



## McMinnville Urban Renewal Agency Meeting Agenda

Tuesday, April 22, 2025

7:00 p.m.

(IMMEDIATELY FOLLOWING REGULAR CITY COUNCIL MEETING)

*Welcome! The public is strongly encouraged to participate remotely but there is seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself.*

*The public is strongly encouraged to relay concerns and comments to the Council in one of four ways:*

- *Attend in person and fill out a public comment card*
- *Email at any time up to **noon on Monday, April 21st** to [CityRecorderTeam@mcminnvilleoregon.gov](mailto:CityRecorderTeam@mcminnvilleoregon.gov)*
- *If appearing via telephone or ZOOM, please sign up prior by **noon on Monday, April 21st** by emailing the City Recorder at [CityRecorderTeam@mcminnvilleoregon.gov](mailto:CityRecorderTeam@mcminnvilleoregon.gov) as the chat function is not available when calling in Zoom; **You will need to provide the City Recorder with your First and Last name, Address, and contact information (email or phone) for a public comment card.***

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*You can live broadcast the City Council Meeting on cable channels Xfinity 11 and 331, Frontier 29 or webstream here:*

[mcm11.org/live](http://mcm11.org/live)

*Download the "Cablecast" app on iOS, Android, Roku, Apple TV or Amazon Firestick and watch McMinnville City Council on all your devices.*

### **URA MEETING:**

*You may join online via Zoom Webinar Meeting:*

<https://mcminnvilleoregon.zoom.us/j/85986957538?pwd=fqymBiuYFtMo4okf66OAwap3n2MUQb.1>

*Or you can call in and listen via Zoom: 1-253- 215- 8782*

*Webinar ID: 859 8695 7538*

1. CALL TO ORDER
2. CONSENT AGENDA
  - a. Consider the Draft Minutes of the February 25, 2025, Urban Renewal Agency Meeting.
3. RESOLUTION
  - a. Consider **Resolution No. 2025-02**: A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with Alpine Hospitality LLC for the Piquette Hotel project at 1066 NE Alpine Avenue.
  - b. Consider **Resolution No. 2025-03**: A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Memorandum of Understanding with Palindrome Properties Group LLC to negotiate the redevelopment of the property at 904 NE 10th Avenue and 836 NE Alpine Avenue (Tax Lots R4421BA 03800 and R4421BA 03850).
4. ADJOURNMENT

CITY OF McMinnville  
MINUTES OF MEETING  
of the McMinnville Urban Renewal Agency  
Held via Zoom Video Conference and at the Kent L. Taylor Civic Hall on Gormley Plaza  
McMinnville, Oregon

Tuesday, February 25, 2025, at 7:00 p.m.

Presiding: Sal Peralta, Council President

Recording Secretary: Claudia Cisneros

Councilors:	<u>Present</u>	<u>Absent</u>
	Jessica Payne	Kim Morris, Mayor
	Zack Geary	
	Chris Chenoweth (via Zoom)	
	Scott Cunningham	
	Dan Tucholsky	

Also present were City Manager Jeff Towery, City Recorder Claudia Cisneros, City Attorney David Ligtenberg, , Parks and Recreation Director Susan Muir, Finance Director Katie Henry, Community Development Director Heather Richards, City Engineer James Lofton, Recreation Sports Manager Steve Ganzer, Community Center Manager Katie Noyd, Senior Center Manager Erin Guinn, Aquatic Center Manager Rob Portor, Public Works Operations Superintendent David Renshaw, Human Resources Director Vicki Hedges (via zoom), Communications Director Noelle Amaya (via zoom), Parks Maintenance Supervisor Liz Fliszar (via zoom) and *members of the News Media – Kyle Dauterman McMinnville Community Media, and Scott Unger News-Register (via Zoom).*

1. CALL TO ORDER: Council President Peralta called the meeting to order at 7:54 p.m.

2. RESOLUTIONS:

- a. Consider **Resolution No. 2025-01**: A Resolution of the McMinnville Urban Renewal Board approving the Annual Financial Report for the McMinnville Urban Renewal Agency for Fiscal Year Ended June 30th, 2024, per Oregon Revised Statute 457.460

Community Development Director Heather Richards presented the topic and a PowerPoint presentation.

*Councilor Tucholsky MOVED to adopt Resolution No. 2025-01 A Resolution of the McMinnville Urban Renewal Board approving the Annual Financial Report for the McMinnville Urban Renewal Agency for Fiscal Year Ended June 30th, 2024, per Oregon Revised Statute 457.460 Seconded by Councilor Cunningham. Motion PASSED unanimously 6-0.*

*AYE: Cunningham, Tucholsky, Chenoweth, Payne, Geary, Peralta*

*NAY: NONE*

*Motion **PASSED** unanimously.*

3. ADJOURNMENT: Council President Peralta adjourned the Urban Renewal Agency Meeting at 8:13 p.m.

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Daniel Ruiz, Deputy City Recorder

DRAFT

## STAFF REPORT

**DATE:** April 22, 2025  
**TO:** McMinnville Urban Renewal Board  
**FROM:** Heather Richards, Community Development Director  
**SUBJECT:** URA Resolution No. 2025-02, Approving a \$100,000 Forgivable Loan to the Piquette Hotel Project at 1066 NE Alpine Avenue

### STRATEGIC PRIORITY & GOAL:



#### **GROWTH & DEVELOPMENT CHARACTER**

Guide growth & development strategically, responsively & responsibly to enhance our unique character.

