



URBAN RENEWAL DISTRICT AGENCY BOARD

August 27, 2013

Council Chambers • 777 SW Deschutes Avenue

BOARD MEMBERS

George Endicott
Chair

Tory Allman
Board Member

Joe Centanni
Board Member

Camden King
Board Member

Ginny McPherson
Board Member

Ed Onimus
Board Member

Jay Patrick
Board Member

AUGUST 27, 2013	MEETING AGENDA	FOLLOWING P.M. COUNCIL MEETING
	I. CALL TO ORDER / ESTABLISH A QUORUM	
	II. MINUTES A. Minutes of May 28, 2013, Special Urban Renewal District Agency Board Meeting	Exhibit 1
	III. PRESENTATIONS A. Celebrating 100 Façade Improvement Projects in Downtown Redmond, Heather Richards	
	IV. ACTION ITEMS A. Property Assistance Program/Rehabilitation Loan Program Criteria B. Downtown Jumpstart Forgivable Loan Program	Exhibit 2 Exhibit 3
	V. OTHER BUSINESS	
	VI. ADJOURN	

Regular Council meetings are broadcast live on COTV11 – BendBroadband Channel 11 beginning at 7:00 p.m. on the 2nd and 4th Tuesdays of each month. Rebroadcasts are scheduled for the non-meeting Tuesdays at 7:00 p.m., and Sunday at 1:00 p.m.

Anyone needing accommodation to participate in the meeting must notify Mike Viegas, ADA Coordinator, at least 48 hours in advance of the meeting at 541-504-3032, or through the Telecommunications Relay Service (TRS) which enables people who have difficulty hearing or speaking in the telephone to communicate to standard voice telephone users. If anyone needs Telecommunications Device for the Deaf (TDD) or Speech To Speech (STS) assistance, please use one of the following TRS numbers: 1-800-735-2900 (voice or text), 1-877-735-7525 (STS English) or 1-800-735-3896 (STS Spanish). The City does not discriminate on the basis of disability status in the admission or access to, or treatment, or employment in, its programs or activities.

The City of Redmond does not discriminate on the basis of disability status in the admission or access to, or treatment, or employment in, its programs or activities

SPECIAL CITY OF REDMOND URBAN RENEWAL DISTRICT AGENCY BOARD MEETING WAS HELD MAY 28, 2013, IN THE CITY COUNCIL CHAMBERS.

BOARD MEMBERS PRESENT: Tory Allman – Joe Centanni – George Endicott – Camden King – Ginny McPherson – Ed Onimus – Jay Patrick

STAFF PRESENT: Interim City Manager Sharon Harris – City Attorney Steve Bryant – Airport Director Kim Dickie – Police Chief Dave Tarbet – Public Works Director Bill Duerden – City Recorder Kelly Morse – CIS Administrator Sheri Cleveland – Finance/Budget Manager Jason Neff

MEDIA PRESENT: None

Chair Endicott called the meeting to order at 8:44 p.m. and established a quorum.

MINUTES

A. Minutes of April 30, 2013, Special Urban Renewal District Agency Board Meeting (Exhibit 1)

King moved, seconded by Allman, to approve the minutes of April 30, 2013, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, King-yes, McPherson-yes, Onimus-yes, Patrick-yes)

PUBLIC HEARING

A. Adopting the Urban Renewal District Agency FY 2013/14 Budget (Exhibit 2)

- i. URD Res. #2013-01 – A resolution adopting the FY 2013/14 budget, establishing the tax increment authority and appropriating funds.**
- ii. URD Res. #2013-02 – A resolution to collect 100% of the division of tax and \$0.00 of special levy revenue to the Downtown Urban Renewal fund and categorizing the tax increment for taxes as provided for in the FY 2013/14 adopted budget.**

Finance/Budget Manager Jason Neff presented URD Res. #2013-01 and URD Res. #2013-02 which incorporates the proposed budget that was approved by the Budget Committee. Mr. Neff noted there were no additional changes since approved by the Budget Committee.

Endicott opened the public hearing. There being no public comments, Endicott closed the public hearing.

Allman moved, seconded by King, to adopt URD Res. #2013-01, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, King-yes, McPherson-yes, Onimus-yes, Patrick-yes)

King moved, seconded by Allman, to adopt URD Res. #2013-02, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, King-yes, McPherson-yes, Onimus-yes, Patrick-yes)

OTHER BUSINESS

In response to questions from Allman, Mr. Neff provided an update on the status of the research process for bonding.

There being no further business, the meeting was adjourned at 8:50 p.m.

Prepared by Kelly Morse, City Recorder

APPROVED by the Board and SIGNED by the Chair this 27th day of August, 2013.

George Endicott, Chair

ATTEST:

Kelly Morse, City Recorder



CITY OF REDMOND
Community Development Department
Redmond Urban Renewal Agency

716 SW Evergreen Avenue
Redmond, OR 97756
(541) 923-7721
Fax: (541) 548-0706
www.ci.redmond.or.us

STAFF REPORT

DATE: August 27, 2013
TO: Redmond Urban Renewal Agency Board Members
THROUGH: Keith Witcosky, City Manager
THROUGH: Heather Richards, Community Development Director
FROM: Jon Williams, Economic Development Project Manager
SUBJECT: Property Assistance Program/Rehabilitation Loan Program Criteria

Addresses Council Goals:

7. URBAN RENEWAL: Invest resources to encourage new business investment in designated blighted areas that will grow the job base and strengthen and diversify the tax base in that area.

B. Create a readily identifiable city center core that is vibrant with a mixture of offices, specialty shops, entertainment, housing and other commercial uses.

