

August 1 Work Group Meeting

Attending: Jenny Stadler, Martin Elfert, Sharon Loomis-Malin, Paddy Tillet, Curt Germondson, Beth Nist, Ross Cornelius, Nancy Entrikin, Brian Carlton

1. Sharing

Ross met Tebo (Gustavo) Cruz, Chair, Board of Commissioners, Prosper Portland.

Nancy met Maija Spencer, Bond Community Engagement - Portland Parks and Recreation

2. Debriefing Quad's Decision

Curt said that 1-2 months ago their financial position was softening. This was recognized at their last board meeting on 7/25/19 and it was determined the GC project was out of their reach, but not out of their interest because Quad needs more units. Their services took a big hit last year due to a number of deaths and they were losing approximately \$22,000 a month.

Keeping the door open for Quad is good for our project and makes the project stronger. Our program of inclusivity for people who don't normally have access to the arts is bringing a lot of excitement to the project.

Brian mentioned that our project lends itself to partnerships.

3. Developer Discussion

How might we go forward:

Progress (Ross)

- We have some challenges to overcome with land use, but we now know what they are.
- Because we are mixed use, we are more complicated.
- Bond money will be coming out the first of the year.
- Brian has submitted the predevelopment architect costs \$87,000.

A. Pre-Development Money. How does this come together?

FUNDRAISING NOTE: Jenny met with Campbell & Company after talking to a Willamette Valley Development officer. They said that this project is too big of a lift for the capital campaign consultants we have been interviewing. Campbell & Company says they are too expensive for us, but they can recommend others who would have the capacity for our project.

Jenny said we need to be able to show that we cannot only build, but also operate Grace Commons in order to have credibility with big donors. Ross talked about the HDC

pro forma and noted that it included an operating budget. Jenny has a board member who can do a pro forma that will show revenues and then these can be balanced against the operating budget. She will share the format with Grace/GI.

B. What have we learned to help us pick the right developer?

Martin: We need to find a developer who fits with our group and wants to make this work. They need to be collaborative.

Ross: There is a fear that some might take advantage of the church to make a lot of money. What is the balance of the pursuit of money for return and the pursuit of money for mission?

Paddy: We need to sort through their motivations. Are they mission driven, and do they have sources of money for the non-residential spaces.

Ross: The person we work with within a development company is very important, Sharon suggested we should be sure we have in writing the specific person we want to work with.

Ross: We need a developer who is agile and creative. The non-profits might be too bureaucratic.

Potential Developers:

Two non-profit developers and two fee developers were discussed. Brian and Ross made a short list from the different developers they have worked with that they thought would be appropriate for our project.

Non-Profit Developers: These sorts of developers are normally building for their own portfolios. They often end up owning the project and will either manage it themselves or hire a manager. All of the below developers are looking for new projects.

REACH Community Development **reachcdc.org**

-Would likely own and manage the property.

NW Housing Alternatives **nwhousing.org**

- Would likely own and hire a third party manager.

Fee Developers: Are often out of the project once the certificate of occupancy is issued, but can also hold the property and hire a 3rd party manager.

Community Development Partners

communitydevpartners.com

- Fee developer, but might also hold and hire a 3rd party manager.

Green Light Development

greenlightportland.com

- Fee only, won't hold
- Told Ross they were interested in our project because it is urban, mixed-use, large scale, they like the site and they like the mission.

What do the following entities get out of the project?

SPONSOR, DEVELOPER, STAKEHOLDER, OWNER, OPERATOR

Paddy: What do we need to do to prepare to conduct a conversation with these four developers?

What we need to do:

How is the non-residential funded. It is the hardest to underwrite.

Brian suggests putting together and RFI (Request for Interest).

- Ask about experience with complex projects.
- Ask about the developers role in helping non-profits raise money.
- Ask what they are looking to add to their portfolio. What are their objectives?
- What do you see as the Sponsor's benefit in the project. Risk/Return?

We would include as statement also as to what the project is. Ross will modify an earlier document he wrote.

Curt: We need a shot in the arm to keep the project going. \$250,000 to fund the capital campaign, the architect and other pre-development costs.

How are the potential developers at working with non-profits? Ask for references.

Finally: **Let's not wait!!!!**

Jenny is sending a poll to see when we are available to meet with developers and Ross and Brian will make the appointments. Hopefully, we can arrange meetings with all three developers over the month of August.

4. Meisner House

DJ Heffernan (Chair, Sullivan's Gulch Land Use Planning Committee) approached Grace about the possibility of Grace buying the White House. Ross has looked at this and thinks it would be helpful in many ways:

1. It would provide a place for us during the development.
2. The square footage cost would be much less than the square footage cost in the new building.
3. It would free up space in the new development and help with the FAR.
4. We would have to get a conditional usage permit from the city to put our offices in the house.

We are touring the house 8/1 at noon.