



**CITY OF MCMINNVILLE
PLANNING DEPARTMENT**
231 NE FIFTH STREET
MCMINNVILLE, OR 97128
503-434-7311

www.mcminnvilleoregon.gov

MCMINNVILLE URBAN RENEWAL ADVISORY COMMITTEE JOINT MEETING WITH MCMINNVILLE URBAN RENEWAL AGENCY BOARD

**Kent Taylor Civic Hall, 200 NE 2nd Street
Wednesday, January 24, 2017
Immediately Following the McMinnville City Council Meeting,
which starts at 7:00 pm**

COMMITTEE MEMBERS

Walt Gowell
Chair
Kyle Faulk
Ed Gormley
Kelly McDonald
Cassie Sollars
Wendy Stassens
Marilyn Worrix
Kem Carr
Ex-Officio
Scott Hill
Ex-Officio
Rebecca Quandt
Ex-Officio

ITEM

CALL TO ORDER

PRESENTATIONS

- Projects Update: Façade Improvement Grants and Alpine Avenue
- Five Year Strategic Plan

ACTION ITEMS

- Resolution No. 2017-01: A Resolution authorizing \$8000 for the McMinnville Wayfinding Study
- Resolution No. 2017-02: A Resolution accepting the Annual Financial Report for FYE June 30, 2016
- Resolution No. 2017-03: A Resolution approving the development of a Property Development Assistance Program

ADJOURN

*Please note that these documents are also available on the City's website www.mcminnvilleoregon.gov; click on Government, click on Boards and Commissions, click on McMinnville Urban Renewal Advisory Committee. You may also request a copy from the Planning Department at the Community Development Center, 231 NE 5th Street, 503-434-7311.

McMINNVILLE URBAN RENEWAL AGENCY MEETING
McMinnville, Oregon

AGENDA

McMINNVILLE CIVIC HALL
200 NE SECOND STREET

January 24, 2017
7:00 p.m. - Urban Renewal Agency Meeting

Welcome! All persons addressing the Agency will please use the table at the front of the Board Room. All testimony is electronically recorded. Public participation is encouraged. If you desire to speak on any agenda item, please raise your hand to be recognized after the Mayor calls the item.

CALL TO ORDER

1. PRESENTATIONS

- A. McMinnville Urban Renewal Plan Projects Update: Facade Improvement Grants and Alpine Avenue
- B. McMinnville Urban Renewal Plan: Five Year Strategic Plan.
(Attached staff reports are provided for contextual information. Staff will provide a power point at the meeting.)

2. RESOLUTIONS

- A. **Resolution No. 2017-01**: A Resolution of the McMinnville Urban Renewal Board authorizing the City Manager or designee to contribute \$8,000 towards the McMinnville Wayfinding Study.
- B. **Resolution No. 2017-02**: A Resolution of the McMinnville Urban Renewal Board accepting the Annual Financial Report for the McMinnville Urban Renewal Agency for Fiscal Year Ended June 30th, 2016, per Oregon Revised Statute 457.060.
- C. **Resolution No. 2017-03**: A Resolution of the McMinnville Urban Renewal Board approving the development of a Property Development Assistance program to be used in the Urban Renewal Area per the McMinnville Urban Renewal Plan.

3. ADJOURNMENT



Urban Renewal Agency

Meeting Date: 01/24/2017

Information

TOPIC

McMinnville Urban Renewal Plan Projects Update: Facade Improvement Grants and Alpine Avenue



Urban Renewal Agency

Meeting Date: 01/24/2017

Information

TOPIC

McMinnville Urban Renewal Plan: Five Year Strategic Plan.

(Attached staff reports are provided for contextual information. Staff will provide a power point at the meeting.)

Attachments

Staff Report - Five Year Strategic Plan

Five Year Strategic Plan, Attachment A

Five Year Strategic Plan - Attachment B

Staff Report - 3rd Street Improvement Project Roadmap

3rd Street Improvement Project Roadmap Attachment



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STAFF REPORT

DATE: January 24, 2017
TO: McMinnville Urban Renewal Board Members
FROM: Heather Richards, Planning Director
SUBJECT: Discussion – Five Year Strategic Plan

Report in Brief:

This is discussion of a five year strategic plan for the McMinnville Urban Renewal District..

Background:

At their meeting on October 5, 2016, the McMinnville Urban Renewal Advisory Committee (MURAC) discussed the need for a five year strategic plan. They reviewed the Financial Forecast (attached), the projects outlined in the plan, and an engineering review of those project components which will be funded through other opportunities such as the recently approved McMinnville Transportation bond (attached). Based upon that review, MURAC recommended a five-year strategic plan that focused on implementing the Property Assistance program, public parking and the 3rd Street Streetscape Improvement Project.

Discussion:

Below is a table of the authorized Urban Renewal Plan projects, their proposed budgets and the anticipated timeframe for implementation.

PROJECT	UR AMOUNT	TIMEFRAME	STATUS
Alpine Avenue	\$5,300,000	2016-2032	\$2.2 MM, 2017
3rd Street Streetscape	\$2,325,000	2016-2022	
Loan/Grant Programs	\$940,000	Incremental	On-Going
Adams/Baker	\$600,000	2021-2024	
5th Street	\$1,200,000	2023-2024	Complete
1st/2nd Streets	\$1,000,000	2025-2030	
Lafayette Avenue	\$1,500,000	2034-2038	
Downtown Signals	\$700,000	2017-2026	
Public Parking	\$1,000,000	2025, 2032-2035	
2nd Street	\$1,100,000	2037-2039	
Property Acquisition	\$450,000	As Needed	On-Going
Public Infrastructure	\$590,000	2038-2039	
Financing Fees	\$218,895	As Needed	On-Going
Administration	\$1,129,996	Annual	On-Going
Reimbursement of UR Planning	\$50,000	2017-18	Complete

Fiscal Impact:

Per Attachment B, after paying the annual debt service for the Alpine Avenue improvement project there are still funds available for other urban renewal projects in the next five years. Strategically the Agency could elect to save all of the money towards a larger project or spend some funds annually on the necessary design and planning for a future capital improvement project and/or spend some funds on smaller annual capital improvement projects. The current fund balance at the end of the 2016/2017 fiscal year is approximately \$250,000.

MURAC's recommendation is to spend funds on a parking study, the wayfinding study, and the property assistance program incrementally in the next five years, while at the same time conducting a community dialogue and implementation plan for the 3rd Street Improvement Project so that it is in a position of construction readiness in five years if the community chooses to move forward with it, and the cash flow will be in a better position to support another bond to help fund it.

Below are excerpts from the 2013 McMinnville Urban Renewal Report describing projects, existing conditions at the time that led to the projects, funding and timing assumptions.

Notes in red are current status notes as of September, 2016.

THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND

The projects identified for the Area are described below, including how they relate to the existing conditions in the Area:

A. Public Infrastructure and transportation improvements

1. Alpine Avenue

This project will design and reconstruct Alpine Avenue in phases, including providing streetscape and district identity improvements. Streetscape features could include sidewalks, signage, landscaping, lighting, public use amenities, shelters, and public art to help improve the physical appearance of the district. It will also create a pedestrian environment that encourages the development (and redevelopment) of active uses such as shopping, entertainment, commercial and craft industrial business activity, and housing development.

Existing Conditions:

Alpine Avenue is a two-lane local street that is in very poor condition. A section on the north end is a gravel surface. The section on the south end is paved, but the width is not consistent and there are no curbs, gutters, or sidewalks. There are no pedestrian amenities, such as streetscape improvements on the full length of Alpine Avenue. There is on-street parking.

Out to bid for project to build the Festival district (7th-10th) & Craft district (10th-11th). Work to be completed in 2017, and is funded via 2014 Transportation bonds and UR funds.

2. 3rd Street Streetscape and District Identity Improvements

This project will design and construct streetscape improvements to 3rd Street as identified in the TSP. This project will implement various streetscape and design improvements through the district to establish a high quality and unique aesthetic. Such improvements could include:

- The undergrounding of overhead utilities,
- Gateways and directional signage,
- Landscaping and street tree improvements,
- Historic street lighting and traffic signal standards,
- Additional public use amenities (i.e. benches, bike racks, fountains, restrooms)
- Public sidewalks that integrate historic paving patterns and materials,
- Drafting and implementation of design standards and guidelines for the district (signage),
- Redesign and reconstruction of the US Bank Plaza for public events (should the property owner lease or sell the property to the Urban Renewal Agency),
- Redesign of mid-block crossings,
- Redesign/construction of downtown shelters (kiosks), and
- Public art.

The intent of these improvements is to improve the physical appearance of the district and create a pedestrian environment that encourages the development (and redevelopment) of active uses such as shopping, entertainment, commercial, and craft industrial business activity.

Existing Conditions:

3rd Street is the street that services the downtown commercial core. It is a two-lane street with on-street parking, sidewalks, curbs, and gutters. Streetscape improvements are recommended in the McMinnville TSP (p 4-23) and in the Pedestrian System Plan, Chapter 5 of the TSP, including the chart on p 5-12. Streetscape improvements have also been recommended in a number of adopted city plans, including the most recent Third Street Streetscape Plan, prepared in 2005.

Not included in 2014 Transportation bond project list

3. Adams/Baker Couplet

This project will provide for the design and reconfiguration of the Adams/Baker couplet by adding curb extensions at major intersections within the corridor, providing new curb ramps for accessibility, adding pedestrian scale lighting, and delineating pedestrian crosswalks with pavers or similar materials.¹

¹ McMinnville Transportation Systems Plan, p 5-10, 5-11.

Existing Conditions:

This project is identified in the TSP, p 4-15. In general, while the sidewalks along Adams and Baker Streets are fairly contiguous and in decent shape, they are too narrow (four-five feet) to carry substantial pedestrian traffic, and there are many obstructions and obstacles within the sidewalk area that impede safe pedestrian travel. Several of the intersections along Adams and Baker Streets include curb ramps that do not meet Americans with Disabilities Act (ADA) guidelines.² In addition, this corridor, and the traffic volume it carries, provides a barrier between the historic McMinnville downtown to the east and the public park, aquatic center, library, and residential neighborhoods to the west. Improvements to this corridor, as identified in the City's adopted TSP, would help make travel within and across this corridor safer.

Not included in 2014 Transportation bond project list; ODOT may have grant resources for some of this work.

4. 5th Street

The 5th Street project will provide for the design and reconfiguration of 5th Street from Lafayette Avenue to Adams Street, as identified in the TSP p 4-12, 4-15, and Appendix D. The project will add critical improvements necessary for 5th Street to function as an alternative to other east-west streets in the downtown commercial core (1st, 2nd, and 3rd streets, in particular). Such improvements would include adding curb extensions at major intersections, curb ramp and sidewalk replacement, as needed, and traffic signals at Adams Street, Baker Street, and Lafayette Avenue. An existing signal would also be removed at 4th and Adams and pavement would be repaired.

Existing Conditions:

5th Street is missing sidewalk and curb ramps at the railroad crossing and at Lafayette Street.. The intersections of 5th and Adams and Baker need to be reconfigured to help reduce congestion and vehicle emissions and increase safety.³ In addition, the TSP proposes this street function in the future as an east-west alternative for vehicle traffic within and through the downtown area, a function it is not currently designed to accommodate.

Included in the 2014 Transportation bond project list – currently under construction with May 2017 completion date.

² McMinnville Transportation Systems Plan, p 5-7.

³ McMinnville Transportation Systems Plan, p 4-12. 4-15.

5. 1st and 2nd Street Improvements

The 1st and 2nd Street project will improve the corridor's safety and efficiency in moving traffic and pedestrians within the downtown area by providing curb extensions at major intersections and adding pedestrian scale lighting, a new traffic signal at 2nd and Davis, and crosswalk delineation.

Existing Conditions:

1st and 2nd Street each carry a significant volume of vehicular traffic traveling east-west along the southern edge of McMinnville's historic downtown. In so doing, they serve as physical barriers to pedestrian movement between the downtown and residential neighborhoods to the south, and further beyond, Linfield College.

The 2014 Transportation bond includes a project to add curb extensions at several intersections, and repaving portions of 1st and 2nd Streets (2018). The project will not include lighting improvements or the traffic signal at 2nd/Davis. (See Attached Figure 1)

6. Lafayette Avenue

This project provides for the design and construction of Lafayette Avenue beautification and safety improvements. Lafayette Avenue will continue to serve vehicles as an arterial and freight route with new pedestrian safety improvements. Streetscaping and gateway treatments will help to calm traffic on the corridor and make it safer and more attractive for pedestrians through the use of better signage and wayfinding treatments, high-visibility crosswalks, and landscaping and other pedestrian, bicycle, and transit-oriented amenities.

Existing Conditions:

Lafayette Avenue is a three-lane minor arterial (a lane in each direction and a center refuge or turning lane). There are sidewalks but no street trees or furnishings and little sense of physical protection for the pedestrian. There is a bike lane, and no on-street parking.

Not included in 2014 Transportation bond project list

7. Downtown Signal Improvements

The McMinnville TSP identifies a number of traffic signals that need to be upgraded to current standards, including accessibility improvements and interconnectivity. There are five existing signals in the Area that need to be upgraded. These are at: 3rd/Johnson, 3rd/Ford, 3rd/Davis, 2nd/Adams, and 2nd/Baker.

Existing Conditions:

The existing traffic control signals within the area need to be replaced in order to improve safety, traffic flow, and capacity at critical intersections.

The 2014 Transportation bond project list includes a project to upgrade the 2nd/Adams & 2nd/Baker signals (2017). Some interconnectivity will be included to the 3rd/Baker signals, and the new signals on 5th Street. The 5th Street project (2016-17) will interconnect to the 3rd/Johnson signal.

8. Public Off-Street Parking

This project will provide additional public parking facilities to accommodate the anticipated increase in demand for parking. This parking could be public or could be a joint venture with the private sector.

Existing Conditions:

The current amount of parking provided in the Area will not be sufficient to support the anticipated level of development. As the downtown core continues to develop, additional parking will be required and parking may be a necessary component of the development of the Northeast Gateway Area.

9. 2nd Street Project

The project will provide for better movement through the 2nd Street and Adams Street intersection. The physical improvements are curb extensions at Baker Street, additional westbound travel lane if feasible and traffic signal replacement and timing.

Existing Conditions:

There is heavy east west traffic queuing in this area, with a lack of traffic signal capacity. This impedes traffic flow as well as impeding pedestrian flow through this intersection.

The 2014 Transportation bond includes a project to improve traffic flow along 2nd Street between Adams and Cowls. An additional left turn lane will be added between Adams and Baker, and a westbound to northbound will be added at the 2nd/Baker intersection. Planned construction is in 2017.

10. Public Infrastructure

The public infrastructure project includes public utilities or infrastructure projects as identified in adopted master plans. These projects would go in tandem with the street and streetscape improvement projects.

Existing Conditions:

There are public infrastructure needs in some of the streets designated for street and sidewalk improvements. There are old sanitary sewer, storm drainage, and water facilities in the area that will need to be upgraded. These public infrastructure improvements will need to be coordinated to occur at the same time as the other street and sidewalk improvements. There are also overhead utility lines in the area that should be located underground.

B. Planning and Development Assistance Programs

This project will establish and manage a package of low interest loan and/or small grant programs for business and residents to improve their property's appearance and condition, consistent with the goals and objectives of this plan (i.e., storefront and tenant improvement programs, signage, historic preservation, and financial and technical assistance).

Existing Conditions:

There are presently no loan or grant programs offered by the city to assist in the improvement of properties in the Area.

C. Debt Service and Administration

This project will allow for the repayment of costs associated with the preparation, adoption, and implementation of the McMinnville Urban Renewal Plan. This includes the potential repayment of the initial planning costs for the development of the urban renewal plan and feasibility study. It also includes ongoing administration and any financing costs associated with issuing long term debt, relocations and other administrative costs.

Existing Conditions:

As there is currently no urban renewal program, these activities do not exist.

D. Property Acquisition

This project will fund willing seller/willing buyer property acquisition and assembly of key properties for redevelopment, public open space, public parking, trail corridor, housing, or other use consistent with the goals and objectives of this plan.

Existing Conditions:

The city has general fund revenues and revenues from other specific funds such as systems development charges that can be used for property acquisition. By allowing acquisition in the urban renewal plan, tax increment funds could also be used for property acquisition.

THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

The costs of the projects are shown in Table 14. The sources of funds are tax increment revenues. There will be other funding sources allocated where the estimated cost exceeds the tax increment revenues. These sources include general funds, system development charges, or other sources of funding the city may identify, including private developer contributions.

Table 14 – Projects to be Completed Using Urban Renewal Area Funds

Project	Estimated Cost	Urban Renewal Portion	Other Funding
Alpine Street Improvements	\$5,300,000	\$5,300,000	
3 rd Street Streetscape	\$2,325,000	\$2,325,000	
Loan/Grant Programs	\$940,000	\$940,000	
Adams/Baker	\$600,000	\$600,000	
5 th Street	\$1,200,000	\$1,200,000	
1 st /2 nd Street	\$1,000,000	\$1,000,000	
Lafayette Avenue	\$1,500,000	\$1,500,000	
Downtown Signals	\$1,200,000	\$700,000	\$500,000
Public Parking	\$1,000,000	\$1,000,000	
2 nd Street	\$1,100,000	\$1,100,000	
Property Acquisition	\$450,000	\$450,000	
Public Infrastructure	\$590,000	\$590,000	
Financing Fees	\$218,895	\$218,895	
Administration	\$1,129,996	\$1,129,996	
Reimbursement of UR Planning	\$50,000	\$50,000	
Present Value of Total Expenditures	\$18,103,891	\$18,603,891	\$500,000

Source: City of McMinnville

THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The infrastructure projects will be scheduled as shown in the financing plan in Table 15. The other projects will be ongoing and will be completed as directed by the Urban Renewal Agency (Agency). The Agency may change the completion dates in their annual budgeting process or as project decisions are made in administering the urban renewal plan. This financing plan shows large allocations to projects in the final year. This is due to the ability to use the debt reserve funds for the bonds that have been defeased in the final year of the plan, FY2038-39. The inflation rate is 3.5%. Administration is started at \$30,000 a year and inflated at 3.5% annually.

The financing plan anticipates up-front funding for some of the infrastructure costs in the Northeast Gateway area to allow for the projected development to occur. This funding could come through other city funding sources or through an agreement with a developer to pay for some of the infrastructure costs as part of the development, to be re-paid when tax increment revenues are generated. The street system (Alpine Avenue) is most imperative, as development will not occur in that area unless the street is improved. If this up-front funding and the resulting infrastructure improvements do not occur, the projections for tax increment revenue will not be met.