**OBJECTIVE/S:** Strategically plan for short and long-term growth and development that will create enduring value for the community

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### **Report in Brief:**

This is an action to consider Resolution No. 2025 – 02, a resolution authorizing the City Manager or designee to enter into a development agreement with Alpine Hospitality LLC for a five-year forgivable loan of \$100,000 for the Piquette Hotel project in the NE Gateway District.

The Development Agreement will consist of an Agreement describing terms of the forgivable loan, as well as a Trust Deed and Promissory Note.

### **Background:**

On January 24, 2017, the McMinnville Urban Renewal Board approved Resolution 2017-03, authorizing the McMinnville Urban Renewal Advisory Committee (MURAC) to implement a Development Loan/Grant program to encourage new construction, tax base and job creation in the McMinnville Urban Renewal District as part of the Development Assistance Program described in the adopted McMinnville Urban Renewal Plan.

*Development Loan/Grant Program: Up to 20% of the overall project costs and not to exceed \$100,000, that can be independently negotiated with each project and is discretionary relative to whether or not it is a loan or grant depending upon the amount of value that the project brings to the district, both in terms of taxable improvement and jobs, as well as community value. All development loans and grants over \$5000 must be approved by the Agency after review and recommendation by*

*the McMinnville Urban Renewal Advisory Committee. All development loans and grants must be accompanied by a development agreement.*

The purpose of the Development Loan and Grant program is to provide an ongoing source of gap financing for new construction or substantial rehabilitation projects that provide an immediate increase in assessed value and support additional goals in the McMinnville Urban Renewal Plan which are outlined below.

Qualifying projects must satisfy ALL of the following conditions, which this project does:

- ✓ Be located within the boundaries of the McMinnville Urban Renewal District.
- ✓ Be new construction or substantial rehabilitation projects that increase assessed value and create jobs.
- ✓ Comply with all federal, state and city codes.
- ✓ Leverage at least four dollars of private investment for each dollar of urban renewal financing. (Leverage will be 55 dollars of private investment for 1 dollar of urban renewal financing.)
- ✓ Address two or more of the following urban renewal strategy goals:
  - ✓ **ECONOMY: Encourage the economic growth of the Area as the commercial, cultural, civic, and craft industry center for McMinnville.**
  - ✓ **ENCOURAGE A UNIQUE DISTRICT IDENTITY:** One intent of the Plan is to enhance the physical appearance of the district, create a pedestrian environment that encourages the development and redevelopment of active uses such as shopping and entertainment, and support commercial, civic, and craft industrial business activity.
    - **DOWNTOWN COMMERCIAL CORE**  
The downtown commercial core should be a regional destination as well as the commercial center for the citizens of McMinnville. Its identity should enhance and preserve the qualities of the downtown, including its historic heritage, that make it an economically healthy, attractive, and unique environment for people to live, work, shop, and socialize.
    - **NORTHEAST GATEWAY**  
The Northeast Gateway area should be a unique destination that reflects the authenticity of historic and current uses within the area – a place where things are crafted, experienced, and enjoyed, and a place where you can live, work, and play.
  - **HOUSING:** Promote development of affordable, quality housing in the Area. Promote a residential development pattern that is land intensive and energy efficient, provides for an urban level of public and private services, and allows unique and innovative development techniques to be employed in residential designs.
  - **HISTORIC PRESERVATION: Enhance sites and structures of historical, cultural and/or architectural significance.**

- ✓ **DEVELOPMENT AND REDEVELOPMENT:** Pursue development and redevelopment opportunities that will add economic, civic, craft industry, and cultural opportunities for the citizens of McMinnville, economically strengthen the Area, and attract visitors to the Area.

### **Discussion:**

The Alpine Hospitality LLC submitted a Development Loan/Grant application on February 3, 2025.

