



Kent Taylor Civic Hall
200 NE Second Street
McMinnville, OR 97128

**McMinnville Urban Renewal Agency Meeting Agenda
Tuesday, May 9, 2017
7:30 p.m.**

1. CALL TO ORDER

2. RESOLUTION
 - a. **Resolution No. 2017-05**: A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with Odd Fellows Building LLC for the Atticus Hotel Project.

3. ADJOURNMENT

Kent Taylor Civic Hall is accessible to persons with disabilities. A request for an interpreter for the having impaired or for other accommodations for persons with disabilities should be made a least 48 hours before the meeting to the City Recorder (503) 435-5702. For TTY services, please dial 711.



**McMinnville Urban Renewal Agency /
City of McMinnville
Planning Department**
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311

www.mcminnvilleoregon.gov

STAFF REPORT

DATE: May 9, 2017
TO: McMinnville Urban Renewal Agency Board Members
FROM: Heather Richards, Planning Director
SUBJECT: Resolution No. 2017 – 05: A Resolution Authorizing a Forgivable Loan to the Odd Fellows Building LLC for the Atticus Hotel Project

Council Goal:

Promote sustainable growth and development.
Plan and construct capital projects.

Report in Brief:

This is an action to consider Resolution No. 2017 – 05, a resolution authorizing the City Manager or designee to enter into a development agreement with Odd Fellows Building LLC for a five-year forgivable loan of \$100,000 for the Atticus Hotel project in downtown McMinnville. (Attachment A).

Background:

On January 24, 2017, the McMinnville Urban Renewal Board approved Resolution 2017-03, authorizing the McMinnville Urban Renewal Advisory Committee (MURAC) to implement a Development Loan/Grant program to encourage new construction, tax base and job creation in the McMinnville Urban Renewal District as part of the Development Assistance Program described in the adopted McMinnville Urban Renewal Plan.

Development Loan/Grant Program: Up to 20% of the overall project costs and not to exceed \$100,000, that can be independently negotiated with each project and is discretionary relative to whether or not it is a loan or grant depending upon the amount of value that the project brings to the district, both in terms of taxable improvement and jobs, as well as community value. All development loans and grants over \$5000 must be approved by the Agency after review and recommendation by the McMinnville Urban Renewal Advisory Committee. All development loans and grants must be accompanied by a development agreement.

Attachments

Attachment A: Resolution No. 2017 – 05

Attachment B: Odd Fellows Building LLC Application for Atticus Hotel Project

Attachment C: Estimated SDC Calculations for Atticus Hotel Project

Attachment D: Excerpt of McMinnville City Code, System Development Charges – Payment

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Attachment F: McMinnville Urban Renewal Financial Forecast with Project Expenditures

The purpose of the Development Loan and Grant program is to provide an ongoing source of gap financing for new construction or substantial rehabilitation projects that provide an immediate increase in assessed value and support additional goals in the McMinnville Urban Renewal Plan which are outlined below.

Qualifying projects must satisfy ALL of the following conditions, which this project does:

- ✓ Be located within the boundaries of the McMinnville Urban Renewal District. Please see attached map.
- ✓ Be new construction or substantial rehabilitation projects that increase assessed value and create jobs.
- ✓ Comply with all federal, state and city codes.
- ✓ Leverage at least four dollars of private investment for each dollar of urban renewal financing. (Leverage will be 98 dollars of private investment for 1 dollar of urban renewal financing.)
- ✓ Address two or more of the following urban renewal strategy goals:
 - ✓ ECONOMY: Encourage the economic growth of the Area as the commercial, cultural, civic, and craft industry center for McMinnville.
 - ✓ ENCOURAGE A UNIQUE DISTRICT IDENTITY: One intent of the Plan is to enhance the physical appearance of the district, create a pedestrian environment that encourages the development and redevelopment of active uses such as shopping and entertainment, and support commercial, civic, and craft industrial business activity.
 - DOWNTOWN COMMERCIAL CORE
The downtown commercial core should be a regional destination as well as the commercial center for the citizens of McMinnville. Its identity should enhance and preserve the qualities of the downtown, including its historic heritage, that make it an economically healthy, attractive, and unique environment for people to live, work, shop, and socialize.
 - NORTHEAST GATEWAY
The Northeast Gateway area should be a unique destination that reflects the authenticity of historic and current uses within the area – a place where things are crafted, experienced, and enjoyed, and a place where you can live, work, and play.
 - HOUSING: Promote development of affordable, quality housing in the Area. Promote a residential development pattern that is land intensive and energy efficient, provides for an urban level of public and private services, and allows unique and innovative development techniques to be employed in residential designs.

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- HISTORIC PRESERVATION: Enhance sites and structures of historical, cultural and/or architectural significance.
- ✓ DEVELOPMENT AND REDEVELOPMENT: Pursue development and redevelopment opportunities that will add economic, civic, craft industry, and cultural opportunities for the citizens of McMinnville, economically strengthen the Area, and attract visitors to the Area.

The Odd Fellows LLC submitted a Development Loan/Grant application on March 17, 2017. (Please see Attachment B).

Staff reviewed their application and the following submittals:

- ✓ **Market Analysis:** A third party market analysis prepared to prevailing professional standards identifying at minimum: demand for product, primary market, competitors, achievable rents/room rates/ticket prices, and anticipated capture rate.
- ✓ **Appraisal:** A third party appraisal prepared to current Uniform Standards of Professional Appraisal Practice (USPAP) standards identifying land and stabilized improvement value, expected operating income, expected operating expenses, and expected net operating income. Appraisal should include consideration of cost, sales comparable, and income approaches to determination of value.
- ✓ **Financial Proforma:** Developer's financial proforma identifying sources and uses, monthly cash flow during construction period, and annual cash flow waterfall from start of start of construction through year 20 of stabilized operations.
- ✓ **Environmental Analysis:** Phase I ESA meeting current ASTM standards completed in past 180 days and reflecting current site conditions. The cost of mitigating any identified environmental risks must be specifically addressed in the financial analysis and construction contract.
- ✓ **Development Team History:** Narrative history and schedule of experience developing projects for similar uses and scope. Primary applicant should provide a schedule of any commercial real estate projects currently owned including occupancy and debt service coverage ratios. Executive officers of applicant must authorize a personal background check.
- ✓ **Development Team Financial Capacity:** Equity source must provide certified financial statement, schedule of real estate owned, and verification of account balances to demonstrate capacity to fund required equity contribution as well as potential cost overruns.
- ✓ **Property Management Experience History:** Proposed property manager must be identified and have successful track record of operating similar facilities. Please provide a narrative history of company and schedule of properties under management including occupancy and

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current debt service coverage ratios.

- ✓ **Preliminary Property Management/Operator Agreement-** Agreement should specify services provided by Manager as well as fee schedule.
- ✓ **Construction Plans:** Copy of plans submitted for building department approval.
- ✓ **General Contractor Experience History:** The general contractor must demonstrate a track record of successfully completing similar projects and the capacity to complete the proposed project. The contractor shall provide a history of completed projects from the last 5 years with references and a financial statement indicating sufficient capitalization to complete the project. In cases where there is a related party interest between the General Contractor and the Developer, the Agency will require a separate third party construction cost review.
- ✓ **Construction Estimate** including draft construction contract.
- ✓ ***Third Party Construction Cost Review.** Review of plans and construction costs to be engaged by City. City may agree to utilize reviewer engaged by primary lender.
- ✓ **Financing commitments:** Executed commitments from other lenders indicating the amount, interest rate (or interest rate index), term and special conditions are required.