Table 15 – Projects and Costs in Year of Expenditure Dollars

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Expenditures (nominal \$)									
Alpine Avenue		\$1,108,700		\$593,900		\$890,600		\$1,362,900	
3rd Street		\$110,900	\$132,000	\$1,282,700		\$928,800		\$408,900	
Loan/Grant Programs		\$55,400				\$127,200		\$68,100	
Adams/Baker								\$204,400	\$183,400
5th Street									
1st and 2nd Street									
Lafayette Avenue									
Downtown Signal Improvements				\$59,400	\$122,900		\$197,500		
Public Parking									
Property Acquisition									
2nd Street									
Public Infrastructure									
Reimbursement of UR Planning				\$50,000					
Administration	\$32,100	\$33,300	\$35,600	\$38,200	\$40,900	\$43,800	\$46,900	\$50,300	\$53,800
Financing Fees	\$0	\$27,000	\$0	\$40,000	\$0	\$40,000	\$0	\$40,000	\$0
Total Expenditures	\$32,100	\$1,335,300	\$167,600	\$2,064,200	\$163,800	\$2,030,400	\$244,400	\$2,134,600	\$237,200
Ending Fund Balance	\$26,503	\$39,791	\$16,091	\$19,784	\$29,979	\$83,780	\$39,512	\$25,434	\$21,139
Inflation Percent	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Source: ECONorthwest

Table 15 – Projects and Costs in Year of Expenditure Dollars, continued

	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Expenditures (nominal \$)									
Alpine Avenue			\$938,400			\$1,734,000	\$89,700	\$297,200	\$384,500
3rd Street									
Loan/Grant Programs	\$51,100		\$78,200		\$83,800	\$26,000	\$71,800	\$37,200	\$96,100
Adams/Baker	\$467,200								
5th Street	\$1,752,000								
1st and 2nd Street			\$547,400	\$80,900	\$201,000	\$780,300	\$53,800		
Lafayette Avenue									
Downtown Signal Improvements	\$131,400	\$226,700	\$93,800						
Public Parking			\$703,800						
Property Acquisition			\$610,000	\$97,100					
2nd Street									
Public Infrastructure									
Reimbursement of UR Planning									
Administration	\$57,700	\$61,800	\$66,200	\$70,900	\$75,900	\$81,400	\$87,200	\$93,400	\$100,000
Financing Fees	\$48,000	\$0	\$60,000	\$0	\$0	\$50,000	\$0	\$0	\$0
Total Expenditures	\$2,507,400	\$288,500	\$3,097,800	\$248,900	\$360,700	\$2,671,700	\$302,500	\$427,800	\$580,600
Ending Fund Balance	\$36,736	\$40,535	\$52,699	\$29,687	\$15,973	\$16,694	\$18,766	\$33,589	\$39,828
Inflation Percent	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Source: ECONorthwest

Table 15 – Projects and Costs in Year of Expenditure Dollars, continued

	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39
Expenditures (nominal \$)							
Alpine Avenue	\$179,100						
3rd Street							
Loan/Grant Programs	\$99,500	\$103,000	\$106,600	\$110,300	\$114,200	\$118,200	\$440,300
Adams/Baker							
5th Street							
1st and 2nd Street							
Lafayette Avenue			\$703,400	\$992,700	\$1,164,500	\$496,300	
Downtown Signal Improvements							\$244,600
Public Parking	\$348,200	\$669,300	\$106,600				
Property Acquisition							
2nd Street						\$685,300	\$1,981,200
Public Infrastructure							\$1,443,100
Reimbursement of UR Planning							
Administration	\$107,100	\$114,800	\$122,900	\$131,700	\$141,100	\$151,100	\$161,900
Financing Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$733,900	\$887,100	\$1,039,500	\$1,234,700	\$1,419,800	\$1,450,900	\$4,271,100
Ending Fund Balance	\$43,423	\$51,202	\$70,995	\$67,346	\$58,029	\$55,557	\$12,243
Inflation Percent	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%

Source: ECONorthwe

MCMINNVILLE URBAN RENEWAL FINANCIAL FORECAST

Attachment B

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	(38,200)	-	(10,000)	(91,028)	33,066	292,547
2019	241,765	(40,900)	-	-	(143,499)	57,366	349,913
2020	314,448	(43,800)		-	(187,288)	83,360	433,273
2021	390,473	(46,900)	-	-	(187,293)	156,280	589,553
2022	469,975	(50,300)		-	(187,296)	232,379	821,933
2023	553,094	(53,800)	-	-	(187,288)	312,006	1,133,939
2024	639,975	(57,700)		-	(187,295)	394,980	1,528,919
2025	730,767	(61,800)	-	-	(187,286)	481,681	2,010,600
2026	825,628	(66,200)		-	(187,292)	572,136	2,582,736
2027	924,721	(70,900)	-	-	(187,299)	666,522	3,249,258
2028	1,028,213	(75,900)		-	(187,287)	765,026	4,014,284
2029	1,136,281	(81,400)		-	(187,304)	867,577	4,881,861
2030	1,249,108	(87,200)		-	(187,288)	974,620	5,856,481
2031	1,324,008	(93,400)		-	(187,300)	1,043,308	6,899,788
2032	1,401,559	(100,000)		-	(93,645)	1,207,914	8,107,702
	11,744,248	(1,015,458)	(15,400)	(30,000)	(2,575,688)	8,107,702	43,260,028

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)



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STAFF REPORT

DATE: January 24, 2017
TO: McMinnville Urban Renewal Board Members
FROM: Heather Richards, Planning Director
SUBJECT: **Five Year Strategic Plan - 3rd Street Improvement Project Roadmap**

Report in Brief:

This is a discussion regarding a road map for community dialogue and implementation of the 3rd Street Improvement Project outlined in the McMinnville Urban Renewal Plan.

Background:

The McMinnville City Council and McMinnville Urban Renewal Agency (Agency) adopted the McMinnville Urban Renewal Plan (Plan) on July 23, 2013. The Plan identifies 13 projects to finance with tax increment funds collected in the identified district. One of these projects is entitled, "3rd Street Streetscape and District Identity Improvements".

Design and construct streetscape improvements to 3rd Street as identified in the TSP. This project will implement various streetscape and design improvements through the district to establish a high quality and unique aesthetic. Such improvements could include:

- *The undergrounding of overhead utilities,*
- *Gateways and directional signage,*
- *Landscaping and street tree improvements,*
- *Historic street lighting and traffic signal standards,*
- *Additional public use amenities (i.e. benches, bike racks, fountains, restrooms)*
- *Public sidewalks that integrate historic paving patterns and materials,*
- *Drafting and implementation of design standards and guidelines for the district (signage),*
- *Redesign and reconstruction of the US Bank Plaza for public events (should the property owner lease or sell the property to Urban Renewal Board),*
- *Redesign of mid-block crossings,*
- *Redesign/construction of downtown shelters (kiosks), and*
- *Public art.*

The intent of these improvements is to improve the physical appearance of the district and create a pedestrian environment that encourages the development (and redevelopment) of active uses such as shopping, entertainment, commercial, and upper floor housing activity.

----- (McMinnville Urban Renewal Plan, page 10).

Discussion:

The 3rd Street Improvement Project will be a complex project with many different layers: identifying the scope of work, finalizing the design elements, engineering infrastructure improvements, coordinating construction impact on business community and engaging the community in a robust public process with many different milestones.

The McMinnville Urban Renewal Advisory Committee met on December 7, 2016, and voted to recommend the attached roadmap for the McMinnville Urban Renewal Board to consider in starting a community dialogue and implementation plan for the 3rd Street Improvement project.

The roadmap is designed to provide a public check-in and engagement at every step of the way with extensive involvement from the McMinnville Downtown Association, MURAC and the McMinnville City Council.

The whole project will be governed through a Community Advisory Committee representing impacted stakeholders and community members, and supported by city staff and urban renewal staff as technical resources.

Fiscal Impact:

The Plan budgets \$2,325,000 to this project over the lifetime of the Plan.

Action / Recommended Motion:

No motion at this time.

**3rd Street Improvement Project:
Roadmap for Community Dialogue and Project Scope Discussion**



Assumptions:

- Project scope is not yet defined.
- Project start is 2021 or later.
- Effort will be led by an in-house city staff team comprised of planning, engineering and others.

PROJECT COMPONENT	NOTES
INITIAL STEPS: SETTING THE STAGE	6 – 12 Months
Form a Citizen Advisory Committee	Downtown Stakeholders (3 Property, 3 Business) MURAC Members (3) City Council Members (2) Community Stakeholders (one each): <ul style="list-style-type: none"> • Accessibility Community • Youth • Latino Community • 18 – 30 Demographic • 30 – 45 Demographic • 45 – 60 Demographic • 60 Plus Demographic Committee / Commission Liaisons (One Each): <ul style="list-style-type: none"> • Planning Commission • Historic Landmarks Committee • Landscape Review Committee • Public Art McMinnville Downtown Association <ul style="list-style-type: none"> • Board Member • Staff • Design Committee Member • Economic Committee Member Other (Chamber, Linfield, County)
Review History of Planning	City/URA Staff CAC
SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)	City/URA Staff CAC Community Forum * Can be combined or have CAC meet first and then Community Forum
Assumptions, Issues and Goals Identification	City/URA Staff CAC Community Forum * Can be combined or have CAC meet first and then Community Forum
Identify Scope of Work <ul style="list-style-type: none"> • Streetscape • Right of Way Improvements • Infrastructure 	City/URA Staff CAC Community Forum City Council/URA

**3rd Street Improvement Project:
Roadmap for Community Dialogue and Project Scope Discussion**



PROJECT COMPONENT	NOTES
ENGINEERING DESIGN DEVELOPMENT	12 Months
Identify ROW / Infrastructure Elements	City/URA Staff CAC
Identify ROW / Infrastructure Options	City/URA Staff CAC
Choose ROW / Infrastructure Options	City/URA Staff CAC Community Forum CAC/MURAC/MDA Joint Meeting
URBAN DESIGN DEVELOPMENT	12 Months
Identify Design Opportunities: Review 2005 Plan Agree Upon Branding Components Discuss any changes/additions	City/URA Staff CAC
Develop Design Options	City/URA Staff CAC
Survey Community Choice	Community Survey and Forums City/URA Staff CAC MDA
Identify Funding Opportunities	City/URA Staff CAC
Choose Final Options	City/URA Staff CAC CAC/MURAC/MDA Joint Meeting CITY COUNCIL/URA
CONSTRUCTION DOCUMENT DEVELOPMENT	18 Months
Design Request for Proposal	City/URA Staff CAC
Selection of Design Team	City/URA Staff CAC City Council/URA
100% Construction Documents	

**3rd Street Improvement Project:
Roadmap for Community Dialogue and Project Scope Discussion**



PROJECT COMPONENT	NOTES
DECIDE ON TIMING AND CONSTRUCTION METHODOLOGY	6 Months
Engage/Prepare downtown business community	City/URA Staff CAC MDA
Public Forum	
City Council	
PROJECT BIDDING (3 Months)	3 Months
Request for Bids	
Contract Award	
CONSTRUCTION (TBD)	TBD
Project Management	City/URA Staff
Business Liaison	MDA



Urban Renewal Agency

Meeting Date: 01/24/2017

Subject: Resolution No. 2017-01

From: Heather Richards, Planning Director

Information

AGENDA ITEM:

Resolution No. 2017-01: A Resolution of the McMinnville Urban Renewal Board authorizing the City Manager or designee to contribute \$8,000 towards the McMinnville Wayfinding Study.

BACKGROUND:

At their meeting on October 5, 2016, the McMinnville Urban Renewal Advisory Committee (MURAC) discussed the opportunity to partner with other community organizations on a city wide wayfinding plan to help provide residents and visitors with a cohesive, well-designed navigational system and voted to recommend to the Urban Renewal Board a not-to-exceed contribution of \$8,000 towards this effort.

Visit McMinnville is leading a community-wide discussion about the need for wayfinding in McMinnville that will help direct tourists to destinations and help to build upon the unique sense of place that is McMinnville. This type of product would provide the design for vehicular wayfinding, highway wayfinding, pedestrian wayfinding, kiosks, etc. Visit McMinnville is considering applying for a Travel Oregon grant to help pay for the build-out of a wayfinding program and would like to commission a study in advance of the grant application in order to have a foundation for the grant request. In order to fund the study, Visit McMinnville would like to partner with other community organizations interested in investing in the program. Since Wayfinding is part of many of the urban renewal plan projects, the McMinnville Urban Renewal Agency (Agency) could choose to participate in either the design, the build-out or both the design and the build-out.

Visit McMinnville asked Sea Reach Ltd to provide a proposal for a wayfinding plan after the Ad-Hoc Wayfinding Committee comprised of representatives from Visit McMinnville, the City, MURAC, McMinnville Economic Development Partnership and the Chamber of Commerce interviewed Sea Reach Ltd and felt confident that they were the appropriate team to work with on this endeavor. (See attached proposal).

FISCAL IMPACT:

The total proposal costs is approximately \$36,000 with selected options. The McMinnville Urban Renewal Agency's contribution would be \$8,000. This is currently budgeted and available in this fiscal year Urban Renewal budget.

RECOMMENDATION:

Staff recommends approval of Resolution No. 2017-01.

Attachments

Resolution No. 2017-01

Sea Reach Ltd, McMinnville Wayfinding Proposal Scope and Fees

RESOLUTION NO. 2017-01

A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to contribute \$8,000 towards the McMinnville Wayfinding Study.

RECITALS:

Visit McMinnville is leading an effort in McMinnville to develop a comprehensive wayfinding study for the city that will help both visitors and residents navigate the city to important destination points and that will help to establish/reinforce McMinnville’s unique sense of place as a form of economic and community development; and

Since a critical geographic area of the wayfinding project is the Urban Renewal District, the McMinnville Urban Renewal Agency would like to partner with Visit McMinnville on this effort to support redevelopment efforts in McMinnville’s downtown and Northeast Gateway District.

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

1. That the partnership with Visit McMinnville for Wayfinding Study is approved.
2. The McMinnville City Manager or designee is authorized to contribute up to \$8000 to Visit McMinnville for the Wayfinding Study, and to enter into an agreement with Visit McMinnville as necessary to carry out this decision.
3. This Resolution will take effect immediately upon passage.

Adopted by the Board of the McMinnville Urban Renewal Agency at a regular meeting held the 24th day of January, 2017 by the following votes:

Ayes: _____

Nays: _____

Approved this 24th day of January, 2017.

CHAIR OF THE URBAN RENEWAL BOARD

Approved as to form:



CITY ATTORNEY

Jeff Knapp
Executive Director
Visit McMinnville
328 Davis St. #1
McMinnville, Oregon 97128
503-857-0182

October 18, 2016
Updated
November 7, 2016

Re: Wayfinding Plan for McMinnville, Oregon

Dear Jeff:

After having met with you and your team, Sea Reach is proposing the following scope and fees to develop a wayfinding plan for the City of McMinnville. You will note in the scope that we have called out a number of optional tasks. We are giving you the base price and if you decide now or later to add tasks, we are happy to do so.

Overview:

Sea Reach will evaluate, research, and survey McMinnville and the immediate surrounding area to determine the best approach to a comprehensive wayfinding system that provides residents and visitors with a cohesive, well-designed navigational system.

Scope of Work for McMinnville, Oregon Wayfinding

Final Products:

- Wayfinding Analysis (evaluate, survey, and research)
- Wayfinding System:
 - Design Intent (philosophy behind design of system and the look and feel of the signage.)
 - Graphic Standards
 - Location Plan (where are signs, kiosks, gateways, and other landmarks - located)
 - Message Schedule (what do the signs say)
 - Placement Guides (where are signs placed in proximity to sidewalks, street furniture, right-of-ways, and set back requirements.)
 - Construction Document
- (Optional) Map Design
- (Optional) Gateways and Landmark Designs
- (Optional) Structural Engineer review and recommendations – sealed drawings
- (Optional) Cost Estimate and Implementation plan.

Tasks

Phase I: Analysis

Survey: At the beginning of this wayfinding project, the Sea Reach team will review existing city and regional planning documents that influence pedestrian, bicycle, and vehicular wayfinding. These documents include: previous wayfinding projects (if there are any); district and project planning documents; city sign standards; future development plans; and research into existing special districts (e.g., downtown, historic districts, and areas that have established their own wayfinding).



Review of existing plans and future developments: In addition to an analysis of written materials, Sea Reach will walk, bike, take public transport, and drive throughout McMinnville. An inventory of current signage for the city as well as major destinations that meet criteria for public wayfinding will be recorded. This survey will include a study all of the major and minor access routes into and out of McMinnville, major gateways, and large intersections. An examination of city, county and state-owned properties (including locating the required set backs and establishing right-of-way requirements) will assist in decisions for gateway and sign placement.

* *Public or Stakeholder Meeting:* An optional component of Phase 1 is a public meeting. This is designed to take a pulse of the community's ideas and feelings towards major destinations in the area, what and where distinct areas of the town are, and gain a better understanding of what qualities the community wants to be.

Items included in Phase I

- Kickoff Meeting
- Survey of Area designated for Wayfinding- define project boundary, gateways, traffic corridors, existing signage, destinations, iconic or geographic elements that function as wayfinding aids.
- Analysis of Existing Infrastructure and Recommendations
- Meeting to discuss findings (Committee Review)
- In place of one of the committee reviews, it is possible to an open house for the residents of McMinnville – this fits within the proposed scope.

Phase II: Design

Conceptual Designs: After the analysis of existing wayfinding conditions and a solidified list of destinations and an agreement regarding nomenclature (what destinations are called), a conceptual design for a new wayfinding system will be produced. The design will draw inspiration from the city's history, identity, and the built environment in different ways. While conceptual in nature, the design will show the relationship between different signage types within the family of signs: gateways, vehicular directionals, bicycle directionals, pedestrian directionals and map kiosks. The design will allow for expression of McMinnville's identity and contribute to a sense of place that is as unique as the city.

Refined Design: After receiving public and stakeholder input (either through meetings, online poll, or other event) on the conceptual designs, one will be chosen to be more fully developed.

Draft Plans: Concurrent with the design process will be the creation of: a list of final destinations, draft message schedule (what each sign says), and a sign location plan (where the signs are located). These necessary items allow the wayfinding system to work as a *system* by strategically classifying and identifying routes, decision points, and destinations.

Final Design & Mock-ups: A third round of revisions to the design occurs with the Final Design Package. Here, refinements based on stakeholder input are made. Mock-ups of vehicular, bicycle, and pedestrian directionals may be presented to the City to confirm size, shape, and color of the wayfinding system in real-world conditions.

* *Creation of Kiosk Map:* A recommended option for the design of the wayfinding system is the addition of creating a map at the same time. This ensures that the colors, design elements, naming patterns, and other visual cues that are used in the wayfinding system are incorporated with the map. Kiosks with maps, pedestrian maps, brochure maps, maps on bicycle signage, and maps designed to be used on mobile devices are a part of effective wayfinding strategies. The map design will move through the same phases as the design of the wayfinding family.

* *Design Icon Gateways:* Another consideration for a wayfinding system is the inclusion of monumental gateways and landmarks. Highly visible, these items serve as both artistic expressions and as landmarks that help guide residents and visitors. They define the character and qualities of an area and serve as important wayfinding tools.

* *External Review:* Sometime during the design process, the stakeholder review should include the Oregon Department of Transportation, Yamhill County, and the City of McMinnville regarding sign placement (and design) to insure that the bid documents are reflecting current sign regulations. This review may also include private landowners. This task includes meeting and presenting the plan.

Items included in Phase II

- Conceptual Design Package
 - Meeting (Committee Review)
- Refined Design Package
 - Meeting (Committee Review)
- Final Design Package
 - May include full-side mock-ups of vehicle, bike, and pedestrian signs
- (Optional) Map Design Package
- (Optional) Designs for Monumental Gateways and Landmarks
- We recommend that a committee member (with the Sea Reach) seek external review: state, county, and city as a means of making other agencies aware of the project and to identify any potential obstacles that should be addressed early in the process.

Phase III: Conclusion – Final documents

Final Documents: The last phase of the wayfinding project finalizes the plans and concludes with the creation of production-ready graphics and finalized location plans, message schedules, and placement guides. It can also include construction drawings and structural engineering. The plans are field checked one final time. Photos are taken for an exact installation guide.

