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**Urban Renewal Agency Meeting Minutes**

**Monday, February 22, 2016  
7:45 p.m., Community Auditorium**

***Minutes are unofficial until approved by the Urban Renewal Agency.  
Urban Renewal Agency approved minutes as presented June 27, 2016.***

**1. CALLED TO ORDER AND ROLL CALL:**

Peter Truax, Urban Renewal Agency (URA) Director Chair, called the regular URA meeting to order at 8:07 p.m.

**ROLL CALL: URA DIRECTORS PRESENT:** Thomas Johnston, Vice-Chair; Richard Kidd; Victoria Lowe; Ronald Thompson; Malynda Wenzl; and Peter Truax, Chair.

**URA BOARD DIRECTOR ABSENT:** Elena Uhing, excused.

**STAFF PRESENT:** Jesse VanderZanden, Executive Director; Paul Elsner, URA Counsel; Paul Downey, Administrative Services Director; Jon Holan, Community Development Director; Dan Riordan, Senior Planner; George Cress, Light and Power Director (in the audience); Rob Foster, Public Works Director (in the audience); J. F. Schutz, Police Chief (in the audience); and Anna Ruggles, City Recorder.

**2. CITIZEN COMMUNICATIONS:** None.

**3. CONSENT AGENDA:**

- A. Approve Urban Renewal Agency Meeting Minutes of June 22, 2015
- B. Approve Urban Renewal Agency Meeting Minutes of August 10, 2015.

**MOTION: Director Kidd moved, seconded by Director Wenzl, to approve the Consent Agenda as presented. ABSENT: Director Uhing. MOTION CARRIED 6-0 by voice vote.**

**4. ADDITIONS/DELETIONS:**

VanderZanden added the following resolutions to the agenda (refer below):

- 1) 6. A. URA Resolution No.2016-02, Authorizing the Agency’s Executive Director to enter into a Disposition and Development Agreement (DDA) between Tokola Properties and Urban Renewal Agency (URA) of the City of Forest Grove for Mixed-Use Project, and
- 2) 6. B. URA Resolution No. 2016-03, Authorizing the Agency’s Executive Director to Complete Sale of Property from Urban Renewal Agency of the City of Forest Grove to Tokola Properties.

**5. PRESENTATIONS:**

**5. A. Financial Projections on Times Litho; Disposition and Development Agreement**

Downey presented an informational PowerPoint presentation outlining the proposed Disposition and Development Agreement (DDA) (Item 6. A. below) between the Urban Renewal Agency (URA) and Tokola Properties for Forest Grove Mixed-Use Project, located north of Pacific Avenue and west of A Street; File No. 311-15-00022-PLNG, noting the URA and Tokola Properties have reached an agreement on the major provisions of the DDA, including: 1) description of the mixed-use project; 2) value of the property to be sold; 3) obligations of all parties concerning responsibilities with respect to the project and the timing of those responsibilities; 4) Tokola financial obligation; and 5) URA financial participation for the project. Downey referenced his PowerPoint presentation outlining the major purposes of the DDA; map showing Phase I as the property to be sold to Tokola; major conditions for land sale to be completed; project timelines indicating Tokola has until July 1, 2017, to meet conditions for transfer of property or agreement will terminate subject to one 180-day extension at written request and Tokola has 24 months after closing of property sale to obtain required certificate of completion for the project; URA financial participation indicating Tokola has requested URA financial participation on the project to make the project financially feasible; City has hired ECONorthwest to do an independent third-party assessment of Tokola's pro-forma financial information; and slides showing operating forecast for apartments and retail, annual operating and cash flow forecast; and project summary valuation vs. costs, showing total project cost of \$15,525,536 and financial gap of \$1,842,624, with a remaining balance of \$1,555,124. Downey outlined the proposed strategy for the \$1,555,124 remaining in public participation, noting if the City waives building permits and plan review fees (\$72,563) and land write-down by URA (\$520,000), the total costs to be paid by the URA is \$962,561. Downey advised the URA and City currently have a \$1.1 million note for the URA to repay the City for the URA's purchase of the Times Litho site from the City, noting the URA does not have cash to meet the public participation obligation and would need to borrow the money, so staff is proposing the City loan the URA \$962,561 so the URA has funding to pay for the costs. Downey noted the combined loan would be interest only for the first two years and restructuring of the loan after 5-7 years to pay back the loan faster as URA property tax revenue increases. Downey referenced slides showing the estimated revenues and expenditures of the URA, including repayment of the loan, noting staff concludes that the URA has sufficient property tax revenues to pay for the payments for the debt incurred to the City to pay for the land and other Tokola project costs paid by the URA and the annual administrative costs of the URA. After the payment of the above-noted costs, over time there will be remaining property tax revenues available for other URA projects. In conclusion of the above-noted presentation, Downey advised staff is adding two resolutions to the agenda this

evening: 1) Authorizing the Executive Director to complete the DDA and execute final DDA as long as significant provisions of the DDA are not changed; and 2) Authorizing the Executive Director to complete the sale of the portion of the Times Litho Property described as Phase 1.