Discussion:

The Odd Fellows LLC has proposed building a 23,000 square foot four-story building for a 36-luxury room boutique hotel in downtown McMinnville as a new construction project on an unimproved lot at the corner of Ford and Fourth Streets, 374 NE Ford Street, Tax Lot R4421BC04700. The project is entitled the Atticus Hotel. In addition to the 36 hotel rooms, the project will also have a restaurant/bar and library/private dining space, as well as a campus conference room, exercise facility and staff offices which will be housed in the renovated adjacent Odd Fellows Building. The total project budget is \$8,297,965 with estimated hard construction costs of approximately \$5,289,863. The project will create at least 50 full-time jobs, and contribute approximately \$4,000,000 to the local economy annually.

Odd Fellows LLC was able to secure financing for most of their project through a bank and Small Business Administration (SBA) loan, however due to the constraints of the SBA program, Odd Fellows Building LLC was not able to secure financing for any aspect of the planned restaurant space on the ground floor, which is estimated to be approximately \$200,000.

Odd Fellows LLC is requesting \$100,000 from the McMinnville Urban Renewal Agency as part of the Property Assistance Program. Their request is approximately 1.9% of the project's hard construction costs and approximately 1.2% of the overall project costs. Although this request is for the full \$100,000 maximum allowed in the program, it represents a small proportionate amount of the project demonstrating the scale of the developers' investment in the project. However, the request is for a \$100,000 grant.

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Per the process outlined in Resolution No. 2017-03, the McMinnville Urban Renewal Advisory Committee (MURAC) reviewed the Atticus hotel request at their meeting on April 4, 2017. At the meeting they discussed the benefits of the project – new construction, job creation, economic multiplier, increased tax base, activity generator in the urban renewal area, etc. – against the nuances of the request being for a grant and not a loan. After discussion, MURAC members concluded that the scale of the project and the projected benefits of the project for the McMinnville Urban Renewal Area and the community at-large, as well as the achievement of the goals outlined in the McMinnville Urban Renewal Plan, warranted the \$100,000 grant to ensure the success of the project for the downtown and the community. However, MURAC members wanted to ensure that the funds were protected and achieved the impact that the Urban Renewal Agency needed in the urban renewal area, ie successful construction of the project for tax base and operation of the project as a luxury boutique hotel for the sustained job creation and annual economic multiplier, thus MURAC is recommending a five-year forgivable loan based upon with 20% of the loan forgiven based upon performance metrics, such as construction in a timely manner, and continued successful operation as a hotel. If for some reason the performance metrics are not achieved, the loan would have to be repaid to the Agency.

Additionally, since the Urban Renewal Area is not a mature urban renewal area and the annual tax increment is not as substantial as a mature urban renewal area, MURAC is recommending that the Agency disburse the loan in five installments over five years as annual payments to the City of McMinnville for \$100,000 of the System Development Charges (SDCs) attributed to the project. In this way the Agency can protect its cash flow in order to be able to fund other projects during the same time period.

The City of McMinnville has estimated that SDCs for the project are approximately \$101,988. (See Attachment C). Per Section 3.10.050 (C and D) of the McMinnville City Code, the City of McMinnville can enter into payment plans with other entities to pay SDCs. Additionally the payment plan can include deferred payments, Section 3.10.050 (E). (See Attachment D).

Thus the McMinnville Urban Renewal Agency may enter into a payment plan with the City of McMinnville to pay \$100,000 of the Odd Fellows LLC SDCs. This payment plan would need to be approved by the City Manager.

MURAC is recommending the Agency enter into a loan agreement with Odd Fellows LLC for a \$100,000 Five-Year Forgivable Loan. This loan will be disbursed to Odd Fellows LLC in a \$100,000 credit to the Atticus Hotel SDCs that will be paid by the Agency to the City of McMinnville as part of an approved payment plan per the McMinnville City Code. To protect the constrained cash flow of the McMinnville Urban Renewal Agency, MURAC is recommending that the Agency enter into a payment plan with the City of McMinnville to pay the \$100,000 in SDC charges for the Atticus Hotel over a five-year period beginning with the first payment at the time the certificate of occupancy is issued. Per an Intergovernmental Agreement between the Agency and the City of McMinnville dated April 4, 2015 (Attachment E), the Agency will enter into a SDC payment plan with the City of McMinnville that accrues interest based on the rate the City would receive if those funds were invested with the Local Government Investment Pool plus 1 %. This rate will be determined at the time that the payment plan is approved and signed and will be locked at that rate for the life of the payment plan. The same interest rate will apply to the Development Agreement between the Agency and Odd Fellows Building LLC for the five-year forgivable loan.

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Other contingency measures that are recommended by MURAC are that the entire loan and interest be repaid to the McMinnville Urban Renewal Agency if the building sells within the five years of the Development Agreement, and that one of the members of the Odd Fellows Building LLC needs to provide a personal guarantee for the loan principal and interest if the project fails and the loan needs to be repaid.

The Agency is able to enter into a forgivable loan as the approved development loan and grant application states that the terms of the agreement are entirely at the discretion of the Agency.

Summary of recommendation and terms is outlined below:

Basis for the Recommendation:

- Meets the objectives of the McMinnville Urban Renewal Plan
- Creation of 50+ Jobs
- \$4 million annual economic multiplier for the community
- \$5.3 million construction investment
- Request is only 1.8% of total hard construction costs
- Request is only 1.2% of total project costs

Recommended Terms:

- Loan - Five Year Forgivable Loan for \$100,000 plus interest to the Odd Fellows Building LLC for the Atticus Hotel Project. Interest to be based on the Local Government Investment Pool plus 1%. This rate to be determined at the time that the Development Agreement is signed and will be locked at that rate for the life of the loan.
- Forgiveness Terms - \$20,000 plus interest to be forgiven each year depending upon construction progress and hotel operations.
- Loan Payback - Odd Fellows Building LLC will be required to pay-back the remainder of the loan if deemed non-performing. Performance will be defined with the loan agreement, but will be focused on successful construction of the project in a timely manner and successful operation of the hotel for the life of the loan.
- Recording - Loan will be recorded on the deed of the property in a subordinated position to the SBA loan and the bank loan.

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- Personal Guarantee – One of the members of the LLC will provide a personal guarantee for \$100,000 for the life of the forgivable loan. (Staff reviewed the members' financial statements to ensure that equity was available for the guarantee which was not already pledged to the project.)
- Payback Provision - Pay in full if the building is sold in five years,

Loan Disbursement: Loan will be disbursed as payments from the McMinnville Urban Renewal Agency to the City of McMinnville for payment of System Development Charges:

- Payment Plan – The Agency will enter into a five-year payment plan for \$100,000 with interest on the loan calculated based on the rate the City would receive if those funds were invested with the Local Government Investment Pool plus 1 %. This rate to be determined at the time that the Development Agreement is signed and will be locked at that rate for the life of the loan.
- First Payment – First payment due prior to occupancy in FY 2017/18. Future payments due in FY 18/19, 19/20, 20/21 and 21/22.
- Prepayment Penalty – No prepayment penalty

The Development Agreement will consist of an Agreement describing terms of the forgivable loan, as well as a Trust Deed and Promissory Note. The Agency already has templates for these documents that have been reviewed by legal counsel.

Fiscal Impact:

The draft Urban Renewal Fund for FY 17/18 includes budgeted funds for the first \$20,000 installment payment plus interest to the City of McMinnville. Attachment F shows how in Fiscal Year 2018, with the accrued fund balance that the Agency carries forward (Fund Balance), and the five payment installments of \$20,000 for five years for this project (Grants), the Agency is able to fund all of its committed debt for the Alpine Avenue project (Alpine Avenue Loan), other commitments such as the Parking Study and Plan Administration (Non-Related M & S), and provide an additional \$80,000 for other loans and grants (Grants), as well as maintain a healthy fund balance for a future large bond in 2021 or 2022 (Fund Balance).