Staff and a MURAC subcommittee reviewed their application and the following submittals:

- MURA Loan and Grant Application dated February 3, 2025.
- Market Study
- Contractor Pre-Construction Agreement
- Contractor Estimate
- Contractor Portfolio (R & H Construction)
- Permit Pricing Narrative
- Project Pro Forma dated February 17, 2025
- Financing Letter from First Federal



*Proposed Piquette Hotel, a 17 room boutique hotel at 1066 NE Alpine Avenue*

**Budgeted Project Costs:**

Property acquisition: includes 1078 and 1066 NE Alpine Ave	\$ 760,000
Demolition (if any):	\$ 0
Environmental Remediation (if any):	\$ 0
Hard Construction Costs:	\$ 4,008,016
Third Party Consultant Fees:	\$ 484,346
Fees Paid to Any Related Party*:	\$
Financing Fees (application fees, origination fees):	\$
Construction Period Interest and Carrying Costs:	\$ \$ 110,741
Other (please specify): Marketing, Branding, Web	\$ 129,000
Other (please specify): City Fees, SDCs, Lot Line, Utility	\$ 172,117
Other (please specify): FFE, inventory, décor, etc	\$ \$ 424,600
<b>TOTAL PROJECT COSTS:</b>	<b>\$ 6,190,356</b>

**Proposed Sources:**

Existing land or building value (if property owned by applicant):	\$ 860,000
Other owner equity (should be 10% of project costs minimum):	\$ 969,000
Tax credit equity (i.e. New Market, Historic, or Low Income Housing Tax Credits):	\$
Conventional Loans: includes the 110k interest as reserve	\$ 4,262,000
Subsidized Loans:	\$
Redevelopment Opportunity Fund Loans: MURAC loan as a source	\$ 100,000
Other sources (please specify):	\$
Other sources (please specify):	\$
Other sources (please specify):	\$
<b>TOTAL PROJECT COSTS:</b>	<b>\$ 6,191,000</b>

The sub-committee also reviewed previous MURA loan and grant agreements for other projects in the district, and concluded that this project was similar to the Atticus Hotel project in 2017, electing to recommend a similar package of a five year forgivable loan to MURAC for consideration. Please see below.



### Previous Agreements for Property Assistance:

Project	Terms	Construction Costs	Notes
Atticus Hotel	\$100,000 Grant in the form of a Five Year Forgivable Loan	\$8,300,000 New Construction	Agency paid City SDC fees over five years, \$20,000 per year.
Boutique Retreat	\$25,000 Grant	\$1,000,000 New Construction. \$200,000 Public Improvements	Grant to help offset public improvement costs associated with the construction of ½ of 9 <sup>th</sup> Avenue required by the project.
Granary Row	\$71,000 Loan 10 Year Payback	\$565,000 New Construction	20% reduction on the remainder of the loan at payoff if paid off within five years.
MAC Market	FIG \$5,000 Grant \$90,000 Loan 10 Year Payback	\$1,700,000 Rehabilitation	Interest = 1.45%  20% reduction on the remainder of the loan at payoff if paid off within five years.  First two years interest only payments, semi-annually.
Pebble Dentistry	\$25,000 Grant	\$1,200,000 New Construction \$200,000 Public Improvements	Grant to help offset public improvement costs associated with the construction of ½ of 9 <sup>th</sup> Avenue required by the project.
The Bindery	\$41,000 Loan	\$225,000 Rehabilitation	Interest = 2.35%  10% reduction on the remainder of the loan at payoff if paid off within five years.  First two years interest only payments, semi-annually.

MURAC reviewed the Piquette hotel subcommittee recommendation at their meeting on April 2, 2025. At the meeting they discussed the benefits of the project – new construction, job creation, economic multiplier, increased tax base, activity generator in the urban renewal area, etc. After discussion, MURAC members concluded that the scale of the project and the projected benefits of the project for the McMinnville Urban Renewal Area and the community at-large, as well as the achievement of the goals outlined in the McMinnville Urban Renewal Plan, warranted the \$100,000 forgivable loan similar to the loan provided to the Atticus Hotel in 2017. However, MURAC members wanted to ensure that the funds were protected and achieved the impact that the Urban Renewal Agency needed in the urban renewal area, ie successful construction of the project for tax base and operation of the project as a luxury boutique hotel for the sustained job creation and annual economic multiplier, thus MURAC is recommending a five-year forgivable loan based on 20% of the loan being forgiven each year if agreed upon performance metrics are met, such as construction in a timely manner, and continued successful operation as a hotel. If for some reason the performance metrics are not achieved, the loan would have to be repaid to the Agency.

Additionally, since the Urban Renewal Area is not a mature urban renewal area and the annual tax increment is not as substantial as a mature urban renewal area, MURAC is recommending that the Agency disburse the loan in five installments over five years as annual payments to the City of McMinnville for \$100,000 of the system development charges (SDCs), construction excise tax and permitting fees (herein after referred to as permit fees) attributed to the project. In this way the Agency can protect its cash flow in order to be able to fund other projects during the same time period.



Per Section 3.10.050 (C and D) of the McMinnville City Code, the City of McMinnville can enter into payment plans with other entities to pay SDCs. Additionally the payment plan can include deferred payments, Section 3.10.050 (E).

Thus the McMinnville Urban Renewal Agency may enter into a payment plan with the City of McMinnville to pay \$100,000 of the Alpine Hospitality LLC permit fees. This payment plan would need to be approved by the City Manager.

