2) Owner provides Agency with a copy of a building permit, fully approved and duly issued by Wasco County, for construction of the Project.
 - b. Exception to Condition. If Owner's construction lender requires the Funds be deposited into the Escrow Account at the time of construction loan closing (i.e., recording of the lender's trust deed against the Property), Agency agrees to concurrently make the deposit of the Funds at such time if and only if Owner has satisfied the condition described in Section A(2)(a)(2) and provides the Agency with not less than seven (7) days' notice of the closing.
 - c. Escrow Instructions. Agency agrees to provide the Escrow Company with a copy of this fully executed Agreement and the *Escrow Instructions*, attached to and made part of this Agreement as its **Exhibit A**, which govern allowable disbursements from the Escrow Account to Owner for its use to finance the Project's development (**Escrow Instructions**). The Parties agree disbursements shall be available to Owner to pay hard and soft construction costs of the Project as and when payable by Owner and Owner shall not have any obligation to use other funds, including construction loan funds, to pay such construction costs prior to obtaining disbursement of the Funds; provided, however, the Parties agree Owner may not use the Funds for any unlawful purpose.
 - d. Project Development Costs. The Parties agree the Escrow Instructions will reasonably reflect the intent of this Agreement and all Funds Agency deposits into the Escrow Account are to be used exclusively for the Project's hard and soft construction costs.
 - e. Escrow Audit. The Parties agree Agency retains the right to inspect the Escrow Account for auditing purposes and ensuring Owner's compliance with the

provisions of this Agreement. Owner agrees to document the expenditure of all Funds disbursed to it from the Escrow Account in accordance with sound accounting principles and in sufficient detail to permit Agency to verify how the Funds were actually expended. Owner further agrees to retain and keep accessible to Agency all books, documents, papers, and records related to this Agreement for the Term. The Parties agree Owner's use of Funds for any reason other than covering its Project development costs is a default of this Agreement.

- f. Escrow Fees and Services Costs. Any fees or services costs charged by or payable to Escrow Company in connection with establishing and maintaining the Escrow Account shall be paid from the Funds.

B. Owner's Duties.

1. Project Completion. Owner agrees part of Agency's material consideration for entering this Agreement includes the Project's full and timely completion; accordingly, Owner agrees to use commercially reasonable efforts to fully complete or cause to be completed construction of the Project substantially consistent with the Presentation (subject to excuses from performance associated with impossibility, impracticability, and unforeseeable factors or events beyond Owner's reasonable control). The Parties agree Agency has no and will not have any control over the Project's development.
2. Diligent Pursuit. Owner agrees to diligently pursue Project completion and to notify Agency as soon as possible if it has a reasonable basis, for whatever reason, to believe the Project will be delayed or will not be completed consistent with the timelines presented in the Presentation. The Agency Board reserves the right to terminate this Agreement upon the Agency Manager's finding the Project's timeline or design have materially deviated from Owner's Presentation.
3. Acknowledgment Plaque. Owner agrees to display and maintain an ornamental plaque acknowledging Agency's contributions to the Project (**Plaque**) installed at the Project's main residential entrance on the Property. Owner agrees the Agency Manager retains final approval of the Plaque's design and content, which approval shall not be unreasonably withheld. Agency agrees to provide Owner its written approval of any Plaque concept it submits to Agency upon the Agency Manager's finding such concept reasonably satisfies this Agreement. The Parties agree this Section B(3), including its obligations on Owner and its privileges to Agency, survives this Agreement's expiration; provided, however, Owner's obligation to display and maintain the plaque expires in the event the Property is no longer used for residential purposes.
4. Taxes. Owner agrees to provide Agency a completed Form W-9 as a vendor of Agency as a condition precedent to Agency's obligation to pay Owner any Funds. Owner agrees it is fully responsible for all taxes associated with the Funds (if applicable) and to pay all assessed property taxes for the Property and the Lots assessed as of January 1st each calendar year during this Agreement's term. Owner

agrees (and by executing this Agreement, certifies under penalty of perjury) it is, to the best of its knowledge, not in violation of any tax laws described in ORS 305.380. The Parties agree Owner's failure to pay all applicable taxes for the Property in any year during this Agreement's term is a default of this Agreement.