Council Options:

1. Approve the Resolution.
2. Modify the terms and approve the Resolution as modified.
3. Request more information.
4. Deny the recommendation of the McMinnville Urban Renewal Advisory Committee

Action / Recommended Motion:

"I move to approve Resolution No. 2017 – XX, authorizing the McMinnville City Manager to enter into a Development Agreement with Odd Fellows Building LLC for the Atticus Hotel Project per the terms and structure outlined in this staff report."

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— HOTEL —



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RESOLUTION NO. 2017-05

A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with Odd Fellows Building LLC for the Atticus Hotel Project.

RECITALS:

The goals of the McMinnville Urban Renewal Agency (Agency) include: encouraging the economic growth of the McMinnville Urban Renewal Area (Area) as the commercial, cultural, civic and craft industry center for McMinnville; encouraging a unique district identity both in the downtown commercial core and the Northeast Gateway Area; and pursuing development and redevelopment opportunities that will add economic, civic, craft industry and cultural opportunities for the citizens of McMinnville, economically strengthen the Area and attract visitors to the Area.

To achieve these goals, the Agency established a Property Assistance Program to encourage new construction and significant redevelopment projects in the Area through the adoption of Resolution No. 2017-03. The Property Assistance Program authorizes the Agency to establish a Development Loan and Grant Program.

Odd Fellows Building, LLC, submitted an application to the Agency for a \$100,000 grant from this Development Loan and Grant Program to help build a new 23,000 square foot four-story building for a 36-luxury room boutique hotel at 375 NE Ford Street in downtown McMinnville, to be known as the Atticus Hotel, with total project costs of approximately \$8,000,000. The request for \$100,000 is approximately 1.5% of the total hard construction costs of the project.

The Odd Fellows Building, LLC, project achieves the overall goals and objectives of both the McMinnville Comprehensive Plan and the McMinnville Urban Renewal Plan.

An investment of \$100,000 by the Agency into the Atticus Hotel which is expected to create 50 new jobs and generate over \$4,000,000 for the local economy, is a valuable investment for the Agency and the community of McMinnville. The Agency's investment will leverage urban renewal funds for new construction in the downtown area for the creation of jobs, will grow the tax base to support public services and will serve as an economic generator for other businesses in McMinnville.

The McMinnville Urban Renewal Agency has budgeted for this effort as part of the "Planning and Development Assistance Program" identified in the McMinnville Urban Renewal Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF THE MCMINNVILLE URBAN RENEWAL AGENCY as follows:

1. That the investment of \$100,000 plus interest (Local Government Investment Pool plus 1%) is approved for the Atticus Hotel project.
2. That the investment will be in the form of a Five-Year Forgivable Loan that is conditioned upon the developer meeting specific milestones of construction and hotel operations for each qualifying year, and that the loan will be forgiven in an equal number of installments each year. Performance will be defined within the Development Agreement and will be focused on successful construction of the project in a timely manner and successful operation of the hotel for the life of the loan.
3. That the Agency will secure a personal guarantee from one of the members of the Odd Fellows Building LLC to pay back the loan if the project is deemed non-performing.
4. That the loan will be recorded on the deed of the property.
5. That the loan plus interest will be paid back to the Agency in full if the building is sold within five years of the disbursement of the loan.
6. That the Agency will disburse the loan through an intergovernmental agreement with the City of McMinnville in installments of \$20,000 plus interest determined by the Local Government Investment Pool rate plus 1% over a period of five years, with the first payment due prior to the certificate of occupancy being issued in FY 2017/2018. The interest rate to be determined at the time that the Development Agreement is signed and will be locked at that rate for the life of the loan. Future annual payments will be disbursed on July 1 of each fiscal year – 2018/19, 2019/20, 2020/21 and 2021/22, with the adoption of the City of McMinnville and the McMinnville Urban Renewal Agency budget.
7. The McMinnville City Manager or designee is authorized to execute a Development Agreement and such other documents as are necessary to carry out this decision.
8. This Resolution will take effect immediately upon passage.

Adopted by the Board of the McMinnville Urban Renewal Agency at a regular meeting held the 9th day of May, 2017 by the following votes:

Ayes: _____

Nays: _____

Approved this 9th day of May, 2017.

CHAIR OF THE URBAN RENEWAL BOARD

Approved as to form:



CITY ATTORNEY

Odd Fellows Building, LLC
McMinnville, Oregon

March 17, 2017

Heather Richards
Planning Director
City of McMinnville
231 NE 5th Street
McMinnville, OR 97128

Dear Ms. Richards,

The Odd Fellows Building LLC respectfully requests an Urban Renewal grant from the City of McMinnville in the form of a \$100,000 fee reduction in SDCs for our Atticus Hotel project located on the corners of Fourth & Ford Streets in downtown McMinnville. We believe strongly that our project meets the stated strategy goals of the McMinnville Urban Renewal district by encouraging the economic growth of the district, significantly enhancing McMinnville's downtown commercial core, and attracting visitors to the area.

The Atticus Hotel, a 36 room luxury boutique hotel located in the heart of Historic Downtown McMinnville will be a boon to our urban renewal district, providing projected annual tax revenue of \$63,000 in property taxes and \$250,000 in TLT funds to the City of McMinnville. Additionally the hotel will create 50 new jobs and contribute to the redevelopment of 4th Street, helping establish that area of our downtown as a vital part of our thriving commercial district. Based on recent data collected by Visit McMinnville, consumer spending in McMinnville from guests at the Atticus will be in the range of \$4 million annually.

Please find attached our application materials, provided in paper form and on the enclosed flash drive, as appropriate. These materials are all **strictly confidential and proprietary**. Should you have any questions about our application, do not hesitate to reach out to me. We look forward to partnering with the City of McMinnville on this exciting project!

Sincerely,



Erin Stephenson
Member, Odd Fellows Building LLC



CITY OF MCMINNVILLE
PLANNING DEPARTMENT
231 NE FIFTH STREET
MCMINNVILLE, OR 97128

503-434-7311

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MCMINNVILLE URBAN RENEWAL AGENCY DEVELOPMENT LOAN/GRANT PROGRAM

PROGRAM SUMMARY AND APPLICATION

Purpose:

Provide an ongoing source of gap financing for new construction or substantial rehabilitation projects that provide an immediate increase in assessed value and support additional goals identified in the McMinnville Urban Renewal Plan.

Qualifying Projects:

Qualifying projects must satisfy ALL of the following conditions:

- Be located within the boundaries of the McMinnville Urban Renewal District. Please see attached map.
- Be new construction or substantial rehabilitation projects that increase assessed value and create jobs.
- Comply with all federal, state and city codes.
- Leverage at least four dollars of private investment for each dollar of urban renewal financing.
- Address two or more of the following urban renewal strategy goals:
 1. **ECONOMY:** Encourage the economic growth of the Area as the commercial, cultural, civic, and craft industry center for McMinnville.
 2. **ENCOURAGE A UNIQUE DISTRICT IDENTITY:** One intent of the Plan is to enhance the physical appearance of the district, create a pedestrian environment that encourages the development and redevelopment of active uses such as shopping and entertainment, and support commercial, civic, and craft industrial business activity.

DOWNTOWN COMMERCIAL CORE

The downtown commercial core should be a regional destination as well as the commercial center for the citizens of McMinnville. Its identity should enhance and preserve the qualities of the downtown, including its historic heritage, that make it an economically healthy, attractive, and unique environment for people to live, work, shop, and socialize.

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The Northeast Gateway area should be a unique destination that reflects the authenticity of historic and current uses within the area – a place where things are crafted, experienced, and enjoyed, and a place where you can live, work, and play.

