



APPROVED: September 18, 2013

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, August 21, 2013

MINUTES

Advisory Board Members present: Rich Catlin, Floyd Collins, Loyd Henion, Bessie Johnson, Rich Kellum, Sharon Konopa, Ray Kopczynski, Danon Kroessin, Dick Olsen, Mark Spence and Maura Wilson

Advisory Board Members absent: Russ Allen, Bill Coburn, Gordon Kirbey (all excused)

CALL TO ORDER

Chair Rich Catlin called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

July 9, 2013

Catlin requested a change on page 3, under Staff Updates and Issues – include the number of House Bill 2632.

MOTION: Bessie Johnson moved to approve the July 9 minutes with the above revision. Ray Kopczynski seconded the motion, and it passed 10-0, with Mark Spence abstaining.

SCHEDULED BUSINESS

Business from the Public

There was no business from the public.

Project Update – Albany Carousel and Museum

Wendy Kirbey gave an update on the Albany Carousel and Museum. She distributed copies of *Parade Magazine* dated July 14, 2013, which included an article about the Albany Carousel (see agenda file). Following publication of the article, the Albany Carousel and Museum has had a record number of visitors and increased gift shop business. The Carousel has had visitors from 34 states and 13 different countries; 37 percent of visitors were from other states and 6 percent were from out of the country. As a result of the *Parade Magazine* article, Lucas Films has contacted the organization about doing a documentary. Two fundraising opportunities coming up are the light show and a Halloween party. Year to date, the Albany Carousel and Museum has brought 14,911 people to the downtown, many of whom stayed to eat, shop, or do other things downtown.

Gary Goby said that thanks to thousands of volunteer hours, the carousel mechanism is functioning and running in a warehouse in North Albany. Weekly tours are being offered to allow people to see this fantastic piece of work. It is the largest historic carousel west of the Mississippi. He reviewed upcoming tour dates and invited Advisory Board members to schedule a tour, either as a group or individually. He said that children are welcome and encouraged to attend.

CADD Connection/Herb Yamamoto – Loan Prepayment and Restructuring

Economic Development & Urban Renewal Director Kate Porsche said that Herb Yamamoto, owner of CADD Connection, has requested a restructuring of his loans. The original structure and requested changes are detailed in the written staff report. Yamamoto would like to secure a commercial loan to repay the remaining balance on Loan No. CARA-2009-01 (\$112,500 @ 4.85%), which is set to mature on March 13, 2016. He is requesting that the remaining loans, No. CARA-2009-02 (\$97,500 @ 0%) and CARA-2009-03 (\$97,500 forgivable), be placed in second position which is a requirement of the lender. He is further requesting that the duration for the remaining loans be extended four years through March 13, 2020. Porsche said that Yamamoto has met the criteria to have Loan 2009-03 forgiven and stretching forgiveness out to 2020 would have no bearing on the urban renewal district. The question is whether the Advisory Board is interested enough in having the larger loan paid off early that they would agree to push out Loan 2009-02 by four years and to be in second position on that loan.

Danon Kroessin asked if it would be possible to ask for a minimal amount of interest on the 2009-02 loan as part of an agreement to extend the duration. Porsche said that if there was consensus by the Board, she would ask that of the applicant.

Rich Kellum said that the reason for the request is an important part of the decision. If business is bad, being in second position may not be a good thing; however, if the business is expanding, it would probably not be a problem. Porsche said it is her understanding that Yamamoto's business has been doing very well and that he is hoping to take advantage of lower interest rates to cash out the first CARA loan.

Spence said he assumes the request to extend the forgivable loan is due to the ability to write it off for four more years. Having some sense of what that is worth may justify some amount of interest on the 2009-02 loan.

Floyd Collins said he would support the request as long as the combination of the first loan and CARA's loan do not exceed the value of the structure. Porsche said she would ask that question as part of her due diligence.

Kopczynski said that Yamamoto has done everything that has been asked of him, that the property is much improved over its previous condition, and that he does not think CARA would get hurt by being in second position.

Johnson agreed that Yamamoto has done everything that has been asked of him to clear up a blighted area. As long as CARA would be covered in the second position, she would support the request.

Maura Wilson said that the applicant's request for an extension would essentially equate to a 10-year loan. She noted that the new CARA loan programs have 8-year terms and she suggested countering with an offer that would put the extended loan in line with those programs.

Collins said he would be interested in approving the request subject to clarification regarding the size of the first lien, the total value of the property, and whether the applicant is willing to negotiate some minimal interest amount on the 2009-02 loan. He suggested that it be left to staff to negotiate the best deal and bring it back as a package. He suggested that action on the request be held until that information is provided. There was consensus.

Policy Framework

Porsche drew attention to a memorandum from CARA Advisory Board member Russ Allen regarding CARA's purpose (see agenda file). Board members took a few minutes to read the memo.

