

**ASTORIA DEVELOPMENT COMMISSION**

City Council Chambers  
August 3, 2015

**ADC JOURNAL OF PROCEEDINGS**

A regular meeting of the Astoria Development Commission was held at the above place at the hour of 8:35 pm.

Commissioners Present: Price, Herzig, Warr, Nemlowill, Mayor LaMear

Commissioners Excused: None

Staff Present: City Manager Estes, Assistant City Manager/Police Chief Johnston, Community Development Director Cronin, Parks and Recreation Director Cosby, Finance Director Brooks, Fire Chief Ames, Library Director Tucker, Public Works Director Cook, and City Attorney Henningsgaard. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

**REPORTS OF COMMISSIONERS:** No reports.

**CHANGES TO AGENDA:** No changes.

**CONSENT CALENDAR:**

The following items were presented on the Consent Calendar.

5(a) ADC Minutes of 6/15/15

**Commission Action:** Motion by Commissioner Warr, seconded by Commissioner Price, that the Astoria Development Commission approve the Consent Calendar. Motion carried unanimously. Ayes: Commissioners Warr, Nemlowill, Herzig and Price, and Mayor LaMear. Nays: None.

**REGULAR AGENDA ITEMS:**

**Item 6(a): Astor West Urban Renewal District – Loan Extension for the Red Building  
(Community Development)**

In 2004, Union Fish Properties, LLC ("Union Fish") purchased the Union Fisherman's Packing Company building located west of the Maritime Memorial. The new owners set out to redevelop and restore the property (now known as the Red Building) into a mixed use building with retail and restaurant uses on the first floor and meeting space on the second. The partners associated with Union Fish felt that the historic building was an integral part of the City's fishing and canning heritage and felt it should be preserved, but with new uses.

After completion of the restoration in 2007, a restaurant, retail shop and coffee shop opened on the first floor of the building and the meeting facility (referred to as the "Loft") opened for business. The coffee shop and retail shop subsequently closed. Union Fish incurred construction cost overages, which jeopardized the future of the building. Owners of the property, Mark Cary and Sean Helligso approached the Astoria Development Commission (ADC) to determine if there was any interest in the Astor-West District participating financially in the facility.

Representatives from Craft3 assisted in developing a finance plan, which was ultimately approved by the Commission. In order to structure this financing plan, Union Fish's lender, Bank of the Pacific, was engaged as a partner in the plan. There were both grant and loan components to the ADC approval.

A grant in the amount of up to \$325,000 was approved to write down the applicable rate of project financing from their loan with Bank of the Pacific as follows:

- To 0% for one year
- To 1% for one additional year
- To 2% for three years

The grant component is now complete as the assistance ended in July 2015.

ADC also loaned \$350,000 to Union Fish to reimburse construction expenses, which had been incurred, as well as for construction expenses for a remodel of the western ground floor of the building. A total of \$190,000 was loaned for the already incurred expenses. The remaining \$160,000 was loaned for first floor improvements to create viable tenancies.

As collateral for the loan, ADC was placed in third position on the Red Building. The loan had an initial interest rate of 0% for the first full year and then 1% for the remaining four years. No monthly payments were required for the first year with repayment in full required on the fifth anniversary of the promissory note. The term of the loan ended in July 2015, therefore the balance of the loan, in the amount of approximately \$308,016, has come due.

In July 2015, the owners of Union Fish, LLC approached ADC staff and requested an extension to the loan. Union Fish stated that they wished to have some additional time to repay the loan as they had the building on the market. ADC staff once again coordinated with Craft3 staff on this request. Craft3 suggested that if the Commission were to approve an extension, an appropriate date would be February 12, 2016 as that is when Bank of the Pacific loans would also come due. Staff worked with Urban Renewal Attorney Jeanette Launer to create a loan extension document for the Commission's consideration. A Change in Terms Agreement is attached. Other than the change in maturity date, all other terms of the loan would remain unchanged.

It is recommended that the Astoria Development Commission approve the loan extension and authorize the Chair to sign the Change in Terms Agreement.

Mark Cary, 35771 Miller Heights, Astoria, said since he began speaking with Staff about extending the loan, he has secured a potential buyer who he believed would be a great fit for the community and a great building owner. He asked that the Urban Renewal District change a portion of the loan to a grant in order to make the deal work. The building will be sold for a loss and he wanted feedback from the Commission about an appropriate grant amount.

City Manager Estes explained the finance package included a grant up to \$325,000 and about \$20,000 was never granted out. The loan was for \$350,000 with no interest for the first year and one percent interest for the remaining four years of the loan. He confirmed the current balance of the loan was \$308,000 and the Applicant would like a portion of this balance to be granted.

Commissioner Herzig believed this request was being made late, since the payment was due in July. He supported the loan extension, but not an unspecified grant amount.

Commissioner Nemlowill supported Craft3's recommendation to extend the loan.

Mayor LaMear agreed with Commissioner Herzig. She believed the Commission could do nothing more than grant the loan extension.

Mr. Cary confirmed for Commissioner Price that he did not need an answer at this meeting. However, the bank would like a decision.

Commissioner Price noted this building is extraordinarily important to the waterfront and to Astoria. This loan was not discussed during the most recent budget hearings and she wanted more information from Staff about how this would affect Urban Renewal funds. She asked Mr. Cary what would happen if the grant request were denied.

Mr. Cary replied worst-case scenario, the building could be foreclosed on if a sale did not go through.

Mayor LaMear confirmed the Astoria West Urban Renewal District has already granted \$325,000 and then loaned \$350,000. She was not in favor of the request.

Mr. Cary explained that some of the funds supported the restaurant in the building by reducing their rent payment to help the entire building make it through.

Commissioner Warr confirmed he was on City Council when this agreement was made. He recalled that about \$150,000 was put into construction assistance for pilings or a walkway. City Manager Estes confirmed this

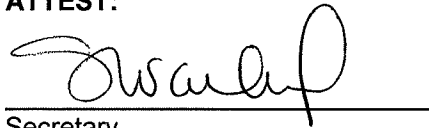
money, which was also Urban Renewal funds, was used to purchase public right-of-way to build the deck on the north side of the building. Commissioner Warr understood this was a painful situation for the Applicant; however, he did not want to set a precedent. As a business owner, he did not believe the City would rescue him in times of trouble. The City has already rescued Mr. Cary once. Therefore, he could not support the request for an additional grant, but he would support the extension.

**Commission Action:** Motion by Commissioner Herzig, seconded by Commissioner Nemlowill, that the Astoria Development Commission approve the Astor West Urban Renewal District loan extension and authorize the Chair to sign the Change in Terms Agreement, which will extend the loan payment date to February 12, 2016. Motion carried unanimously. Ayes: Commissioners Warr, Nemlowill, Herzig and Price, and Mayor LaMear. Nays: None.

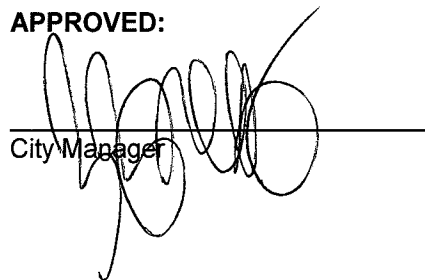
**ADJOURNMENT:**

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

**ATTEST:**

  
Secretary

**APPROVED:**

  
City Manager