Construction Document: Importantly, this phase also includes construction documents, which provide the drawings for how to produce the wayfinding elements – fabrication, materials, finishes and other specifications.

* *Engineering:* Due the size of the vehicular signage, engineering the footer and attachments will be necessary for a final set of construction documents. This can be required of the contractor chosen to fabricate/install the final signs, or it can be folded into the planning and design phase.

* *Cost estimate and implementation plan:* Sea Reach can produce a cost estimate and implementation plan that can assist in budgeting.

Items included in Phase III

Final Document

- Graphic Standards
- Design Intent
- Location Plan
- Message Schedule
- Placement Guides
- Construction Document

- Meeting (Committee Review)
- (Optional) Structural Engineer review and recommendations – sealed drawings
- (Optional) Cost Estimate and Implementation plan.

Fees: base project (optional tasks listed at the end)

Phase I: Analysis

Kick-off meeting					n/c
Evaluation of project area					
	personnel	hrs	unit	ext	
Record existing signage	Cory Schott	8	65.00	520.00	
Record existing signage	Leia Reedijk	8	65.00	520.00	
Research current and future development plans	Cory Schott	16	65.00	1,040.00	
Research city, county and state sign requirements	Cory Schott	16	65.00	1,040.00	
Write up evaluation	Cory Schott	16	65.00	1,040.00	
Write up evaluation	Leia Reedijk	16	65.00	1,040.00	
Prepare boards for public meeting	Leia Reedijk	16	65.00	1,040.00	
Review presentation materials	Susan Jurasz	1	85.00	85.00	
Review presentation materials	Peter Reedijk	1	85.00	85.00	
subtotal				6,410.00	

Meeting #1 to present findings

Meeting	Cory Schott	2	65.00	130.00	
Meeting	Leia Reedijk	2	65.00	130.00	
Meeting	Susan Jurasz	2	85.00	170.00	
Meeting	Peter Reedijk	2	85.00	170.00	
subtotal				600.00	

Phase II: Design

Sea Reach submits preliminary designs

Submit preliminary design	Peter Reedijk	16	85.00	1,360.00	
Submit site evaluation	Susan Jurasz	8	85.00	680.00	
subtotal				2,040.00	

Meeting #2 to present preliminary design

Meeting	Cory Schott	2	65.00	130.00	
Meeting	Leia Reedijk	2	65.00	130.00	
Meeting	Susan Jurasz	2	85.00	170.00	
Meeting	Peter Reedijk	2	85.00	170.00	
subtotal				600.00	

Sea Reach refines design

Refine signage design	Peter Reedijk	21	85.00	1,785.00	
Three dimensional drawings or insitu photos	Melissa Boettcher	8	85.00	680.00	
subtotal				2,465.00	

Sign Content, location, destinations

Draft legend plan	Cory Schott	16	65.00	1,040.00	
Draft legend plan	Leia Reedijk	16	65.00	1,040.00	
subtotal				2,080.00	

Sea Reach submits refined design & locations

Submit preliminary design #3 for presentation	Peter Reedijk	12	85.00	1,020.00
Submit map with locations and legend plan	Peter Reedijk	8	85.00	680.00
Produce presentation materials for meeting	Peter Reedijk	8	85.00	680.00
subtotal				2,380.00

Meeting #3 to review refined design and plan

Meeting	Cory Schott	3	65.00	195.00
Meeting	Leia Reedijk	3	65.00	195.00
Meeting	Susan Jurasz	3	85.00	255.00
Meeting	Peter Reedijk	3	85.00	255.00
subtotal				900.00

Phase III: Conclusion - Final documents

Sea Reach refines package

Submit preliminary design #4	Peter Reedijk	8	85.00	680.00
Refined map with locations and legend plan	Peter Reedijk	8	85.00	680.00
Draft graphic standards	Cory Schott	12	65.00	780.00
Draft placement guide	Peter Reedijk	8	85.00	680.00
Draft construction document	Peter Reedijk	8	85.00	680.00
subtotal				3,500.00

Meeting #4 to review final documents

Meeting	Cory Schott	3	65.00	195.00
Meeting	Leia Reedijk	3	65.00	195.00
Meeting	Susan Jurasz	3	85.00	255.00
Meeting	Peter Reedijk	3	85.00	255.00
subtotal				900.00

Final wayfinding recommendations

Final document	Peter Reedijk	12	85.00	1,020.00
Final document	Peter Reedijk	12	85.00	1,020.00
Hard copies of document		4	5.00	20.00
subtotal				2,060.00

Total (without options)**23,935.00**

Fees: Optional Tasks

The tasks listed here are also mentioned in the scope above in the appropriate project phase. You may treat this as a “menu” of tasks to meet your needs. They fees are divided into smaller tasks that build on one another.

Creation of Kiosk Map:

A recommended option for the design of the wayfinding system is the addition of creating a map at the same time. This ensures that the colors, design elements, naming patterns, and other visual cues that are used in the wayfinding system are incorporated with the map. Kiosks with maps, pedestrian maps, brochure maps, maps on bicycle signage, and maps designed to be used on mobile devices are a part of effective wayfinding strategies. The map design will move through the same phases as the design of the wayfinding family.

Wayfinding map	personnel	hrs	unit	ext
Map design (north up)	Peter Reedijk	16	85.00	1,360.00
Refined Map design (north up)	Peter Reedijk	8	85.00	680.00
Adapt map for application	Leia Reedijk	16	65.00	1,040.00
subtotal				3,070.00

Heads-up mapping	personnel	hrs	unit	ext
Heads up mapping (four orientations)	Leia Reedijk	32	65.00	2,080.00
Heads up mapping per map location (field checked)	Leia Reedijk	32	65.00	2,080.00
subtotal				4,160.00

Design Icon Gateways:

Another consideration for a wayfinding system is the inclusion of monumental gateways and landmarks. Highly visible, these items serve as both artistic expressions and as landmarks that help guide residents and visitors. They define the character and qualities of an area and serve as important wayfinding tools.

Conceptual design for gateways	personnel	hrs	unit	ext
Up to four conceptual designs	Peter Reedijk	16	85.00	1,360.00
Meet to present and discuss	Peter Reedijk	3	85.00	255.00
Meet to present and discuss	Susan Jurasz	3	85.00	255.00
Revise based on committee recommendations	Leia Reedijk	16	65.00	1,040.00
subtotal				2,910.00

Refined design for two gateways	personnel	hrs	unit	ext
Refine gateway design	Peter Reedijk	21	85.00	1,785.00
Meet to present and discuss	Peter Reedijk	3	85.00	255.00
Meet to present and discuss	Susan Jurasz	3	85.00	255.00
Submit final designs	Peter Reedijk	16	85.00	1,360.00
subtotal				3,655.00

Prepare bid package for gateways	personnel	hrs	unit	ext
Map of locations with photos in-situ	Leia Reedijk	4	65.00	260.00
Construction document	Peter Reedijk	16	85.00	1,360.00
Estimated costs	Susan Jurasz	16	85.00	1,360.00
Engineering (<i>optional</i> – estimated fee)	Engineer	16	150.00	2,400.00
subtotal				5,380.00

Cost estimate and implementation plan:

Sea Reach can produce a cost estimate and implementation plan that can assist in budgeting.

Cost estimate and implementation plan	personnel	hrs	unit	ext
Map of locations (by phase)	Leia Reedijk	12	65.00	780.00
Number and style of wayfinding elements (by phase)	Leia Reedijk	12	65.00	780.00
Estimated costs	Susan Jurasz	16	85.00	1,360.00
Written rational	Susan Jurasz	6	85.00	510.00
subtotal				3,430.00

Engineering:

Due the size of the vehicular signage, engineering the footer and attachments will be necessary for a final set of construction documents. This can be required of the contractor chosen to fabricate/install the final signs, or it can be folded into the planning and design phase.

Engineering larger vehicular signs

Engineering (<i>estimated fee</i>)	Engineer	32	150.00	4,800.00
subtotal				4,800.00

Respectfully submitted,



Susan Jurasz, President



Urban Renewal Agency

Meeting Date: 01/24/2017

Subject: Resolution No. 2017-02: MURA
Annual Financial Report FYE 2016

From: Heather Richards, Planning Director

Information

AGENDA ITEM:

Resolution No. 2017-02: A Resolution of the McMinnville Urban Renewal Board accepting the Annual Financial Report for the McMinnville Urban Renewal Agency for Fiscal Year Ended June 30th, 2016, per Oregon Revised Statute 457.060.

BACKGROUND:

Oregon Revised Statute 457.060 requires that the McMinnville Urban Renewal Agency prepare an Annual Financial Report reporting resources, expenditures, activities and impact to taxing districts for the previous fiscal year and file it with the governing municipality prior to January 31 of each year.

Please note that the final audit review for the fiscal year represented in the annual financial report has not been completed by the McMinnville Urban Renewal Agency's audit firm, Merina & Company, LLP.

FISCAL IMPACT:

There is no anticipated fiscal impact associated with this action.

RECOMMENDATION:

Staff recommends approval of Resolution No. 2017-02.

Attachments

Resolution No. 2017-02
MURA Annual Financial Report FYE 2106

RESOLUTION NO. 2017-02

A Resolution of the McMinnville Urban Renewal Board accepting the Annual Financial Report for the McMinnville Urban Renewal Agency for Fiscal Year Ended June 30th, 2016, per Oregon Revised Statute 457.460.

RECITALS:

The City of McMinnville created an Urban Renewal Area in its downtown core and NE Gateway Area in 2013; and

The Purpose of this plan was to assist in implementing the goals of the McMinnville Comprehensive Plan, the Third Street Streetscape Plan, and other planning documents, to help stimulate the economy, create a unique identify and sense of place, and to support local downtown businesses and development of the downtown and the NE Gateway area; and

Per Oregon Revised Statute 457.460, the Agency must prepare and file an annual financial report with the governing body of the municipality no later than January 31 of each year.

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

1. That the attached (Exhibit A) Annual Financial Report for the McMinnville Urban Renewal Agency for Fiscal Year Ended June 30th, 2016 is hereby prepared, accepted and filed with the City of McMinnville.
2. This Resolution will take effect immediately upon passage.

Adopted by the Board of the McMinnville Urban Renewal Agency at a regular meeting held the 24th day of January, 2017 by the following votes:

Ayes: _____

Nays: _____

Approved this 24th day of January, 2017.

CHAIR OF THE URBAN RENEWAL BOARD

Approved as to form:



CITY ATTORNEY

ANNUAL REPORT FOR FISCAL YEAR ENDED JUNE 30TH, 2016



McMinnville Urban Renewal Agency

2015 - 2016

This report fulfills the requirements, prescribed in ORS.457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.

Annual Report for Fiscal Year Ended June 30th, 2016

MCMINNVILLE URBAN RENEWAL AGENCY

MCMINNVILLE URBAN RENEWAL AREA HISTORY

The City of McMinnville created an Urban Renewal Area (URA) in its downtown core and NE Gateway area in 2013. The purpose of this plan was to assist in implementing the goals of the McMinnville Comprehensive Plan, the Third Street Streetscape Plan, and other planning documents, to help stimulate the economy, create a unique identity and sense of place, and to support local downtown businesses and the development of the NE Gateway area. Urban renewal provides a method to fund projects and tools to help achieve these recommendations and goals.

Goals

To effectively support the McMinnville Comprehensive Plan and other planning documents, the City of McMinnville formulated a series of Goals and Objectives to guide activities funded by, or related to the URA. The Goals and Objectives are listed in the Plan, and the goals are reiterated here:

Goal 1. Maintain a citizen involvement program that ensures the opportunity for citizens to be involved in all phases of the urban renewal implementation process.

Goal 2. Encourage the economic growth of the Area as the commercial, cultural, civic, and craft industry center for McMinnville.

Goal 3. 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 for people to live, work, and play.

Goal 4. Encourage development of a transportation network that provides for safe and efficient multi-modal transportation for vehicles, pedestrians, and bicyclists, and encourages the redevelopment and development of parcels within the Area.

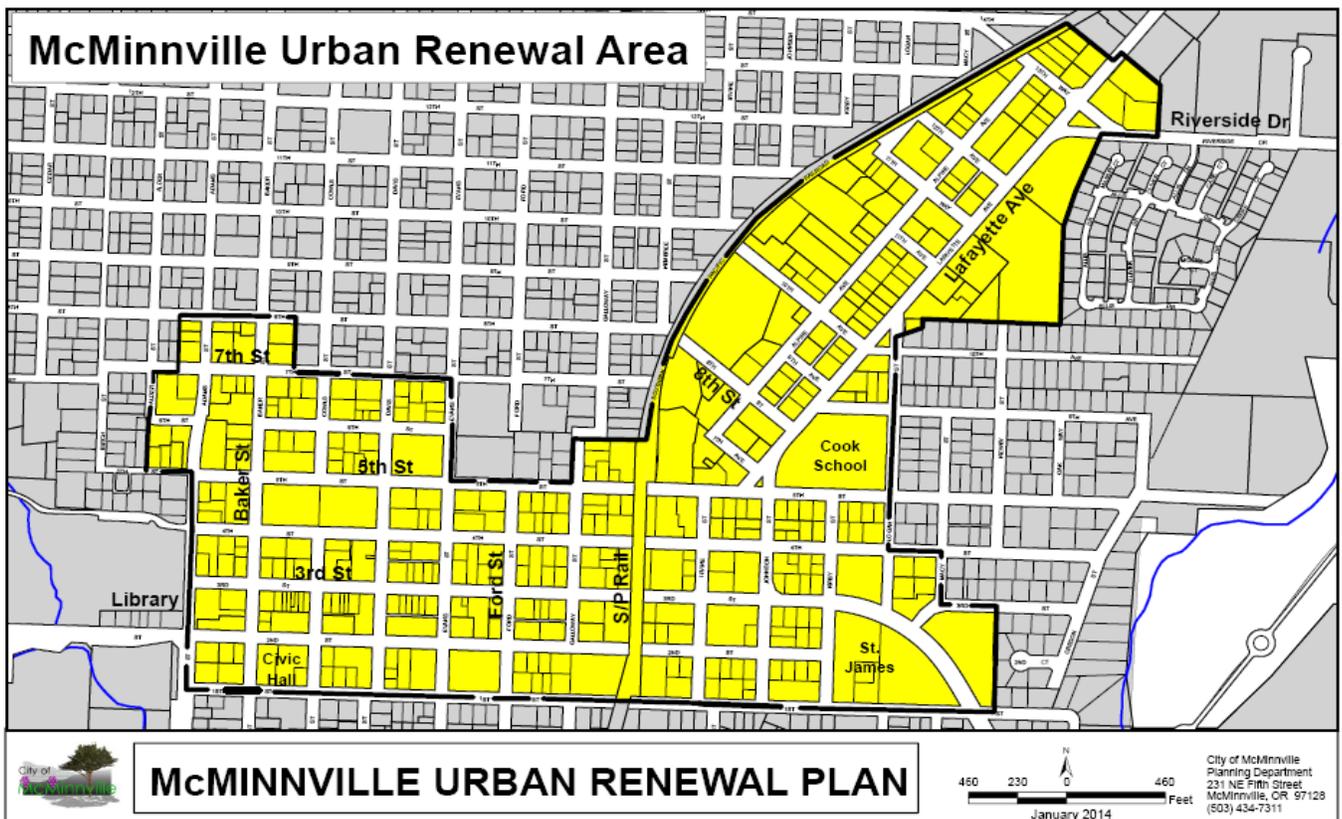
Goal 5. Provide necessary public and private facilities and utilities at levels commensurate with urban development. Public utilities should be extended in a phased manner, and planned and provided in advance of, or concurrent with, development.

Goal 6. Promote development of affordable, quality housing in the Area. Promote a residential development pattern that is compact 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.

Goal 7. Enhance sites and structures of historical, cultural, and/or architectural significance.

Goal 8. Pursue development and redevelopment opportunities that will add economic, civic, educational, craft industry, and cultural opportunities for the citizens of McMinnville, economically strengthen the Area, and attract visitors to the Area.

A full copy of the McMinnville Urban Renewal Plan and Report can be found on the City of McMinnville website at www.ci.mcminnville.or.us



FINANCIAL REPORTING

Money Received

ORS 457.460 (a)

	Urban Renewal Fund	Debt Service Fund	Total
Resources			
Property taxes	--	\$118,366	\$118,366
Bond/loan proceeds	\$205,131	--	\$205,131
Interest income	\$1	603	604
Total resources	\$205,132	\$118,969	\$324,101

Money Expended

ORS 457.460 (b)

	Urban Renewal Fund	Debt Service Fund	Total
Expenditures			
Façade Rehab Program	\$6,983	--	\$6,983
Insurance	\$100	--	\$100
Public Notices and Printings	\$942	--	\$942
Professional Services – Consultants	\$15,230	--	\$15,230
Professional Services – Project Design	\$181,877	--	\$181,877
Inter-Agency Loan Repayment	--	\$21,347	\$21,347
Total Expenditures	\$205,132	\$21,347	\$226,479

Long-term obligations

*The Agency and the City entered into an intergovernmental agreement that requires the Agency to repay the City for all contract expenses related to the completion of the Urban Renewal Feasibility Study and the Urban Renewal Plan and Report. The agreement provides for a five-year repayment schedule. Interest accrues at the rate earned by the Local Government Investment Pool plus one percent. The Agency paid principal of \$21,347 during the year ended June 30, 2016. The remaining balance is being repaid over four years as follows:

Fiscal year ending June 30	Principal	Interest	Total
2017	\$59,333	--	\$59,333
2018	64,333	--	64,333
2019	64,334	--	64,334
Total	188,000	--	188,000

Estimated Revenues

ORS 457.460 (c)

The estimated revenues for fiscal year 2016-2017 are \$ 178,900.

Proposed Budget for Current Fiscal Year 2016-2017

ORS 457.460 (d)

	Urban Renewal Fund	Debt Service Fund	Total
Resources			
Beginning Fund Balance	--	\$165,485	\$165,485
Property Taxes - Current	--	\$178,500	\$178,500
Property Taxes – Prior	--	\$1,000	\$1,000
Bond/loan proceeds	\$2,064,330	--	\$2,064,330
Interest income	--	\$400	\$400
Total resources	\$2,064,330	\$345,385	\$2,409,715
Expenditures			
Façade Rehab Program	\$10,000	--	\$10,000
Insurance	\$1,100	--	\$1,100
Materials and Services	\$500		\$500
Public Notices and Printings	\$500	--	\$500
Professional Services – Consultants	\$30,230	--	\$30,230
Professional Services – Financing Issuance Cost	\$22,000	--	\$22,000
Professional Services – Projects – Alpine Avenue	\$100,000	--	\$100,000
Capital Outlay – Alpine Avenue – Street Improvements	\$1,900,000	--	\$1,900,000
Inter-Agency Loan Repayment	--	\$201,730	\$201,730
Inter-Agency Loan – Interest		\$50,125	\$50,125
Designated Ending Fund Balance		\$93,530	\$93,350
Total Expenditures	\$2,064,330	\$345,835	\$2,409,715

Impact on Taxing Districts

ORS 457.460 (e)

Taxing District	Revenue Foregone Permanent Rate
Yamhill County	\$22,414
Yamhill County Extension Service	\$391
Yamhill County Soil & Water	\$309
McMinnville School District 40	\$42,868
Willamette Regional ESD	\$2,579
City of McMinnville	\$43,653
Chemeteka Library	\$712
Chemeteka Community College Before Bonds	\$5,440
TOTAL	\$118,366

Impacts on school districts

When considering the impact on taxes imposed by overlapping taxing districts, it should be noted that school districts are affected differently than other types of taxing districts. Property taxes were once the primary funding source for K-12 schools, and tax rates varied by district. Today, the State “equalizes” school funding, using a formula that takes into account property tax revenue generated at the school district level and revenue from the State’s coffers generated by the statewide income tax, Oregon Lottery, and intergovernmental revenues. Allocation of State revenues to local school districts comes in the form of “general purpose grants.” The primary driver of the State allocation is the number of students in each district. This means that local property taxes generated by a school district have no direct impact on school funding in that district. Thus, any impacts that an URA might have on local school district property tax revenues would have no direct impact on school funding in that district.