Report in Brief:

This agenda item considers a recommendation from the Downtown Urban Renewal Advisory Committee (DURAC) to modify the ***Downtown Redmond Urban Renewal Plan*** (the "Plan") Property Assistance Program: Rehabilitation Loan to increase the attractiveness and utilization of the program with minimal increased risk to the Redmond Urban Renewal Agency (Agency). Specifically, DURAC recommends increasing the maximum loan amount from the lesser of \$100,000 or 20%-35% of eligible costs to the lesser of \$100,000 or 50% of eligible costs. (Please see attached Property Rehabilitation Loan Program Description and Application Instructions).

Background:

The Plan authorizes \$3,350,000 for the Property Assistance Program. The program responds to the blighted condition of substandard buildings by supporting the "renovation, preservation, and rehabilitation of existing commercial properties in the downtown area."

Currently, the Property Assistance Program is used to fund four active programs:

1. The Façade Rehabilitation and Renovation Grant,
2. The Small Projects Improvement Grant,
3. The Pole Sign Removal and Replacement Program, and
4. The Rehabilitation Loan.

Each program is designed to provide assistance to property owners for capital improvements. The intent of the Rehabilitation Loan program is to address blight conditions related to poor visual appearance and building vacancy due to inadequate, degraded, or obsolete building systems to improve the appearance of the downtown to customers and potential businesses and contribute to the economic vitality of the downtown by encouraging the continued economic use of older buildings. Between May 2006 and October 2007, the Agency made rehabilitation loans to five projects totaling \$230,000. However since that time, there has been no further activity in the rehabilitation loan program. To encourage greater use, in April 2012, the Urban Renewal Board made several modifications to the program to increase utilization while ensuring projects supported the goals of the Urban Renewal Plan. The changes included expanding the eligible area from the Downtown Design Overlay District to the entire Downtown Urban Renewal District, narrowing the work eligible for the program to target hard construction costs, simplifying the interest rate structure, and increasing the maximum loan size from \$50,000 to \$100,000. In addition, for local historic landmarks, the maximum loan value was increased from 20% of project costs to 35% of project costs. Despite the changes, use of the Rehabilitation Loan program has not increased.

Discussion:

Partly this lack of activity is likely due to continued weakness in the economy and low levels of building permit activity citywide. However, the Oregon economy is beginning to show signs of growth, and locally property owners have begun to express an interest in the program if it funded a higher proportion of project costs. Because these loans would still be required to meet underwriting criteria, be secured by the property, and be repaid within 10 years, staff is confident the program will provide a sustainable and revolving source of financing for downtown rehabilitation projects and achieve the program goals of leveraging public dollars for private investment with minimal increased risk to the Agency. At their meeting on August 12, 2013, DURAC discussed the Rehabilitation Loan Program and voted to recommend the following changes to the Urban Renewal Board:

Terms:

Deleted language is ~~crossed out~~ and new language is in ***bold italics***.

- Maximum amount: ~~Lesser of 20% of project costs or \$50,000. Properties listed as local historic landmarks may be eligible for funding of 35% of eligible costs.~~ ***Lesser of 50% of eligible project costs or \$100,000.***
- Rate: Wall Street Journal Prime Rate at time of loan approval.
- Term: 10-year term.
- Security: Lien on property, adequate equity in property to cover loan value, and personal guaranty ***during construction***.
- Funding: Loan funded at time that required developer match has been paid and required developer funded work is in place.

Fiscal Impact:

There is no anticipated fiscal impact with this action as this program is an annual budgeted item in the Redmond Urban Renewal budget and the program is a revolving loan fund program.

Alternative Courses of Action:

1. Approve the recommended changes.
2. Request more information.
3. Do not approve the recommended changes.

Recommendation/Suggested Motion:

“I move to approve the recommended changes to the Downtown Urban Renewal District’s Property Rehabilitation Loan Program as presented.”

Respectfully submitted,

Jon Williams
Economic Development Project Manager



City of Redmond Urban Renewal Board

PROPERTY REHABILITATION LOAN PROGRAM DESCRIPTION AND APPLICATION INSTRUCTIONS

The Downtown Redmond Urban Renewal Plan authorizes a Property Rehabilitation Loan Program. The intent of the program is to address blight conditions related to poor visual appearance and building vacancy due to inadequate, degraded, or obsolete building systems. These actions will improve the appearance of the Downtown to customers and potential businesses and contribute to the economic vitality of the Downtown by encouraging the continued economic use of older buildings.

Eligible Projects:

The Project must address deficiencies in a commercial property within the boundaries of the Downtown Redmond Urban Renewal District. (See attached map.) Multifamily rental residential properties with four or more units are considered commercial for the purposes of this program.

In addition, the eligible projects must address one or more of the following:

- Poor appearance or visible deterioration that discourages investment in surrounding properties; or
- Building vacancy or utilization due to inadequate, degraded, or obsolete building systems.

All Projects are subject to review by the Agency which reserves the right to approve or deny projects based on its determination both of eligibility and as to whether funding a loan is in the best interest of the agency and in the public interest.

Eligible Work:

The program covers a wide variety of activities providing quality exterior improvements or rehabilitation intended to restore facades and exteriors and some types of interior work. The following list is not exhaustive, but covers the majority of types of projects that are eligible.

Examples of Eligible Work:

1. Replacement, repair or alteration of building exteriors (facades) or elements such as doors, windows, porches, balconies, etc.
2. Repair or replacement of awnings, cornices or decorative details.
3. Exterior painting and cleaning (major, not maintenance).
4. Masonry repair or cleaning.
5. Sign repair, replacement, installation or removal.
6. Environmental cleanup (e.g. asbestos removal).
7. Seismic retrofit.

8. Sidewalk repair and replacement.
9. The following interior work may be eligible only if done in conjunction with and as an integral part of an overall qualifying project:
 - a. General access to building and elevator repair to access upper floors.
 - b. ADA access projects including ADA restrooms.
 - c. Building system upgrades that increase marketability to tenants and provide energy efficiencies such as HVAC, plumbing, and electrical systems.
 - d. Life Safety systems such as sprinkler systems.
 - e. Major building code compliance.

