

## RESOLUTION NO. 2026 - 01

A Resolution of the McMinnville Urban Renewal Board authorizing the Interim McMinnville City Manager or designee to enter into and manage a Memorandum of Understanding with Guardian Real Estate Services LLC and the Housing Authority of Yamhill County to negotiate the redevelopment of the property at 904 NE 10<sup>th</sup> Avenue and 836 NE Alpine Avenue (Tax Lots R4421BA 03800 and R4421BA 03850).

### RECITALS:

**WHEREAS**, the City of McMinnville created an Urban Renewal Area in its downtown core and NE Gateway Area in 2013; and

**WHEREAS**, the Purpose of this plan was to assist in implementing the goals of the McMinnville Comprehensive Plan, the NE Gateway District 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 development of the downtown and the NE Gateway area; and

**WHEREAS**, some of the McMinnville Urban Renewal Agency's (Agency) goals are to encourage the economic growth of the McMinnville Urban Renewal Area (Area) as the commercial, cultural, civic and craft industry center for McMinnville; to encourage a unique district identify both in the downtown commercial core and the Northeast Gateway area; and 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; and

**WHEREAS**, the subject site was identified in the City's adopted NE Gateway District Plan as a catalytic opportunity site for incentivizing the revitalization and redevelopment of the NE Gateway District; and

**WHEREAS**, the subject site became available for purchase when the existing industrial business and property owner of the site indicated their interest to shut down the business and surplus the site; and

**WHEREAS**, in order to achieve the goals of the McMinnville Downtown Urban Renewal Plan and NE Gateway District Plan, the Agency entered into an agreement with the City of McMinnville to purchase the properties at 904 NE 10<sup>th</sup> Avenue and 836 NE Alpine Avenue and reposition the industrial property for a mixed-use commercial and residential development; and

**WHEREAS**, the Agency intends to choose a development team to purchase and develop the property into a mixed-use commercial and residential project per the NE Gateway District Plan and NE Gateway Overlay District; and

**WHEREAS**, through an RFQ process, from three semi-finalists the City undertook negotiations with Palindrome Properties Group, LLC, which negotiations were unable to come to a successful conclusion; and

**WHEREAS**, the City communicated with the other semi-finalists and considered their continued interest and viability against the City's needs and desires; and

**WHEREAS**, the McMinnville Urban Renewal Board would like to enter into a Memorandum of Understanding with Guardian Real Estate Services LLC and the Housing Authority of Yamhill County to negotiate a development agreement for the property per their proposal:

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

1. The Interim McMinnville City Manager or designee is authorized to enter into a Memorandum of Understanding to negotiate a Development Agreement with Guardian Real Estate Services and Housing Authority of Yamhill County for the redevelopment of the properties at 904 NE 10<sup>th</sup> Avenue and 836 NE Alpine Avenue on behalf of the McMinnville Urban Renewal Agency.
2. The Memorandum of Understanding should establish a framework for future cooperation and negotiation of a Development Agreement for the redevelopment of the property that will promote the goals of both the Urban Renewal Agency and the Development Team.
3. The resulting Development Agreement will be brought back to the Urban Renewal Agency for final decision-making and action.
4. This resolution shall take effect immediately upon passage and shall continue in full force and effect until modified, revoked, or replaced.

Adopted by the Board Members of the McMinnville Urban Renewal Agency at a regular meeting held the 13th day of January 2026 by the following votes:

Ayes: Chenoweth, Payne, Geary, Cunningham, Tucholsky, Peralta

Nays: \_\_\_\_\_

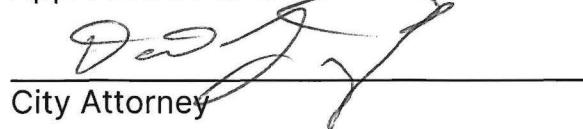
Approved this 13th day of January 2026.