(Source: *Best Practices for Urban Renewal Agencies in Oregon*)



Urban Renewal Agency

Meeting Date: 01/24/2017

Subject: Resolution No. 2017-03

From: Heather Richards, Planning Director

Information

AGENDA ITEM:

Resolution No. 2017-03: A Resolution of the McMinnville Urban Renewal Board approving the development of a Property Development Assistance program to be used in the Urban Renewal Area per the McMinnville Urban Renewal Plan.

BACKGROUND:

The McMinnville City Council and McMinnville Urban Renewal Agency (Agency) adopted the McMinnville Urban Renewal Plan (Plan) on July 23, 2013. The Plan identifies 13 projects to finance with tax increment funds collected in the identified district. One of these projects is entitled, "Planning and Development Assistance Programs".

"This project will establish and manage a package of low interest loan and/or small grant programs for business and residents to improve their property's appearance and condition, consistent with the goals and objectives of this plan (e.g. storefront and tenant improvement programs, signage, historic preservation, seismic upgrades, and financial and technical assistance)." (McMinnville Urban Renewal Plan, page 13).

Currently the Agency offers a Façade Improvement Grant under this project objective. However, the façade improvement grant is for small exterior improvements and the Agency has the opportunity to consider additional loans and grants that will serve the objectives of this plan and project by helping to fund seismic upgrades, and provide financial and technical assistance.

Some standard programs that are utilized state-wide urban renewal programs include:

Free Design Assistance Program: The Agency pays for "X" hours of design assistance to help ensure that the project is achieving the intention and objective of the Plan.

Development Loan/Grant Program: The Agency will consider applications for up to "X" dollars or percent of a project that is considered beneficial to the district and the community.

Special Interest Loans and Grants: If there are targeted types of projects that the Agency would like to achieve it can create special interest loans and grants that support those projects. Some examples are housing, restaurants, mixed-use, etc. Since the Agency has not targeted specific types of projects at this point in its planning horizon, the McMinnville Urban Renewal Advisory Committee voted at their December 7, 2016 meeting to recommend the consideration of a Free Design Assistance program to

help with the facade improvement program and a Development Loan and Grant program for redevelopment, expansion and new construction projects that are deemed beneficial to the district and achieve the objectives of the plan as outlined below:

Free Design Assistance: Up to 10 hours or \$1000 of Free Design Assistance from a pre-qualified list of vendors to help with development and redevelopment projects. Require an application fee that can be applied to the match requirement for a grant or loan to ensure that the applicant is serious about their project. (See draft Free Design Assistance application). Free Design Assistance applications can be administratively approved.

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. (See draft application). 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. (See attached development agreement template).

Clawback Provision: All Agency grants should have a contract that institutes a clawback provision in case the property is sold within five years so that the property owner does not benefit from the equity of the Agency investment. (See draft contract).

FISCAL IMPACT:

The McMinnville Urban Renewal Plan budgets \$940,000 to this project over the lifetime of the Plan. Resolution No. 2017-03 gives the authority to the McMinnville Urban Renewal Advisory Committee to administer the plan and make funding decisions up to \$5000 for qualifying projects, and then to review and provide recommendations to the McMinnville Urban Renewal Board for all funding decisions over \$5000.

RECOMMENDATION:

Staff recommends approval of Resolution No. 2017-03.

Attachments

- Resolution No. 2017-03
 - Free Design Assistance Application Draft
 - Development Loan Application Draft
 - Development Loan Agreement Draft
 - Development Loan Trust Deed Draft
 - Development Loan Promissory Note Draft
 - Facade Improvement Grant Contract Draft
-

RESOLUTION NO. 2017-03

A Resolution of the McMinnville Urban Renewal Board approving the development of a Property Development Assistance program to be used in the Urban Renewal Area per the McMinnville Urban Renewal Plan.

RECITALS:

The City of McMinnville created an Urban Renewal Area in its downtown core and NE Gateway Area in 2013; and

The Purpose of this plan was to assist in implementing the goals of the McMinnville Comprehensive Plan, the Third Street Streetscape Plan, and other planning documents, to help stimulate the economy, create a unique identify and sense of place, and to support local downtown businesses and development of the downtown and the NE Gateway area; and

One of the projects outlined in this plan is a "Planning and Development Assistance Program" that establishes and manages a package of low interest loans and/or small grants for businesses and residents to improve their property's appearance and condition, consistent with the goals and objectives of this plan (e.g. storefront and tenant improvement programs, signage, historic preservation, seismic upgrades, and financial and technical assistance).

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

1. That the McMinnville Urban Renewal Advisory Committee shall move forward with administering a development loan and grant program that achieves the intention of McMinnville's Comprehensive Plan and Urban Renewal Plan; and
2. That the McMinnville Urban Renewal Advisory Committee is empowered to make decisions of grants and loans up to \$5000 that meet the program's criteria; and
3. That any grant or loan over \$5000 must be approved by the McMinnville Urban Renewal Board after review and recommendation by the McMinnville Urban Renewal Advisory Committee.

Adopted by the Board of the McMinnville Urban Renewal Agency at a regular meeting held the 24th day of January, 2017 by the following votes:

Ayes: _____

Nays: _____



McMinnville Urban Renewal Agency Free Design Assistance Program

Date: _____

Application Fee: \$150.00*

APPLICANT INFORMATION:

Applicant's Name: _____

Property Address: _____

Mailing Address: _____

Telephone Number: _____ Cell Number: _____

E-mail: _____ Fax: _____

Proof of Ownership: Please provide proof of ownership or fill out the hold harmless agreement providing written authorization from the property owner to proceed with the project.

Taxes: Have all taxes levied on the building and property described in this application been paid to date?

Yes No If no, please attach explanation.

BUILDING INFORMATION:

Year Built: _____ Historic Name(s): _____

Briefly describe what you want to do: _____

DESIGN INFORMATION:

Architect/Design Firm: _____ Phone: _____

Address: _____

E-mail: _____ Fax: _____

- ❖ *The program offers ten (10) free hours of architectural/conceptual/design services – one assignment per property.*
- ❖ *Upon request, the City can provide a list of pre-approved architectural firms.*
- ❖ *Application fee can be used towards the required match for a grant project.*

Please note: Document still needs legal review.



McMinnville Urban Renewal Agency

Free Design Assistance Program

HOLD HARMLESS AGREEMENT

AND

OWNER AUTHORIZATION FOR TENANT TO CARRY OUT FAÇADE IMPROVEMENT AND/OR REHABILITATION PROJECT

I, _____ hereby authorize _____ to carry out improvements as specified in the accompanying Façade Improvement Grant Application, on my property located at _____, which is within the City of McMinnville’s Urban Renewal District.

I also agree to hold harmless the City of McMinnville in the event of property damage or physical injury as a result of working on the aforementioned project.

Property Owner

Date

Notary

Return To:
Heather Richards
Planning Director
City of McMinnville
231 NE 5th Street
McMinnville, OR 97128
Phone: (503) 434-7311
Fax: (503) 434-4955
E-mail: heather.richards@mcminnvilleoregon.gov

Please note: Document still needs legal review.



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

503-434-7311
www.mcminnvilleoregon.gov

**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.
- 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.

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.

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, 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 of 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.



**CITY OF MCMINNVILLE URBAN RENEWAL BOARD
DEVELOPMENT LOAN/GRANT PROGRAM
INTAKE FORM**

1. Applicant

Name: _____

Address: _____

Wk. Phone: _____ Hm. Phone: _____ Cell Phone: _____

Legal Form: Sole Proprietorship Partnership Corporation
Profit Non-Profit

Social Security Number/Tax ID Number: _____

2. Property to be Developed or Redeveloped

Address: _____

Tax Map / Lot Number: _____

Property name (if any): _____

3. Owner of Property (If not applicant)

Name: _____

Address: _____

Phone: _____

4. Development Program (if new construction)—Summarize proposed development including square footage by proposed occupancy, proposed site improvements, other key project components.

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.

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

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.

8. **Budgeted Project Costs:**

Property acquisition:

Demolition (if any):

Environmental Remediation (if any):

Hard Construction Costs:

Third Party Consultant Fees:

Fees Paid to Any Related Party*:

Financing Fees (application fees, origination fees):

Construction Period Interest and Carrying Costs:

Other (please specify):

Total Project Costs: _____

*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):

Other owner equity (should be 10% of project costs minimum):

Tax credit equity (i.e. New Market, Historic, or Low Income Housing Tax Credits):

Conventional Loans:

Subsidized Loans:

Redevelopment Opportunity Fund Loans:

Other sources :

Total Sources: _____

10. Team Members:

General Contractor (if selected)

Firm: _____

Primary Contact: _____

Address: _____

Phone: _____ Cell Phone: _____ Email: _____

Legal Form: Sole Proprietorship Partnership Corporation
Profit Non-Profit

Tax ID Number: _____

CCB# _____

Is there an identity of interest with Applicant or Property Owner? _____

Property Manager/Operator (if selected)

Address: _____

Phone: _____ Cell Phone: _____ Email: _____

Legal Form: Sole Proprietorship Partnership Corporation
Profit Non-Profit

Tax ID Number: _____

Is there an identity of interest with Applicant or Property Owner? _____

Primary Lender (if identified)

Bank: _____

Primary Contact: _____

Address: _____

Phone: _____ Email: _____

Tax ID Number: _____

Secondary Lender (if identified)

Bank: _____

Primary Contact: _____

Address: _____

Phone: _____ Email: _____

Tax ID Number: _____

CERTIFICATION BY APPLICANT

The applicant certifies that all information provided in this application is true and complete to the best of the applicant’s knowledge and belief. If the applicant is not the owner of the property to be rehabilitated, or if the applicant is an organization rather than an individual, the applicant certifies that he/she has the authority to sign and enter into an agreement to perform the proposed work on the building. Evidence of this authority must be attached.

Applicant Signature: _____ Date: _____

Return Application To:
Planning Director
City of McMinnville
231 NE 5th Street
McMinnville, OR 97128

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 will require the following items:

- **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.)
- **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 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.
- **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.
- **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 Bid** 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.
- **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.

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.

**MCMINNVILLE URBAN RENEWAL AGENCY
LOAN AGREEMENT**

THIS LOAN AGREEMENT (“**Loan Agreement**”) is made this **{Date}** by and between **{Applicant}** members of **{Business Name}**, (“**Borrower**”) and the **City of McMinnville**, a municipal corporation of the State of Oregon, acting by and through the **MCMINNVILLE URBAN RENEWAL AGENCY** (“**Lender**”).

RECITALS

- A. Lender operates the Development Loan Program whereby Lender provides financing to qualified applicants to address blight conditions related to poor visual appearance and building vacancy due to inadequate, degraded, or obsolete building systems.
- B. Borrower is the owner of that certain property located at **{Property Address}** in the City of McMinnville, legally described in **Exhibit A** (the “**Property**”). Borrower wishes to make capital improvements to the Property consistent with the Property Rehabilitation Loan program and seeks financing from Lender for such purpose (the “**Project**”).
- C. Lender has determined that Borrower is a “qualified applicant” and agrees to provide financing for capital improvements for the Project, on the terms and conditions of this Loan Agreement.

Therefore, the parties agree as follows:

1. DEFINITIONS

Agency means the McMinnville Urban Renewal Agency.

Agency Board means the McMinnville Urban Renewal Agency Board.

Application means the City of McMinnville Urban Renewal Agency Development Loan Program Application (**Exhibit G**), unless otherwise provided.

Certificate of Occupancy means the Certificate of Occupancy issued for the Project by the City of McMinnville Building Department.

City means the City of McMinnville, a municipal corporation of the State of Oregon.

Construction Documents means the plans and specifications for the Project, the construction contract, any design professional agreements for the Project, and any other documents relating to the

design or construction, or construction management of the Project, all as approved in writing by Lender as provided herein.

Construction Period means the period beginning on the date this Agreement is executed and ending on final completion of the Project as defined in the Construction Documents. Upon request by Borrower and with the prior written consent of Lender, the Construction Period may be extended as provided in the Construction Documents.

Eligible Work means work that is eligible for funding through Property Rehabilitation Loan Program as approved by the Agency Board, further defined in the Application, and approved by the Agency as part of its underwriting process.

Eligible Project Costs means costs that are directly related to Eligible Work as stated on the Construction Contract or, if no construction contract is in place, on the construction contractor's bid documents.

Fiscal Year means the period beginning on the first day of July of each year and ending on the last day of June the following year.

Loan means the loan from Lender described in Section 2.1 of this Loan Agreement.

Loan Documents mean this Loan Agreement, the Note, the Trust Deed, the Guaranty and any other agreement, addendum or amendment executed by Borrower and Lender in connection with the Loan.

Loan Period means the period beginning on the date of the first disbursement under this Loan Agreement and continuing to the earlier of 10 full years from the date of the first disbursement or until the loan and all accrued interest is fully repaid.

Note means that certain Promissory Note dated **{Date}**, and executed by Borrower in favor of Lender and evidencing the Loan, attached hereto as **Exhibit C**.

Owner Match means capital improvements to the Property consisting of Eligible Work and funded by sources other than City or Urban Renewal Agency loan or grant programs.

Project shall mean the capital improvements to the Property as approved by City and planned and executed by Borrower.

Public Subsidy means any government-sponsored credit, funding, or abatement, including but not limited to: loans; property tax or assessment abatements, credits, or reductions; taxable or tax exempt bonds; or grants including fee waivers.

Required Owner Match means an Owner Match representing XX% of Eligible Project Costs.

Sources and Uses of Funding Budget means the amounts and sources of all funding for the Project and the construction budget approved by Lender in writing, attached hereto as **Exhibit E**, as the same may be revised from time to time with the written consent of Lender.

Trust Deed means that certain Line of Credit Trust Deed, Security Agreement, Fixture Filing, and Assignment of Leases and Rents dated **{Date}**, executed by Borrower, as Grantor, in favor of Lender, as Beneficiary, encumbering the Project and securing the Loan, attached hereto as **Exhibit D**.

Urban Renewal District Boundary or "Boundary" means the adopted boundary of the McMinnville Urban Renewal District as that boundary may be amended from time to time.

2. LOAN AND PROJECT FUNDING

2.1 **Loan Amount, Security.** Subject to the terms and conditions of this Loan Agreement, Lender agrees to make a loan to Borrower ("**Loan**") in the maximum principal amount **{Amount written (\$XXXX)}** ("**Loan Amount**"). The Loan is evidenced by and repayable in accordance with this Loan Agreement, Guaranty and Note, and is secured by the Trust Deed. All payments and prepayments on the Loan and all other amounts payable hereunder or under the Trust Deed by Borrower to Lender shall be made to:

City of McMinnville
Attn: Finance Department, Finance Controller
220 NE Second Street
McMinnville, OR 97128

or at such other address as Lender may specify in writing.

2.2 **Other Project Funding.** In addition to Lender Loan, the Project has or will receive the following funding sources, which will be used to construct the Project, as set forth below:

Private Financing

3. LOAN TERMS

3.1 **Loan.** Lender agrees, on the terms and conditions of this Loan Agreement and upon satisfaction of any conditions precedent, to disburse a total aggregate principal amount equal to the Loan Amount.

3.2 **Interest.** Interest shall accrue at a compound interest rate of **3.25%**, the Wall Street Journal Prime Rate at the time of agreement signatures. Interest shall commence accruing at the time of the last draw.

3.3 **Documentation Required for Disbursements.** Borrower may request disbursement in accordance herewith by providing Lender with copies of executed and approved Application, Loan Agreement, Promissory Note, Guaranty, and proof of Trust Deed filed with the City of McMinnville Recorder, and documentation that capital improvements satisfying Required Owner Match are in place and have been paid for.

3.4 **Payments.** Repayment Due on Sale or Transfer, as set forth below.

(a) Loan payments shall be made in accordance with the terms described in the Note.

(b) Any sale, transfer, conveyance, bequest or gift of the Property or Project shall require written notification to Lender prior to closing and funding the transaction, at which time the Loan and any accrued interest will become immediately due and payable at Lender's sole option.

3.5 Covenants of Borrower. Borrower covenants as follows with respect to the construction of the Project, unless Lender has waived compliance in writing. Continuous and full compliance with each covenant below is a condition precedent to lender's obligation to disburse loan funds:

(a) RESERVED

(b) Each of Borrower's representations and warranties contained in the Loan Agreement and other Loan Documents are true and correct in all respects.

(c) No default has occurred or is continuing under this Loan Agreement or any other Loan Document, and no event shall have occurred that, with the giving of notice or passage of time or both, would constitute a default.

(d) Borrower has provided to Lender, at Borrower's expense, an extended lender's policy of title insurance insuring the lien of the Trust Deed, subject only to Permitted Exceptions (as defined in the Trust Deed).

(e) There has been no condemnation, casualty, or catastrophe affecting the security value of the Project.

(f) Lender will receive copies of lien waivers, in form and substance reasonably satisfactory to Lender, from the general contractor and all subcontractors who worked on the Project indicating that they have been paid for all work performed, or the applicable construction lien period shall have expired (without any liens having been filed), or Borrower will obtain, at its option and expense, a title policy in a form acceptable to Lender, insuring the lien of the Trust Deed against all construction liens that have been or may be filed against the Project.

(g) A completion notice will be posted in accordance with ORS 87.045 and Lender may inspect (unless it waives inspection in its sole discretion) the Project to determine that it was completed in accordance with the Construction Documents and other applicable requirements.

(h) A Certificate of Occupancy will be issued for the Project and all other governmental approvals, licenses, or permits necessary for the use and/or occupancy of the Project shall be obtained.

(i) Lender will receive from Borrower all required regulatory reporting forms as applicable to the Project in form and substance reasonably acceptable to Lender and such supporting documentation as Lender may request.

(j) Borrower has or will commence work within thirty (30) days after the date of this Loan Agreement, unless Lender consents in writing to a longer period. All work will be done under and in accordance with building and other applicable permits issued by the City of McMinnville.

(k) Borrower will comply at its sole cost with any applicable law related to, competitive bidding, payment of wages, and working conditions on the Project, and will indemnify and hold Lender harmless from any violations related to such laws.

(l) The Project will be constructed in a good, workmanlike, expeditious, and continuous manner. The Project shall be completed in accordance with the Construction Documents, as evidenced by the written certification of the Project architect or other design professional and contractor in form and substance satisfactory to Lender, no later than the end of the Construction Period.

(m) All Construction Documents and the Sources and Uses of Funding Budget in Section 2.2 hereof will be approved by Lender in writing and shall not be modified subsequent thereto in any material respect without Lender's prior written approval, not to be unreasonably withheld, conditioned or delayed.

(n) Lender and its agents and representatives have the right at any reasonable time to inspect the Project, and inspect financial documentation pertaining to the Project to insure compliance with the terms of the Loan, and to verify that construction is progressing in compliance with the Lender-approved disbursement schedule; provided, however, such inspection by Lender is solely for the purpose of protecting Lender's rights and interests, and shall under no circumstances impose any liability on Lender or result in a waiver of any default of Borrower or be a representation that Borrower is or will be in compliance with the Construction Documents or other applicable laws or requirements.