5. Indemnity. Owner agrees to indemnify, defend, and hold harmless Agency (including its officers, agents, and employees) against all liability, loss, and costs arising from actions, suits, claims, or demands for Owner's (including its officers', agents', and employees') acts or omissions in the performance of this Agreement; provided, however, in no event does Owner agree to indemnify, defend, or hold harmless Agency from its sole negligence. The Parties expressly agree this indemnity provision survives this Agreement's expiration or sooner termination.
6. Insurance. Owner agrees, at its expense, to carry and maintain in effect throughout this Agreement's Term (at least) the following coverage policies:
 - a. Comprehensive General Liability Insurance. Commercial general liability insurance with a combined single limit, or the equivalent, of not less than **\$2,000,000** each occurrence for Bodily Injury, Personal Injury, and Property Damage, including contractual liability coverage applicable to the indemnity provided under this Agreement;
 - b. Professional Liability Insurance. Professional liability coverage applicable to the services provided to Owner in connection with the Project with a limit of at least **\$1,000,000** per occurrence; provided, however, Agency agrees Owner may satisfy this coverage requirement by requiring the Project's architects and engineers to maintain such coverage;
 - c. Automobile Liability Insurance. Automobile liability insurance applicable to the operation of Owner's trucks or automobiles with a combined single limit of not less than **\$2,000,000** each accident for Bodily Injury and Property Damage, including coverage for owned, non-owned, and hired vehicles, as applicable; provided, however, Agency agrees Owner may satisfy this coverage requirement by requiring the Project's general contractor to maintain such coverage;
 - d. Builders Risk Insurance. "All risk" Builder's Risk Insurance covering the real and personal property of others in the care, custody, and control of the Owner or Owner's contractors; and
 - e. Workers Compensation. Workers' compensation coverage in compliance with ORS 656.017 to the extent it employs *subject workers*.

As evidence of the insurance coverages required by this Agreement, Owner agrees to provide Agency with acceptable insurance certificates and complete copies of any insurance policy contemplated by this Agreement as soon as practicable upon Agency's written request. Owner agrees to provide Agency thirty (30) days' written

notice prior to any cancellation, material change, or reduction of any limits contemplated by this Agreement.

7. Compliance with Laws. Owner agrees to fully and faithfully observe and comply with all present and future applicable laws, statutes, and ordinances of the United States, the State of Oregon, Wasco County, and the City of The Dalles as they pertain to Owner's use of the Property and Lots, including (without limitation) applicable tax, environmental, construction, land use and development, and safety laws (collectively, **Laws**). Owner further agrees to pay all fees and costs pertaining to the Property and Lots and associated with Owner's compliance with Laws and to indemnify, defend, and hold harmless Agency (including its officers, agents, and employees) from all claims, fines, penalties, damages, costs and expenses arising out of or resulting from violations or claims of violations of the Laws by Owner or any person for which Owner is responsible; provided, however, in no event does Owner agree to indemnify, defend, or hold harmless Agency from its sole negligence.
8. Access. During the Term, Owner agrees to allow Agency to conduct a reasonable number of reasonably noticed Property visits (but not more than once every 30 days) to verify Project progress and Funds implementation is consistent with the terms of this Agreement and Agency's understanding of the anticipated Project as specified by Owner.
9. Status Updates. Upon Agency's request, and no more frequently than every six (6) months during this Agreement's Term, Owner agrees to provide Agency with a Project status update so as to keep Agency timely informed and apprised of its investment to the Project and how its Funds have been implemented. Owner further agrees to provide Agency a final written report identifying total Project expenditures, outcomes, and any other relevant information reasonably helpful to the Agency Board, as determined by the Agency Manager. The Parties agree Owner's Project status updates may either be in the form of a presentation to the Agency Board or a letter from Owner to the Agency Manager.