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MAYOR

Approved as to form:

  
\_\_\_\_\_  
City Attorney

Attest:

  
\_\_\_\_\_  
City Recorder

EXHIBITS:

- A. Memorandum of Understanding with Guardian Real Estate Services and Housing Authority of Yamhill County

## **MEMORANDUM OF UNDERSTANDING NW RUBBER SITE**

This Memorandum of Understanding (MOU) is made and entered into on this 14<sup>th</sup> day of January, 2023 ("Execution Date") by and between GUARDIAN REAL ESTATE SERVICES LLC AND THE HOUSING AUTHORITY OF YAMHILL COUNTY, a limited liability company and non profit ("Developer") and the City of McMinnville, ("City") a municipal corporation established under ORS Chapter 221, acting by and through the MCMINNVILLE URBAN RENEWAL AGENCY ("Agency"), a municipal corporation established under ORS Chapter 457.

### **BACKGROUND**

- A. The City adopted a NE Gateway Plan in 2012 with the intention of revitalizing the historic industrial center of McMinnville into a mixed-use residential, commercial, and light industrial neighborhood. In 2013, the City established an urban renewal agency and adopted an urban renewal plan to implement the NE Gateway Plan. A large 3.54-acre active industrial site was identified as a critical opportunity site for redevelopment to help catalyze the revitalization of the area into a vibrant residential and employment area just north of the downtown.
- B. On October 23, 2023, the City purchased the 3.54-acre site when the industrial owner indicated their interest in closing down the business and selling. This site is known as the NW Rubber Site (the "Property"). The Property comprises two parcels, 904 NE 10<sup>th</sup> Street and 836 NE Alpine St., extending from 8<sup>th</sup> Street to 10<sup>th</sup> Street along portions of Alpine Ave. The City paid \$4.25 million plus closing costs for the Property with a short-term \$4.35 million loan from its wastewater fund. This loan was structured as an interest-only, five-year interfund loan that is callable after two years at 5.05% interest per annum with no penalty on pre-payment of the loan during its term. The City then entered into an Intergovernmental Agreement with the Agency to pay the loan interest with tax increment revenues generated within the Urban Renewal District. Agency has or will incur approximately \$430,000 in maintenance costs for the Property through June 2025 and thereafter approximately \$21,000 per month for the property interest-only payments, security, and utility contracts.
- C. The Property was the site of the first industrial development in the area, originally containing a milk dispensary when built in 1908. The land was also used as a lumber yard, and in 1985, it became a facility for recycling rubber mat products when it was owned by Ultimate RB, eventually selling to North West Rubber USA, Inc. The site currently includes a 50,465 sq. ft. vacant warehouse and a 4,500 sq. ft. office building. The site has a railroad spur and loading docks.
- D. In October and November 2023, the Agency invested in a Phase I and II environmental study as well as a Hazardous Building Materials study. Those studies yielded information about potential and known contaminations on the site that would require a contaminated materials management plan if substantial digging occurred on the site. The Property contained a buried petroleum storage tank, reportedly decommissioned by a previous property owner by filling it with concrete (although no official documents have been found on the decommissioning), which may still exist in the northeastern portion of the Property. The

Phase II environmental site assessment found hazardous substances in limited areas in the soil and groundwater exceeding regulatory screening levels. The remediation plan and costs have not yet been determined. There may be potential federal or state funding for remediation of the site.

- E. The Agency also conducted extensive community engagement and data analysis to understand and incorporate the community's vision for the NE Gateway area and the property into a future redevelopment project.
- F. The Agency issued a Request for Qualifications (RFQ) in July of 2024 seeking developers interested in redevelopment of the Property into a mixed-use development to include a variety of housing types, commercial spaces, gathering spaces and open spaces to benefit the community. Specific to the RFQ were the following:

Required Elements of the Project:

- **A variety of housing types and price points**, including market-rate housing, potentially luxury housing and housing serving households with income restrictions.
- **Commercial spaces** that activate the site and complement the existing commercial activity in the district.
- **Parks, plazas, and open spaces** that encourage relaxation, play or outdoor living to address need for open space in the district, enhancing the wellbeing of the neighborhood.
- **Parking** adequate to serve the development without negatively impacting the rest of the district.

Optional elements:

- **Hospitality uses** that support the region's wine and tourism economy and nearby Northeast Gateway businesses.
- Utilization of **existing site components** that add diversity to the built environment, such as the existing loading dock.