(o) RESERVED

(p) All funds disbursed hereunder will be used by Borrower for such purposes relating to construction of the Project as shown and approved by Lender in the Sources and Uses of Funding Budget and for no other purpose. Borrower will not loan or otherwise make available all or any part of the Loan proceeds to any person or entity without the prior written consent of Lender.

(q) Borrower agrees to provide to Lender upon Lender's request supporting documentation of all costs incurred by Borrower that are shown on the Sources and Uses of Funding Budget, whether or not such costs are paid from Loan proceeds.

(r) All contractors and subcontractors on the Project shall be registered and bonded in accordance with Oregon law and shall be licensed by the City of McMinnville for construction work. Borrower covenants that all necessary permits, operating and business licenses required by the City of McMinnville, State of Oregon, and all other government agencies have been issued and copies will be provided to Lender upon request.

(s) **{Amount written (\$XXXX)}** Borrower will contribute at least **{10% of Amount written (\$XXXX)}** in equity (or 10% of the final loan amount) (i.e., funds provided by

Borrower or its beneficial owners) and at least **{Amount written (\$XXXX)}** (or 50% of the final loan amount) in funds borrowed from other sources toward Project expenses, and will provide Lender with receipts or other evidence satisfactory to Lender that such investment has been made. Payments made by Borrower or its beneficial owners, or the Guarantor, pursuant to this subsection shall not be in the form of a loan.

(t) Borrower covenants that there has been no material change in the Project financing as described in Section 2.

(u) Borrower covenants that if Borrower intends to vacate the Property or Project, Borrower will provide at least 30 days advance written notice to Lender. Borrower will remain fully obligated to perform under the Loan Documents in the event it vacates the Property or Project, and Lender reserves all of its rights to ensure and compel Borrower's performance if Borrower vacates the Property or Project, unless Lender in its sole discretion otherwise consents in writing

4. COLLATERAL

4.1 Trust Deed; Security Interest in Personal Property Collateral. To secure Borrower's prompt payment and performance of its obligations under this Loan Agreement and Note, Borrower shall grant Lender a lien on the Property and all improvements now or hereafter existing on the Property (including the Project) and a continuing security interest in personal property now or hereafter located on, relating to, or used in connection with the Property or the Project, as and to the extent provided in the Trust Deed.

Upon request by the Senior Lender to subordinate Lender's Trust Deed and the personal property security interest to the Senior Lender's mortgage documents and after Lender's approval of the terms and condition of the Senior Lender's mortgage documents, Lender shall execute such subordination agreement or other documents as are necessary to evidence such subordination. Lender will not unreasonably withhold approval of the Senior Lender's mortgage documents.

4.2 Personal Property Lien Perfection. Borrower agrees that Lender has the right to file UCC financing statements, instruments, and documents, and Borrower agrees to take such other action as may be required to perfect or to continue the perfection of Lender's security interest in the collateral described in the Trust Deed.

5. BORROWER'S REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender as follows:

5.1 Status; Business. Borrower are individuals, duly organized and validly existing under the laws of the state of Oregon have the power and authority to enter into the Loan Documents.

5.2 No Violations or Default. Borrower is not in default under or in violation of any indenture or agreement to which it is a party or by which it is bound, or any order, regulation, ruling, or requirement of a court or other public body or authority. No creditor has given Borrower notice or threatened to give it any notice of default under any agreement or other obligation.

5.3 **Litigation.** No action, suit, investigation, or proceeding is pending against Borrower or with respect to the Project before any court or administrative agency, (a) the outcome of which, by itself or taken together with other such litigation, might have a material adverse effect on the business, assets, operations, or financial condition of Borrower, or (b) which purports to affect the legality, enforceability, or validity of any Loan Document.

5.4 **Tax Returns and Taxes.** All federal, state, and other tax returns of Borrower required by law to be filed have been filed. All other taxes applicable to Borrower, including real property taxes (to the extent not abated in accordance with applicable law), are current.

5.5 **Title to Collateral.** All the collateral described in the Trust Deed is owned by Borrower, and Borrower's interest in such collateral is free and clear of all liens and encumbrances of any kind except those approved in writing by Lender (“**Permitted Exceptions**”).

5.6 **Compliance With Laws.** Borrower is in material compliance with all federal, state and local laws, rules, regulations, ordinances and orders applicable to it, the Property or the Project, and the operation thereof, including, without limitation, all applicable health and safety, environmental, and zoning laws.

5.7 **Financial Statements.** All financial statements delivered by Borrower to Lender will, as of the date thereof, be true, correct and complete, fairly represent the financial condition of the Project at the dates thereof, and be prepared in accordance with generally accepted accounting principles and practices in the United States, consistently applied. Since the date of the most recent financial statements delivered to Lender, there has been no material adverse change in the financial condition of Borrower or Project.

6. **AFFIRMATIVE COVENANTS**

At all times during the term of this Loan Agreement and until all amounts and obligations owing hereunder and under any other Loan Document shall have been paid and performed, Borrower covenants and agrees as follows:

6.1 **Licenses; Maintenance of Business.** Borrower will remain a LLC validly existing under the laws of Oregon and will keep in force all licenses and permits necessary to the proper conduct of its ownership and operation of the Project.

6.2 **Performance of Obligations.** Borrower will pay the principal of and interest, if applicable, on the Loan in accordance with the terms of the Note and this Loan Agreement, and will pay when due all other amounts payable by Borrower hereunder or under any Loan Document, and will comply with all requirements of the Trust Deed.

6.3 **Compliance with Laws and Use Restrictions.** Borrower will comply with, or cause the Project to comply with, all laws, ordinances, statutes, rules, regulations, orders, injunctions, or decrees of any government agency or instrumentality applicable to Borrower, the Project, or the operation thereof, including (a) all applicable health and safety, environmental, and zoning laws, and (b) all restrictions on the use, occupancy or operation of the Project arising from the original source of the Loan proceeds or otherwise required by Lender.

6.4 **Other Obligations.** Borrower will pay and discharge before the same shall become delinquent all indebtedness, taxes, and other obligations for which it is liable or to which its income or property is subject and all claims for labor and materials or supplies which, if unpaid, might become by law a lien (other than a Permitted Exception) upon the collateral described in the Trust Deed, except any thereof whose validity or amount is being contested in good faith by Borrower in appropriate proceedings with adequate provision having been made in accordance with generally accepted accounting principles for the payment thereof if the contest is determined adversely to Borrower. If Borrower fails to discharge any such claim or lien, Lender may, in its sole discretion and without waiving the default, pay the same, which payment shall, at Lender's option, be added to the amount outstanding under the Note with interest.

6.5 **Indemnity.** Borrower shall indemnify and hold Lender, its employees and agents harmless from and against any and all liabilities, claims, losses, damages, or expenses (including attorney fees and title costs and expenses) which any of them may suffer or incur in connection with (a) the inaccuracy of any of the representations and warranties made in this Loan Agreement, (b) any transaction contemplated by this Loan Agreement or any other Loan Document, and (c) the construction, or operation of the Project, except to the extent such liabilities, claims, losses, damages, or expenses arise solely from the gross negligence or willful misconduct of Lender.

6.6 **Financial Information.** Borrower shall provide to Lender periodic financial statements meeting the requirements of Section 5.7 and other reports as reasonably requested by Lender, including copies of federal and state tax returns.

6.7 **Additional Documents; Additional Acts.** From time to time, Borrower will execute and deliver all such information, documents, or instruments and perform all such other acts as Lender may reasonably request to carry out the transactions contemplated by the Loan Documents.

7. **NEGATIVE COVENANTS**

At all times during the term of this Loan Agreement and until all amounts and obligations owing hereunder and under any other Loan Document shall have been paid and performed in full, Borrower will not, directly or indirectly, without the prior written consent of Lender:

7.1 **Ownership/Change in Control.** Sell or transfer any beneficial interest in Borrower in violation of the terms of the Note, or change or permit a material change in Borrower's legal organizational structure, except as provided in Sections 8.5 and 8.6 of the Trust Deed.

7.2 **Sale or Merger.** Sell or transfer all or any part of the Property or Project in violation of the terms of the Note, or dissolve, liquidate, merge, reorganize, or consolidate.

7.3 **Indebtedness.** Except as specifically contemplated in this Loan Agreement, incur any new indebtedness in addition to the Loan or indebtedness upon Property secured by Permitted Exceptions.

7.4 **Liens.** Create, assume, or suffer to exist any lien or charge of any kind, direct or indirect, upon any of the Property or the Project, except for Permitted Exceptions and liens in favor of Lender, and liens that have been bonded against pursuant to Oregon law.

8. EVENTS OF DEFAULT

Any of the following shall be an event of default (“**Event of Default**”) under this Loan Agreement:

8.1 **Failure to Pay Obligations Under Note and Trust Deed When Due.** Borrower fails to pay any sum due under the Note within fifteen (15) days after the date it is due, or fails to pay any other amount required to be paid by Borrower pursuant to the Trust Deed or the Loan Documents (including, without limitation, taxes, assessments, insurance and any other payment necessary to prevent filing or imposition of any liens) within fifteen (15) days after written notice of nonpayment from Lender specifying the default.

8.2 **Failure to Comply with Covenants.** Borrower fails to perform or abide by any other covenant in this Loan Agreement or in the Loan Documents and such failure, to the extent curable, is not cured within thirty (30) days after written notice from Lender specifying the default or, if such breach cannot with due diligence be cured within such period, if Borrower shall fail within such thirty (30) day period to commence cure of the failure and thereafter diligently prosecute to completion such cure (which cure in any event shall occur within sixty (60) days after the default notice).

8.3 **Failure to Obtain Lender’s Consent to Transaction.** Borrower engages in a sale, transfer or assignment, or uses Loan proceeds, in violation of the terms of the Note, the Trust Deed, or the Loan Documents, or changes the use of the Property or Project without Lender's prior written consent.

8.4 **Failure to Comply.** Borrower defaults under the Note, this Loan Agreement, the Trust Deed, or the Loan Documents and fails to cure the default within the applicable cure period, if any, set forth therein.

8.5 **Failure to Pay General Debts When Due.**

(a) Borrower or any guarantor of the Loan (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of all or a substantial part of its property, (ii) admits in writing its inability to pay, or generally is not paying, its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) commences a voluntary action under the United States Bankruptcy Code (as now or hereafter in effect), (v) is adjudicated a bankrupt or insolvent, (vi) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, (vii) fails to controvert in a timely or appropriate manner, or acquiesces or consents in writing to, any petition filed against it, in an involuntary action under the United States Bankruptcy Code, or (viii) takes any action or consents to any action for the purpose of effecting any of the foregoing.

(b) (i) A proceeding or case is commenced against Borrower, without its consent, in any court of competent jurisdiction, seeking the liquidation, reorganization, dissolution, windup, or

composition or readjustment of the debts of Borrower, (ii) a receiver, trustee, custodian, liquidator, or the like is appointed for Borrower or for all or a substantial part of its assets, or (iii) relief is granted to Borrower under any law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, and such proceeding or case continues undismitted, or (iv) an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect for any period of sixty (60) days, or an order for relief against Borrower is entered in an involuntary case under the United States Bankruptcy Code.

8.6 Failure to Disclose Material Facts. Borrower fails to disclose any fact material to the making of any loan to Borrower, or upon discovery by Lender of any misrepresentation by, or on behalf of, or for the benefit of Borrower.

8.7 Default Under Other Loans. Borrower defaults under any other loan (including any construction, permanent, or bond financing) secured in whole or in part by the Property, including any loan secured by a Permitted Exception, and fails to cure such default within any applicable cure period set forth in the loan documents relating to such loan. If Borrower cures a default under any other loan, that cure shall constitute a cure under the Trust Deed, the Note, or the Loan Documents, provided Borrower is not in default of any other provision of the Trust Deed, the Note, or the Loan Documents.

8.8 Default by Guarantors. Any guarantor repudiates or breaches any of its obligations under the guaranty.

8.9 Failure to Replace Guarantors. Borrower fails to replace a guarantor if such person becomes the subject of voluntary or involuntary proceeding within ninety (90) days following the commencement of such proceeding with a replacement reasonably satisfactory to Lender.

8.10 Discontinued Construction. Construction on the Project is discontinued or prohibited for at least 30 consecutive days, or the Project is abandoned.

8.11 Failure to Diligently Pursue the Project. Borrower fails to diligently pursue the Project during the Construction Period. Borrower agrees to use commercially reasonable efforts to comply with the Project schedule approved by Lender, attached to this Loan Agreement as **Exhibit H**.

9. RIGHTS AND REMEDIES ON DEFAULT

Upon the occurrence of an Event of Default and at any time thereafter, Trustee or Lender may, at its option, exercise any one or more of the following rights and remedies:

9.1 Acceleration. Lender may declare the entire remaining unpaid balance of principal and unpaid accrued interest and other charges payable by Borrower pursuant to the Note or any other Loan Document, to be immediately due and payable in full.

9.2 Foreclosure. Lender shall have the right to foreclose by notice and sale, or Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law. In any judicial foreclosure, Lender shall be entitled to obtain a deficiency judgment for any amount by which the amount of the obligations secured hereby exceeds the sale proceeds.

9.3 **Waiver of Rights.** Notwithstanding Section 9.2, Lender shall have the right, at its sole option, to waive its rights under the Trust Deed and pursue an independent action upon the Note. The Note, Trust Deed, and other Loan Documents are separate and distinct instruments separately or collectively enforceable in accordance with their terms.

9.4 **Rights and Remedies.** Lender shall have any other right or remedy provided in the Trust Deed, the Note, the Loan Documents, or any other instrument delivered by Borrower in connection therewith, or available at law, in equity, or otherwise in such order and manner as it may select.

9.5 **Notification to Obligors to Pay Rent Directly to Lender.** Lender may at any time, without notice, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of the security for the obligations hereby secured, notify obligors of rents to pay Lender directly, and/or enter upon and take possession of the Property or any part thereof, in its own name sue or otherwise collect any and all Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney fees, upon any obligations secured hereby, and in such order as Lender may determine.

9.6 **Uniform Commercial Code.** Lender shall have all rights and remedies under the Oregon Uniform Commercial Code, as amended from time to time. Lender shall give Borrower reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or any other intended disposition of personal property collateral is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition.

9.7 **Exercising Rights and Remedies.** In exercising its rights and remedies, Lender may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Lender may bid at any public sale on all or any portion of the Property. A waiver by either party of a breach of a provision of the Trust Deed shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. An election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Lender under the Trust Deed are cumulative and not exclusive. An election to make expenditures or take action to perform an obligation of Borrower shall not affect Lender's right to declare a default and exercise its remedies under the Trust Deed. Lender shall have any other right or remedy provided in the Note, the Loan Documents, or any other instrument delivered by Borrower in connection therewith, or any remedy available at law, in equity, or otherwise in such order and manner as it may elect.

9.8 **Foreclosure of Lessee's Rights - Subordination.** Lender shall have the right, at its option, to foreclose the Trust Deed subject to the rights of any lessee(s) of the Property. Lender's failure to foreclose against any lessee shall not be asserted as a claim against Lender or as a defense against any claim by Lender in any action or proceeding. Lender, at any time, may subordinate the Trust Deed to any or all of the lessees, except that Lender shall retain its priority claim to any condemnation or insurance proceeds.

9.9 **Repairs During Redemption.** In the event of a judicial foreclosure, the purchaser during any redemption period may make such repairs and alterations to the Property as may be

reasonably necessary for the proper operation, care, preservation, protection and insuring of the Property. Any sums so paid, together with interest from the date of the expenditure at the rate provided in the judgment shall be added to the amount required to be paid for redemption of the Property.

9.10 Event of Foreclosure. In the event of any judicial or nonjudicial foreclosure sale, Lender in its discretion may use a single notice covering both real estate and personal property, designate the order of sale, and may elect to sell the real estate and personal property as an integrated unit or separately. Any person permitted by law to do so may purchase at any sale.

9.11 Proceeds of Sale. Subject to the provisions of applicable law, the proceeds of any sale under the Trust Deed will be applied first to payment of costs and expenses, then to payment of security protection advances, then to payment of the other secured obligations (which includes any applicable prepayment premium or fee) in any order that Lender chooses, and then to any other person or persons who may establish to the satisfaction of Lender that they are legally entitled to it.

9.12 Borrower's Waiver of Rights Upon Sale. Borrower waives all rights to direct the order and/or combinations in which any of the collateral will be sold, and also any right to have any of the collateral marshaled upon any sale. Borrower acknowledges that there is no fiduciary relationship between Borrower and Lender.

9.13 During Construction.

(a) Lender shall have the right to take over and cause the Project to be completed and, for that purpose, make disbursements from any undisbursed Loan funds. Any contract entered into or indebtedness incurred on the exercise of such right may be exercised by Lender in the name of Borrower, and Lender is hereby irrevocably appointed attorney-in-fact (the appointment being coupled with an interest) to enter into the contract, incur such obligations, enforce contracts or loan agreements theretofore made by or on behalf of Borrower, and to do any and all things necessary or proper to complete the work of construction, including the signing of Borrower's name to such contracts and documents as may be deemed necessary by counsel for Lender. In no event shall Lender be required to use its own funds to complete the Project if undisbursed Loan funds are insufficient, but Lender may, at its option, advance such funds. Any funds so advanced shall be payable to Lender by Borrower on demand together with interest thereon at the Default Rate under the Note and shall be secured by the Trust Deed.

(b) Lender shall have the right to suspend or terminate its obligation to make further disbursement of Loan proceeds, consistent with this Agreement.

9.14 Interest on Default. Upon the occurrence of any Event of Default, interest under the Note shall accrue on the unpaid principal balance from the date of the Event of Default, or if the Event of Default is a payment default, from the date the first unpaid payment was due, at a rate (the "**Default Rate**") equal to twelve percent (12%) per annum until paid in full. Lender may charge interest at the Default Rate starting when Lender gives notice of the default to Borrower and continuing until the default is cured or the Note is paid in full or discharged through foreclosure against the collateral and applicable redemption rights have expired.

9.15 **Rights and Remedies Cumulative.** All rights and remedies described in Section 9 are nonexclusive, cumulative and in addition to any other remedy Lender may have by agreement, at law, or in equity. Partial exercise of any right or remedy shall not limit or restrict Lender's subsequent exercise of such right or remedy nor shall it restrict Lender's contemporaneous or subsequent exercise of any other right or remedy.

9.16 **No Waiver.** No failure or delay of Lender in exercising any right hereunder shall operate as a waiver of that right or any other right. No modification or waiver of any provision of the Trust Deed or any other Loan Document shall be effective unless in writing, and signed by Lender pursuant to Agency Board authorization, and then only in specific instance and for the purpose given. No notice or demand on Borrower shall entitle Borrower to any other notice or demand in other similar circumstances.

9.17 **Payment of Costs of Collection.** In the event of a default or commencement of litigation to enforce or construe any term of the Trust Deed, the Note, or any other Loan Document, the losing party will pay to the prevailing party such amounts as shall be sufficient to cover the cost and expense of collection or enforcement, including, without limitation, reasonable attorney fees and costs prior to and at any arbitration proceeding or at trial, on appeal, or in any bankruptcy proceeding. Refer to memo.

10. MISCELLANEOUS

10.1 **Recourse Provision.** The obligations under the Note, including the obligations secured by the Trust Deed, are with recourse to Borrower, and any of its partners or members.