MURAC is recommending the Agency enter into a loan agreement with Alpine Hospitality LLC for a \$100,000 Five-Year Forgivable Loan. This loan will be disbursed to Alpine Hospitality LLC in a \$100,000 credit to the Piquette Hotel permit fees that will be paid by the Agency to the City of McMinnville as part of an approved payment plan per the McMinnville City Code. To protect the cash flow of the McMinnville Urban Renewal Agency, MURAC is recommending that the Agency enter into a payment plan with the City of McMinnville to pay the \$100,000 in permit fees for the Piquette Hotel over a five-year period beginning with the first payment at the time the certificate of occupancy is issued. Per an Intergovernmental Agreement between the Agency and the City of McMinnville dated April 4, 2015 ), the Agency will enter into a payment plan with the City of McMinnville that accrues interest based on the rate the City would receive if those funds were invested with the Local Government Investment Pool plus 1 %. This rate will be determined at the time that the payment plan is approved and signed and will be locked at that rate for the life of the payment plan. The same interest rate will apply to the Development Agreement between the Agency and Alpine Hospitality LLC for the five-year forgivable loan.

Other contingency measures that are recommended by MURAC are that the entire loan and interest be repaid to the McMinnville Urban Renewal Agency if the building sells within the five years of the Development Agreement, and that one of the members of the Alpine Hospitality LLC needs to provide a personal guarantee for the loan principal and interest if the project fails and the loan needs to be repaid.

The Agency is able to enter into a forgivable loan as the approved development loan and grant application states that the terms of the agreement are entirely at the discretion of the Agency.

Summary of terms is outlined below:

- Loan - Five Year Forgivable Loan for \$100,000 plus interest to Alpine Hospitality LLC for the Piquette Hotel Project. Interest to be based on the Local Government Investment Pool plus 1%. This rate to be determined at the time that the Development Agreement is signed and will be locked at that rate for the life of the loan.
- Forgiveness Terms - \$20,000 plus interest to be forgiven each year depending upon construction progress and hotel operations.
- Loan Payback – Alpine Hospitality LLC will be required to pay-back the remainder of the loan if deemed non-performing. Performance will be defined with the loan agreement, but will be focused on successful construction of the project in a timely manner and successful operation of the hotel for the life of the loan.
- Recording - Loan will be recorded on the deed of the property in a subordinated position to the bank loan.

- Personal Guarantee – One of the members of the LLC will provide a personal guarantee for \$100,000 for the life of the forgivable loan.
- Payback Provision - Pay in full if the building is sold in five years,

*Basis for the Recommendation:*

- Meets the objectives of the McMinnville Urban Renewal Plan
- \$5.5 MM investment in new construction and tax base
- Catalytic project for the NE Gateway District Area
- \$5.3 million construction investment
- Request is only 1.8% of total hard construction costs
- Request is only 1.6% of total project costs

**Attachments:**

Resolution No. 2025-02

**Fiscal Impact:**

This will be a \$100,000 forgivable loan from the McMinnville Downtown Urban Renewal District property assistance program that will be disbursed over five years.

City staff have reviewed the fiscal impact of this recommendation on the current cash flow of the Urban Renewal Agency and the forecasted cash flow of the Urban Renewal Agency and is supportive of the recommendation.

City staff also reviewed the impact of deferred SDC payments to the Transportation and Wastewater Funds and are supportive of the recommendation.

**McMinnville Urban Renewal Board Options:**

1. Approve the Resolution.
2. Modify the terms and approve the Resolution as modified.
3. Request more information.
4. Deny the recommendation of the McMinnville Urban Renewal Advisory Committee

**Recommendation:**

"I move to approve Resolution No. 2025 – 02, authorizing the McMinnville City Manager to enter into a Development Agreement with Piquette Hotel Project per the terms and structure outlined in the resolution and this staff report."

## RESOLUTION NO. 2025 – 02

A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Development Agreement with Alpine Hospitality LLC for the Piquette Hotel project at 1066 NE Alpine Avenue.

### **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 Third Street Streetscape Plan, and other planning documents, to help stimulate the economy, create a unique identity and sense of place, and to support local downtown businesses and 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 identity 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**, In order to achieve these goals, the Agency developed a Property Assistance Program to encourage new construction and significant redevelopment projects in the Area per Resolution No. 2017-03; and

**Whereas**, As part of the Property Assistance Program, the McMinnville Urban Renewal Board authorized the development of a Development Loan and Grant program that achieves per Resolution No. 2017.03; and

**Whereas**, Alpine Hospitality LLC applied for \$100,000 from this Development Loan and Grant program to help build a new 17-room boutique hotel on Alpine Avenue in the NE Gateway District, with total project costs of approximately \$6,200,000. The request for \$100,000 is approximately 1.8% of the total hard construction costs of the project; and

**Whereas**, the McMinnville Urban Renewal Agency has budgeted for this effort as part of the "Planning and Development Assistance Program" identified in the McMinnville Urban Renewal Plan; and

**Whereas**, the McMinnville Urban Renewal Advisory Committee reviewed the application and voted to recommend to the McMinnville Urban Renewal Board a five-year forgivable loan of \$100,000 at their meeting on April 2, 2025.