**5. B. Times Litho Site Redevelopment; Financial Feasibility Assessment**

Downey introduced ECONorthwest representative who gave an informational PowerPoint presentation outlining the assessment of Tokola's pro-forma; benefits of private-public partnerships; and key assumptions, noting Tokola's total project cost and assumptions are reasonable and the project requires public participation to be viable. In addition ECONorthwest displayed photographs showing other private-public tax increment financing (TIF) projects, including Astoria, Library Theater (\$9M, 22% TIF); Madras, Inn at Cross Keys (\$4.7M, 11% TIF); The Dalles, Commodore Building (\$5.3M, 9% TIF); Salem, Hollywood Station (\$20M, >50% TIF); and Salem, North Broadway (\$15M, 25-30% TIF), noting Tokola Properties' projected profit is in the low end of normal range and percent projected TIF participation (10%) is also on the low end of other similar projects.

**6. A. PUBLIC HEARING AND URA RESOLUTION NO. 2016-02 AUTHORIZING THE AGENCY'S EXECUTIVE DIRECTOR TO ENTER INTO A DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) BETWEEN TOKOLA PROPERTIES AND URBAN RENEWAL AGENCY (URA) OF THE CITY OF FOREST GROVE FOR MIXED-USE PROJECT**

**Staff Report:**

Downey and VanderZanden added the above-proposed resolution to the agenda authorizing the Executive Director to enter into a Disposition and Development Agreement (DDA) between the Urban Renewal Agency (URA) and Tokola Properties for the Forest Grove Mixed-Use Project on the portion of the Times Litho property owned by the URA. Downey reported the URA and Tokola Properties have reached agreement on the major provisions of the DDA, including: 1) description of the mixed-use project; 2) value of the property to be sold; 3) obligations of all parties concerning responsibilities with respect to the project and the timing of those responsibilities; 4) Tokola financial obligations; and 5) URA financial participation for the project. In conclusion of the above-noted staff report, Downey advised staff is recommending the URA adopt the proposed resolution authorizing the Executive Director to complete and execute the DDA on behalf of the URA subject to: 1) any substantive changes to the terms of the DDA will be brought back to the URA prior to execution; 2) significant duties of the parties to the DDA are not adjusted without approval of the URA; and 3) URA Counsel approves the final version of the DDA.

Before proceeding with Public Hearing and Board discussion, Director Chair Truax

asked for a motion to adopt URA Resolution No. 2016-02.

VanderZanden read URA Resolution No. 2016-02 by title.

**MOTION:** Director Kidd moved, seconded by Director Thompson, to adopt URA Resolution No. 2016-02 Authorizing the Agency's Executive Director to Enter into a Disposition and Development Agreement (DDA) between Tokola Properties and Urban Renewal Agency (URA) of the City of Forest Grove for Mixed-Use Project.

**Public Hearing Opened:**

Director Chair Truax opened the Public Hearing and explained hearing procedures.

**Testimony Heard:**

Al Young, Hillsboro, asked for a delay, noting he has concerns about the \$1.5 million (public participation) and remaining portion of the system development charges the City is proposing to pay.

Kathryn Harrington, Metro Councilor District 4, testified in support of the motions.

No one else testified and no written comments were received.

**Public Hearing Closed:**

Director Chair Truax closed the Public Hearing.

**Board of Directors Discussion:**

Elsner responded to various concerns, inquiries and scenarios the URA presented pertaining to the terms, obligations, risk factors of the DDA and gave examples of subordination, i.e., requesting a larger loan or additional loan and agreeing to be paid second, noting he does not see a substantiated risk to the City. Elsner added the City is not a party to the DDA; therefore, not part of the motion currently on the floor, noting if that was to happen, the agreement would have to come back to Council for formal approval as well as the URA. VanderZanden and Downey clarified the subordination concept is the URA's potential to pay the City back, noting the URA pays the City back through property taxes.

Lowe asked to TABLE Resolution No. 2016-02 as noted below.

**MOTION TO TABLE:** Director Lowe moved, seconded by Director Wenzl, to TABLE (Resolution No. 2016-02) for more information from Attorney and further negotiations by Executive Director and developer.

**ROLL CALL VOTE ON MOTION TO TABLE: AYES: Directors Lowe and Wenzl. NOES: Directors Vice Chair Johnston, Kidd, Thompson, and Director Chair Truax. ABSENT: Director Uhing. MOTION FAILED 2-4.**

Hearing no further discussion from the Board and question called, Director Chair Truax asked for a roll call vote on the above motion.