10.2 **Counterparts.** This Loan Agreement may be executed in any number of counterparts, and any single counterpart or set of counterparts signed, in either case, by all the parties hereto shall constitute a full and original instrument, but all of which shall together constitute one and the same instrument.

10.3 **Survival.** All agreements, representations, and warranties shall survive the execution and delivery of this Loan Agreement, any investigation at any time made by Lender or on its behalf, the making of the Loan, and the delivery of the Trust Deed and Note.

10.4 **Notice.** Any notice required or permitted under this Loan Agreement shall be in writing and shall be deemed effective (a) when actually delivered in person, (b) one business day after deposit with a commercial courier service for "next day" delivery, (c) two business days after having been deposited in the United States mail as certified or registered mail, or (d) when transmitted by facsimile (answer back or receipt confirmed), addressed to the parties as follows:

If to Borrower:

{Applicant}
{Applicant Address}
{Applicant Address}

If to Lender:

McMinnville Urban Renewal Agency
Attn: City of McMinnville Planning Director

231 NE Fifth Street
McMinnville, Oregon 97129
Phone: (503) 434-7311

with a copy to:

McMinnville Urban Renewal Agency
Attn: City of McMinnville Finance Controller
220 NE Second Street
McMinnville, Oregon 97128
Phone: (503) 434-7311

10.5 Successors and Assigns. This Loan Agreement shall be binding upon and shall inure to the benefit of the parties and their respective permitted successors and assigns. Notwithstanding the foregoing, in the event the Senior Lender acquires title to the Property or Project through foreclosure, or deed in lieu of foreclosure, neither the Senior Lender nor any subsequent purchaser of the Property or Project following such foreclosure, or deed in lieu of foreclosure, shall be deemed a “successor or assign” of Borrower.

10.6 Governing Law. This Loan Agreement and the other Loan Documents shall be governed by and construed under Oregon law, without respect to conflict of laws principles.

10.7 Assignment. Borrower may not assign this Loan Agreement without the prior written consent of Lender, which Lender may withhold in its sole discretion.

10.8 Modification; Entire Agreement Loan Agreement Controlling; Headings. This Loan Agreement may not be modified or amended except by an instrument in writing signed by Borrower and Lender. This Loan Agreement, taken together with the other Loan Documents and the Commitment Letter, reflects and sets forth the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings relating to such subject matter. Terms and conditions described within the Loan Documents shall supersede those contained in the Commitment Letter. The headings in this Loan Agreement are for the purpose of reference only and shall not limit or otherwise affect any of the terms hereof.

10.9 Validity; Severability. If any provision of this Loan Agreement is held to be invalid, such event shall not affect, in any respect whatsoever, the validity of the remainder of this Loan Agreement, and the remainder shall be construed without the invalid provision so as to carry out the intent of the parties to the extent possible without the invalid provision.

10.10 Exhibits. Any exhibits attached to this Loan Agreement and referred to herein are incorporated in this Loan Agreement as if they were fully set forth in the text hereof.

10.11 Time of Essence. Time is of the essence of this Loan Agreement and each of the Loan Documents.

10.12 No Third-Party Beneficiaries. This Agreement does not confer and is not intended to confer any rights, obligations or remedies upon any person other than Lender and Borrower.

10.13 **Lender's Consent.** Throughout the Loan Documents, a reference to Lender's (or as Agency or City may otherwise be defined in the Loan Documents) ability to consent to an act or request means at Lender's sole discretion unless expressly stated otherwise in a specific instance.

[SIGNATURES ON FOLLOWING PAGE]

DRAFT

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their duly authorized representatives as of the date first above written.

BORROWER:

By: _____
{Applicant}

By: _____
{Applicant}

Date: _____

Date: _____

LENDER:

CITY OF MCMINNVILLE, a municipal corporation of the State of Oregon, acting by and through the **McMinnville Urban Renewal Agency**

By: _____,
_____, City Manager,
City of McMinnville, on behalf of the
McMinnville Urban Renewal Agency

Date: _____

List of Exhibits: On File with the City of McMinnville

- Exhibit A Legal Description of Property
- Exhibit B Commitment Letter
- Exhibit C Promissory Note
- Exhibit D Trust Deed
- Exhibit E Sources and Uses of Funding Budget
- Exhibit F McMinnville Development Loan Closing Checklist
- Exhibit G Development Loan Program Description
- Exhibit H Project Schedule

DRAFT

When Recorded Return to:

City of McMinnville
City Recorder
220 NE Second Street
McMinnville, OR 97128
Attn: Melissa Grace
Loan Number: MURA DEVELOPMENT LOAN **XX-XX**

**LINE OF CREDIT TRUST DEED, SECURITY AGREEMENT,
FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS**

{Date}
Statutory Notice
<p>The maximum principal amount to be advanced pursuant to the Loan Agreement (as defined below) is Seventy-thousand-eight-hundred-sixty-one Dollars (\$70,861.00). Such amount may be exceeded (at Beneficiary's option) to complete the construction of previously agreed-upon improvements on the Land (as defined below) pursuant to ORS 86.155 (2011).</p> <p>The maturity date of the Promissory Note secured by this Line of Credit Trust Deed ("Trust Deed") is {Date}, exclusive of any option to renew or extend the maturity date).</p> <p>There is no prepayment penalty during the first year or any successive years of the Loan Period (as defined in the Loan Agreement).</p>

THIS LINE OF CREDIT TRUST DEED, SECURITY AGREEMENT, FIXTURE FILING AND ASSIGNMENT OF LEASES AND RENTS ("Trust Deed") is made this **{Date}**, by and among **{Applicant}**, whose address is **{Applicant Address}**, as "Grantor", **{Trustee}**, whose address is **{Trustee Address}** as "Trustee," and the **CITY OF MCMINNVILLE** a municipal corporation of the State of Oregon, acting by and through the **MCMINNVILLE URBAN RENEWAL AGENCY**, whose address is 220 NE Second Street, as "Beneficiary."

All capitalized terms not defined herein shall have the respective meanings given thereto in the Loan Agreement (as defined below).

Therefore, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. GRANT AND CONVEYANCE.

FOR VALUE RECEIVED, Grantor does hereby convey to Trustee, in trust, WITH POWER OF SALE, that certain real property situated in the County of Deschutes, State of Oregon, and described in **Exhibit A** (the "**Land**");

TOGETHER WITH a security interest in, and a lien upon, all improvements, property and property rights associated with the Land, and all proceeds thereof, whether now owned or hereafter acquired, including, but not limited to, the following:

All buildings, structures and improvements now or at any time hereafter erected, constructed and situated upon the Land or any part thereof (collectively, "**Improvements**") and all apparatus, appliances, furnaces, boilers, machinery, engines, equipment and other like property and fixtures of every kind and description now or hereafter affixed or attached to or located in any such Improvements;

All furniture, fixtures (including without limitation appliances), equipment, and other personal property used in connection with the operation of the Land and Improvements;

All general intangibles, licenses, accounts, contracts and contract rights (including construction and architect contracts), leases, rental agreements, and other agreements for the use and occupancy of residential or commercial space in the Improvements, Rents (as defined in Section 4 below), plans and specifications, engineering environmental or other reports and studies, management contracts or agreements, zoning rights and privileges, permits, and certificates required, used or created in connection with the rehabilitation, ownership, operation or maintenance of the Land or Improvements.

The Land, Improvements, and all other property described above are hereinafter collectively referred to as the "**Property**".

Grantor is indebted to Beneficiary according to the terms of the Note dated December 14, 2015 in the principal amount of **{Write out Amount (\$XXXX)}**, under which the final payment of principal and interest will be due on December 31, 2025. The Note, together with any other note or notes given in renewal, modification, substitution or in addition to the promissory note originally issued, is referred to herein as the "**Note**." This Trust Deed, and the lien and security interest granted hereunder, are given to secure (a) repayment of all principal, interest and late charges under the Note, (b) performance of all obligations of Grantor under that certain Loan Agreement of even date herewith between Grantor and Beneficiary ("**Loan Agreement**"), (c) any future amounts that Beneficiary may in its discretion loan to Grantor, with interest thereon, (d) any amounts expended or advanced by Beneficiary to discharge obligations of Grantor or expenses incurred by Beneficiary or Trustee to enforce obligations of Grantor, as permitted under this Trust Deed, with interest thereon at the Default Rate under the Note, and (e) performance of all other obligations of Grantor under this Trust Deed or under the Note.

2. COVENANTS

Grantor represents, warrants and covenants as follows:

2.1 **Title.** Grantor is the lawful owner of the Property, and the Property is free and clear of any trust deed, mortgage, lien, charge, encumbrance, easement or other matter affecting title thereto, other than property taxes not yet due and payable, utility easements, liens securing loans in favor of any senior lender to which the lien of this Trust Deed is expressly subordinated in writing, use restrictions and covenants required by any government agency in connection with the property and matters permitted by Beneficiary as set forth in **Exhibit B** (collectively "**Permitted Exceptions**"). Grantor will maintain and preserve the lien of this Trust Deed until the obligations secured hereby have been paid in full.

2.2 **Performance.** Grantor will pay to Beneficiary promptly when due all amounts due under the Note, the Loan Agreement, this Trust Deed, the Loan Documents and any other documents executed by Grantor in favor of Beneficiary in connection herewith, and shall strictly perform all obligations imposed upon Grantor by this Trust Deed.

2.3 **Maintain Property.** Grantor will protect, preserve and maintain, at Grantor's expense, all Improvements in good order and repair and will not permit or cause any waste of the Property, and will complete or restore promptly and in a good and workmanlike manner, all repairs necessary to the Land and Improvements that may be constructed, damaged or destroyed. Grantor shall not conduct or permit any nuisance to be maintained on the Land. Grantor shall not remove from the Land or demolish any of the Improvements.

2.4 **Access by Beneficiary.** Beneficiary and its agents and representatives may, upon twenty-four (24) hours' prior notice, except in the case of an emergency when no notice shall be required, enter upon the Property to attend to Beneficiary's interest and to inspect the Property. This provision shall not be construed to allow Beneficiary or its representatives to violate (or cause the owner or manager to violate) the provisions of the Oregon Landlord Tenant Act, and notice is subject to requirements in commercial leases.

2.5 **Insurance.** The Grantor will obtain and maintain (a) commercial general liability and property damage insurance, naming Beneficiary, its employees and agents as additional insureds, covering the Improvements and the Land and the work and business conducted thereon, with such limits as Beneficiary may reasonably request from time to time, and (b) insurance against loss or damage to the Improvements and other tangible Property (other than the Land) by fire and any of the risks covered under an "all risk" policy, with extended coverage and course of construction endorsements and with a standard lender's loss payable clause naming as beneficiary "City of McMinnville, by and through McMinnville Urban Renewal Agency," in an amount not less than the full replacement value of the Improvements, in each case in a company or companies acceptable to Beneficiary, and will deliver copies of all such policies and renewals thereof to Beneficiary. Grantor must provide thirty (30) days prior written notice to Beneficiary of cancellation or any reduction of coverage. Grantor agrees that it will comply with the requirements of Beneficiary as to the purchase and maintenance of flood insurance, as those requirements are established by Beneficiary's policies and requirements in effect from time to time.

WARNING:

Unless you (Grantor) provide us (Beneficiary) with evidence of the insurance coverage as required by this Trust Deed and Loan Agreement, Beneficiary may purchase insurance at Grantor's expense to protect Beneficiary's interest. This insurance may, but need not, also protect your interest. If the collateral becomes damaged, the coverage we purchase may not pay any claim you make or any claim made against you. You may later cancel this coverage by providing evidence that you have obtained property coverage elsewhere.

You are responsible for the cost of insurance purchased by us. The cost of this insurance may be added to your contract or loan balance. If the cost is added to your contract or loan balance, the interest rate on the underlying contract or loan will apply to this added amount. The effective date of coverage may be the date your prior coverage lapsed or the date you failed to provide proof of coverage.

The coverage we purchase may be considerably more expensive than insurance you can obtain on your own and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

2.6 **Liens, Taxes and Assessments.** Grantor will, so long as this Trust Deed remains in force, keep the Property free from construction liens and will timely pay all taxes, assessments, charges or liens that may be levied or assessed upon the Property, before any tax, assessment, charge or lien becomes past due or delinquent, and before commencement of any foreclosure or collection proceedings that may threaten the security of this Trust Deed. Grantor shall not, without Beneficiary's prior written consent, place or allow any liens or encumbrances to be placed on the Property (other than Permitted Exceptions).

2.7 **Other Loans Kept Current.** Grantor shall timely make all payments due and perform all other covenants under all other loans secured by the Property.

2.8 **Environmental Matters.**

(a) Grantor shall indemnify and hold harmless Beneficiary from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims (collectively, "**Claims**") arising out of or relating to the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from, the Property of any Hazardous Material (including, without limitation, any Claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, any so-called "superfund" or "super lien" law or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree applicable to the Property or to the operations thereon that regulates, relates to or imposes liability or standards of conduct concerning any Hazardous Material ("**Environmental Laws**"). For purposes of this Trust Deed, the term "**Hazardous Material**" shall mean any and all hazardous or toxic substances, wastes or materials as listed or defined by any Environmental Law. Grantor will give Beneficiary prompt written notice of any proceeding, inquiry or notice by or from any governmental authority with respect to any alleged violation of any Environmental Law or the presence of any Hazardous Materials on the Property, and of Grantor's discovery of any Hazardous Materials on, in or under the Property.

(b) Grantor warrants to Beneficiary that, to the best knowledge and belief of Grantor and based on due and diligent inquiry by Grantor, (i) there are no Hazardous Materials in, upon, or buried on or beneath the Property or the Improvements, nor have any Hazardous Materials been emitted or released therefrom in violation of any Environmental Laws, and (ii) there are not now, nor have there been, any underground storage tanks located on the Property, including any tanks used for the storage of Hazardous Materials. In no event shall Grantor bring onto, store upon, bury, use upon, emit or release from, nor allow to be brought onto, stored upon, buried, used upon, or emitted or released from the Property, any Hazardous Materials in violation of any Environmental Laws, nor cause or permit any underground tanks to be installed on the Property.

2.9 Compliance with Laws and Covenants. Grantor shall promptly comply with all federal, state, and local laws, ordinances and regulations, including without limitation all Environmental Laws, the Americans with Disabilities Act of 1990, and the Fair Housing Act of 1968 (as amended or as may be amended from time to time) applicable to the use or occupancy of the Property. Grantor shall also comply with any and all restrictive covenants and affordability requirements (including without limitation those contained in the Loan Agreement) applicable to the use or occupancy of the Property.

2.10 Failure to Comply with Covenants. Should Grantor default in the performance of any of the above covenants relating to payments of insurance, liens, taxes, assessments or other charges, and fail to cure such default within the cure period set forth below, Beneficiary may elect to pay any such amount and any payment so made will be added to the debt secured by this Trust Deed and shall bear interest at the Default Rate under the Note until paid. Any such payment by Beneficiary shall be without prejudice to Beneficiary's rights and remedies hereunder and shall not be a waiver of default.

2.11 Further Encumbrance. Grantor shall not permit the Property to be further encumbered by additional liens for financing without the prior written consent of Beneficiary, which Beneficiary may withhold in its sole discretion.

2.12 Grantor's Defense of Property. Grantor shall appear in and defend any action or proceeding which may affect the Property or the rights or powers of Beneficiary or Trustee under this Trust Deed.

2.13 Impairment to Property. Grantor shall not, without Beneficiary's prior written consent, change the general nature of the occupancy of the Property, initiate, acquire or permit any change (not to be unreasonably withheld, conditioned or delayed) in any public or private restrictions (including, without limitation, a zoning reclassification) limiting the uses which may be made of the collateral, or take or permit any action which would impair the Property or Beneficiary's lien or security interest in the Property.

2.14 Utilities. Grantor shall pay or cause to be paid when due all utility charges which are incurred by Grantor or others for the benefit of or for service to the Property or which may become a charge or lien against the Property for gas, electricity, water, sewer or other utility services furnished to the Property and all other assessments or charges of a similar nature,

whether public or private, affecting the Property or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

2.15 Alterations, Removal and Demolition. Unless otherwise agreed in writing by Beneficiary, Grantor shall not structurally alter, remove or demolish any building or improvement on the Property without Beneficiary's prior written consent, which Beneficiary may withhold in its sole discretion. Grantor shall not remove any fixture or other item or property which is part of the Property without Beneficiary's prior written consent unless the fixture or item of property is replaced by an article of equal suitability, owned by Grantor free and clear of any lien or security interest.

2.16 Completion, Repair and Restoration. Grantor shall promptly complete or repair and restore in good workmanlike manner any building or improvement on the Property which may be constructed or damaged or destroyed and shall pay all costs incurred therefor. Prior to commencement of any rehabilitation, Grantor shall submit the plans and specifications for Beneficiary's approval and furnish evidence of sufficient funds to complete the work.

2.17 Disclosure of Material Facts. Grantor will keep Beneficiary fully and currently informed as to all material facts and developments regarding Grantor and the construction, rehabilitation and operation of the collateral, including any facts that are necessary to make all previous disclosures and representations not misleading.

2.18 Notification of Claim or Investigation. Without thereby limiting the generality of the foregoing, Grantor will promptly notify Beneficiary of any investigation, action, or proceeding that might affect the title, value, or utility of the collateral, or the security interest of Beneficiary under this Trust Deed, and Grantor will appear and participate in any such investigation, action, or proceeding unless excused by Beneficiary in writing. In the event that Grantor, in Beneficiary's reasonable judgment, fails to participate diligently in any such investigation, action, or proceeding, Beneficiary may appear and participate in such investigation, action, or proceeding and settle or compromise claims in connection therewith. All claims (including awards, payments, damages, direct, consequential, and other proceeds) that arise in connection with any condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Beneficiary.

3. SECURITY AGREEMENT AND FIXTURE FILING

3.1 Security Agreement. Grantor hereby grants to Beneficiary a continuing security interest in, and lien upon, Grantor's right, title and interest in and to all Property that is personal property subject to the Oregon Uniform Commercial Code, whether such Property is now owned or hereafter acquired. Grantor agrees that Beneficiary has the right to file UCC financing statements, instruments and documents and Grantor agrees to take such other action as may be necessary or appropriate to perfect or continue the perfection of Beneficiary's security interest in such collateral.

3.2 Fixture Filing. To the extent any of the Property constitutes fixtures subject to the Oregon Uniform Commercial Code, this Trust Deed shall also be effective as a financing

statement filed as a fixture filing pursuant to ORS 79.0502 (2011), between Grantor as debtor and Beneficiary as secured party, covering such Property, which is or is to become fixtures related to the Land. The parties agree that a photographic or other reproduction of this Trust Deed shall be sufficient as a financing statement and as a fixture filing and may be filed in any appropriate office in lieu thereof to the extent permitted by law.

4. ASSIGNMENT OF LEASES AND RENTS

Grantor hereby assigns to Beneficiary and grants to Beneficiary a security interest in all existing and future leases, rental agreements, and other agreements for the use and occupancy of residential or commercial space in the Improvements. Grantor further assigns to Beneficiary the right to receive all of the rents, income, receipts, revenues, and other income of any nature now due or which may become due to Grantor, including without limitation basic and percentage rent and payments for use of parking areas or other common areas, arising from or related to the Land or the Improvements (collectively, the "**Rents**"); subject, however, to a license hereby granted by Beneficiary to Grantor to collect and receive Rents so long as no default has occurred under this Trust Deed.