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

1. That the investment of \$100,000 plus interest (Local Government Investment Pool plus 1%) is approved for the Alpine Hospitality LLC Piquette Hotel project. The

interest rate to be determined at the time that the Development Agreement is signed and will be locked at that rate for the life of the loan.

2. That the investment will be in the form of a Five-Year Forgivable Loan depending upon meeting specific milestones of construction and hotel operations for each qualifying year, and that the loan will be forgiven in an equal number of installments of each year. Performance will be defined within the Development Agreement but will be focused on successful construction of the project in a timely manner and successful operation of the hotel for the life of the loan.
3. That the Agency will secure a personal guarantee from one of the members of the Alpine Hospitality LLC to pay back the loan if the project is deemed non-performing.
4. That the loan will be recorded on the deed of the property.
5. That the loan plus interest will be paid back to the Agency in full if the building is sold within five years of the disbursement of the loan.
6. That the Agency will disburse the loan through an intergovernmental agreement with the City of McMinnville in installments of \$20,000 plus interest determined by the Local Government Investment Pool rate plus 1% over a period of five years, with the first payment due prior to the certificate of occupancy being issued in FY 2025/2026. The interest rate to be determined at the time that the Development Agreement is signed and will be locked at that rate for the life of the loan. Future annual payments will be disbursed on July 1 of each fiscal year – 2026/27, 2027/28, 2028/29 and 2029/30, with the adoption of the City of McMinnville and the McMinnville Urban Renewal Agency budget.
7. The McMinnville City Manager or designee is authorized to execute a Development Agreement and such other documents as are necessary to carry out this decision.
8. This Resolution will take effect immediately upon passage.

Adopted by the Board Members of the McMinnville Urban Renewal Agency at a regular meeting held the 22<sup>nd</sup> day of April, 2025 by the following votes:

Ayes: \_\_\_\_\_

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

Approved this 22<sup>nd</sup> day of April, 2025.

\_\_\_\_\_  
MAYOR

Approved as to form:

Attest:

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

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

# STAFF REPORT

**DATE:** April 22, 2025  
**TO:** McMinnville Urban Renewal Board  
**FROM:** Heather Richards, Community Development Director  
**SUBJECT:** URA Resolution No. 2025-03: Authorizing the City Manager to enter into a Memorandum of Understanding with Palindrome Properties Group LLC to negotiate a Development Agreement for the redevelopment of the properties at 904 NE 10<sup>th</sup> Avenue and 836 NE Alpine Avenue

## STRATEGIC PRIORITY & GOAL:



### ECONOMIC PROSPERITY

Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors.



### HOUSING OPPORTUNITIES (ACROSS THE INCOME SPECTRUM)

Create diverse housing opportunities that support great neighborhoods.

## Report in Brief:

This is an action to consider Resolution No. 2025-03, a resolution authorizing the City manager or designee to enter into a Memorandum of Understanding (MOU) with Palindrome Properties Group LLC (Palindrome) to negotiate a Development Agreement for the redevelopment of the properties at 904 NE 10<sup>th</sup> Avenue and 836 NE Alpine Avenue (Tax Lots R4421BA 03800 and R4421BA 03850) into a mixed-use residential/commercial development on behalf of the McMinnville Urban Renewal Agency (Agency) utilizing Palindrome's proposal received on February 14, 2025, as a framework for the negotiations.

The MOU should establish the structure for future cooperation and negotiation of a Development Agreement for the redevelopment of the property that will promote the goals of both the Agency and Palindrome.