**ROLL CALL VOTE: AYES: Directors Vice Chair Johnston, Kidd, Thompson, Wenzl, and Director Chair Truax. NOES: Director Lowe. ABSENT: Director Uhing. MOTION CARRIED 5-1.**

**6. B. PUBLIC HEARING AND URA RESOLUTION NO. 2016-03 AUTHORIZING THE AGENCY'S EXECUTIVE DIRECTOR TO COMPLETE SALE OF PROPERTY FROM URBAN RENEWAL AGENCY OF THE CITY OF FOREST GROVE TO TOKOLA PROPERTIES**

**Staff Report:**

Downey and VanderZanden added the above-proposed resolution to the agenda authorizing the Executive Director to complete sale of property from the URA to Tokola Properties. Downey reported the sale of property is identified as Phase I on the site known as the Times Litho property to Tokola Properties for zero dollars as part of the URA financial assistance provided to Tokola Properties, noting the DDA has requirements that must be met before the property can be sold. In conclusion of the above-noted staff report, Downey advised staff is recommending the URA approve the proposed resolution authorizing the Executive Director to complete the sale of property to Tokola Properties subject to: 1) all requirements for the sale of the property required by the DDA be completed prior to execution of the property deed; and 2) URA Counsel concurs all requirements to complete the property sale have been completed and approves the final form of the deed.

Before proceeding with Public Hearing and Board discussion, Chair Truax asked for a motion to adopt URA Resolution No. 2016-03.

VanderZanden read URA Resolution No. 2016-03 by title.

**MOTION: Director Vice Chair Johnston moved, seconded by Director Kidd, to adopt URA Resolution No. 2016-03 Authorizing the Agency's Executive Director to Complete Sale of Property from Urban Renewal Agency of the City of Forest Grove to Tokola Properties.**

**Public Hearing Opened:**

Director Chair Truax opened the Public Hearing and explained hearing procedures.

**Testimony Heard:**

No one testified and no written comments were received.

**Public Hearing Closed:**

Director Chair Truax closed the Public Hearing.

**Board of Directors Discussion:**

Hearing no further discussion from the Board and question called, Director Chair Truax asked for a roll call vote on the above motion.

**ROLL CALL VOTE:** AYES: Directors Vice Chair Johnston, Kidd, Thompson, Wenzl, and Director Chair Truax. NOES: Director Lowe. ABSENT: Director Uhing. MOTION CARRIED 5-1.

6. **PUBLIC HEARING AND URA RESOLUTION NO. 2016-01 AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A DEVELOPMENT AGREEMENT BETWEEN TOKOLA PROPERTIES AND URBAN RENEWAL AGENCY (URA) FOR FOREST GROVE MIXED-USE PROJECT, LOCATED NORTH OF PACIFIC AVENUE AND WEST OF A STREET; FILE NO. 311-15-00022-PLNG**

**Staff Report:**

Riordan, Holan, Downey and VanderZanden presented the above-proposed resolution authorizing the Executive Director to enter into a Development Agreement (DA) between the URA and Tokola Properties to allow for development of Phase I, a four-story, mixed-use residential apartment and commercial development project comprised of 78-apartment units, including five live-work units, approximately 2,500 square feet of commercial space, 94 parking spaces, and a privately constructed/publicly accessible plaza area comprised of approximately 2,900 square feet on 1.53 acres located north of Pacific Avenue and west of A Street in downtown Forest Grove (former Times Litho property); Forest Grove Mixed-Use Project, File No. 311-15-00022-PLNG. Riordan provided background information, noting the City entered into an exclusive agreement with Tokola Properties in 2015 in order to refine the project concept based on the City's objectives for the property. Riordan reported the Council approved the land use application, including the DA on January 25, 2016, noting the URA must also approve the DA since the URA is party to the DA and the project will occur on URA owned land. Riordan added the DA would allow the redevelopment project to move forward and is necessary to accommodate project density and other necessary design features to achieve the City's redevelopment objectives for the property, because the Development Code affecting permissible development density is not in effect at this time. In conclusion of the above-noted staff report, Riordan advised staff is recommending the URA approve the DA attached as Exhibit 1.

Before proceeding with Public Hearing and Board discussion, Director Chair Truax asked for a motion to adopt URA Resolution No. 2016-01.

VanderZanden read URA Resolution No. 2016-01 by title.

**MOTION:** Director Kidd moved, seconded by Director Thompson, to adopt URA Resolution No. 2016-01 Authorizing the Executive Director to Enter into a Development Agreement between Tokola Properties and Urban Renewal Agency (URA) for Forest Grove Mixed-Use Project, located North of Pacific Avenue and West of A Street; File No. 311-15-00022-PLNG.

**Public Hearing Opened:**

Director Chair Truax opened the Public Hearing and explained hearing procedures.

**Testimony Heard:**

No one testified and no written comments were received.

**Public Hearing Closed:**

Director Chair Truax closed the Public Hearing.

**Board of Directors Discussion:**

Hearing no discussion from the Board and question called, Director Chair Truax asked for a roll call vote on the above motion.

**ROLL CALL VOTE:** AYES: Directors Vice Chair Johnston, Kidd, Thompson, Wenzl, and Director Chair Truax. NOES: Director Lowe. ABSENT: Director Uhing. MOTION CARRIED 5-1.

7. **ADJOURNMENT:**

Director Chair Truax adjourned the URA regular meeting at 9:17 p.m.

Respectfully submitted,



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Anna D. Ruggles, CMC, City Recorder