

CITY OF McMinnville  
MINUTES OF THE URBAN RENEWAL AGENCY  
of the McMinnville City Council  
Held at the Kent L. Taylor Civic Hall on Gormley Plaza  
McMinnville, Oregon

Tuesday, May 9, 2017 at 9:29 p.m.

Presiding: Scott A. Hill, Chair

Recording: Melissa Grace, City Recorder

Board Members:	<u>Present</u>	<u>Excused Absence</u>
	Adam Garvin	Remy Drabkin
	Kevin Jeffries	Wendy Stassens
	Kellie Menke, Council President	
	Alan Ruden	

Also present were City Manager Jeff Towery, City Attorney David Koch, Finance Director Marcia Baragary, Planning Director Heather Richards, Community Development Director Mike Bisset, and Walt Gowell (Chair of the McMinnville Urban Renewal Advisory Committee).

1. CALL TO ORDER: Chair Hill called the Urban Renewal Agency Board meeting to order at 9:29 p.m. and welcomed all in attendance.
2. **Resolution No. 2017-05:** A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with Odd Fellows Building LLC for the Atticus Hotel Project.

Planning Director Richards explained the Atticus Hotel Project as follows:

- It's located on the corner of 4<sup>th</sup> and Ford.
- It will be a 23,000 square foot, 36 luxury room boutique hotel.
- The Budget is currently \$8,297,985.00.
- It is anticipated to create 50 + full-time jobs.
- The Annual Economic Development impact is expected to be \$4,000,000.
- The applicant is Odd Fellows LLC.

She continued by explaining that in order to qualify for the funds the project must:

- Be located within the Urban Renewal District (which it is).
- Be new Construction or substantial rehabilitation that increases the assessed value and create jobs (which is the overall goal of the Urban Renewal Program).
- Must comply with all federal, state, and city codes (project does).
- Must leverage at least four dollars of private investment for each dollar of urban renewal financing (this particular request leverages \$99 per dollar).
- Must address two or more urban renewal strategy goals.

Ms. Richards reviewed the Urban Renewal Plan Goals related to economy which is to encourage the economic growth of the Urban Renewal Area as the commercial, cultural, civic, and craft industry center for McMinnville. The four related objectives are:

1. Support development of the Area by assisting in the financing and provision of transportation and public infrastructure improvements.
2. Assist existing businesses and support the creation of new business and employment opportunities in the Area.
3. Work with property owners to promote the development and redevelopment of properties within the Area. Develop programs and incentives that encourage economic development in the area.
4. Partner with private and public entities to leverage public investment and generate private investment.

She noted that the Atticus Hotel project achieves the second, third and fourth objectives and the economic growth goal.

Ms. Richards explained the Atticus Hotel project also achieves the Urban Renewal Plan Goal of encouraging a unique district identity noting that the project design fits within the historic physical identity of the downtown area. The third goal the Atticus Hotel project achieves is the development and redevelopment goal related to pursuing development and redevelopment opportunities that add economic, civic, craft industry, and cultural opportunities for the citizens of McMinnville, economically strengthening the Urban Renewal Area and attracting visitors to the Urban Renewal Area.

Ms. Richards stated that the McMinnville Urban Renewal Advisory Committee (MURAC) reviewed the request and recommend:

- A five year forgivable loan - \$100,000 plus interest.
- Forgiven proportionately over five years based upon performance metrics – construction and operations.
- Loan paid back for non-performance.
- Personal Guarantee for loan at the time of signing.
- Payback in full if sold in five years.

The basis for the recommendation is that it:

- Meets the objectives of the McMinnville Urban Renewal Plan.
- It will create 50 + jobs.
- Creates a \$4,000,000 annual economic multiplier for the community.
- The request is only 1.2% of total project costs .
- The need relates to the limitations of SBA Loan. The SBA Loan cannot pay for the build-out of the restaurant in the hotel.

Planning Director Richards reviewed the financial forecast.

She noted that this is a new construction project, new investment, and will generate a tax base.

Ms. Richards stated that the proposal is for the agency to enter into a five-year payment plan with the City for \$100,000 plus interest. The first payment would be due prior to occupancy with is expected in the Fiscal Year 2017-2018 year.

MURAC Chair Gowell shared that they received detailed information from the applicant and staff. He stated that they attempt to generate four dollars for every dollar. This project leverages \$99 for every dollar. He felt it was a terrific proposal. He stated that the loan has performance measures. He felt this was important to ensure that the Urban Renewal dollars achieve the intended result. Mr. Gowell stated that it is unusual to have local developers.

City Manager Towery shared that this is a unique project that he has not seen in his career.

Discussion ensued regarding timing of the request for the project. Ms. Richards stated that they officially applied for the loan on March 17<sup>th</sup>.

Discussion ensued regarding the need of the developer for the loan.

Board Member Ruden asked about the response if there is another similar project request. Ms. Richards responded that all projects would be vetted through the same process.

City Manager Towery discussed the importance of supporting and incentivizing of early projects. He noted that this project fits the criteria and is in alignment with the program.

Erin Stephenson, Jeb Bladine, Rob Stephenson, and Brian Shea of Odd Fellows LLC were present. Ms. Stephenson stated that three years ago they began Third Street Flats. She has stated that there is an unmet need in the area for full service lodging and amenities.

Ms. Stephenson shared that they have been working with R & H Construction. She explained what \$100,000 means to the project and stated that there is a real need for the loan.

Discussion ensued regarding the landscaping and parking.

Chair Hill stated that the Board has received a letter a letter from Mark Davis. He addressed six areas of concern. The Mayor noted that many of these concerns were addressed during the meeting.

JW Millegan, 624 NE Second, said that he is testifying against a gift of \$100,000 of taxpayer money free of charge to the Atticus Hotel. He stated that he is not against Urban Renewal or the proposed hotel project. He suggested that a non-forgivable loan was given instead. He stated that the Urban Renewal Committee cannot give away money. He said that the program is set up to give money as a bridge loan. He stated that this was a grant disguised as a loan to a for-profit entity. He said that he requested records from the City and that the City is refusing to release any financial pro-formas, appraisal or market analysis of the project. He stated that when giving away taxpayer money, transparency in financing and accounting is standard. He expressed his concerns with the preferential treatment. He stated that there is a conflict of interest as the owners of the News Register are 25% owners. He felt that the project should be done in the light of day or not at all.

He felt that the project is ineligible in the program. He noted that funds have to be available for this. He stated that there is no money available for this. He stated that there are other needs downtown and listed examples.

Board Member Ruden commented on his support of the project and stated that it is a remarkable project that goes along with the renewal of McMinnville.

Chair Hill shared his thoughts on the use of Urban Renewal Agency funds and the criteria. He discussed the amount of Transient Lodging Taxes that will be gained from the project.

Board Member Ruden shared that he is completely satisfied with the disclosure and transparency that has taken place. He feels that the process has been conducted with integrity and meets the criteria.

Board Member Ruden MOVED to adopt Resolution No. 2017-05 A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with Odd Fellows Building LLC for the Atticus Hotel Project. ; SECONDED by Board Member Garvin. Motion PASSED unanimously.

ADJOURNMENT: Chair Hill adjourned the meeting at 10:31 p.m.

s/s Melissa Grace  
Melissa Grace, City Recorder