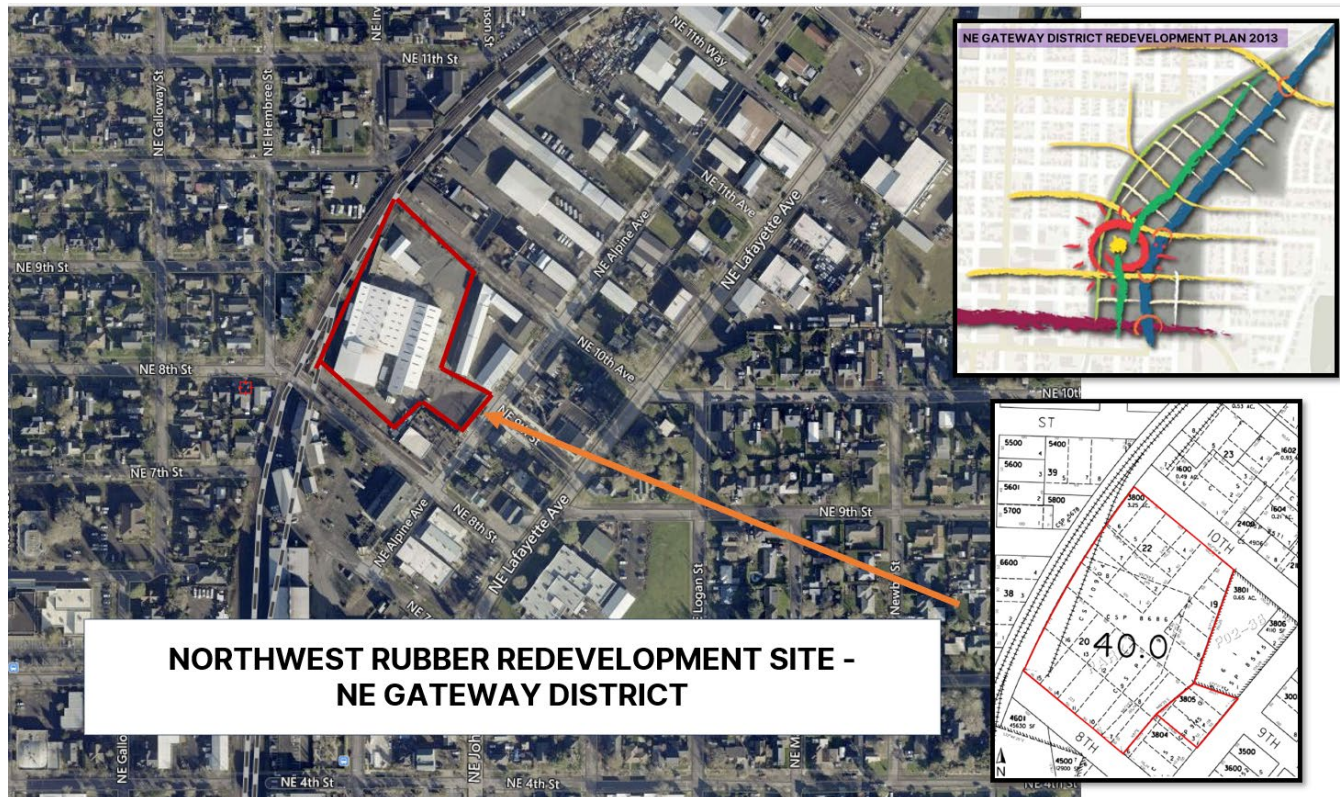
The resulting Development Agreement will then be brought back to the Urban Renewal Board for final decision-making and action.

This is a recommendation of the McMinnville Urban Renewal Advisory Committee (MURAC) after an eight-month competitive procurement process for a development team to redevelop these properties as a catalytic project for the NE Gateway District, both providing significant tax base, needed housing, needed commercial entrepreneurial space, jobs on the subject site as well as significantly stimulating additional investment, redevelopment, tax base and jobs in the NE Gateway District off site.

This site was identified as an opportunity site in the NE Gateway District Plan critical to the revitalization of this area of McMinnville.

## Background:

The City purchased the property on October 23, 2023, (after entering into an agreement with the Agency to have the Agency pay the City back for the purchase). The Agency then issued a two-phase Request for Qualifications (RFQ) on July 19, 2024. A selection subcommittee (a committee was formed comprised of the City's Mayor, the City Manager, the Community Development Director, the Communications and Engagement Director, and representatives from the McMinnville Urban Renewal Advisory Committee) reviewed the 8 proposals received as part of Phase 1 of the solicitation process, narrowing the field to three proposals, and selecting a final development team for recommendation to the McMinnville Urban Renewal Advisory Committee on March 21, 2025.



The McMinnville Urban Renewal Advisory Committee reviewed the subcommittee's recommendation on April 2, 2025, and voted to make a recommendation to the McMinnville Urban Renewal Board to authorize the City Manager to sign a Memorandum of Understanding (MOU) indicating the Urban Renewal Agency's intent to negotiate a development agreement with Palindrome Properties Group, LLC for the development of the NW Rubber Site, .

For more information about the selection process, please reference the meeting packet for the Urban Renewal Agency work session on April 22, 2025.

### **Discussion:**

The selection subcommittee unanimously scored Palindrome as the top proposal for the following reasons and presented their recommendation to MURAC on April 2, 2025:

- The project concept best meets required and optional elements identified in the RFQ.



- The project concept is most responsive to the key objectives of the RFQ
- The project concept yields the highest financial return for the District, the City, the community and overlapping taxing districts in the long-term.
- The team's commitment to community engagement and reducing barriers for the community to participate in the design refinement of the project.

Palindrome's proposal consists of: 188 residential units (123 Affordable Housing, and 65 Market Rate Housing), 51 Key Boutique Hotel and Market Hall, and approximately 7,000 sf of commercial micro retail and office space.