Porsche drew attention to the written staff report and revised program grid. She said that she met with COG Loan Officer Brenda Braze and the AMEDC Director John Pascone to get their thoughts and see how CARA might compliment other programs and fill gaps in the community. Porsche said that Braze and Pascone felt that the terms being offered by CARA were generous and that forgiveness of the loans was not necessary. Porsche is recommending that the loans not be structured as forgivable.

Porsche said that the Advisory Board has previously had discussion about funds for job creating projects. She is recommending following the structure that COG uses, which is to count all additional FTE positions at the equivalent of 40 hours per week. The COG tracks job creation for three years using tax records to verify the number of employees. A question for the Board is how long to track job creation for CARA programs. The program as proposed would not incentivize businesses to move from another area of town unless they are adding net jobs.

Kellum said it would not be equitable if a Corvallis business could move to Downtown Albany and apply for a job creation program because they are bringing new jobs to town, but an Albany business that moved downtown would not have that same benefit. Porsche said that one solution would be to count net new jobs based on tax records regardless of where the business is moving from.

Catlin said he likes the idea of tracking job retention over a three-year period. Porsche said that the contract could require that a certain number of jobs be created one year post project completion and that those jobs be retained for three years. Questions include what the penalty would be for noncompliance and whether there is a relationship between the incentive and the quantity of jobs. One alternative would be to partner with COG when they have projects within the CARA boundary; COG has staff available to do an excellent job with due diligence. She offered to work on this further and bring back additional information and recommendations for a CARA-run program, as well as a partnership with COG.

Porsche said the COG representative noted that many of the Small Business Association programs incent businesses owned by women, minorities, or veterans to apply. She asked if the Advisory Board is interested in offering a slightly better rate for applicants in these categories. Spence said that he has some level of discomfort about the ability of applicants to use multiple sources of subsidized funding. Johnson said that she thinks it is discriminatory and unfair to give a better rate to one sector than the others. Kellum agreed with Johnson; he is a veteran but he feels it is not right for some people to get a better rate. Spence clarified that he does not share the views expressed by Johnson and Kellum. Dick Olsen said that he wants to consider the merits of the application and not the person who is applying. Wilson suggested that this may be a better discussion one year from now when it is known how the loan programs are working.

Porsche suggested that advertising for the Storefront Grant and Focus Area Loan programs begin in late September with review of applications to take place at the November meeting. There was general consensus.

Porsche distributed program papers for the Architectural Assistance Program, Small Grant Program, Storefront Revitalization Grant Program, Focus Area Loan Program, Economic Development Project Loan Program, and Tax-exempt Economic Development Project Loans. She asked that Board members review and advise her of any suggested changes.

Staff Updates and Issues

Porsche drew attention to a letter from historic preservation architect Rob Dortignacq regarding the Albany Carnegie Library centennial project and rehabilitation plan update. She asked if the Advisory Board is comfortable spending \$4,050 for the work outlined in the letter. This would be in addition to the budget line item that funds first consultations with Dortignacq to help ensure that projects are done consistent with CARA's vision.

MOTION: Loyd Henion moved to approve funding for the work as laid out in the letter. Kellum seconded the motion.

Sharon Konopa said that she will support the motion. Although it does not align with what has been discussed in regard to nonprofits because there would be no tax increment, the Library is a significant historic structure in our downtown.

Catlin said that he will support the motion. He said that Dortignacq does top quality work and he is glad that he is on board with the Library project.

Kopczynski asked what the outcome would be if the request is denied. Porsche said that the work would be delayed and the Library Foundation Board might approach the City or do fund raising.

Spence stated that, as President of the Albany Public Library Foundation Board, he will abstain from discussing or voting on this request.

The motion passed 8-2, with Johnson and Kopczynski voting no and Spence abstaining.

Porsche advised that the Albany Revitalization Agency (ARA) will consider a resolution expressing the intent of the Agency not to receive economic benefit from taxes collected from General Obligation (GO) bonds. She said that House Bill 2632 cleaned up the language that allowed some urban renewal districts, including CARA, to affect special levies; however, the legislation did not address GO bonds. The intent is that the Agency not receive any economic benefit from taxes collected from GO bonds approved by Albany voters as well as the voters of affected overlapping taxing districts. This could be accomplished by a proportionate under-levy by the Agency which would be distributed proportionately to all taxing districts, or by a pro-rata expenditure requested by the affected taxing district for the benefit of eligible projects within the area which would otherwise be an obligation of the taxing district. The goal is to align the way GO bonds affect the urban renewal district with the legislation that has been passed regarding special levies.

Porsche said the Edgewater Village project has met the deadline to have land use approvals completed and is scheduled to construct Phase 1 by October 31, 2014.

Porsche said that environmental work is underway at the Innovative Housing project site. The state will announce tax credit allocations the end of November.

Porsche advised that she will be out of the office until September 2.

BUSINESS FROM THE BOARD

There was no additional business from the Board.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, September 18, 2013, 5:15 p.m., in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Catlin adjourned the meeting at 7:03 p.m.

Submitted by,

Reviewed by,

Signature on File

Signature on File

Teresa Nix
Administrative Assistant
Director

Kate Porsche
Economic Development & Urban Renewal