C. General Provisions.

1. Time. The Parties agree time is of the essence with respect to each and every of their respective obligations under this Agreement.
2. Term. The Parties agree the term of this Agreement (**Term**) commences on the Effective Date and expires thirty (30) days after Wasco County duly issues a certificate of occupancy for the completed Project, unless sooner modified or terminated pursuant to this Agreement's provisions.
3. No Privity and Third-Party Beneficiaries. The Parties agree nothing in this Agreement creates, is intended to create, or will be construed as creating any contractual privity, whether directly or otherwise, with any party other than between Agency and Owner. The Parties agree they are the only parties to this Agreement and are the only parties entitled to enforce its terms. The Parties further agree nothing in this

- Agreement gives, is intended to give, or will be construed as giving or providing any benefit or right, whether directly or otherwise, to any third party.
4. Public Budgeting. Agency certifies sufficient funds are available and authorized for expenditure to finance the costs of this Agreement during the current fiscal year. The Parties agree appropriations for future fiscal years are subject to budget approval by the Agency Board.
 5. Default and Termination. The Parties agree Agency's failure to authorize for expenditure sufficient funds to finance the costs of this Agreement in future fiscal years during the Term constitutes Agency's default of its obligations under this Agreement and Agency will be responsible for any damages incurred by Owner to the extent Owner satisfies its obligations under this Agreement, including the conditions described in Section A(2). The Parties agree this Agreement may be terminated at any time only by mutual written agreement.
 6. Successors and Assigns. Notwithstanding any other provision of this Agreement, the Parties agree no Party may assign or transfer an interest or duty under this Agreement without the other Parties' written consent and any attempted assignment or delegation without such express permission is void; provided, however, the Parties agree Agency is anticipated to reach its maximum indebtedness in 2029 and may, pursuant to ORS Chapter 457, transfer its authorities to any other body authorized to exercise those powers under ORS 457.045—accordingly, if Agency terminates pursuant to ORS 457.075, the Parties expressly agree Agency's rights and benefits under this Agreement shall transfer to such other authorized body by operation of law. The Parties agree all provisions of this Agreement are binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.
 7. Enforceability and Severability. The Parties agree all disputes connected with this Agreement or its performance shall be heard in the Circuit Court of the State of Oregon for Wasco County and be construed under the laws of the State of Oregon. If any provision of this Agreement is held invalid and unenforceable by the court, the Parties agree such invalid and unenforceable provision shall be severed from this Agreement while its enduring provisions remain valid and binding upon the Parties.
 8. Waiver. The Parties agree a Party's failure to insist upon strict adherence to a provision of this Agreement on any occasion shall not be considered a waiver of its rights or deprive it of the right to thereafter insist upon strict adherence to that or any other of this Agreement's provisions.
 9. Counterparts. The Parties agree this Agreement may be executed in one or more counterparts, each of which is an original, and all of which constitute only one agreement between its Parties.
 10. Integration and Modification. The Parties agree this Agreement contains their entire understanding and intent and supersedes all prior negotiations, representations, or

other written or oral agreements on this matter. The Parties further agree this Agreement may only be modified by a written instrument duly executed by the Parties.

11. Notices. The Parties agree all notices required or permitted to be given under this Agreement will be deemed given and received two (2) days after deposit in the United States Mail, certified or registered form, postage prepaid, return receipt requested, and addressed:

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

With a copy to: City Attorney
City of The Dalles
313 Court Street
The Dalles, OR 97058

To Owner: TD3rd, LLC
P.O. Box 2049
The Dalles, OR 97058

With a copy to: Barg Singer Hoesly PC
121 SW Morrison Street, Suite 600
Portland, OR 97204
Attn: Jonathan Barg

IN WITNESS WHEREOF, the Parties duly execute this **DEVELOPMENT FUNDING AGREEMENT** this ____ day of August, 2023.