This meets the goals and objectives of the City:

Housing Serving a Variety of Household Incomes

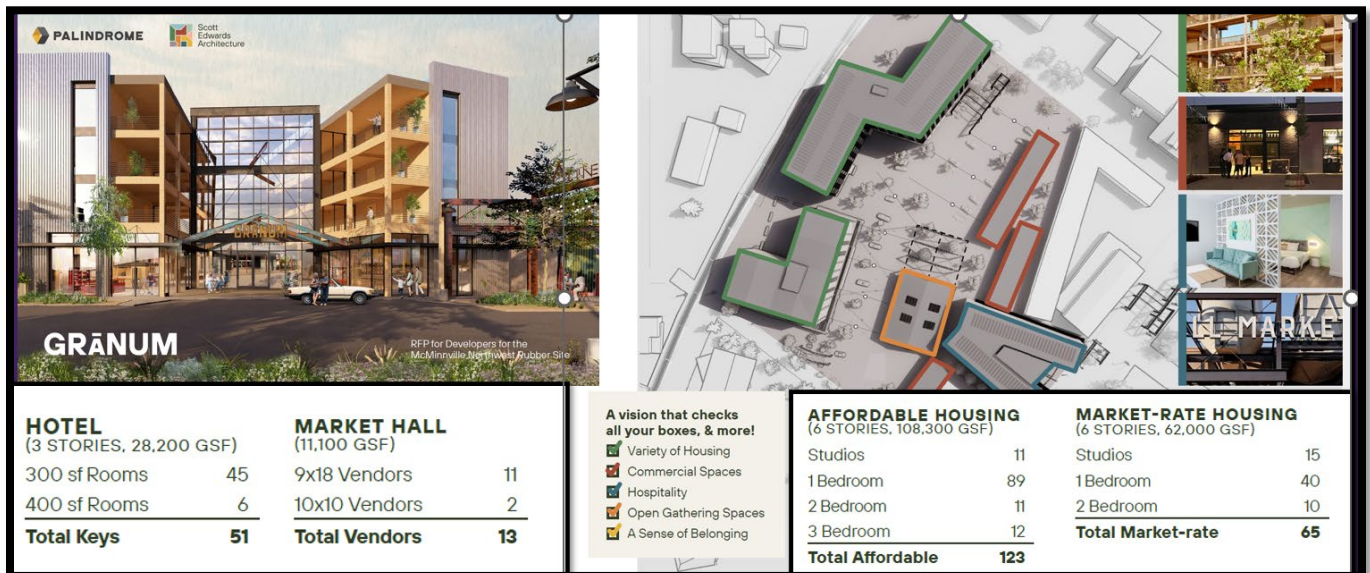
Commercial space

Parking

Open space

Hospitality and Tourism

Reuse of on site Industrial Components for Defining Character.



Palindrome's suggested terms of the development agreement in their proposal include:

- Land available at no cost
- SDC Exemptions (Transportation and Wastewater for the affordable housing component of the project)
- 50% reduction in permit fees for the affordable housing component.
- Construction excise tax exemption for the affordable housing component.
- 15 year property tax exemption for the affordable housing component.

Note that the City already offers the following incentives for qualifying affordable housing components of the projects (80% AMI or less) as a default to entitlement:



- SDC Exemptions (Transportation and Wastewater)
- 50% Reduction on Permitting Fees (Planning, Building and Engineering)
- Affordable Housing Construction Excise Tax Exemption

Just the two requests of the land for free and the 15-year property tax exemption for the affordable housing component would need to be policy decisions of the Urban Renewal Agency. (Note that non-profit developers of affordable housing are exempt from paying property taxes for the lifetime of the project). With the limited tax exemption tenure, the value of the property encumbered in the tax exemption starts to pay taxes on that portion of the project after the exemption expires.

MURAC discussed these two requests at length – evaluating them from both a point-of-sale transactional perspective (short-term direct return on investment) and a longer-term perspective that evaluates the catalytic impact of this project on surrounding properties encouraging further investment and development (indirect return on investment). Both approaches to investment are critical urban renewal objectives.

The Agency's purpose is to invest funds into projects that stimulate private redevelopment, increased tax base in the area, jobs and housing. Most of the projects that the Agency will invest in to meet those objectives will be public improvement projects with no immediate return on the investment. The public improvement projects are investments deemed necessary to stimulate the redevelopment of the area with an indirect return on the investment based on the development that occurs around and due to the public improvement project. The Agency also invests in private development projects with grants and loans as stop gap funding to attract private development to the area. These investments have a direct return on the investment.

MURAC discussed how the size of this project represents both of those types of investments and expected returns on the investment (direct and indirect).

After reviewing the proposals, the goals and objectives of the RFQ, and a financial analysis provided by Leland Consulting Group, MURAC discussed the subcommittee's recommendation and voted to support it with the following concerns that they wanted the McMinnville Urban Renewal Board to consider during negotiations on the development agreement.