3. **HOUSING:** Promote development of affordable, quality housing in the Area. Promote a residential development pattern that is land intensive and energy efficient, provides for an urban level of public and private services, and allows unique and innovative development techniques to be employed in residential designs.
4. **HISTORIC PRESERVATION:** Enhance sites and structures of historical, cultural and/or architectural significance.
5. **DEVELOPMENT AND REDEVELOPMENT:** Pursue development and redevelopment opportunities that will add economic, civic, craft industry, and cultural opportunities for the citizens of McMinnville, economically strengthen the Area, and attract visitors to the Area.

Ineligible Projects: The following types of projects are not eligible for the loan program.

- Minor maintenance or aesthetic improvement projects not associated with larger rehabilitation work
- Tenant improvement projects not associated with larger rehabilitation work that otherwise would qualify the project.
- Residential projects unless they are 4 units or more, or mixed-use projects.
- Projects that will dislocate existing residents or businesses
- Land or building acquisition loans

Key Terms:

(These can be applied at the discretion of the McMinnville Urban Renewal Board)

- Interest rate of Wall Street Journal Prime rate at time of issuance of loan commitment or as determined to be in the by the City and the Urban Renewal Board at its sole discretion.
- Except when deemed by the Urban Renewal Board to be both necessary for the success of the project and in the best interest of the City and the Urban Renewal District, loan cannot exceed 20% of construction costs.
- Borrowing entity must have 10% equity in project.
- Interest only payments during construction.
- Draw down loan (i.e. interest accrues only on portion drawn).
- Pay-in commensurate with construction progress or as negotiated.
- Loan will be secured by lien on real estate,
- Personal guaranty required,
- 15-year term starting at earlier of completion of construction or final draw

Conditions and Considerations:

1. All projects are to be approved by the McMinnville Urban Renewal Board, following a recommendation to approve, approve with conditions, or deny by the McMinnville Urban Renewal Advisory Committee (MURAC) Review Subcommittee. The project must be found to meet the program criteria and underwriting criteria and to be in the best interest of the City and the Urban Renewal Agency.
2. If the Property is located within the Downtown Design Overlay District, the City and its designated committees/commissions and/or the McMinnville Downtown Association Design Review Subcommittee will review the plans for conformance with the Design Overlay District Standards.
3. Loan decisions, underwriting standards, loan terms and collateral requirements will be entirely at the discretion of the City. The project must be feasible and have an acceptable prospect of repayment.
4. The City of McMinnville will lien the property for the value of the loan. The City of McMinnville may request a title report on the property, which will be subject to attorney review at the discretion of the City Manager. In addition to the lien, property owners must sign a promissory note and guaranty for the repayment of the funds. The Urban Renewal Agency may deny any loan based on the Title Report or the number of liens upon the property.
5. All loans made under this program are subject to availability of program funds. Once the loan is repaid, the lien will be released from holding.
6. All projects shall comply with the City of McMinnville Development and Building Code, including the historic preservation provisions if applicable.

5. **Substantial Rehabilitation Program (if adaptive reuse)** Describe all major building systems to be rehabilitated or replaced and proposed occupancy. If existing tenants will be effected describe plans to minimize impacts on tenants during construction.

NA

6. **Historic Resources-** Describe if building or property has any historic resources and plans to comply with requirements associated with historic resources.

NA

7. **Design Review Consistency—** Describe if building is located within the Downtown Design Overlay Zone and plans to ensure building meets requirements for this district.

Letter on file

8. **Budgeted Project Costs:**

| | |
|--|--------------------|
| Property acquisition: | \$490,000 |
| Demolition (if any): | \$ included |
| Environmental Remediation (if any): | \$ N/A |
| Hard Construction Costs: | \$ 5,289,863 |
| Third Party Consultant Fees: | \$94,500 |
| Fees Paid to Any Related Party*: | \$0 |
| Financing Fees (application fees, origination fees): | \$89,801 |
| Construction Period Interest and Carrying Costs: | \$245,000 |
| Other (please specify): | \$2,097,801 |
| TOTAL PROJECT COSTS: | \$8,297,965 |

*Including Developer Fees and any financing or consulting Fees to be paid to a party with an identity of interest with applicant or property owner.

9. Proposed Sources:

| | |
|---|--------------------|
| Existing land or building value (if property owned by applicant): | \$490,000 |
| Other owner equity (should be 10% of project costs minimum): | \$884,420 |
| Tax credit equity (i.e. New Market, Historic, or Low Income Housing Tax Credits): | \$ |
| Conventional Loans: | \$6,923,545 |
| Subsidized Loans: | \$ |
| Redevelopment Opportunity Fund Loans: | \$ |
| Other sources: | \$ |
| TOTAL PROJECT COSTS: | \$8,297,965 |

10. Team Members:

General Contractor (if selected)

Firm: R&H Construction

Primary Contact: Norm Dowty

Address: 1530 SW Taylor, Portland, OR 97205

Phone: [REDACTED] Cell Phone: [REDACTED] Email: [REDACTED]

Legal Form: Sole Proprietorship Partnership Corporation
 Profit Non-Profit

Tax ID Number: [REDACTED]

CCB# OR CCB No. 38304, 148238, 148237

Is there an identity of interest with Applicant or Property Owner? [REDACTED]

Property Manager/Operator (if selected)

Name: Live McMinnville LLC

Address: PO Box 196, McMinnville

Phone: [REDACTED] Cell Phone: [REDACTED]

Email: [REDACTED]

Legal Form: Sole Proprietorship Partnership Corporation
 Profit Non-Profit

Tax ID Number: [REDACTED]

Is there an identity of interest with Applicant or Property Owner? [REDACTED]

Primary Lender (if identified)

Bank: Citizen's Bank

Primary Contact: Teresa Smith

Address: 455 NE Baker St, McMinnville, OR 97128

Phone: [REDACTED] Email: [REDACTED]

Tax ID Number: [REDACTED]

Secondary Lender (if identified)

Bank: SBA Via the Oregon Economic Development Corporation

Primary Contact: Alison Boswell

Address: 100 High Street SE, Suite 200

Phone: [REDACTED] Email: [REDACTED]

Tax ID Number: [REDACTED]

Checklist Items for Underwriting Approval

Underwriting Review:

Prior to committing Urban Renewal Funds to a project, the Urban Renewal Agency will make a determination as to whether the project adequately supports urban renewal goals, is feasible, poses an acceptable risk to the agency and is in the best interest of the City and the Agency. In order to make this determination, the Agency may require the following items. Please meet with the Planning Director to determine what will be required.

- ✓ **Market Analysis:** A third party market analysis prepared to prevailing professional standards identifying at minimum: demand for product, primary market, competitors, achievable rents/room rates/ticket prices, and anticipated capture rate. (This requirement may be waived for public projects.)

Please see STR report included within appraisal documents on the Atticus Hotel flash drive.

- ✓ **Appraisal:** A third party appraisal prepared to current Uniform Standards of Professional Appraisal Practice (USPAP) standards identifying land and stabilized improvement value, expected operating income, expected operating expenses, and expected net operating income. Appraisal should include consideration of cost, sales comparable, and income approaches to determination of value.

Please find our Atticus Hotel appraisal documents on the provided flash drive.

- ✓ **Financial Proforma:** Developer's financial proforma identifying sources and uses, monthly cash flow during construction period, and annual cash flow waterfall from start of start of construction through year 20 of stabilized operations.

Please see pro forma starting on page 67 of the Atticus Hotel Business Plan, located on the provided flash drive.

- ✓ **Environmental Analysis:** Phase I ESA meeting current ASTM standards completed in past 180 days and reflecting current site conditions. The cost of mitigating any identified environmental risks must be specifically addressed in the financial analysis and construction contract.

Please find the Atticus Hotel Phase 1 environmental analysis file on the provided flash drive.

- ✓ **Development Team History:** Narrative history and schedule of experience developing projects for similar uses and scope. Primary applicant should provide a schedule of any commercial real estate projects currently owned including occupancy and debt service coverage ratios. Executive officers of applicant must authorize a personal background check.