Key objectives for the site include:

- Development serving as a **catalytic project** for the district and the City.
- Creating a place that is **welcoming to the entire community**.
- Incorporating the City's **core values of courage, equity, stewardship, and accountability** in both the development team and the project.
- Demonstrating **design excellence**.
- Demonstrating consideration for the **effects** that this redevelopment may have on residents of the surrounding neighborhoods.
- Incorporating **representational community engagement** into the design and development process.

- G. The Property's zoning classification is NE Gateway Planned Development Overlay Zone 2, which allows residential, commercial, and light industrial uses. The Agency intends that the Project will meet all of the standards and goals of the NE Gateway Planned Development Overlay ordinance (Ordinance No. 4971).
- H. Developer is a leading West Coast mixed-use developer with over 20 years of experience, including two housing projects in McMinnville, Orchards Plaza and Villa West. On February 14, 2025, Developer submitted a proposal for the development of 171 affordable housing units, 9 live work units, 3000 sf of commercial space, and 117 parking spaces. Three options were provided for how the project could evolve. The project was estimated to be approximately \$71.0 million and would take approximately 24 months to construct.
- I. Agency has selected Developer for negotiations for preparation of a Disposition and Development Agreement (DDA). The definitive agreement would include possible refinement of the Project scope, phasing, and financing; the terms for the sale of the Property; guarantees for development of the housing, and commercial development; and on-site and off-site infrastructure and other public improvements.

## AGREEMENT

This Agreement confirms the basis upon which the City, the Agency, and Developer are prepared to negotiate the terms of a Disposition and Development Agreement and related documents for the redevelopment of the Property.

NOW, THEREFORE, the parties mutually covenant and agree as follows:

- 1. Exclusive Right to Negotiate.** This MOU grants to Developer the exclusive right to negotiate with City and Agency the terms of a DDA. The City and Agency acknowledge that Developer has expended substantial time and expense, and will continue to expend time and expense, in preparing a more detailed proposal, conducting its due diligence and refining its development proposal for the Project. The parties commit to negotiate with each other in good faith and to share information needed to evaluate the Project, to conduct due diligence of the condition of the Property, and to further examine the financial feasibility of the proposed development during the term of this MOU.
- 2. Reservation of Rights.** This MOU does not obligate the Developer or the Agency to the exact project and financial terms outlined in the proposal, but it will set the stage for negotiations of the DDA; does not grant Developer the right to purchase the Property or receive financial concessions for Project construction; nor is the Agency obligated to approve the DDA negotiated by the parties. Permits and entitlements to develop the Project on the Property will be determined by the City, acting as the government agency with municipal land use and permitting regulatory authority. This MOU does not bind City to exercise its legislative and discretionary municipal land use and permitting regulatory authority in any particular manner to benefit Developer. This MOU does not obligate Developer to proceed with purchase of the Property.
- 3. Items to be addressed in the Negotiations:** The parties anticipate that a number of issues will require further negotiation prior the execution and delivery of the DDA, including, but not limited to, the following:

- The structure, amount and timing of respective public and private financial participation, including the purchase and sale of the property.
- Timing for state housing grants.
- Timing for state infrastructure grants.
- Ability to incorporate market-rate housing and vital commercial space.
- Defining the amount of open space for the project.
- Timing of commercial space.

**4. Project Components:** The parties currently anticipate that the Project will comprise the following components:

171 Total Housing Units – Affordable (per HUD standards, Portland Metro Area), including

- 9 Live Work Units
- 3000 sf of commercial space
- 117 Parking Spaces

The housing would be located in two buildings – the Heirloom building and the Perennial building. Parking would be adjacent to the railroad and the commercial space would be located at the frontage of Alpine Avenue.

The Parties agree that final configuration and amount of the land uses described above will be finalized during the DDA negotiation and entitlement process.

**5. Studies.** City has made a good faith effort to identify, and has provided to Developer, all documents and materials in its possession regarding the Property, including, without limitation, reports regarding the condition of the Property and the scope of the contamination.

**6. Right of Entry.** City will provide Developer with the opportunity to inspect the Property and conduct tests of the soil, groundwater, the buildings, and any materials on the Property. Developer's investigations may include, without limitation, the availability and cost of providing utilities, the location of underground sewers and storm drains, topographic and soil studies, surveying, staking, potholing, and testing of the soil and groundwater conditions to determine the extent of the contamination and the costs for remediation. Developer assumes liability for any damages or injuries that may occur during Developer's entry onto the Property and shall pay in full all persons who perform labor or provide materials and services for any work to be performed by Developer. Developer shall not permit or suffer any mechanics' or materialmen's liens of any kind or nature to be enforced against the Property for such work.