- Parking – The proposal does not have enough parking to meet the city's regulations of required off-street parking.
- Viability – Ensure that there are contractual mechanisms to protect the URA from non-performance with claw-back provisions
- Consider the financial impact to overlapping taxing districts in terms of the sunset of the district (debt beyond sunset, tax credit beyond sunset)
- Consider positive fiscal impact to the Urban Renewal District, City, County, Community, and overlapping taxing districts.
- Community Engagement – Feedback Loop throughout the project
- Purchase and Sale of the Property – Consideration of a fair return to the community (Assure that the agency/city can assume the debt or is made whole over the time of the project, either directly or indirectly, with anticipated catalytic redevelopment in the area)

- MULTE – Negotiate a payment in lieu of taxes

### **Attachments:**

- Resolution No. 2025-03

A copy of all of the proposals received, the Request for Qualifications and background documents can be found on the project website at: [Northwest Rubber RFQ for Developers | McMinnville Oregon](#)

### **Fiscal Impact:**

The fiscal impact is determined by several different components:

- Expenses incurred: Note that these expenses will be incurred by the Urban Renewal Agency and not the City of McMinnville as identified in Palindrome's proposal since the only terms requested outside of what the City already offers as entitlements is the transfer of the land for free and the special 15-year tax exemption for the affordable housing component of the project. The Agency has an agreement with the City to pay back the loan for the property so any loss on the purchase price of the property will be borne by the Agency.
- Direct Return on Investment: Revenue anticipated: short-term (terms of the transaction) and long-term (annual property tax revenue, spending escalator of the project (jobs, wages, residential disposable income, and tourism income).
- Indirect Return on Investment: Catalytic influence on surrounding properties for redevelopment, which creates additional tax base, jobs, and a spending escalator.

The MOU provides the Agency with the opportunity to negotiate terms of the project with the development team taking into account the opportunities and constraints associated with the proposal, expenses incurred by the Agency, direct and indirect returns on the Agency's investment.

### **McMinnville Urban Renewal Board Options:**

1. Approve the Resolution.
2. Modify the terms and approve the Resolution as modified.
3. Request more information.
4. Deny the recommendation of the McMinnville Urban Renewal Advisory Committee

### **Recommendation:**

"I move to approve Resolution No. 2025 – 03, authorizing the McMinnville City Manager to enter into a Memorandum of Understanding with Palindrome Properties Group LLC to negotiate a Development Agreement for the properties at 904 NE 10<sup>th</sup> Avenue and 836 NE Alpine Avenue, taking into account the proposal prepared by Palindrome Group Properties LLC and the concerns expressed by MURAC."

## RESOLUTION NO. 2025 – 03

A Resolution of the McMinnville Urban Renewal Board authorizing the McMinnville City Manager or designee to enter into and manage a Memorandum of Understanding with Palindrome Properties Group LLC 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 identity 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's intent is 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**, to choose the best team for McMinnville and meeting the adopted goals of the City of McMinnville and McMinnville Urban Renewal Agency, the Agency developed a two-phase procurement process based on a qualifications based system (RFQ); and

**Whereas**, the first phase of the RFQ focused on qualifications and experience, and the Agency received 8 proposals that were evaluated and scored, and three semi-finalists were chosen to participate in the second phase of the RFQ; and

**Whereas**, the second phase of the RFQ focused on community engagement, responsiveness to the community's goals for the district, and project concepts; and

**Whereas**, the subcommittee unanimously chose Palindrome Properties Group LLC per their proposal received on February 14, 2025, as the number one candidate to redevelop the property and shared their recommendation with the McMinnville Urban Renewal Advisory Committee (MURAC) on April 2, 2025; and

**Whereas**, MURAC reviewed the sub-committee's recommendation and voted to recommend that the McMinnville Urban Renewal Agency enter into a Memorandum of Understanding with Palindrome Properties Group LLC to negotiate a development agreement for the property per Palindrome's proposal received on February 14, 2025, with the following concerns that should be addressed during the development agreement negotiations:

- Parking – The proposal does not have enough parking to meet the city's regulations of required off-street parking.
- Viability – Ensure that there are contractual mechanisms to protect the URA from non-performance with claw-back provisions
- Consider the financial impact to overlapping taxing districts in terms of the sunset of the district (debt beyond sunset, tax credit beyond sunset)
- Consider positive fiscal impact to the Urban Renewal District, City, County, Community, and overlapping taxing districts.
- Community Engagement – maintain feedback loop throughout the project
- Purchase and Sale of the Property – there needs to be a fair return to the community.
- MULTE – negotiate a payment in lieu of taxes

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

1. The McMinnville City Manager or designee is authorized to enter into a Memorandum of Understanding to negotiate a Development Agreement with Palindrome Properties Group LLC, 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 will take effect immediately upon passage.

Adopted by the Board Members of the McMinnville Urban Renewal Agency at a regular meeting held the 22<sup>nd</sup> day of April, 2025 by the following votes:

Ayes: \_\_\_\_\_

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

Approved this 22<sup>nd</sup> day of April, 2025.

\_\_\_\_\_  
MAYOR

Approved as to form:

Attest:

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

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