APPROVED: November 17, 2010

CITY OF ALBANY
Central Albany Revitalization Area Advisory Board
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, October 20, 2010

MINUTES

Advisory Board Members present:	Rich Catlin, Jeff Christman, Bessie Johnson, Gordon Kirbey, Sharon Konopa, Ray Kopczynski, Chuck Leland, Dick Olsen, Cordell Post, Ralph Reid, Jr., and Mark Spence
Advisory Board Members absent:	Bill Coburn (excused), Floyd Collins (excused), Loyd Henion (unexcused)
Staff present:	Urban Renewal Manager Kate Porsche, City Attorney Jim Delapoer, and Administrative Assistant Teresa Nix
Others present:	Approximately three audience members

CALL TO ORDER

Chair Cordell Post called the meeting to order at 5:15 p.m.

APPROVAL OF MINUTES

August 18, 2010

Chuck Leland asked that the minutes be revised to reflect that he was absent.

MOTION: Ray Kopczynski moved to approve the August 18 minutes with the above correction. Ralph Reid, Jr., seconded the motion, and it **passed** unanimously.

SCHEDULED BUSINESS

Business from the Public

None.

Subordination of CARA Loans – Discussion/Direction

City Attorney Jim Delapoer provided an update on the meaning of lien position and subordination. He noted that commercial lenders will frequently have a senior lien; CARA will often have a junior lien which is subordinate to the senior lien. The level of security of a junior lien is based on the ability to pay off the senior lien and whether the asset is valuable enough to compensate CARA for both the senior and junior liens. The decision on whether to subordinate to a new lender should be based on whether the new lender adds something of value.

Urban Renewal Manager Kate Porsche explained that a situation arose recently wherein Emma and Jacho Eaton took out a construction loan to proceed with renovations to their historic home. In this case, CARA was in the senior lien position; a staff-level decision was made to subordinate CARA's lien on the Eaton's forgivable loan. She noted that the majority of CARA loans are in the second position and that no conventional lender will make a construction loan without being in the first position. The question is whether or not the Board would like staff to handle these types of requests as a staff-level decision in the future.

Kopczynski noted that the Eaton's house is uninhabitable and that the construction loan will definitely add to the value; in this case, he feels the staff decision was appropriate.

Rich Catlin asked if this question will arise when a loan converts to a long-term mortgage. Porsche said that policy reads that CARA loans are to be paid off in the case of a refinance. The policy may need to be revised to reflect how to handle forgivable loans. Delapoer added that, in situations where it can clearly be anticipated that there will be a later call for subordination, staff will include that information in the initial presentation to the Board.

Leland said that it sounds like a good decision was made in this case. He asked if there are guidelines or a documented decision process. Delapoer said that more could be done in that regard. He suggested that staff take direction from the Board and bring back a procedure for approval.

Mark Spence said that he likes the decision in this case. He asked if there is a sense of how much CARA is willing to risk. Porsche said there is no formal policy in that regard. Her practice has been to look at the deal that was made; in the case of the Eaton's loan, it was an anomaly that CARA had the first lien. Delapoer added that the intent is to not use the authority often; staff would be more comfortable coming back to the Board for any material change. Jeff Christman suggested that consideration should also be given to whether there is enough value to cover both the first and second liens.

In response to an inquiry from Gordon Kirbey, Delapoer said that the Eaton deal cannot be rescinded. Staff is looking for direction as to whether the Board is comfortable with this level of staff decisions going forward.

Bessie Johnson asked for information on the amount of the construction loan. Porsche said she doesn't have the file with her; she can get that information after the meeting. Post noted that, if projects proceed the way they should, CARA will almost always be in second position. Brief discussion followed. Porsche will come back with a revised procedure for final approval.

Update on Current Projects

Porsche gave a slideshow presentation with before and after photographs and reviewed the work done on several projects, including the JC Penney building, the Orr small grant, the P-Shaws small grant, and the Seigner building. Regarding the Crandall retail refinement project, Porsche reported that the contract is signed, that she is looking for intern help to complete the data collection, and that the first round of meetings will be held in late December or early January.

Presentation of Award

Porsche reported that the Oregon Economic Development Association has awarded its "Outstanding Collaborative Partnership Award" to CADD Connection and CARA for restoration of the Cameron House at Seventh Avenue and Lyon Street. She presented the award to Herb Yamamoto of CADD Connection.

BUSINESS FROM THE BOARD

None.

NEXT MEETING DATE

The next meeting of the CARA Advisory Board is scheduled for Wednesday, November 17, 2010, at 5:15 p.m. in the Council Chambers.

ADJOURNMENT

Hearing no further business, Chair Post adjourned the meeting at 5:59 p.m.

Submitted by,

Teresa Nix
Administrative Assistant

Reviewed by,

Kate Porsche
Urban Renewal Manager