**COLUMBIA GATEWAY
URBAN RENEWAL AGENCY**

TD3RD, LLC

Joshua Chandler, Agency Manager

Mary Hanlon, trustee of the Mary Hanlon Trust dated May 14, 2020, Sole Member of Hanlon Development, LLC, Manager

Approved as to form:

Approved as to form:

Jonathan Kara, City Attorney

BARG SINGER HOESLY PC
Jonathan V. Barg, OSB #901460



100 W Second St. The Dalles, OR 97058 (541)296-9194 FAX (541)296-5534

ESCROW INSTRUCTIONS

TO: AmeriTitle, LLC

ESCROW NO.: _____

The undersigned Columbia Gateway Urban Renewal Agency (“Agency”) deposits herewith the total sum of \$730,000.00 (the “Funds”), which is being held for the benefit of TD3RD, LLC, an Oregon limited liability company (“TD3RD”), and will be held until mutual written instructions as to the disbursement of funds are received from all parties or pursuant to order of a court of competent jurisdiction. However, if said instructions are not received by the date that is 18 months after the date that Funds are deposited, all remaining Funds shall be promptly returned to Agency. AmeriTitle, LLC may join, commence, or cause a court action and in such action deposit the funds and documents referred to herein with the court where such action is pending, and ask the court to determine the rights of Agency and TD3RD in and to such property, documents and funds. The cost for this action will be paid from the funds on deposit with the court.

All parties understand that at the time funds are disbursed, a \$730.00 fee will be charged by AmeriTitle, LLC and said fee will be withheld from these Funds.

The Funds, or applicable portions thereof, shall be distributed to TD3RD pursuant to the terms of that certain Development Funding Agreement dated _____, 2023 between Agency and TD3RD (the “DFA”). Capitalized terms not otherwise defined in these Escrow Instructions shall have the meaning given them in the DFA. In connection with any request for disbursement of some or all of the Funds, TD3RD shall submit to AmeriTitle, LLC and Agency (a) invoice(s) for hard or soft construction costs, and (b) certification by TD3RD to Agency that all such costs are applicable to the Project and will be used for lawful purposes. Within 5 business days after receipt of such submission, Agency shall approve or reject such submission, pursuant to the terms and conditions of the DFA. In the event Agency approves such submission, the parties shall, within 2 business days after Agency’s approval of the submission, deliver mutual written instructions to AmeriTitle, LLC approving the disbursement to TD3RD funds in the amount of such invoice(s), up to the amount of the Funds. TD3RD shall have no obligation to use any other funds, including construction loan funds, prior to disbursement of the Funds. TD3RD may seek distribution of the Funds in one or more separate distributions. The parties agree that Agency shall have the right to inspect all documents submitted to AmeriTitle, LLC pursuant to these Escrow Instructions, together with all of AmeriTitle LLC’s records with respect to any disbursements of Funds to TD3RD.

IT IS UNDERSTOOD BY THE PARTIES SIGNING THE ABOVE OR ATTACHED INSTRUCTIONS THAT THE INSTRUCTIONS ARE THE COMPLETE INSTRUCTIONS BETWEEN THIS FIRM AS AN ESCROW AGENT AND YOU AS A PRINCIPAL TO THE ESCROW TRANSACTION. THESE INSTRUCTIONS MAY NOT INCLUDE ALL THE TERMS OF THE AGREEMENT WHICH IS THE SUBJECT OF THIS ESCROW. READ THESE INSTRUCTIONS CAREFULLY, AND DO NOT SIGN THEM UNLESS THEY ARE ACCEPTABLE TO YOU.

**COLUMBIA GATEWAY
URBAN RENEWAL AGENCY**

TD3RD, LLC

Joshua Chandler, Agency Manager

Mary Hanlon, trustee of the Mary Hanlon Trust dated May 14, 2020, Sole Member of Hanlon Development, LLC, Manager