# REGIONAL RURAL REVITALIZATION
# Board Meeting
# Monday, September 21, 2026
# 6:00 P.M.

## Burns City Hall and Online

## 242 S. Broadway Ave, Burns, OR 97720

Members of the public and media wishing to address the board of directors during any public comment period will be able to join the webinar as an "attendee." Attendees will be able to view the webinar on a desktop, laptop, or mobile device such as a smartphone or iPad by using the following link:

**Join Zoom Meeting**

https://us06web.zoom.us/j/2385271637?pwd=WHlST21lZkRqZm9KeTdFa2xmQ1hjUT09&omn=85854574482

**Meeting ID:** 238 527 1637
**Passcode:** XA5ijH

**Join instructions**
https://us06web.zoom.us/meetings/85854574482/invitations?signature=oz7Vgs1EGqmC0plbfFAoSSfN23Kd7BXh44Zxbt23w1g

**Board and Committee packets are available at this link:**

https://www.dropbox.com/scl/fo/kixpcaafk0rvqbnaxgdrh/AJY9lWP8xg9D6UuOExekyNc?rlkey=j7edk73423q9el910y4l4o1in&st=x1r9nypk&dl=0

# BOARD MEETING AGENDA

**1. CALL TO ORDER**
**2. ROLL CALL // APPEARANCE OF INTERESTED CITIZENS**

Members of the public desiring to address the Board shall first be recognized by the presiding officer and then state their name and address for the record. Unless otherwise designated by the presiding officer, each person shall have up to three (3) minutes to present their comments. The Board and staff normally will not directly respond to a public comment during the public comment period. Board and staff member comments will be held until the Committee comment period.

**3. APPROVAL OF PRIOR MEETING MINUTES**
Attachments:
3.1 Minutes of June 15, 2026 Board Meeting and Budget Hearing

**4. PROJECT UPDATES**
Attachments:
4.1 Creswell Design Package – HONE
4.2 IGA Depoe Bay
4.3 IGA Florence

**Coastal County Projects: Florence, Depoe Bay, and Creswell.** Griffin Land Surveying is now under contract with R3 to perform the site surveys for Florence, Depoe Bay, and Creswell. The Creswell design package is attached, along with draft IGAs for the work in Depoe Bay and Florence. We are waiting for them to sign the IGAs before proceeding with design, since, in the case of Florence, the land is owned by Lane Community College (not the city), and Depoe Bay's project, though owned by the city, requires ground disturbance (brush clearing) to properly survey the site. In the meantime, we are proceeding with the ALTA Title Report reviews.

**Baker City Projects.** R3 has 4 projects in progress in Baker City and two completed.

- **Cottage Cluster/ADUs.** The Aaron Still and Laura Clement ADU/Cottage Cluster projects are now complete.
- **Silver Birch (Main Lots + ADUs).** R3 signed an agreement with Damschen LLC and Graystone Pacific LLC in November 2024 to provide a forgivable loan of $420,000 to produce 14 single-family homes and 8 townhomes by December 31, 2026. A subsequent agreement to finance four ADUs at $20,000 each ($80,000 total) was executed on December 12, 2025, to be completed no later than June 30, 2027. Damschens have completed 18 of 21 homes and 1 of the four ADUs. The three homes and ADUs remaining are on lots 2, 3, and 17. Lot 3 is scheduled for insulation on Friday. Lot 2 has the foundation complete. Lot 17 is in planning. Staff recommends extending the original agreement to match the ADU completion date of June 30, 2027, for these remaining three units to achieve CoOs along with their respective ADU completion dates.
- **Park Springs (Quads).** R3 entered into a $560,000 forgivable loan agreement with Big Creek Builders and PRIDE LLC effective May 21, 2025, to develop 28 multifamily dwellings (quads) on Lots 1-28 of the Park Springs Subdivision. Lots 1-16 have been completed. Borrowers have until May 31, 2028, to complete the project.
- **Rainey Renovation.** The Rainey project is in underwriting, and we have a forgivable loan agreement with them for $240,000 (12 units) in process, which will be subordinate to their primary loan from Old West Federal Credit Union. This project's estimated cost is ~$1.35M. We evaluated an option to do a project with the county on county-owned land, but it ultimately did not progress. The other projects

either are not under contract or did not proceed due to other limitations or a change in direction by the owners.