Ineligible Work:

1. Inappropriate cleaning (i.e. washing, scrubbing, general maintenance, etc.).
2. Property maintenance.
3. Building interiors other than those specifically allowed above.
4. Building acquisition.
5. Refinancing of existing debt.
6. Inventory or other working capital.
7. Administrative costs or payments to borrower.
8. Third party fees such as but not limited to architectural fees, environmental studies, market studies, financing fees, and appraisals.
9. Fees paid to parties with an identify of interest with the applicant including but not limited to developer fees, and contractor overhead and profit paid to a contractor with an identity of interest with the applicant.
10. Any predevelopment costs.

Loan Terms:

- Maximum of amount: ~~Lesser of 20% of eligible project costs or \$100,000. Properties listed as local historic landmarks may be eligible for a loan of up to 35% of eligible costs up to \$100,000.~~ Lesser of 50% of eligible project costs or \$100,000.
- Interest rate: Wall Street Journal Prime Rate at time of loan approval. Interest will commence accruing upon initial draw.
- Term: 10-year term.
- Security: Lien on property, adequate equity in property secure loan, and personal guaranty during construction.
- Funding: Loan funded at time that required developer match has been made and required developer funded work is in place.

Conditions and Considerations:

1. All loans of \$50,000 or greater shall be approved by the Redmond Urban Renewal Board, following a recommendation to approve, approve with conditions, or deny by the Downtown Urban Renewal Advisory Committee (DURAC) Review Subcommittee.
2. Loans of less than \$50,000 will be reviewed administratively.

3. Whether approved administratively or by the Redmond Urban Renewal Board, loans shall be made at the discretion of Agency who shall be the final arbiter as to whether a project is eligible for funding and as to whether a loan is in the best interest of the Agency and the public.
4. Projects located in the Downtown Design Overlay District must be determined to meet the applicable Architectural Design Standards. (See attached map.)
5. The City's Finance Department will make the loans under this program. Loan decisions, underwriting standards, loan terms and collateral requirements will be entirely at the discretion of the City Finance Director and the City Attorney. The project must be feasible and have an acceptable prospect of repayment.
6. The City of Redmond will lien the property for the value of the loan. The City of Redmond 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 for the repayment of the funds. Also, the City Attorney and Finance Director may recommend denial of any loan based on the Title Report or the number of liens upon the property.
7. 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.
8. All projects shall comply with the City of Redmond Development and Building Code, including the historic preservation provisions if applicable.

Criteria for Loan Projects:

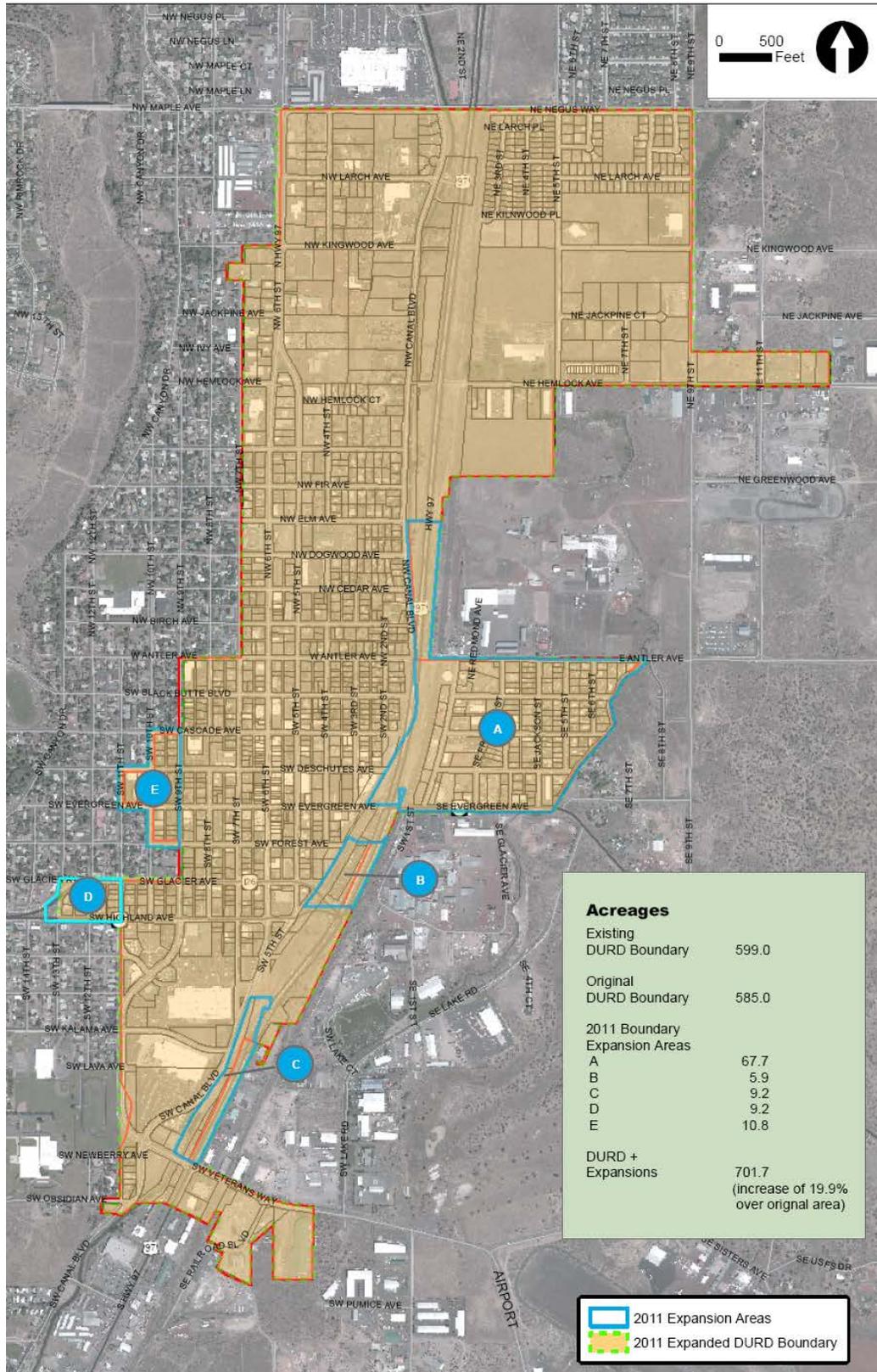
All applications shall demonstrate compliance with the Downtown Architectural Design Standards, if applicable, and the urban renewal decision making criteria below:

- Be in the public interest
- Minimum target ratio return to be 5.2 to 1 on investment in improvements.
- Encourage greater marketability of the District.
- Support the long term economic use of older buildings within the Downtown Urban Renewal District.

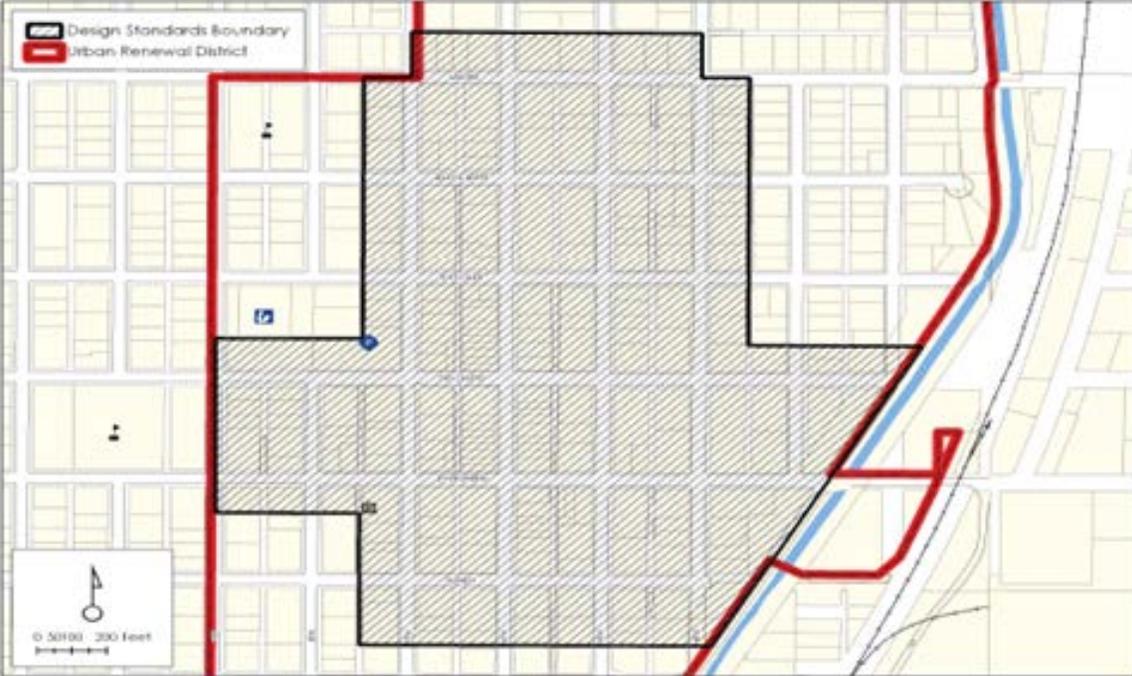
Application, Loan Approval, and Funding:

1. Applicants for the Property Rehabilitation Loan should fill out the Application Form and include all documentation listed as required for Underwriting Review.
2. If application is denied, the applicant may revise and resubmit for reconsideration.
3. Upon approval, applicant will be required to submit all final documentation required for Closing.
4. Upon satisfactory receipt of all Closing documents, the Agency will issue loan documents for signature by the applicant.
5. Loan will be funded in a single disbursement or on a draw basis at the determination of the Agency upon satisfactory demonstration that work satisfying the owner's match is in place and has been paid for.

DOWNTOWN REDMOND URBAN RENEWAL DISTRICT



DOWNTOWN DESIGN OVERLAY DISTRICT





**City of Redmond Urban Renewal Board
PROPERTY REHABILITATION LOAN 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. Building or Business to be rehabilitated

Name: _____

Address: _____

Tax Map / Lot Number: _____

3. Owner of Property (If not applicant)*

Name: _____

Address: _____

Phone: _____

***Loans will only be made directly to the property owner.**

6. If the project is located within the Downtown Design Overlay District, please describe how the project complies with the Downtown Architectural Design Standards:

7. Please provide the documentation listed on the attached Checklist for Underwriting Review. The Redmond Urban Renewal Agency will review the proposed redevelopment improvements and advise the applicant of the status or make recommended changes.

CERTIFICATION BY APPLICANT

The applicant certifies that all information provided in this application or provided in support of the 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:

Jon Williams, Economic Development Project Manager
City of Redmond - Community Development Department
716 SW Evergreen Avenue
Redmond, OR 97756

Checklist Items Required 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:

- **Loan Application**
- **Preliminary Title Report:** Documentation of ownership and existing liens.
- **Environmental Analysis:** Phase I ESA or Transaction Screen meeting current ASTM standards completed in past 180 days and reflecting current site conditions.
- **Construction Plans:** Copy of plans submitted for building department approval.
- **Three Construction Bids** for proposed work.
- **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.
- **Project timeline specifying target start and completion date.**
- **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.
- **Letter of approval from the Historical Landmarks Commission,** if applicable.