5. EVENTS OF DEFAULT

Any of the following shall be an event of default ("**Event of Default**") under this Trust Deed:

5.1 Failure to Pay Obligations Under Note and Trust Deed When Due. Grantor fails to pay any sum due under the Note within fifteen (15) days after the date it is due, or fails to pay any other amount required to be paid by Grantor pursuant to this Trust Deed or the Loan Documents (including, without limitation, taxes, assessments, insurance and any other payment necessary to prevent filing or imposition of any liens) within fifteen (15) days after written notice of nonpayment from Beneficiary specifying the default.

5.2 Failure to Comply with Covenants. Grantor fails to perform or abide by any other covenant in this Trust Deed or in the Loan Documents and such failure, to the extent curable, is not cured within thirty (30) days after written notice from Beneficiary specifying the default or, if such breach cannot with due diligence be cured within such period, if Grantor shall fail within such thirty (30) day period to commence cure of the failure and thereafter diligently prosecute to completion such cure (which cure in any event shall occur within sixty (60) days after the default notice).

5.3 Failure to Obtain Beneficiary's Consent to Transaction. Grantor engages in a sale, transfer or assignment, or uses Loan proceeds, in violation of the terms of the Note, this Trust Deed, or the Loan Documents, or changes the use of the Property without Beneficiary's prior written consent.

5.4 Failure to Comply. Grantor defaults under the Note, the Loan Agreement, this Trust Deed (other than as specified in Section 5.1), or the Loan Documents and fails to cure the default within the applicable cure period, if any, set forth therein.

5.5 Failure to Pay General Debts When Due. Occurrence of any of the following shall be events of default:

(a) Grantor or any guarantor of the Loan (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of all or a substantial part of its property, (ii) admits in writing its inability to pay, or generally is not paying, its debts as they become due, (iii) makes a general assignment for the benefit of creditors, (iv) commences a voluntary action under the United States Bankruptcy Code (as now or hereafter in effect), (v) is adjudicated a bankrupt or insolvent, (vi) files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, (vii) fails to controvert in a timely or appropriate manner, or acquiesces or consents in writing to, any petition filed against it, in an involuntary action under the United States Bankruptcy Code, or (viii) takes any action for the purpose of effecting any of the foregoing.

(b) (i) A proceeding or case is commenced against Grantor, without its consent, in any court of competent jurisdiction, seeking the liquidation, reorganization, dissolution, windup, or composition or readjustment of the debts of Grantor, (ii) a receiver, trustee, custodian, liquidator, or the like is appointed for Grantor or for all or a substantial part of its assets, or (iii) relief is granted to Grantor under any law relating to bankruptcy, insolvency, reorganization, winding up, or composition or adjustment of debts, and such proceeding or case continues undismissed, or an order, judgment, or decree approving or ordering any of the foregoing is entered and continues unstayed and in effect for any period of 60 days, or (iv) an order for relief against Grantor is entered in an involuntary case under the United States Bankruptcy Code.

5.6 Failure to Disclose Material Facts. Grantor fails to disclose any fact material to the making of any loan to Grantor, or upon discovery by Beneficiary of any misrepresentation by, or behalf of, or for the benefit of Grantor.

5.7 Default Under Other Loans. Grantor defaults under any other loan (including any construction, permanent, or bond financing) secured in whole or in part by the Property, including any loan secured by a Permitted Exception, and fails to cure such default within any applicable cure period set forth in the loan documents relating to such loan. If Grantor cures a default under any other loan, that cure shall constitute a cure under this Trust Deed, the Note, or the Loan Documents, provided Grantor is not in default of any other provision of this Trust Deed, the Note, or the Loan Documents.

5.8 Default by Guarantors. Any guarantor repudiates or breaches any of its obligations under the guaranty.

5.9 Failure to Replace Guarantor. Grantor fails to replace a guarantor if such person becomes the subject of voluntary or involuntary proceeding within ninety (90) days following the commencement of such proceeding with a replacement reasonably satisfactory to Beneficiary.

5.10 **Discontinued Rehabilitation.** Rehabilitation on the Project is discontinued or prohibited for at least 30 consecutive days, or the Project is abandoned.

5.11 **Failure to Diligently Pursue the Project.** Grantor fails to diligently pursue the Project during the Construction Period. Grantor agrees to use commercially reasonable efforts to comply with the Project schedule approved by Beneficiary, attached to the Loan Agreement as Exhibit I.

6. RIGHTS AND REMEDIES ON DEFAULT

Upon the occurrence of an Event of Default and at any time thereafter, Trustee or Beneficiary may, at its option, exercise any one or more of the following rights and remedies:

6.1 **Acceleration.** Beneficiary may declare the entire remaining unpaid balance of principal and unpaid accrued interest and other charges payable by Grantor pursuant to the Note or any other Loan Document, to be immediately due and payable in full.

6.2 **Foreclosure.** Trustee, at Beneficiary's direction, shall have the right to foreclose by notice and sale, or Beneficiary shall have the right to foreclose by judicial foreclosure, in either case in accordance with applicable law. In any judicial foreclosure, Beneficiary shall be entitled to obtain a deficiency judgment (subject to any applicable nonrecourse provisions in the Note) for any amount by which the amount of the obligations secured hereby exceeds the sale proceeds.

6.3 **Waiver of Rights.** Notwithstanding Subsection 6.2, Beneficiary shall have the right, at its sole option, to waive its rights under this Trust Deed and pursue an independent action upon the Note, unless the Note is nonrecourse by its express terms. The Note, Trust Deed, and other Loan Documents are separate and distinct instruments separately or collectively enforceable in accordance with their terms.

6.4 **Rights and Remedies.** Trustee and Beneficiary shall have any other right or remedy provided in this Trust Deed, the Note, the Loan Documents, or any other instrument delivered by Grantor in connection therewith, or available at law, in equity, or otherwise in such order and manner as it may select.

6.5 **Notification to Obligors to Pay Rent Directly to Beneficiary.** Beneficiary may at any time, without notice, either in person, by agent or by receiver to be appointed by a court, and without regard to the adequacy of the security for the obligations hereby secured, notify obligors of Rents to pay Beneficiary directly, and/or enter upon and take possession of the Property or any part thereof, in its own name sue or otherwise collect any and all Rents, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney fees, upon any obligations secured hereby, and in such order as Beneficiary may determine.

6.6 **Uniform Commercial Code.** Beneficiary shall have all rights and remedies under the Oregon Uniform Commercial Code, as amended from time to time. Beneficiary shall give Grantor reasonable notice of the time and place of any public sale of any personal property or of the time after which any private sale or any other intended disposition of personal property collateral is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition.

6.7 **Exercising Rights and Remedies.** In exercising its rights and remedies, Trustee or Beneficiary may cause all or any part of the Property to be sold as a whole or in parcels, and certain portions of the Property may be sold without selling other portions. Beneficiary may bid at any public sale on all or any portion of the Property. A waiver by either party of a breach of a provision of this Trust Deed shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. An election by Beneficiary to pursue any remedy shall not exclude pursuit of any other remedy, and all remedies of Beneficiary under this Trust Deed are cumulative and not exclusive. An election to make expenditures or take action to perform an obligation of Grantor shall not affect Beneficiary's right to declare a default and exercise its remedies under this Trust Deed.

6.8 **Foreclosure of Lessee's Rights - Subordination.** Beneficiary shall have the right, at its option, to foreclose this Trust Deed subject to the rights of any lessee(s) of the Property. Beneficiary's failure to foreclose against any lessee shall not be asserted as a claim against Beneficiary or as a defense against any claim by Beneficiary in any action or proceeding. Beneficiary, at any time, may subordinate this Trust Deed to any or all of the lessees, except that Beneficiary shall retain its priority claim to any condemnation or insurance proceeds.

6.9 **Repairs During Redemption.** In the event of a judicial foreclosure, the purchaser, during any redemption period may make such repairs and alterations to the Property as may be reasonably necessary for the proper operation, care, preservation, protection and insuring of the Property. Any sums so paid, together with interest from the date of the expenditure at the rate provided in the judgment shall be added to the amount required to be paid for redemption of the Property.

6.10 **Event of Foreclosure.** In the event of any judicial or nonjudicial foreclosure sale, Beneficiary in its discretion may use a single notice covering both real estate and personal property, designate the order of sale, and may elect to sell the real estate and personal property as an integrated unit or separately. Any person permitted by law to do so may purchase at any sale.

6.11 **Proceeds of Sale.** Subject to the provisions of applicable law, the proceeds of any sale under this Trust Deed will be applied first to payment of costs and expenses, then to payment of security protection advances, then to payment of the other secured obligations (which includes any applicable prepayment premium or fee) in any order that Beneficiary chooses, and then to any other person or persons who may establish to the satisfaction of Beneficiary that they are legally entitled to it.

6.12 **Grantor's Waiver of Rights Upon Sale.** Grantor waives all rights to direct the order and/or combinations in which any of the collateral will be sold, and also any right to have

any of the collateral marshaled upon any sale. Grantor acknowledges that there is no fiduciary relationship between Grantor and Trustee or between Grantor and Beneficiary.

6.13 **During Construction.**

(a) Beneficiary shall have the right to take over and cause the Project to be completed and, for that purpose, make disbursements from the undisbursed Loan funds. Any contract entered into or indebtedness incurred on the exercise of such right may be exercised by Beneficiary in the name of Grantor, and Beneficiary is hereby irrevocably appointed attorney-in-fact (the appointment being coupled with an interest) to enter into the contract, incur such obligations, enforce contracts or loan agreements theretofore made by or on behalf of Grantor, and to do any and all things necessary or proper to complete the work of construction, including the signing of Grantor's name to such contracts and documents as may be deemed necessary by counsel for Beneficiary. In no event shall Beneficiary be required to use its own funds to complete the Project if undisbursed Loan funds are insufficient, but Beneficiary may, at its option, advance such funds. Any funds so advanced shall be payable to Beneficiary by Grantor on demand together with interest thereon at the Default Rate under the Note and shall be secured by this Trust Deed.

(b) Beneficiary shall have the right to suspend or terminate its obligation to make further disbursement of Loan proceeds.

6.14 **Interest on Default.** Upon the occurrence of any Event of Default, interest under the Note shall accrue interest on the unpaid Principal Balance (as defined in the Note) from the date of the Event of Default, or if the Event of Default is a payment default, from the date the first unpaid payment was due, at a rate (the "**Default Rate**") equal to the lesser of twelve percent (12%) per annum or the maximum amount provide by law until paid in full. The interest rate reverts to that shown in Section 2(a) of the Note when the default is cured. If the unpaid Principal Balance and all accrued interest are not paid in full on the Maturity Date, the unpaid Principal Balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate.

6.15 **Rights and Remedies Cumulative.** All rights and remedies described in Section 6 are cumulative and in addition to any other remedy Beneficiary may have by agreement, at law, or in equity. Partial exercise of any right or remedy shall not limit or restrict Beneficiary's subsequent exercise of such right or remedy nor shall it restrict Beneficiary's contemporaneous or subsequent exercise of any other right or remedy.

6.16 **No Waiver.** No failure or delay of Beneficiary in exercising any right hereunder shall operate as a waiver of that right or any other right. No modification or waiver of any provision of this Trust Deed or any other Loan Document shall be effective unless in writing, and then only in specific instance and for the purpose given. No notice or demand on Grantor shall entitle Grantor to any other notice or demand in other similar circumstances.

6.17 **Payment of Costs of Collection.** In the event of a default, or commencement of litigation to enforce or construe any term of this Trust Deed, the Note, or any other Loan

Document, the losing party will pay to the prevailing party such amounts as shall be sufficient to cover the cost and expense of collection or enforcement, including, without limitation, reasonable attorney fees and costs prior to and at any arbitration proceeding or at trial, on appeal, or in any bankruptcy proceeding.

7. CONDEMNATION AND CASUALTY

7.1 **Assignment of Proceeds.** All compensation, awards, damages, rights of action, and proceeds, including the proceeds of any insurance affecting the Property, arising out of any taking or damage by reason of any public or private improvement, condemnation proceeding, zoning change or conveyance in lieu thereof, fire, earthquake or other casualty (collectively the "**Proceeds**"), are hereby assigned to and shall be paid to Beneficiary, subject, however, to the rights of the senior mortgage lender ("Senior Lender") under that certain mortgage encumbering the Property and to which this Trust Deed is subordinated and to the rights of the Senior Lender under its deed of trust to be recorded against the Property. If Senior Lender elects to make all of the Proceeds available to Grantor for the repair or restoration of the Property, Beneficiary shall also make any Proceeds (after deducting therefrom all of its expenses, including attorney fees) paid to it available for such purpose, subject to Beneficiary's customary restrictions relating to the disbursement thereof. If the Senior Lender instead elects to apply some or all of the Proceeds to the satisfaction of Grantor's indebtedness to the Senior Lender, Beneficiary may, after deducting therefrom all of its expenses, including attorney fees, release any money received by it, apply the same on any obligations secured hereby or apply the same to the repair or restoration of the Property as it may elect. Grantor agrees to execute such further assignments to Beneficiary of any awards, damages, rights of action and Proceeds as Beneficiary or Trustee may require. In the event any Proceeds are paid to Grantor, such Proceeds shall promptly (within five (5) days of receipt thereof) be paid over to Beneficiary for the purposes set forth in this paragraph. Notwithstanding the above, if the Proceeds plus any additional funds of Grantor will permit the damaged or taken Improvements to be replaced with Improvements of equal or greater value, then the Proceeds (less certain administrative and legal costs of Beneficiary) shall be disbursed to Grantor through a Beneficiary-controlled account to pay the cost of restoration of the Improvements, provided it is economically and legally feasible to do so, in the reasonable judgment of Beneficiary.

7.2 **Notification of Damage, Injury, Loss or Condemnation Proceedings.** Grantor shall immediately notify Beneficiary in writing if: (i) any damage occurs or any injury or loss is sustained in the amount of Ten Thousand Dollars (\$10,000.00) or more to all or part of the Property, or any action or proceeding relating to any such damage, injury or loss is commenced; or (ii) any offer is made, or any action or proceeding is commenced, which relates to any actual or proposed condemnation or taking of all or part of the Property. If Beneficiary chooses to do so, it may in its own name appear in or prosecute any action or proceeding to enforce any cause of action based on warranty, or for damage, injury or loss to all of part of the Property, and it may make any compromise or settlement of the action or proceeding. Beneficiary, if it so chooses, may participate in any action or proceeding relating to condemnation or taking of all or part of the Property, and may join Grantor in adjusting any loss covered by insurance.

8. MISCELLANEOUS

8.1 **Indemnification.** Except as limited by Section 8.4, Grantor shall indemnify Beneficiary against and hold it harmless from any and all liabilities, claims, losses, damages, or expenses (including attorney fees) which Beneficiary may suffer or incur in connection with (a) the breach of any representation or warranty made by Grantor under this Trust Deed, and (b) Grantor's failure to perform any of its covenants or obligations under this Trust Deed. The indemnity obligations of Grantor shall survive the reconveyance or foreclosure hereof.

8.2 **Severability.** If any of the provisions contained in this Trust Deed shall be invalid, illegal or unenforceable in any respect, the validity of the remaining provisions in this Trust Deed shall not be affected.

8.3 **Attorney Fees.** In the event suit or action is instituted to enforce or interpret any of the terms of this Trust Deed, the prevailing party shall be entitled to recover its reasonable attorney fees at trial, on any appeal and on any petition for review, in addition to all other sums provided by law. Whether or not any court action is involved, all reasonable expenses incurred by Beneficiary that are necessary at any time in Beneficiary's opinion for the protection of its interest or the enforcement of its rights shall become a part of the obligations secured hereby and shall bear interest from the date of expenditure until repaid at the Default Rate under the Note. Expenses covered by this paragraph include (without limitation) the cost of searching records, discovery deposition costs, obtaining title reports, surveyors' reports, attorney opinions, title insurance and fees for Trustee.

8.4 **Recourse Provision.** The obligations under the Note, including the obligations secured by this Trust Deed, are with recourse to Grantor, and any of its partners or members.

8.5 **Assignment.** Grantor may only assign its rights and obligations hereunder with the written consent of Beneficiary; provided, however, that no assignment shall invalidate or impair the effectiveness of this Trust Deed or the covenants contained herein.

8.6 **Due on Sale or Transfer; No Change in Use.**

(a) Any sale or transfer (or any attempted sale or transfer) of all or any part of, or any interest in, the Land or the Project, or any beneficial interest in Grantor, without the prior written consent of Beneficiary (which Beneficiary may grant, condition, or withhold in its sole and absolute discretion) is prohibited, and upon any such prohibited sale or transfer, the Note and all other indebtedness secured by this Trust Deed shall become immediately due and payable in full.

As used herein, the term "sale or transfer" is used in its broadest sense, and includes, with respect to the Land or Project, a ground lease, master lease or other lease not in the ordinary course of business, land sale contract, foreclosure, deed in lieu of foreclosure, or transfer (by operation of law or otherwise) pursuant to any dissolution, liquidation, merger, reorganization or consolidation, and with respect to a beneficial interest in Grantor, a sale, gift or other transfer of any partnership, stock, membership or other ownership interest in Grantor other than a transfer upon death of the owner of such interest. Notwithstanding who is the holder of

the Note, Beneficiary reserves the right to approve a sale as described in this Section. Any transferee shall be bound by the terms of this Trust Deed. Grantor shall notify Beneficiary of any such transfer within thirty (30) days.

(b) Grantor shall not change the use of the Property without Beneficiary's prior written consent, which may be withheld or conditioned in Beneficiary's sole and absolute discretion.

8.7 Time of Essence. Time is of the essence of each of Grantor's obligations under this Trust Deed.

8.8 Waivers by Grantor. Without affecting any of Grantor's obligations under the Loan Documents, Grantor waives the following: (a) any right to require Beneficiary to proceed against any specific party liable to sums due under the Loan Documents or to proceed against or exhaust any specific security for sums due under the Loan Documents; (b) notice of new or additional indebtedness of any Grantor or any other party liable for sums due under the Loan Documents to Beneficiary; (c) any defense arising out of Beneficiary entering into additional financing or other arrangements with any Grantor or any other party liable for sums due under the Loan Documents and any action taken by Beneficiary in connection with any such financing or other arrangements or any pending financing or other arrangements; (d) any defense arising out of the absence, impairment, or loss of any or all rights of recourse, reimbursement, contribution or subrogation or any other rights or remedies of Beneficiary against any Grantor or any other party liable for sums due under the Loan Documents or any Property; and (e) any obligation of Beneficiary to see to the proper use and application of any proceeds advanced pursuant to the Loan Documents.

8.9 Right of Subrogation. Beneficiary is subrogated to the rights, whether legal or equitable, of all beneficiaries, mortgagees, lienholders and owners directly or indirectly paid off or satisfied in whole or in part by any proceeds advanced by Beneficiary under the Loan Documents, regardless of whether such parties assigned or released of record their rights or liens upon payment.

8.10 Joint and Several Liability. If there is more than one Grantor of this Trust Deed, their obligations shall be joint and several.

8.11 Statement of Amount Owed. Grantor within fifteen (15) days after request by Beneficiary will furnish Beneficiary a written statement of the amount due under the Loan Documents, any offsets or defenses against the amount claimed by Grantor, and such other factual matters as Beneficiary may reasonably request.

8.12 Controlling Document. In the event of a conflict or inconsistency between the terms and conditions of this Trust Deed and the terms and conditions of any other of the Loan Documents (except for any separate assignment of the Rents and/or the Leases and any loan agreement which shall prevail over this Trust Deed), the terms and conditions of this Trust Deed shall prevail.