Please refer to pages 19-25 of the Atticus Hotel Business Plan for narrative of development team history, and pages 100-102 for bios.

- ✓ **Development Team Financial Capacity:** Equity source must provide certified financial statement, schedule of real estate owned, and verification of account balances to demonstrate capacity to fund required equity contribution as well as potential cost overruns.

Odd Fellows Building LLC will provide Personal Financial Statements to the Planning Director for review in paper copy.

- ✓ **Property Management Experience History:** Proposed property manager must be identified and have successful track record of operating similar facilities. Please provide a narrative history of company and schedule of properties under management including occupancy and current debt service coverage ratios.

Please see page 19 of the Atticus Hotel Business Plan.

- ✓ **Preliminary Property Management/Operator Agreement-** Agreement should specify services provided by Manager as well as fee schedule.

Please see Atticus Hotel & OFB lease on the Atticus Hotel flash drive.

- ✓ **Construction Plans:** Copy of plans submitted for building department approval.

Paper plans submitted with flash drive

- **Physical Condition Needs Assessment:** For all adaptive reuse projects, a PCNA Report shall be prepared which shall identify the condition of all building systems and include a schedule of anticipated capital repairs for a 20-year period.

Not Applicable

- ✓ **General Contractor Experience History:** The general contractor must demonstrate a track record of successfully completing similar projects and the capacity to complete the proposed project. The contractor shall provide a history of completed projects from the last 5 years with references and a financial statement indicating sufficient capitalization to complete the project. In cases where there is a related party interest between the General Contractor and the Developer, the Agency will require a separate third party construction cost review.

Please see R&H Bio and Reference sheet on Atticus Hotel flash drive.

- ✓ **Construction Bid** including draft construction contract.

Please see AIA AA201 and 202 on the Atticus Hotel Flash drive for the construction contract and 7-12 R&H Price Sets on the flash drive for bid information.

- ✓ ***Third Party Construction Cost Review.** Review of plans and construction costs to be engaged by City. City may agree to utilize reviewer engaged by primary lender.

Schusters Constructive Solutions LLC has been hired as a construction consultant providing Lender's Services for the Atticus Hotel. Michael Schuster can be reached at (503) 793-3917.

- ✓ **Financing commitments:** Executed commitments from other lenders indicating the amount, interest rate (or interest rate index), term and special conditions are required.

Please see provided paper copies of financing commitments.

The City reserves the right to engage its own reports or analyses to verify or clarify information provided by Applicant or consultants engaged by the applicant.

Checklist Items for Closing

Prior to closing the City will at minimum require the following items.:

- **Executed Construction Contract and General Conditions:** An executed fixed price contract and general conditions in a form acceptable to the Urban Renewal Agency (preferably AIA Form 101-1997) with construction schedule consistent with financial projections required as a condition for closing.
- **Final Construction Drawings approved by Building Department**
- **Building permit**
- **Final financial projections from project**
- **Executed financing commitments from all sources (including equity) from all sources consistent with financial projections**
- **Personal guaranty to repay loan from Applicant**
- **Executed operating/management agreement between developer and proposed operator/property manager with management fees consistent with financial projections.**
- **Executed Redevelopment Opportunity Fund Loan Agreement and related documents.**
- **Other documents as required by the specific nature of the project**

Construction Period Review

During the construction period, City or its Construction Management Consultant will participate in all construction progress and draw request meetings. Draw requests will be approved upon confirmation that work being paid for is complete and built as per approved plans.

Sanitary Sewer SDC's

- Atticus Hotel project
 36 rooms w/ out kitchens
 Public restaurant on main floor

| | |
|------------|----------------|
| Permit # : | 17B0069 |
| Address : | 375 NE Ford St |
| Taxlot : | R4421BC 04700 |

- Current fee is \$2,870 per equivalent dwelling unit (EDU) -- as of 1/1/2016
- 1 EDU = 16 fixture units
- No planned rate increase for 2016

| Fixture type | Fixture unit value | # installed | Total fixture units |
|--|--------------------|---|---------------------|
| Baptistery / font | 4 | | 0 |
| Bath - jacuzzi/whirlpool | 3 | | 0 |
| Bath - tub/shower combo | 3 | | 0 |
| Car wash - each stall | 6 | | 0 |
| Car wash - drive thru | 16 | | 0 |
| Cuspidor / water aspirator | 1 | | 0 |
| Dishwasher - commercial | 4 | | 0 |
| Dishwasher - residential | 2 | | 0 |
| Drinking fountain | 1 | | 0 |
| Floor drain / mop sink or floor sink: 2" | 2 | | 0 |
| Floor drain / mop sink or floor sink: 3" | 5 | | 0 |
| Floor drain / mop sink or floor sink: 4" | 6 | | 0 |
| Garbage disposal: residential 3/4 HP | 16 | | 0 |
| Garbage disposal: commercial 3/4 to 5 HP | 32 | | 0 |
| Garbage disposal: commercial more than 5HP | 48 | | 0 |
| Ice machine / refrigerator drains | 1 | | 0 |
| Oil separator (gas stations) | 6 | | 0 |
| Recreational vehicle dump station | 16 | | 0 |
| Shower - each head | 2 | | 0 |
| Sink - bar or lavatory | 2 | | 0 |
| Sink - Commercial | 3 | | 0 |
| Sink - Service | 3 | | 0 |
| Sink - Wash fountain | 3 | | 0 |
| Swimming pool filter | 3 | | 0 |
| Washing machine | 6 | | 0 |
| Water extractor | 6 | | 0 |
| Water closet / toilet | 6 | | 0 |
| Urinal | 6 | | 0 |
| | | Total fixture units : | 0 |
| | | Total EDU's (Fixture units divided by 16) : | 18 |
| | | Total SDC (\$2870 per EDU) : | \$ 51,660.00 |

- One EDU = Two units w/ out kitchens
 36/2 = 18 EDU's for rooms
- Need plumbing plans for restaurant to calculate SDC's for that part of the project

Atticus Hotel project - 17B0069
 375 NE Ford St (R4421BC 04700)
 - 36 room hotel + 1616 sq ft restaurant

| | | |
|--------------------------------|-----------------------|--------------|
| Council Adopted May 2015 | TSDC Revenue | \$15,751,400 |
| | New PM Peak Trips | 7,230 |
| | TSDC/New PM Peak Trip | \$2,179 |