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 Required for Closing

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

- **Final Construction Drawings approved by Building Department**
- **Building permit**
- **Executed loan documents including: Loan Agreement, Promissory Note, and Deed of Trust**
- **Executed Personal guaranty to repay loan from Applicant.**
- **For Projects exceeding \$50,000 or loans exceeding \$10,000: 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.
- **Other documents as required by the specific nature of the project**

Funding

- The applicant shall submit invoices for work completed. The Urban Renewal Agency Staff will review the work for conformance with the application and, after satisfaction of the required owner's match, disperse the loan proceeds reflecting the Rehabilitation Loans proportionate share of total financing up to the approved loan amount.
- The first invoice shall be submitted to the City within 6 (six) months of the date of approval by the Downtown Urban Renewal Board (Board). If the first invoice is to be submitted after this date, the applicant shall request an extension from the Board.
- All invoices shall be submitted within 6 (six) months of the date of the first invoice submittal.



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STAFF REPORT

DATE: August 27, 2013
TO: Redmond Urban Renewal Agency Board Members
THROUGH: Keith Witcosky, City Manager
THROUGH: Heather Richards, Community Development Director
FROM: Jon Williams, Economic Development Project Manager
SUBJECT: Downtown Jumpstart Forgivable Loan Program

Addresses Council Goals:

7. URBAN RENEWAL: Invest resources to encourage new business investment in designated blighted areas that will grow the job base and strengthen and diversify the tax base in that area.
- B. Create a readily identifiable city center that is vibrant with a mixture of offices, specialty shops, entertainment, family amenities, housing and other commercial uses.

Report in Brief:

This agenda item considers a recommendation from the Downtown Urban Renewal Advisory Committee (DURAC) to issue a Request for Proposals (RFP) for a "Jumpstart Forgivable Loan" catalytic project in the Redmond Downtown Urban Renewal District. The funds for the forgivable loan are authorized in the Redevelopment Opportunity Fund of the **Downtown Redmond Urban Renewal Plan** (the "Plan"). DURAC's recommendation is to issue the RFP in September 2013 with a January 2014 deadline for respondents. Project(s) would be eligible for a forgivable loan of up to \$500,000 subject to an underwriting review by staff and final approval by the Redmond Urban Renewal Board. Please see attached Redmond Urban Renewal Agency Downtown Jumpstart Forgivable Loan Program Summary.

Background:

The Plan includes a Redevelopment Opportunity Fund which was established to "strategically take advantage of opportunities to stimulate redevelopment in the District." The Redmond Downtown Urban Renewal Strategy identifies six projects for potential funding through the program, and sets aside \$3MM for projects that have not yet been identified. In late 2011, DURAC and the Urban Renewal Board approved a Redevelopment Opportunity Revolving Loan program which allows developers to apply for low interest loans funded through the Redevelopment Opportunity Fund line item.

The Downtown Jumpstart Program would divert \$500,000 of the \$3,000,000 available through the Redevelopment Opportunity Revolving Loan program to fund a competitively awarded forgivable loan. The forgivable loan is intended to achieve either one of several projects pre-identified as Catalyst Projects in the Downtown Urban Renewal Strategy or a different private project that serves as a

significant activity for downtown by drawing new visitors, customers, and families to the downtown core, and establishes Downtown Redmond as a destination for dining, entertainment, and shopping.

The pedestrian oriented core of downtown Redmond has benefited from significant public investment including the construction of Centennial Park, the introduction of pedestrian amenities on 6th Street, and improvements to 5th Street. At the same time however, the area has faced competition from new big box retailers as well as challenges associated with multiple phases of reconstruction on 5th and 6th Streets. The Plan recognizes that additional anchor attractions are needed for the downtown core to reach its potential as a vibrant destination for family oriented shopping, dining, and entertainment. To achieve this goal, the Plan identifies several potential catalyst projects including a family entertainment center, a family recreation center, a performing arts facility, a hotel/conference center, and the redevelopment of the historic New Redmond Hotel. The proposed forgivable loan is intended to support any of these pre-identified projects or a project that generates similar results in attracting new visitors to the downtown core.

Discussion:

The proposed approach of the Jumpstart Forgivable Loan Program is to award one or more forgivable loan(s) to a project that satisfies the following goals of the Plan and criteria of the Redevelopment Opportunity Fund:

- Be located within the boundaries of the Downtown Overlay District.
- Consist of new construction or substantial rehabilitation. Substantial rehabilitation projects must involve replacing two or more major building systems such as (elevator, roof, electrical system, fire suppression, plumbing system, heating and ventilation systems etc.)
- Include primarily destination retail, dining, entertainment, or lodging. Projects with these components may include upper story residential uses. (Exclusively residential and industrial projects are ineligible.)
- Achieve a minimum of a 4:1 leverage ratio of private investment to public investment of urban renewal dollars. The results of the investment must advance the following objectives:
 - **Eliminate conditions of blight**—Address blighted conditions including underutilized land and/or deteriorated buildings and structures.
 - **Promote Redmond’s economic development**— Enhance the downtown core’s attractiveness as a place to live, work, or seek entertainment.
 - **Stimulate direct and indirect private investment**—Generate further private investment beyond that directly associated with the project (such as a major anchor retailer, employer, or entertainment venue expected to generate ancillary investment).
 - **Create jobs**— Projects that will bring new employers and employment opportunities to the community.
 - **Focus on families**—Projects that enhance Redmond’s attractiveness and create amenities for families.

A DURAC subcommittee would score responses based upon the following criteria:

- **Catalytic Impact of Concept — 10 points:** To earn full points, applications should demonstrate a likelihood of drawing substantial numbers of new visitors to downtown. Examples would include lodging, entertainment, destination dining (such as brew pubs with on premises brewing and entertainment), and destination retail with anchor credit tenants secured. Application should include market research or other data that supports concept's ability to draw new visitors.
- **Leverage — 5 points:** Applicants must commit to leveraging 4 dollars of private financing for each dollar of public financing. Proposals offering the highest ratio of private financing to public dollars will earn maximum points, with other proposals scored proportionately.
- **Financing — 5 points:** To earn full points, applicants should provide evidence of the ability to finance the project. Examples of evidence of financial capacity could include letters of commitment from lenders.
- **Team experience — 10 points:** To earn full points teams should demonstrate successful experience developing, and operating projects of a similar nature and scale.

