

**R3 STRATEGIES CONSORTIUM
BOARD MEETING MINUTES
Monday, February 26, 2024 at 6:00 PM
Burns City Hall
242 S. Broadway Ave., Burns, Oregon**

Video Link:

https://app.read.ai/analytics/meetings/01HQM47S56TMC41V4BR5T82V05?utm_source=Share_CopyLink

Meeting Summary:

The meeting began with attendance being taken and public comments being addressed. Cam Marlowe expressed a desire for funding for a hospital district project in John Day during the public comment section. Board approved the prior meeting minutes. The meeting then transitioned to new items of business, specifically pre-development technical assistance, which was handed over to Nick Green for further discussion.

The meeting focused on reviewing and adopting the Western Design International professional services agreement, which had been adjusted based on feedback from Western Design. The changes included clarifying specific terms, adding a not-to-exceed amount for discretionary spending, and making adjustments to insurance coverage rates. The board reviewed and approved a letter of intent for the development of a subdivision called Creekside in Lakeview. The subdivision has improved lots with complete infrastructure, and the board considered options to support its development, including potential purchase and sale agreements and environmental assessments.

The discussion then shifted to the of various founders projects for grants, forgivable loans, and repayment terms, along with the development process and potential funding for the projects. Green disclosed a potential conflict of interest related to the Miller Springs development project, emphasizing that it does not affect his or Catalyst’s financial interests.

The board discussed a plat widget application that can display available lots and proposed floor plans within a subdivision, offering a cost-effective solution for showcasing potential investments. They also reviewed a potential congressionally directed spending request and projects that could be funded if the FY24 federal budget is approved. The board expressed interest in accepting the funding if it is approved. They concluded by approving an agreement with Beery, Elsner and Hammond.

AGENDA ITEM & TOPIC	DISCUSSION	ACTION OR RESOLUTION
1. OPEN AND ROLL CALL	<p>Board Members Present: Heather Smith (Board Chair) and Loran Joseph.</p> <p>Present Via Zoom: (see link)</p> <p>Absent and Excused: Kyle Deiter</p> <p>Absent: None</p>	Chair Smith opened the meeting at 6:00 PM
2. PUBLIC COMMENTS	<p>Cam Marlowe, CEO of Blue Mountain Hospital District (BMHD) in John Day, OR. BMHD is still interested in applying for fuding.</p>	
3. APPROVAL OF MINUTES	<p>Reviewed minutes.</p>	Motion made to approve by Loran Joseph; Seconded by Heather Smith and passed unanimously.

**4. PREDEVELOPMENT
TECHNICAL
ASSISTANCE**

Green reviewed the updated Western Design International contract. The agreement has been vetted by Chad Jacobs and Green. Green has reviewed it with Western Design.

There will be a not to exceed price \$145,000 that hasn't changed. There is an added not to exceed amount of \$25,000 for discretionary spending. Examples of discretionary spending could be travel to 3D printed homes to see if they could be incorporated into plans.

Scope of work adjusted for insurance coverage rates. R3 is paying for stock plans. R3 is not building housing as a government agency. A developer would need to enter into a licensing agreement with Western Design directly.

Motion made to adopt the Western Design International Professional Service Agreement by Loran Joseph; Seconded by Heather Smith and passed unanimously.

**5. DIRECT
INVESTMENT**

Lakeview Subdivision Development:

Green presented on the Lakeview Subdivision project called "Creekside." 18 lots that are undeveloped, in the city limits and in the Urban Renewal Area (URA). There are 18 lots that are shovel ready today, including: water, sewer, broadband, power, streets and curbs.

There are two potential courses of action for the developer. 1) Could be provided grants. 2) R3 could purchase it and make it available to for local builders and developers. The developers preference is for R3 to purchase at the negotiated price of \$412,000 for the 18 buildable lots with 1 lot being reserved for park space.

If letter of intent (LOI) approved, R3 would look to sign and close by May 17th. Lots would then be equity contribution toward construction loan for financing developers. There are two developers interested.

If LOI is approved by the board, phase one would be an environmental assessment by Anderson Engineering for \$2,000, covering R3 in the event of environmental contamination.

Lakeview Berry Project:

Green presented on the 'Berry Project.' This is a mixed use property lot, is within the city limits, and in URA. Developer proposing to take lot 3700(.7acre lot). The developer

Motion made to approve for Jacobs to move forward with the LOI by Heather Smith; Seconded by Loran Joseph and passed unanimously.