McMinnville TSDC Schedule - 2015

Adjustable
Value

| Land Use Category - ITE 9th Edition | Notes | ITE Land Use Code | ITE Average PM Peak Hour Trip Rate | Unit* | Pass-By Trip Reduction Factor ** | Net New Trip Rate | Trip Length Adjustment | Net New Trips | # Units | Estimated SDC |
|--|------------|-------------------|------------------------------------|--------------------------|----------------------------------|-------------------|------------------------|---------------|---------|---------------|
| | | | [1] | | [2] | [3] | [4] | [5] | | |
| BUSINESS & COMMERCIAL | | | | | | | | | | |
| Hotel | | 310 | 0.60 | Room | 1.00 | 0.60 | 0.90 | 0.54 | 36 | \$42,360 |
| All Suites Hotel | 1 | 311 | 0.40 | Room | 1.00 | 0.40 | 0.90 | 0.36 | | \$0 |
| Motel | 3 | 320 | 0.47 | Room | 1.00 | 0.47 | 0.90 | 0.42 | | \$0 |
| Resort Hotel | | 330 | 0.42 | Room | 1.00 | 0.42 | 1.00 | 0.42 | | \$0 |
| Tractor Supply Store | 2(a) | 810 | 1.40 | 1,000 sf GFA | 0.75 | 1.05 | 1.00 | 1.05 | | \$0 |
| Construction Equipment Rental | 1, 2(a) | 811 | 0.99 | 1,000 sf GFA | 0.75 | 0.74 | 1.00 | 0.74 | | \$0 |
| Building Materials and Lumber Store | 2(a) | 812 | 4.49 | 1,000 sf GFA | 0.75 | 3.37 | 1.00 | 3.37 | | \$0 |
| Free-Standing Discount Superstore | | 813 | 4.35 | 1,000 sf GFA | 0.72 | 3.13 | 0.38 | 1.19 | | \$0 |
| Variety Store | 2(b) | 814 | 6.82 | 1,000 sf GLA | 0.66 | 4.50 | 0.59 | 2.66 | | \$0 |
| Free-Standing Discount Store | | 815 | 4.98 | 1,000 sf GFA | 0.83 | 4.13 | 0.38 | 1.57 | | \$0 |
| Hardware/Paint Store | 3 | 816 | 4.84 | 1,000 sf GFA | 0.74 | 3.58 | 0.49 | 1.75 | | \$0 |
| Nursery (Garden Center) | 2(a) | 817 | 6.94 | 1,000 sf GFA | 0.75 | 5.21 | 1.06 | 5.52 | | \$0 |
| Nursery (Wholesale) | 2(a) | 818 | 5.17 | 1,000 sf GFA | 0.75 | 3.88 | 1.06 | 4.11 | | \$0 |
| Shopping Center | 3 | 820 | 3.71 | 1,000 sf GLA | 0.66 | 2.45 | 0.59 | 1.44 | | \$0 |
| Factory Outlet Center | 2(b), 3 | 823 | 2.29 | 1,000 sf GFA | 0.66 | 1.51 | 1.00 | 1.51 | | \$0 |
| Specialty Retail Center | 1, 2(b) | 826 | 2.71 | 1,000 sf GLA | 0.66 | 1.79 | 0.59 | 1.06 | | \$0 |
| Automobile Sales | 2(a), 3 | 841 | 2.62 | 1,000 sf GFA | 0.75 | 1.97 | 0.81 | 1.59 | | \$0 |
| Recreational Vehicle Sales | 1, 2(a) | 842 | 2.54 | 1,000 sf GFA | 0.75 | 1.91 | 0.81 | 1.54 | | \$0 |
| Automobile Parts Sales | 1, 3 | 843 | 5.98 | 1,000 sf GFA | 0.57 | 3.41 | 0.63 | 2.15 | | \$0 |
| Tire Store | | 848 | 4.15 | 1,000 sf GFA | 0.72 | 2.99 | 0.63 | 1.88 | | \$0 |
| Tire Superstore | 2(e) | 849 | 2.11 | 1,000 sf GFA | 0.72 | 1.52 | 0.63 | 0.96 | | \$0 |
| Supermarket | 3 | 850 | 9.48 | 1,000 sf GFA | 0.64 | 6.07 | 0.37 | 2.24 | | \$0 |
| Convenience Market (Open 24 Hours) | | 851 | 52.41 | 1,000 sf GFA | 0.39 | 20.44 | 0.37 | 7.56 | | \$0 |
| Convenience Market (Open 15-16 Hours) | 1, 2(i) | 852 | 34.57 | 1,000 sf GFA | 0.39 | 13.48 | 0.37 | 4.99 | | \$0 |
| Convenience Market with Gasoline Pumps | | 853 | 19.07 | Vehicle Fueling Position | 0.34 | 6.48 | 0.37 | 2.40 | | \$0 |
| Discount Supermarket | 3 | 854 | 8.34 | 1,000 sf GFA | 0.77 | 6.42 | 0.37 | 2.38 | | \$0 |
| Discount Club | 2(f) | 857 | 4.18 | 1,000 sf GFA | 0.77 | 3.22 | 0.74 | 2.38 | | \$0 |
| Wholesale Market | 1, 2(b) | 860 | 0.88 | 1,000 sf GFA | 0.66 | 0.58 | 0.37 | 0.21 | | \$0 |
| Sporting Goods Superstore | 1, 2(i), 3 | 861 | 1.84 | 1,000 sf GFA | 0.52 | 0.96 | 0.49 | 0.47 | | \$0 |
| Home Improvement Superstore | | 862 | 2.33 | 1,000 sf GFA | 0.52 | 1.21 | 0.49 | 0.59 | | \$0 |
| Electronic Superstore | 1 | 863 | 4.50 | 1,000 sf GFA | 0.60 | 2.70 | 0.49 | 1.32 | | \$0 |
| Toy/Children's Superstore | 1, 2(b) | 864 | 4.99 | 1,000 sf GFA | 0.66 | 3.29 | 0.49 | 1.61 | | \$0 |
| Baby Superstore | 1, 2(b) | 865 | 1.82 | 1,000 sf GFA | 0.66 | 1.20 | 0.49 | 0.59 | | \$0 |
| Pet Supply Superstore | 1, 2(b) | 866 | 3.38 | 1,000 sf GFA | 0.66 | 2.23 | 0.49 | 1.09 | | \$0 |
| Office Supply Superstore | 1, 2(b) | 867 | 3.40 | 1,000 sf GFA | 0.66 | 2.24 | 0.49 | 1.10 | | \$0 |
| Book Superstore | 1, 2(b) | 868 | 15.82 | 1,000 sf GFA | 0.66 | 10.44 | 0.49 | 5.12 | | \$0 |
| Discount Home Furnishings Superstore | 2(b) | 869 | 1.57 | 1,000 sf GFA | 0.66 | 1.04 | 0.49 | 0.51 | | \$0 |
| Bed and Linen Superstore | 1, 2(b) | 872 | 2.22 | 1,000 sf GFA | 0.66 | 1.47 | 0.49 | 0.72 | | \$0 |
| Department Store | 2(b) | 875 | 1.87 | 1,000 sf GFA | 0.66 | 1.23 | 0.59 | 0.73 | | \$0 |
| Apparel Store | 2(b) | 876 | 3.83 | 1,000 sf GFA | 0.66 | 2.53 | 0.59 | 1.49 | | \$0 |
| Arts and Crafts Store | 1, 2(b) | 879 | 6.21 | 1,000 sf GFA | 0.66 | 4.10 | 0.59 | 2.42 | | \$0 |
| Pharmacy/Drug Store without Drive-Through | | 880 | 8.40 | 1,000 sf GFA | 0.47 | 3.95 | 0.37 | 1.46 | | \$0 |
| Pharmacy/Drug Store with Drive-Through | | 881 | 9.91 | 1,000 sf GFA | 0.51 | 5.05 | 0.37 | 1.87 | | \$0 |
| Furniture Store | | 890 | 0.45 | 1,000 sf GFA | 0.47 | 0.21 | 1.06 | 0.22 | | \$0 |
| Video Rental Store | 2(b), 3 | 896 | 13.60 | 1,000 sf GFA | 0.66 | 8.98 | 0.28 | 2.51 | | \$0 |
| Medical Equipment Store | 2(a), 1 | 897 | 1.24 | 1,000 sf GFA | 0.75 | 0.93 | 0.49 | 0.46 | | \$0 |
| Walk-in Bank | 1, 2(d) | 911 | 12.13 | 1,000 sf GFA | 0.53 | 6.43 | 0.42 | 2.70 | | \$0 |
| Drive-in Bank | | 912 | 24.30 | 1,000 sf GFA | 0.53 | 12.88 | 0.42 | 5.41 | | \$0 |
| Hair Salon | 1, 2(d) | 918 | 1.45 | 1,000 sf GFA | 0.53 | 0.77 | 0.42 | 0.32 | | \$0 |
| Copy, Print and Express Ship Store | 1, 2(b) | 920 | 7.41 | 1,000 sf GFA | 0.66 | 4.89 | 0.49 | 2.40 | | \$0 |
| Drinking Place | 2(j) | 925 | 11.34 | 1,000 sf GFA | 0.56 | 6.35 | 0.54 | 3.43 | | \$0 |
| Quality Restaurant | | 931 | 7.49 | 1,000 sf GFA | 0.56 | 4.19 | 0.54 | 2.26 | 1,618 | \$7,968 |
| High Turnover (Sit-Down) Restaurant | | 932 | 9.85 | 1,000 sf GFA | 0.57 | 5.61 | 0.52 | 2.92 | | \$0 |
| Fast Food Restaurant without Drive-Through | 1, 2(g) | 933 | 26.15 | 1,000 sf GFA | 0.50 | 13.08 | 0.28 | 3.66 | | \$0 |
| Fast Food Restaurant with Drive-Through | | 934 | 32.65 | 1,000 sf GFA | 0.50 | 16.33 | 0.28 | 4.57 | | \$0 |
| Fast Food Restaurant with Drive-Through, No Indoor Seating | 2(g) | 935 | 44.99 | 1,000 sf GFA | 0.50 | 22.50 | 0.28 | 6.30 | | \$0 |
| Coffee/Donut Shop without Drive-Through | 2(g) | 936 | 40.75 | 1,000 sf GFA | 0.50 | 20.38 | 0.28 | 5.71 | | \$0 |
| Coffee/Donut Shop with Drive-Through | 2(g) | 937 | 42.80 | 1,000 sf GFA | 0.50 | 21.40 | 0.28 | 5.99 | | \$0 |
| Coffee/Donut Shop with Drive-Through, No Indoor Seating | 1, 2(g) | 938 | 75.00 | 1,000 sf GFA | 0.50 | 37.50 | 0.28 | 10.50 | | \$0 |
| Bread/Donut/Bagel Shop without Drive-Through | 1, 2(g) | 939 | 28.00 | 1,000 sf GFA | 0.50 | 14.00 | 0.28 | 3.92 | | \$0 |
| Bread/Donut/Bagel Shop with Drive-Through | 1, 2(g) | 940 | 18.99 | 1,000 sf GFA | 0.50 | 9.50 | 0.28 | 2.66 | | \$0 |
| Quick Lubrication Vehicle Shop | 2(c) | 941 | 5.19 | Servicing Position | 0.57 | 2.96 | 0.58 | 1.72 | | \$0 |
| Automobile Care Center | 2(c), 3 | 942 | 3.11 | 1,000 sf GLA | 0.57 | 1.77 | 0.63 | 1.12 | | \$0 |
| Auto Parts / Service Center | 1, 2(c) | 943 | 4.46 | 1,000 sf GFA | 0.57 | 2.54 | 0.63 | 1.60 | | \$0 |
| Gasoline/Service Station | | 944 | 13.87 | Vehicle Fueling Position | 0.58 | 8.04 | 0.26 | 2.09 | | \$0 |
| Gasoline/Service Station w/ Convenience Market | | 945 | 13.51 | Vehicle Fueling Position | 0.44 | 5.94 | 0.26 | 1.55 | | \$0 |
| Gasoline/Service Station w/ Convenience Market & Car Wash | 2(h) | 946 | 13.86 | Vehicle Fueling Position | 0.44 | 6.10 | 0.26 | 1.59 | | \$0 |
| Self-Service Car Wash | 2(d) | 947 | 5.54 | Wash Stall | 0.53 | 2.94 | 0.63 | 1.85 | | \$0 |
| Automated Car Wash | 1, 2(d) | 948 | 14.12 | 1,000 sf GFA | 0.53 | 7.48 | 0.63 | 4.71 | | \$0 |
| Truck Stop | 1, 2(k) | 950 | 13.63 | 1,000 sf GFA | 0.57 | 7.77 | 1.00 | 7.77 | | \$0 |