The DURAC subcommittee would evaluate whether it believes any of the proposed projects meet the criteria for awarding funds. If no projects are deemed to satisfy the goals of the program, no award would be made. If satisfactory proposals are received, the highest scoring proposal would then be invited to provide information needed to fully vet the feasibility of the project and identify any risks or obstacles. Following this underwriting process Staff would present the proposed project for approval or rejection by the Urban Renewal Board. If approved, Staff would move forward with closing and funding of the forgivable loan. If the proposed project is rejected by the Urban Renewal Board or withdrawn during the underwriting process, the DURAC subcommittee and Staff would evaluate whether to recommend funding for the next highest ranked project. If funds remain after an award is made to the highest ranking project, the DURAC subcommittee would make a recommendation to the Urban Renewal Board as to whether to award remaining funds to one or more additional qualified projects.

The Jumpstart Forgivable Loan would be structured as an interest free loan forgivable based on achievement of construction completion and continued operation. Following completion and for four more years following completion, 20% of the original loan balance would be forgiven. In, any year during the forgiveness period, the project did not satisfy the forgiveness criteria, 20% of the original loan balance would become immediately due to the Urban Renewal Agency. Addition key terms are as follows:

- Funds may only be utilized for approved construction costs. Land acquisition, design, and permit costs are ineligible
- Pay-in of funds will be commensurate with construction progress unless otherwise negotiated.
- Agencies will lien the property for the value of the grant for a period of 5 years. During this period any unapproved transfer of ownership, change of operator, change of use, or closure for more than 120 days in any 365 day period, may trigger repayment provisions in the grant.
- Applicant must have minimum 15% equity in project.
- Personal guarantees will be required through construction and the commencement of operations.
- The maximum amount available through this program is \$500,000

Fiscal Impact:

The funds for this Jumpstart Forgivable Loan are authorized in the Redevelopment Opportunity Fund of the Redmond Downtown Urban Renewal Plan. Although it is not anticipated that this project would be funded in FY 13/14, if it were funds are available in the Downtown Urban Renewal Development Fund and would likely be reallocated from the Alternative Mobility Project to the Redevelopment Opportunity Fund. Currently there is \$750,000 allocated in the Alternative Mobility Project for the capital construction costs of the Pilot Butte Canal Trail. The City is still engineering several intersection crossings of this trail as well as obtaining easements, and it is not expected that the trail will be fully constructed in FY 13/14. Since the Downtown Urban Renewal Development Fund acts as a capital improvement project sub-fund, a supplemental budget would not be required to reallocate the funds amongst identified projects.

Alternative Courses of Action:

1. Approve the issuance of a Request for Proposals for a Jumpstart Forgivable Loan catalytic project.
2. Request more information.
3. Do not approve the issuance of a Request for Proposals for a Jumpstart Forgivable Loan catalytic project.

Recommendation/Suggested Motion:

"I move to approve the issuance of a Request for Proposals for a Jumpstart Forgivable Loan catalytic project in the Redmond Downtown Urban Renewal District."

Respectfully submitted,

Jon Williams
Economic Development Project Manager



REDMOND URBAN RENEWAL AGENCY DOWNTOWN JUMPSTART FORGIVABLE LOAN PROGRAM PROGRAM SUMMARY

Purpose:

Stimulate redevelopment in Redmond's pedestrian oriented downtown core by providing a source of gap financing for a new construction or substantial rehabilitation project that draws new visitors, customers, and families to the downtown core, and establishes Downtown Redmond as a destination for dining, entertainment, and shopping.

Projects Eligible for Consideration:

For consideration, projects must satisfy ALL of the following conditions:

- Be located within the boundaries of the Downtown Overlay District. (Please see attached map.)
- Consist of new construction or substantial rehabilitation. Substantial rehabilitation projects must involve replacing two or more major building systems such as (elevator, roof, electrical system, fire suppression, plumbing system, heating and ventilation systems etc.)
- Include primarily destination retail, dining, entertainment, or lodging. Projects with these components may include upper story residential uses. (Exclusively residential and industrial projects are ineligible.)
- Leverage *four* dollars of private investment for each dollar of urban renewal financing.
- Address two or more of the following urban renewal strategy goals:
 - **Eliminating conditions of blight**—Address blighted conditions including underutilized land and/or deteriorated buildings and structures.
 - **Promoting Redmond's economic development**— Enhance the downtown cores attractiveness as a place to live, work, or seek entertainment.
 - **Stimulating additional private investment**—Generate further private investment beyond that directly associated with the project (such as a major anchor retailer, employer, or entertainment venue expected to generate ancillary investment).
 - **Creating jobs**— Projects that will bring new employers to the community.
 - **Focusing on families**—Projects that enhance Redmond's attractiveness and amenity value for families.

Key Terms:

- This is a competitive program. At this time the Agency expects to fund only one project based on the outcome of a competitive review process, but reserves the right to fund more than one project.
- Forgivable Loan awards will be made through a two part process. After an initial award of the grant, the City will commence underwriting and negotiation of the final financing agreement. During underwriting the City reserves the right to cancel the award. If the award is cancelled, the City may at its discretion proceed to enter into negotiation with the next ranked project or decline

to proceed with any grant award. Only an executed Financing Agreement will constitute an enforceable financial commitment.