**7. Entitlements.** During the term of this MOU, Developer may apply for entitlements to develop the Property for the planned Project. City will process the entitlements in accordance with its existing procedures and Developer shall be obligated to pay the application and permit fees assigned to the project, including the 50% planning, engineering, and building permit fee reductions allowed for the qualifying affordable housing units.

- 8. Grants.** City will cooperate with Developer in seeking federal and state remediation grants and low interest loans that may be available to address the contamination of the Property, as well as federal and state subsidies for construction of the affordable housing component of the Project.
- 9. Damages.** In no event will either party be liable to the other party for monetary damages due to breach of this MOU or for the costs of enforcement of this MOU, including, without limitation, attorneys' fees and legal costs. Developer acknowledges and accepts that City will not be liable to Developer regarding any inability of Developer to acquire and develop the Property for Developer's intended use, even though the planned development project is referenced in this MOU.
- 10. No Joint Venture, Partnership or other Relationship.** Nothing contained in this MOU or in any other document executed in connection with this MOU shall be construed as creating a joint venture or partnership between City and Developer. Each party is acting as an independent entity and not as an agent of the other in any respect.
- 11. Term.** The term of this MOU shall end either 90 days from the Effective Date, or when a DDA is approved by both parties, whichever is earlier, unless one or both parties decide to earlier terminate this MOU for convenience by providing written notice to the other party and specifying the date of termination.
- 12. Brokers.** Each Party represents and warrants that no broker, finder, or other representative is acting on its behalf in connection with this MOU. Each Party agrees to indemnify, defend and hold the other harmless from any claim or liability for any fee, commission or other compensation with respect to this MOU, the DDA or other transactions contemplated hereby, asserted by any other broker, finder or other representative claiming through the indemnifying party. This Section 12 survives termination of this MOU.
- 13. Confidentiality.** Each Party agrees that all information submitted by Developer during the Term is submitted on the condition that the Agency and City shall keep said information confidential and not use such information or share such information for a future development of the Project if Palindrome Properties Group LLC or its assignee is not the developer. Agency and City agree not to disclose said confidential information provided by Developer, including, but not limited to, financial materials regarding Developer or the Project, and pro forma information; provided, however, that the restriction shall not apply to the extent any such information is publicly available (without City or Agency having disclosed it), has been disclosed by Developer, or is required to be disclosed under Oregon Public Record laws.
- 14. Governing Law.** This MOU shall be governed by the laws of the state of Oregon. This Section 14 survives termination of this MOU.
- 15. Time is of the Essence.** Time is of the essence of this MOU.
- 16. Amendments.** This MOU may be amended only by written agreement of the Parties.

**17. Notices.** All notices under this MOU must be in writing and either (a) personally delivered, (b) delivered by express mail, Federal Express, or comparable courier service, or (c) delivered by certified mail, postage prepaid, return receipt requested, as follows:

To the Agency: McMinnville Urban Renewal Agency  
Attn: City of McMinnville  
Community Development Director  
231 NE Fifth Street  
McMinnville, OR, 97128

To the City: City Manager  
City of McMinnville  
220 SE 2<sup>nd</sup> Street  
McMinnville, OR 97128

To Developer: Guardian Real Estate Services LLC.  
Ben Bortolazzo  
Vice President of Development  
320 NW 23rd Ave  
Portland, OR 97210

All notices shall be deemed effective upon receipt. Any Party may from time to time change its address for purposes of this Section by notice in writing to the other Parties.

IN WITNESS WHERE OF, the parties have caused this MOU to be duly executed as of the Execution Date.

**GUARDIAN REAL ESTATE SERVICES LLC**

By:   
Thomas Benneke, President

**HOUSING AUTHORITY OF YAMHILL COUNTY**

By:   
Vickie Ybarguen, Executive Director

**CITY OF MCMINNVILLE/MCMINNVILLE URBAN RENEWAL AGENCY:**

By:   
Adam Garvin  
Interim City Manager