TOTAL SDC : \$50,328

3.10.050 Collection of charge. A. The systems development charge is payable upon, and as a condition of, issuance of:

1. A building permit;
2. A development permit for development not requiring the issuance of a building permit;
3. A permit to connect to the water, sanitary sewer or storm drainage systems; or
4. A permit to construct a driveway or private street connection to a public street.

For those uses for which no permit is provided, including a change in occupancy that results in an increased system usage level, the final approval granted by the City approving the use or occupancy shall be deemed a building permit for the purpose of this chapter.

B. If development is commenced or connection is made to the street system, water system, sanitary sewer system or storm sewer system without an appropriate permit, the systems development charge is immediately payable upon the earliest date that a permit was required, and it will be unlawful for anyone to continue with the construction or use constituting a development until the charge has been paid or payment secured to the satisfaction of the City Manager.

C. Any and all persons causing, constructing, conducting, occupying or using the development or making application for the needed permit, or otherwise responsible for the development, are jointly and severally obligated to pay the charge, and the City Manager may collect the charge from any of them. The City Manager or his/her designee shall not issue any permit or allow connections described in subsection 3.10.050A until the charge has been paid in full or until an adequate secured arrangement for its payment has been made.

D. A systems development charge shall be paid in cash when due, or in lieu thereof, the City Manager may accept the delivery of a written agreement to pay if the written agreement is secured by collateral satisfactory to the City Manager or his/her designee. The collateral may consist of mortgage or trust deeds of real property, or an agreement secured by surety bond issued by a corporation licensed by state law to grant such undertakings, or by cash deposit, letter of credit, or other like security acceptable to the City Manager.

E. The person paying the systems development charge in installments may apply for deferral of the payments.

F. Industrial and commercial shell buildings which are erected for future tenants whose identities and use are not known at the time of construction are not required to pay the transportation systems development charge at the time a building permit is issued. In lieu of this payment, an industrial property owner or owners shall execute a note to the City in the amount of the systems development charge for general light industrial use. A commercial property owner or owners shall execute a note based upon the anticipated use as approved by the City Manager, or designee. Any such note shall become due and payable in one year, bear no interest and be recorded on the docket of City liens.

**INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF McMinnville AND THE McMinnville
URBAN RENEWAL AGENCY**

THIS INTERGOVERNMENTAL AGREEMENT ("Agreement") is entered into between the City of McMinnville, an Oregon municipal corporation established under ORS Chapter 221 ("City"), and the McMinnville Urban Renewal Agency ("Agency"), a municipal corporation established under ORS Chapter 457.

RECITALS:

WHEREAS, the Agency is charged with administering and implementing the McMinnville Urban Renewal Plan ("Plan"), as adopted by the Agency Board on July 23, 2013, and will be engaging in redevelopment activities to carry out the Plan; and

WHEREAS, The City has experience in the provision of administrative services for local governments and in planning and constructing public improvements, and desires to assist the Agency in the planning and carrying out of the Plan by providing all administrative and development services necessary and proper for carrying out the Agency's functions and the Plan, pursuant to ORS 457.320; and

WHEREAS, pursuant to ORS 190.010, the City and Agency are authorized to enter into intergovernmental agreements for the performance of functions and activities either is authorized by law to perform;

NOW, THEREFORE, THE CITY OF McMinnville AND THE McMinnville URBAN RENEWAL AGENCY AGREE AS FOLLOWS:

Section 1: City Duties and Responsibilities. As requested and authorized by the Agency, the City shall provide administrative and development services to the Agency to undertake urban renewal activity as set forth in the adopted Urban Renewal Plan, including but not limited to the following:

a. Accounting.

- i. **General.** The City shall provide accounting services to the Agency for the financial tracking of Agency revenues and expenditures. In doing so, the City shall provide the necessary accounting transactions to make payments on behalf of Agency obligations as well as accept any resources received on behalf of the Agency. The City shall also provide Agency with financial reports every accounting period that detail revenues, expenditures, debt, and cash flow data for the Agency's debt service and urban renewal funds.