- Loan forgiveness will occur on the following schedule:
 - 20% of original balance at completion of improvements
 - 20% of original balance after one year of operation (must be operational for 200 days during 365 day period commencing with construction completion.)
 - 20% of original balance after second year of operation (must be operational for 250 days during 365 day period following first anniversary of completion.)
 - 20% of original balance after third year of operation (must be operational for 250 days during 365 day period following second anniversary of completion.)
 - 20% of original balance after fourth year of operation (must be operational for 250 days during 365 day period following second anniversary of completion.)
- In any year that the loan has an outstanding balance and the forgiveness criteria are not met, 20% of the original loan balance will become immediately due.
- Funds may only be utilized for approved construction costs. Land acquisition, design, and permit costs are ineligible, but can be included in overall project costs and necessary leverage.
- Pay-in of funds will be commensurate with construction progress unless otherwise negotiated.
- Agency will lien the property for the value of the grant for a period of 5 years. During this period any unapproved transfer of ownership, change of operator, change of use, or closure for more than 120 days in any 365 day period, may trigger repayment provisions in the grant.
- Applicant must have minimum 15% equity in project.
- Personal guarantees will be required through construction and the commencement of operations.
- The maximum amount available through this program is \$500,000.
- **Deadline for applications is December 1, 2013.**

Scoring:

Project will be scored on the following basis:

- **Catalytic Impact of Concept— 10 points:** To earn full points, applications should demonstrate a likelihood of drawing substantial numbers of new visitors to downtown. Examples would include lodging, entertainment, destination dining (such as brew pubs with on premises brewing and entertainment), and destination retail with anchor credit tenants secured. Application should include market research or other data that supports concept's ability to draw new visitors.
- **Leverage— 5 points:** To earn full points, applicants should commit to leveraging 4 dollars of private financing for each dollar of public financing.
- **Financing—5 points:** To earn full points, applicants should provide evidence of the ability to finance the project. Examples of evidence of financial capacity could include letters of commitment from lenders.
- **Team experience—10 points:** To earn full points teams should demonstrate successful experience developing, and operating projects of a similar nature and scale.

Ineligible Projects:

The following activities are expressly ineligible for grant funding.

- Minor maintenance or aesthetic improvement projects not associated with larger substantial rehabilitation/redevelopment work
- Tenant improvement projects not associated with larger rehabilitation/redevelopment work that otherwise would qualify the project.
- Projects with a primarily industrial or residential focus
- Land or building acquisition
- Pre-development costs such as architectural, environmental assessment, or preliminary engineering costs.

Conditions and Considerations:

1. Awards will be made through a competitive process. Projects that meet all specified criteria may nonetheless not be selected for financing.
2. Selection through the application process constitutes a *conditional* commitment on the part of the Agency. Projects awarded a grant remain subject to underwriting review **and** a determination that proceeding with the Project is in the best interest of the City and the Urban Renewal Agency. All grants of \$50,000 or greater are subject to approval by the Redmond Urban Renewal Board, following a recommendation to approve, approve with conditions, or deny by the Downtown Urban Renewal Advisory Committee (DURAC) Review Subcommittee. Only an executed Financing Agreement constitutes an enforceable financing commitment. The City reserves the right to cancel an Award at any time prior to execution of the Financing Agreement.
3. Underwriting standards, terms and collateral requirements will be entirely at the discretion of the City. The project must be feasible and be determined to be likely to achieve the goals represented in the grant application. The City of Redmond will lien the property for the value of the grant. The City will lien the property for the value of the grant for a period of 5 years. During this period any unapproved transfer of ownership, change of operator, change of use, or closure for more than 120 days in any 365 day period, may trigger repayment provisions in the grant.
4. All projects shall comply with the City of Redmond Development and Building Code, including the historic preservation provisions if applicable, and Downtown Design Overlay District standards.



**CITY OF REDMOND URBAN RENEWAL AGENCY
DOWNTOWN JUMPSTART
FOGIVEABLE LOAN PROGRAM
APPLICATION 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. 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: _____

5. **Supplemental Questions.** On separate sheets, please summarize respond to the following questions. Responses should be no more than one page, however, applicants can and are encouraged to provide additional supplemental materials such as preliminary market studies, maps. Supplemental materials will not count against the page limit. Any materials which the applicant desires to be kept confidential should be marked as such.

- a. **Development Program (if new construction)**—Please describe proposed development including square footage by proposed occupancy, proposed site improvements, other key project components. Please provide any preliminary plans or drawing.
- b. **Substantial Rehabilitation Program (if adaptive reuse)** Describe all major building systems to be rehabilitated or replaced and proposed occupancy and value of proposed work versus value of property including land. Please provide any preliminary plans or drawing.
- c. **Catalytic Impact.** All projects must support at least two of the following Urban Renewal Goals. Please check the boxes that apply to your project and explain below. Please provide any supplemental research or data that supports your findings. Examples could include documentation of a building’s blighted status, a market analysis indicating demand for a proposed use, etc.
 - Eliminating conditions of blight**— Projects that address blighted conditions including underutilized land and/or deteriorated buildings and structures.
 - Promoting Redmond’s economic development**— Projects that enhance the District’s attractiveness as a place to live, work, or seek entertainment.
 - Stimulating additional private investment**—Projects expected to generate further private investment beyond that directly associated with the project (such as a major anchor retailer, employer, or entertainment venue expected to generate ancillary investment).
 - Creating jobs**— Projects that will bring new employers to the community.
 - Focusing on families**— Qualifying projects should enhance Redmond’s attractiveness and amenity value for families.
- d. **Leverage.** Please attach a proposed sources and uses for your project. Please provide a breakdown that shows all major costs including site acquisition (if any), demolition and environmental remediation costs (if any), design and architectural fees, any proposed developer fees or other fees paid to the developer or related parties, and construction costs related to the site, the building shell, building interior, furniture and fixtures. Similarly please provide a summary of your proposed sources including bank financing, applicant equity, third party investors, and the Catalyst Project Grant. If available please provide letters of commitment, evidences of lines of credit or any other documentation of your expectation to be able to finance this

project. Please describe any construction cost estimates that have been prepared by third parties or any other experience or data used to prepare your estimates.