8.13 **Notice.** Any notice required or permitted under this Trust Deed shall be in writing and shall be deemed effective: (a) when actually delivered in person, (b) one business day after deposit with a commercial courier service for “next day” delivery, (c) two business days after having been deposited in the United States mail as certified or registered mail, or (d) when transmitted by facsimile (answer back or receipt confirmed), addressed to the parties as follows:

To Grantor: {Applicant Address}
 {Applicant Address}
 {Applicant Address}

To Beneficiary: McMinnville Urban Renewal Agency
 Attn: City of McMinnville, Controller
 220 NE Second Street
 McMinnville, OR 97128

with a copy to: McMinnville Urban Renewal Agency
 Attn: City of McMinnville, Planning Director
 231 NE Fifth Street
 McMinnville, OR 97128

8.14 **Subordination.** It is anticipated that Beneficiary will subordinate this Trust Deed to the Senior Lender’s mortgage. If the Senior Lender requests Beneficiary to subordinate its security interest to the Senior Lender’s mortgage documents and after Beneficiary’s approval of the terms and conditions of the Senior Lender’s mortgage documents, Beneficiary shall execute such subordination agreement or other documents as are necessary to evidence such subordination. Beneficiary will not unreasonably withhold approval of the Senior Lender’s mortgage documents.

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

NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, AND SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009.

By signing below, Grantor accepts and agrees to the terms and covenants contained in this Trust Deed and in any Exhibits attached hereto.

Signature Page Follows

GRANTOR:

_____, an Oregon

By: _____
_____, Managing Member

By: _____
_____, Member

STATE OF OREGON)
) ss.
County of Yamhill)

This instrument was acknowledged before me this _____ day of _____, 2015, by _____ as the _____ of _____, an Oregon _____.

Notary Public of Oregon
My Commission Expires: _____

STATE OF OREGON)
) ss.
County of Yamhill)

This instrument was acknowledged before me this _____ day of _____, 2015, by _____ as the _____ of _____, an Oregon limited liability company.

Notary Public of Oregon
My Commission Expires: _____

DRAFT

EXHIBIT A: Legal Description

DRAFT

EXHIBIT B

Please see attached.

DRAFT

Loan Number: MURA DEVELOPMENT LOAN XX-XX

**PROMISSORY NOTE
(Amortizing Payments)**

\$ {Amount written (\$XXXX)}

{Date}

McMinnville, Oregon

{Applicant } ("Borrower"), promises to pay to the order of the CITY OF MCMINNVILLE, a municipal corporation of the State of Oregon, acting by and through the MCMINNVILLE URBAN RENEWAL AGENCY, its successors and assigns ("Lender"), at 220 NE Second Street, McMinnville, Oregon, 97128, or at such other address as Lender may specify in writing, the principal amount of {Amount written (\$XXXX)} ("Principal Balance"), or so much thereof as may be disbursed pursuant to the terms of that certain Loan Agreement of even date herewith between Borrower and Lender ("Loan Agreement"), together with any accrued interest. Interest under this Note shall be computed on the basis of a 365-day year. The amount of each payment made by Borrower that is allocated to interest will be based on the actual number of calendar days during such month and shall be calculated by multiplying the unpaid Principal Balance of this Note by the per annum Interest Rate, dividing the product by 365 and multiplying the quotient by the actual number of days elapsed.

This promissory note ("Note") is the note referred to in the Loan Agreement and is entitled to the benefits of, and subject to the limitations of, the Loan Agreement. All capitalized terms not defined herein shall have the respective meanings given thereto in the Loan Agreement.

1. LOAN

1.1 Interest. Except as otherwise provided in this Note, loan interest shall accrue on amounts disbursed hereunder from the date of last disbursement at the rate of 3.25 percent (3.25%) per annum compound interest.

1.2 Payment.

(a) Payments shall be due semi-annually on June 15, and December 15 following the initial disbursement.

(b) The base semi-annual payment amount is agreed based on full amortization of the Loan over a 120 month term and is mutually agreed to be the lesser of the remaining balance plus any late charges, default interest or other penalties and fees.

1.3 **Application of Payment.** Each payment shall be applied first, at Lender's option, to any unpaid late charges or other sums payable by Borrower under this Note or any other documents or instruments executed by Borrower in connection with the Loan (collectively with this Note, the "**Loan Documents**"), then to accrued interest on this Note, if any, and then to the Principal Balance of this Note.

3. **MATURITY DATE**

The maturity date means the earlier of the date when this entire Note, principal, any penalties and interest, is paid in full, or the first day following ten full years from the commencement date of the Loan Period ("**Maturity Date**"). The unpaid Principal Balance of this Note, all unpaid penalties and accrued interest thereon, and all sums payable by Borrower in connection with this Note shall be due and payable in full on the Maturity Date or, at Lender's option, upon any default under this Note, the Loan Agreement, Trust Deed or any other agreement or instrument securing this Note, which default remains uncured after expiration of any applicable cure period.

4. **PREPAYMENT**

Borrower may prepay the Loan Balance at any time without penalty. All prepayments will be applied first to late fees and default interest, if any, second, to accrued interest on this Note, and then to the Principal Balance of this Note. Partial prepayments will not affect the obligation of the Borrower to pay installments provided for above or any other obligation of Borrower under this Note.

5. **LATE CHARGE**

If any payment due under this Note is not paid in full within fifteen (15) days of its due date, a late charge equal to five percent (5%) of the late payment may be charged. That late charge shall be paid with the first installment payment due after Borrower has received written notice of the late charge, but, if not so paid, Lender may elect to (a) refuse any late payment or any subsequent payment unless accompanied by the applicable late charge, (b) add the late charge to the Principal Balance of this Note, or (c) treat the failure to pay the late charge as demanded as a default under this Note. If a late charge is added to the Principal Balance of this Note, it shall bear interest at the same rate as the Principal Balance of this Note. However, assessment of a late charge is not a waiver of Lender's right to demand and receive timely payment of any payments due or a waiver of any of Lender's remedies hereunder or under the Trust Deed or any other instrument or agreement securing this Note.

6. SUBSIDIZED LOAN; DUE ON TRANSFER; NO CHANGE IN USE

(a) Borrower acknowledges that the interest rate on the Loan is subsidized by public funds and is below the prevailing market rate for similar loans obtainable in the private marketplace. Borrower further acknowledges that the favorable interest rate on the Loan is not intended to benefit Borrower or any subsequent owner of the Project in the event of any sale or transfer of the Project or of a beneficial interest in Borrower.

Accordingly, any sale, transfer, conveyance, or gift (or any attempted sale, transfer, conveyance, or gift) of all or any part of, or any interest in, the Property or the Project, or any beneficial interest in Borrower, without the prior written consent of Lender (which Lender may grant, condition, or withhold in its sole and absolute discretion) is prohibited, and upon any such prohibited sale or transfer, this Note and all other indebtedness secured by the Trust Deed shall become immediately due and payable in full.

As used herein, the term "sale or transfer" is used in its broadest sense, and includes, with respect to the Property or Project, a ground lease, master lease or other lease not in the ordinary course of business, land sale contract, foreclosure, deed in lieu of foreclosure, or transfer (by operation of law or otherwise) pursuant to any dissolution, liquidation, merger, reorganization or consolidation, and with respect to a beneficial interest in Borrower, a sale, gift or other transfer of any partnership, stock, membership or other ownership interest in Borrower other than a transfer upon death of the owner of such interest. Notwithstanding who is the holder of this Note, Lender reserves the right to approve a sale or transfer as described in this Section. Any transferee shall be bound by the terms of this Note.

(b) Borrower shall not change the use of the Property or Project without Lender's prior written consent, which may be withheld or conditioned in Lender's sole and absolute discretion.

7. EVENTS OF DEFAULT

Borrower shall be in default under this Note if any one or more of the Events of Default described in the Trust Deed or the Loan Agreement, which are incorporated by reference in this Note, occur.

8. LENDER'S RIGHTS AND REMEDIES ON DEFAULT

Upon the occurrence of any Event of Default, Lender may exercise any one or more of the rights and remedies on default described in the Trust Deed or the Loan Agreement, which are incorporated by reference in this Note.

Upon the occurrence of any Event of Default, interest under this Note shall accrue on the unpaid Principal Balance from the date of the Event of Default, or if the Event of Default is a payment default, from the date the first unpaid payment was due, at a rate (the "**Default Rate**") equal to the lesser of twelve hundred basis points above the rate stated in Section 1.1 of this Note (i.e. a 12 percent interest rate) or the maximum interest which may be collected from Borrower

under applicable law. The interest rate reverts to that shown in Section 1.1 when the default is cured. If the unpaid Principal Balance and all accrued interest are not paid in full on the Maturity Date, the unpaid Principal Balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate. Borrower agrees that the increase in the rate of interest payable under this Note to the Default Rate represents a fair and reasonable estimate, taking into account all circumstances existing on the date of this Note, of the additional costs and expenses Lender will incur by reason of the Borrower's delinquent payment and the additional compensation Lender is entitled to receive for the increased risks of nonpayment associated with a delinquent loan.

9. ATTORNEY FEES

In case of default, Borrower promises to pay any reasonable expenses incurred in making collection of delinquent amounts, including reasonable attorney fees, even though no suit or action is filed thereon. In case suit or action is instituted relating in any way to this Note, the prevailing party shall be entitled to its costs and disbursements incurred herein and such additional sums as the court may adjudge reasonable as attorney fees in any such suit or action and in any appeal therefrom. Such costs and attorney fees agreed to be paid to the prevailing party shall include, without limitation, costs and attorney fees incurred in any federal bankruptcy proceedings or under any state receivership statutes.

10. RECOURSE PROVISION

The obligations under this Note, including the obligations secured by the Trust Deed, are with recourse to Borrower, and any of its partners or members.

11. MISCELLANEOUS

This Note may not be modified or amended except in writing and signed by Borrower and Lender. Time is of the essence of each provision of this Note. Borrower waives presentment for payment, notice of dishonor, protest, notice of protest and diligence in collection, and consents that the time of payment of the Principal Balance and accrued interest, or any part thereof, may be extended by Lender without otherwise modifying, altering, releasing, affecting or limiting Borrower's liability or the security for this Note. If any provision of this Note is held to be invalid, such event shall not affect, in any respect whatsoever, the validity of the remainder of this Note. This Note shall be construed in accordance with Oregon law without respect to conflict of laws principles.

BORROWER:

By: _____
{Applicant}

By: _____

{Applicant}

DRAFT

**CONTRACT BETWEEN THE CITY OF MCMINNVILLE'S
URBAN RENEWAL AGENCY BOARD**

And

{Applicant – Name, Business Name and Property Address}

**FOR THE USE OF
DOWNTOWN URBAN RENEWAL FUNDS**

THIS AGREEMENT, entered on **{Date}** by and between the City of McMinnville's Urban Renewal Agency Board (AGENCY) and, **{Applicant – Name, Business Name and Property Address}**

WHEREAS, the AGENCY has established a Downtown McMinnville Property Loan and Grant Program to encourage property and business owners to improve the exteriors of their buildings as a means of upgrading the physical characteristics of the property subject to the AGENCY's authority and to improve the value of buildings by preserving the thriving historic character of the downtown; and

WHEREAS, the AGENCY has determined that this program serves the best interest of the public, and has elected to utilize urban renewal funds as the funding source for the Downtown McMinnville Property Assistance Program; and

WHEREAS, the Applicant is the tenant authorized by the owner to carry out improvements at **{Address}**, which is within the Urban Renewal District, and has submitted an application (which is incorporated into this agreement) and has requested approximately **{Amount of Award}** in grant funds from the AGENCY; and

WHEREAS, the AGENCY has determined that Applicant has meet all of the conditions necessary for the requested funds;

NOW, THEREFORE, it is agreed between the AGENCY and Applicant that:

I. SCOPE OF SERVICE

A. Activities

Applicant agrees to participate in the Downtown Urban Renewal Agency's Downtown Loan and Grant Program and the AGENCY agrees to provide Loan and Grants as set forth in this Contract. Under this program, Applicant agrees that it will preserve, rehabilitate, restore or reconstruct the primary façades of their approved commercial property under the guidance of the AGENCY's staff and the McMinnville Historic Landmarks Committee as applicable. Upon satisfactory completion of the pre-approved project, Applicant will receive a grant reimbursement up to a maximum of **{Amount of Award}** through the Façade Improvement Grant Funds per the decision of the AGENCY on **{Date}**.

Please note: Document still needs legal review.

B. Scope of Work

This contract pertains to a small improvement project at **{Address}** as presented in the application dated **{Date}** and approved by the McMinnville Urban Renewal Advisory Committee. Any reimbursement expenses must pertain entirely to this pre-approved scope of work.

{Describe the scope of work}

C. Special Contingencies:

Property Lien:

Property owner consents to the City of McMinnville placing a lien on the above referenced property in the amount of the grant project. The lien will be released five (5) years after project completion.

Contingency for Funds Payback:

Applicant agrees to refund to the AGENCY the full amount of the grants under this contract if the building is sold or the property is significantly modified (as determined by the AGENCY) within five (5) years of project completion.

Tax Implications:

The AGENCY has not made any representations regarding the tax consequences of grant proceeds. Applicant shall determine the tax consequences of the grant proceeds with their tax advisor.

D. Ineligible Expenses

The AGENCY will not reimburse Applicant for any costs incurred outside of the approved scope of work as described in Paragraph 1.B of this contract.

E. Performance Monitoring

The AGENCY will monitor the performance of Applicant against goals and performance standards required by AGENCY policy and the approved scope of work. Substandard performance as determined by the AGENCY will constitute non-compliance with this Agreement. If action to correct such substandard performance is not taken by Applicant within a reasonable period of time after being notified in writing by the AGENCY, contract suspension or termination procedures will be initiated.

II. TIME OF PERFORMANCE

Work on the project outlined in Paragraph I.B is expected *to commence no later than {Date}, and be completed by {Date}*. Applicant will communicate with Urban Renewal Agency staff via a letter at least two weeks prior to the deadline if a contract extension is needed. This letter should include the reasons for the extension, new project completion date, what elements of the project have been completed and what elements of the project still need to be completed.

III. BUDGET:

The total project budget is \$*{Total Project Budget}*. The Agency will pay up to 50% of the actual cost with a 50% match requirement from the applicant as per the McMinnville Façade Improvement Grant program. The Agency contribution is currently estimated at approximately *{Amount of Award}*.

The AGENCY may require a more detailed budget breakdown than the one contained herein, and Applicant shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the AGENCY. Any amendments to this budget must be approved in writing by the AGENCY and Applicant

IV. PAYMENT

A. Maximum Amount:

The total amount to be paid by the AGENCY (for grants and loans) under this agreement shall not exceed *{Amount of Award}*

B. Process for Payment:

This contract will serve as a reimbursement for work performed and paid for by the Applicant and approved by the Urban Renewal Agency staff. (Applicant will not be reimbursed for any work performed prior to application review and funding approval by the AGENCY.) Upon completion of the project, the applicant will submit a letter requesting reimbursement accompanied by copies of the invoices incurred marked paid in full to the Urban Renewal Agency staff. Staff will then review the invoices and the work completed for compliance with the approved scope of work. After the McMinnville Urban Renewal Advisory Committee has approved and signed off on the reimbursement request, a reimbursement to the Applicant will be disbursed.

V. **NOTICES**

Communication and details concerning this contract shall be directed to the following contract representatives:

AGENCY

*Heather Richards
City of McMinnville
Planning Director
231 NE 5th Street
McMinnville, OR 97128
Heather.Richards@mcminnvilleoregon.gov*

APPLICANT'S NAME:

{Name}
{Address}
{Address}
{Town, State, Zip Code}
{Email}

VI. **GENERAL CONDITIONS**

A. **Contractual Relationship**

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing a contractual relationship of any sort between the parties. Applicant shall at all times be responsible its improvements, obligations to contractors and subcontractors, employees, and to comply with all land use requirements.

B. **Hold Harmless**

Applicant shall hold harmless, defend and indemnify the AGENCY from any and all claims, actions, suits, charges and judgments whatsoever that arise out of Applicant's performance or nonperformance of the services or subject matter called for in this Agreement.

C. **Insurance & Bonding**

Applicant shall carry sufficient insurance coverage to protect contract assets from loss due to theft, fraud and/or undue physical damage.

D. **Grantor Recognition**

Applicant shall insure recognition of the role of the AGENCY in providing services through this contract. All activities, facilities and items utilized pursuant to this contract shall be prominently labeled as to funding source.

E. **Amendments**

The AGENCY and Applicant may amend this Agreement at any time provided

Please note: Document still needs legal review.

that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly authorized representative of both organizations, and approved by the AGENCY'S governing body. Such amendments shall not invalidate this Agreement, nor relieve or release the AGENCY or Applicant from its obligations under this Agreement.

This Agreement shall be subject to all federal, state or local governmental statutes, guidelines, and policies, including amendments made after execution of this Agreement. If any change in such code or regulation results in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, the parties shall agree to such modification or the Agreement shall be terminated.

F. Suspension of Termination

The AGENCY may suspend or terminate the Agreement, in whole or in part, if Applicant materially fails to comply with any term of the Agreement, or with any of the rules, regulations or provisions referred to herein. In addition, the AGENCY may declare Applicant ineligible for any further participation in AGENCY contracts, in addition to other remedies as provided by law. In the event there is probable cause to believe Applicant is in noncompliance with any applicable rules or regulations, the AGENCY may withhold up to one hundred (100) percent of any outstanding contract funds until such time as the AGENCY determines that Applicant is in compliance with this Contract.

If this Agreement is suspended or terminated, Applicant shall immediately pay back the AGENCY the total disbursements received to date under this contract. If not paid within 24 hours of termination, all amounts due shall bear interest at 18% per annum. In any proceeding to recover funds owing under this section, the AGENCY or the City of McMinnville shall be entitled to recover its costs and attorney fees.

G. Successors and Assigns

This agreement shall be binding on the parties' successors and assigns.

VII. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

IN WITNESS WHEREOF, the Parties have executed this contract as of the date first written above.

AGENCY

APPLICANT

City Manager

{Applicant Name}

DRAFT

Please note: Document still needs legal review.

Attachment A: Conditions of Approval.

**FAÇADE IMPROVEMENT GRANT
Conditions of Approval
Address**

As a condition of this grant award, the applicant (“Grantee”) agrees to the following:

1. Grantee reaffirms that all information provided in its Façade Grant Application is correct and accurate.
2. Grantee has read and agrees to abide by the provisions and requirements of the City of McMinnville Urban Renewal Agency Façade Grant Program.
3. All work performed by Grantee will be consistent with the approval by the McMinnville Urban Renewal Advisory Committee (MURAC). If Grantee desires to make any changes in the project, Grantee will obtain approval from the MURAC before implementing such changes. Grantee understands that the MURAC is not required to approve any changes.
4. Grantee understands that the grant will be paid to Grantee only upon completion of the work, submission of all dated statements or invoices to the MURAC, and approval by the MURAC of the completed work.
5. Grantee will notify the MURAC immediately if Grantee’s interest in the subject property changes in any way. This Agreement is not assignable by Grantee without prior written approval of the MURAC, which will not be unreasonably withheld.
6. Grantee will provide appropriate “before” and “after” photographs of the project site and/or building to the MURAC. The Grantee hereby grants to the MURAC and McMinnville Urban Renewal Agency (MURA) the right to use pictures, renderings, or descriptions of the work for any and all promotional purposes desired by the MURAC or MURA.

Applicant Signature

Date

Attachment B: Application on File

Please note: Document still needs legal review.