- ii. **Accounting System.** The City shall maintain an accounting system for the Agency and charge expenses directly to the Agency through that system.
 - iii. **Segregation of Funds.** The City shall segregate all Agency funds into an Urban Renewal Fund and Debt Service Fund in the City's financial accounting system and shall be responsible for maintaining that segregation.
 - iv. **Debt Service Payments.** The City shall make all debt service payments from Agency funds on behalf of the Agency as such payments come due.
 - v. **Annual Agency Audit.** In order to comply with ORS 297.405 through 297.555, the City shall contract for an external audit of the Agency's year-end financial statements and accounting transactions. The City shall prepare the financial statements and manage the audit process.
- b. **Administrative Overhead Services.** The City will provide the following services to Agency: Records management and record keeping; risk management; human resources; engineering, building and planning services; legal services; purchasing; information technology services including internet and telephone services; office space and supplies; and staff support for public meetings, including preparation of meeting notices, agendas and minutes; budget preparation and oversight. In so doing, the City shall provide such services in compliance with the laws of the State of Oregon, and in accordance with the Plan and this Agreement.
 - c. **Financial Assistance.** Pursuant to ORS 457.320, the City may loan money and provide other forms of financial assistance to the Agency in order to assist in carrying out the Urban Renewal Plan. Any such assistance shall be properly documented and contain adequate provisions for the repayment of any loans made to the Agency. Interest on any loan will be calculated based on the rate the City would receive if those funds were invested with the Local Government Investment Pool plus 1%.
 - d. **Insurance.** The City shall secure property and casualty insurance for the Agency as part of its insurance program.

Section 2. Agency Duties and Responsibilities.

- a. **Financial Management and Review.** The Agency is responsible for the oversight and management of the Plan and its projects, including, but not limited to, oversight of the financial health of the district and its authorized and planned projects, management decisions affecting the financial status of the district, district indebtedness threshold and capacity, and monitoring of all Agency expenditures and revenues. This includes annual budgeting and budget review of planned projects and funds, as required by Local Budget Law (ORS 294.305

to 394.565). The Agency shall coordinate with the City as necessary to ensure proper oversight and management of Agency activities.

- b. **Annual Reporting.** Pursuant to ORS 457.460, the Agency shall prepare and provide an annual financial report on the Agency and its projects not later than January 31 of each year to the Agency Board and City.
- c. **Financial Assistance.** The Agency is authorized to loan money and provide other forms of financial assistance to the City as the Agency Board, in its sole discretion, determines appropriate to carry out one or more projects described in the Urban Renewal Plan.
 - i. The Agency shall repay to the City all contract expenses related to the completion of the Urban Renewal Feasibility Study, and Urban Renewal Plan and Report. Repayment shall be on the following five-year schedule, unless otherwise agreed to by the Agency and City:
 - 1. Fiscal year 2014-15: \$5,000
 - 2. Fiscal year 2015-16: \$5,000
 - 3. Fiscal year 2016-17: \$5,000
 - 4. Fiscal year 2017-18: \$10,000
 - 5. Fiscal year 2018-19: \$10,000

Section 3. Shared Duties and Responsibilities.

- a. **Issuance of Urban Renewal Debt.** The Agency is ultimately responsible for negotiating and securing debt for the purpose of carrying out the Urban Renewal Plan. City staff may assist the Agency with negotiating and securing debt by providing financial and administrative assistance.
- b. **Agency Staffing.** The City shall provide and supervise staff who perform Agency functions. Employees engaged in Agency activities are employees of the City and subject to the City's employment policies, procedures, and standards.
- c. **Reimbursement for Services.** The City may seek reimbursement from the Agency for costs of services provided on behalf of the Agency, and City shall provide sufficient documentation and detail of services provided to Agency.

Section 4. Additional Terms.

- a. **Severability.** If any section, clause or phrase of this Agreement is judicially deemed invalid, illegal, or unenforceable in any respect, the remaining parts of this Agreement shall be severed from the invalid parts and remain in full force and effect.

- b. **Modification.** This Agreement may be modified by mutual written consent of the parties. Any modification to a provision of this Agreement shall have no effect upon other provisions in this Agreement unless stated in writing.
- c. **Term and Termination.** This Agreement shall remain in effect until terminated by the parties as provided in this Section. This Agreement may be terminated by mutual consent of the parties. Termination of this Agreement shall not affect the duties and obligations of the parties that accrued prior to the termination, including any bond loan or other repayment obligations.
- d. **Effective Date.** This Agreement is effective upon the latest date it is executed by the parties below.

WHEREAS, all the aforementioned is hereby agreed upon by the parties and executed by the duly authorized signatures below.

CITY OF McMINNVILLE

McMINNVILLE URBAN
RENEWAL AGENCY

Richard Z. Owen 4-14-15
Mayor Date

Richard Z. Owen 4-14-15
Agency Chair Date

MCMINNVILLE URBAN RENEWAL FINANCIAL FORECAST

ATTACHMENT F

| Fiscal Year | Revenue | Non-Project Related | | Debt Service | | Net Funds Available | Fund Balance |
|-------------|------------|---------------------|-----------|--------------|-----------------|---------------------|--------------|
| | | M&S | Grants | City Loan | Alpine Ave Loan | | |
| 2015 | 82,212 | - | - | (5,000) | - | 77,212 | 77,212 |
| 2016 | 118,465 | (14,728) | (5,400) | (5,000) | - | 93,337 | 170,549 |
| 2017 | 141,262 | (32,330) | (10,000) | (10,000) | | 88,932 | 259,481 |
| 2018 | 172,294 | (93,200) | (100,000) | (10,000) | (90,000) | (120,906) | 138,575 |
| 2019 | 241,765 | (40,900) | (20,000) | - | (143,000) | 37,865 | 176,440 |
| 2020 | 314,448 | (43,800) | (20,000) | - | (188,000) | 62,648 | 239,088 |
| 2021 | 390,473 | (46,900) | (20,000) | - | (188,000) | 135,573 | 374,661 |
| 2022 | 469,975 | (50,300) | (20,000) | - | (188,000) | 211,675 | 586,337 |
| 2023 | 553,094 | (53,800) | - | - | (188,000) | 311,294 | 897,631 |
| 2024 | 639,975 | (57,700) | | - | (188,000) | 394,275 | 1,291,906 |
| 2025 | 730,767 | (61,800) | - | - | (188,000) | 480,967 | 1,772,873 |
| 2026 | 825,628 | (66,200) | | - | (188,000) | 571,428 | 2,344,301 |
| 2027 | 924,721 | (70,900) | - | - | (188,000) | 665,821 | 3,010,122 |
| 2028 | 1,028,213 | (75,900) | | - | (188,000) | 764,313 | 3,774,435 |
| 2029 | 1,136,281 | (81,400) | | - | (188,000) | 866,881 | 4,641,316 |
| 2030 | 1,249,108 | (87,200) | | - | (188,000) | 973,908 | 5,615,224 |
| 2031 | 1,324,008 | (93,400) | | - | (188,000) | 1,042,608 | 6,657,831 |
| 2032 | 1,401,559 | (100,000) | | - | (188,000) | 1,113,559 | 7,771,390 |
| | 11,744,248 | (1,070,458) | (195,400) | (30,000) | (2,677,000) | 7,771,390 | 39,799,371 |

NOTES:

- 2017 #s are budgeted amounts
- Revenue reflects TIF calculations from ECONorthwest report dated 6/22/2016
- Non-Project Related costs = "Administration" amounts from UR Plan Table 15
- Alpine Avenue loan debt service based on 15 year repayment with a five year prepayment option at 2.04% annual interest rate.
- Assumes all construction costs and financing fees are paid from bond/loan proceeds
- Alpine Ave loan debt service includes pay off of City loan for Alpine Ave design (\$163K)