- e. **Site control.** Please describe the status of site control for the site. If the site is currently owned by the applicant please provide a copy of the current title. If an option agreement exists, please provide a copy of the option agreement.
- f. **Financing commitment.** Please describe any preliminary financing commitments you have already received.
- g. **Development Team Experience.** Please provide examples of previous relevant experience by the Developer and key team members. In particular, please provide examples developing and/or operating projects of a similar nature and or/scale.
- h. **Relocation. If existing tenants will be affected, describe plans to minimize impacts on tenants during construction.** Projects that permanently dislocate existing businesses or in place residents are not eligible for funding. All temporary relocation activities must be made in accordance with Oregon Revised Statutes 35.500 to 35.530 with relocation payments made in accordance with O.R.S 35.510. The Agency reserves the right to review all proposed relocation plans and to establish requirements for relocation activities that exceed the minimum requirements of the O.R.S.
- i. **Historic Resources-** Describe if building or property has any historic resource designations and what the plans are to comply with requirements associated with each historic designation.
- j. **Design Review Consistency—** Describe plans to ensure building meets requirements for the Downtown Design Overlay District.

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.

Applicant Signature: _____ Date: _____

Return Application To:

City of Redmond - Community Development Department
716 SW Evergreen
Redmond, OR 97756

EXHIBIT 2. DOWNTOWN DESIGN OVERLAY DISTRICT BOUNDARIES (Yellow Cross Hatch)

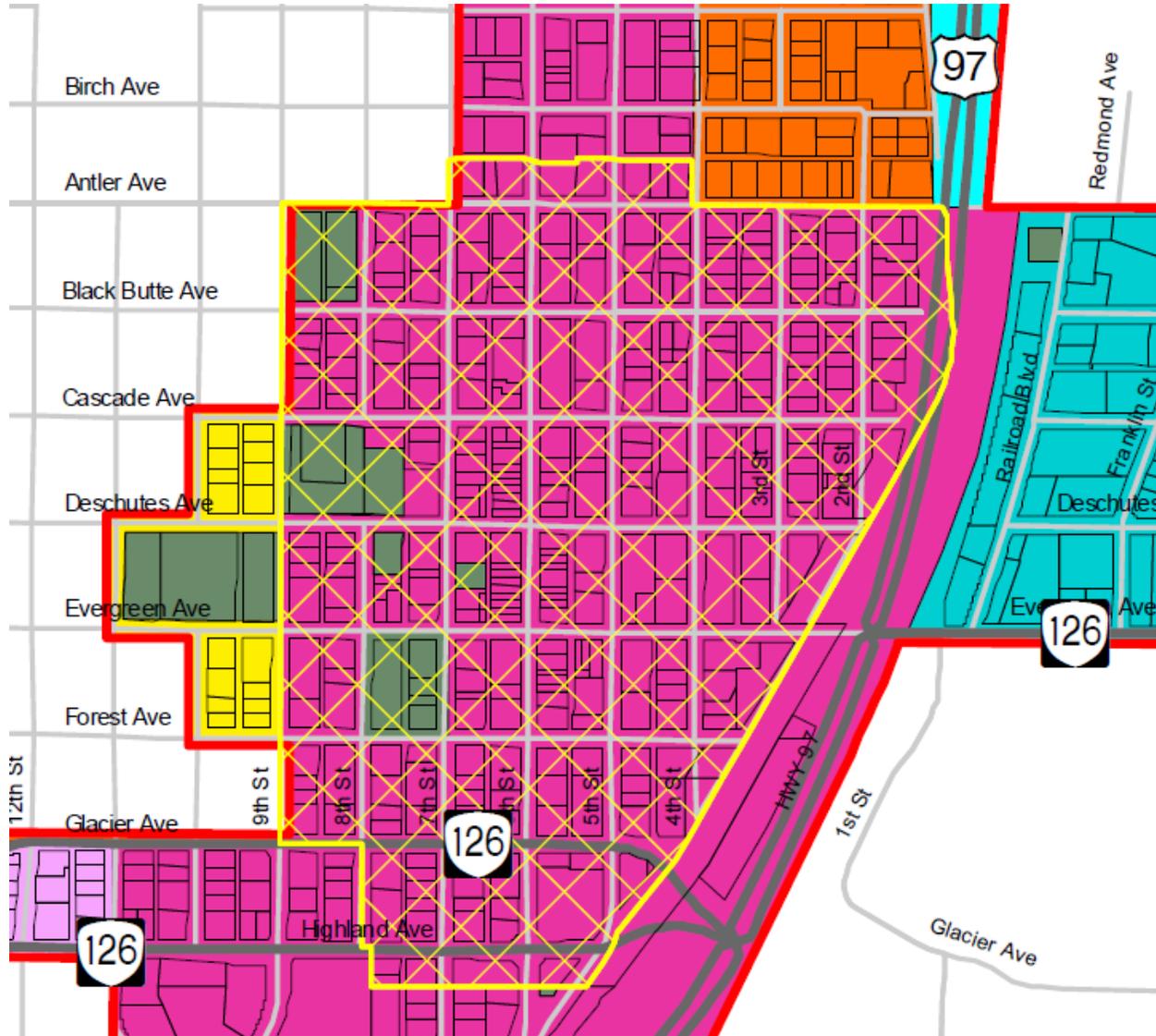


Exhibit 2. Items Required for Closing and Funding Awarded Grant

Checklist Items Required for Underwriting Approval

Underwriting Review:

Prior to executing a Grant Agreement, 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.
- **Evidence of site control.** Acceptable evidence could include a copy of the Title or a Purchase and Sale Agreement.
- **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 Background:** 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 Required 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 loan documents and financing agreements from all sources (including equity) consistent with financial projections (Drafts should be provided at least 4 week prior to desired closing date to allow for timely review.)**
- **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 and subcontractors have been paid.