No motion made.

would divide into 4 lots for single family homes.

This would take the project from Readiness Level 1 to 7 for a cost of \$25,000. R3 Funding Request would be about \$80,000. Residual R3 funds (Steps 8-10) would be about \$55,000.

Agreement to move forward with next steps.

Burns Miller Springs Development:

Green submitted a written disclosure of a potential conflict of interest for himself. Before R3 was established Green worked with the city of Burns and the developer to prepare the land use applications for this project. This occurred last summer and Green has no financial interest in the project.

No Motion made.

Timeline: Break ground, April 2024; Construction, July 2024; Initial Lease-up, July 2025; Full stabilization, January 2027; Permanent Financing, May 2027.

MSF is raising \$4.8M in capital for their first multi-asset commercial real estate investment portfolio in Burns. Requesting \$3.2M in R3 funding.

Recommendation for partial grant and forgivable loan for the developer.

Agreement to move forward with next steps to go into discussions with developer and come back, with more specific terms for a future meeting.

Subdivision investments, Plat widget:

created by a software company and is used by housing developers. Within a subdivision, you can identify the number of lot, click on individual lots and see the type of home planned for that lot. This also shows basic information about the community.

No Motion made.

Agreement for Green to speak with software developer and start queuing up some of the subdivisions.

Baker City Antler Hotel Project:

This project is within the city limits of Baker City. The main floor is used for commercial today. The top three floors are construction ready. Demolition and framing are completed.

No Motion made.

Potential for 12-16 units, ranging from studio to three bedroom. This is a high-impact project that activates the downtown.

Green will reach out to property owner, discuss next steps, identifying architectural design services, going through pro forma, and start looking at a potential joint development agreement. The board is in agreement.

Resolution on Application Procedures:

Green reviewed rules of engagement for non-founding cities, Chad Jacobs has reviewed the draft resolution.

No Motion made.

The board is ready to adopt at the next meeting.

6. IMPLEMENTATION SUPPORT

Green reviewed the FY24 Congressionally Directed Spending (CDS) request. It was approved by the Senate Appropriations committee. If they pass the FY24 budget, R3 will receive \$1.5M.

\$750,000 reserved for the CyberMill Nonprofit to create an Accelerator/Incubator space
\$150,000 reserved for the Fronier innovation Hub for Program Design/ Implementation of entrepreneurial and small business supports
\$250,000 in planning and pre-development for a land use project in Mitchell, OR
\$300,000 in small business capacity building (R3 board discretion)
\$50,000 in administrative cost recovery of overhead

No motion made.

7. ADMINISTRATION & STRATEGIC RESERVES

Green reviewed the engagement letter and attorney services contract with Beery Elsner & Hammon, LLP to shift services to R3.

Motion made to approve the engagement letter and attorney services contract; and for Board Chair Smith to sign the documents on behalf of the agency, by Heather Smith; Seconded by Loran Joseph and passed unanimously.

Green reviewed the FY24 Operating Budget.

Jacobs reviewed the Draft of Second Amended and Restated IGA. The major edit is the super majority vote. 1) Pure majority vote would require two of the three members. 2) Could require the votes to be

unanimous. OR 3) Could keep the super majority vote and allow the at-large member to count towards that vote.

Board will make a motion at the next meeting.

8. GENERAL DISCUSSION OF PRIOR TOPICS

Discussion on At Large Boardmember. Board agreed for Green to advertise for 60 days to pull more applicants.

Anna is working on auditing service proposals. This year R3 will do its own mini audit. This will allow to buy time to get an auditor.

.gov domain and R3 website not created yet.

Green requests each boardmember to reach out to a budget committee member in their city to apply to be on the R3 budget committee.

Smith requested summer meetings at each of the founding cities and to do onsite tours.

ADJOURN

7:21 PM

Action Items:

- * Chad Jacobs will begin drafting a purchase and sale agreement if the LOI is approved by the board, and the next steps would be to initiate the phase one and bring it back at the next board meeting.
- * Nick Green will submit the application for FY24 CDS request if the budget passes.
- * Board Chair will sign the engagement letter and attorney services contract.
- * Anna Bass will work on auditing services proposals.
- * Board Members will ask a budget committee member from each community to apply for the board.
- * Board Members will consider the proposal for summer meetings at each of the different cities.

Heather Smith, Board Chair

Attest: _____
Nick Green, Director