- **Bain Manufactured Home Park.** Bain has completed the land use review process and, as of June, is seeking financing to complete the project. We provided a financial proforma and they are working to bring their total development cost in line with the market.
- **Bishop Building.** Development of the Bishop Building is currently on hold pending our submission of a capital construction request in the upcoming legislative session to close the renovation funding gap.

**John Day Projects.** The Ridge (Lot 5) is now complete, with a 1040 and a 1368 (duplex) occupied by renters. The Lot 1/2 development has broken ground, and we are waiting for the Business Oregon contract for $284,300 to complete the horizontal improvements before proceeding with home construction next spring. We had hoped to complete the infrastructure sooner, but the Business Oregon contract has been delayed several months.

We have completed a website for The Ridge to showcase the future housing, accessible here: https://theridgedevelopment.com/

**La Grande Projects.** True Construction received a $560,000 forgivable loan from R3, effective April 30, 2025, for 29 workforce housing units in La Grande to be completed by May 31, 2027. True has completed 19 of 29 units and estimates the remainder will be completed by spring 2028. These units are typically selling within 2-3 weeks of being listed and have contributed significantly to the workforce housing shortage in La Grande. Staff recommends extending their agreement by 12 months to May 31, 2028.

**Enterprise Project.** The forgivable loan with Working Homes LLC in Wallow County has been drafted and will be executed for their project to begin construction next spring. They have acquired the site to build a 1408 (revised 1368 plan) and are going through land use and site design review and site preparation now. We have delivered a full construction drawing set for this plan for their use.

**Burns Projects.** We are supporting four projects in Burns.

- **Miller Springs.** The homes on Lot 18 (2060 sf) and Lot 17 (1368 sf and 1188 sf) are now complete. We have not called for final inspections for Lot 17 due to the OZ 2.0 requirements (discussed in the next agenda item). We held an open house in late August that had over 200 visitors on two days and was well received by the community. We plan to assist Miller Springs Founders with a second open house this fall.
- **Kaino Building Renovation.** The Kaino Building Renovation is proceeding on schedule. R3 is coordinating our efforts with the High Desert Partnership (HDP) team and we have secured a ten-year lease with an option to extend for an additional five years for them for the south commercial space on the building's main floor, adjacent to the north commercial space leased by R3 for the next 15 years. We anticipate project completion to occur on or before December 15. We are actively working with HDP to identify tenants for these spaces as part of the incubator/accelerator program.
- **Collaborative Center.** In conjunction with HDP, we're also evaluating the renovation of the 80 E Monroe building as part of HDP's collaborative center with 1188 Brewing and the Hobi family. This multi-phased project would open ~5,600 sf of space for HDP's use, a new restaurant/brewpub, and additional space for community programming.
- **Recreation Area Planning.** In collaboration with the City of Burns, we have begun a design process for the Miller Springs Recreation Area and trail system that will connect the elementary school in Burns to the Miller Springs trail system and extend that system into the remaining 1200-acre development around the spring. This project will be in planning throughout the fall and winter, with the intent to apply for construction funding through the Oregon Parks and Recreation Department next spring.

**REQUESTED MOTIONS:**

1. Authorize the managing director to extend the Damschen LLC agreement to June 30, 2027, to give them time to complete the remaining three units on Lots 2, 3, and 17.
2. Authorize the managing director to extend the True Construction agreement to May 31, 2028, to give them time to complete the remaining ten units on Lots 17, 19, and 21-24.

## 5. MILLER SPRINGS – LOT 16 & OZ 2.0 FUNDING STRATEGY FOR THE HOMESTEAD

Attachments:

5.1 Miller Springs Condominium Declaration
5.2 DAS Lottery Bond Applicant Guide
5.3 Landscaping Design/Proposal – Harney Lawn

**Conflict of Interest Disclosure — Nicholas Green**
Before discussing the Miller Springs Lot 16 matter, Managing Director Nicholas Green discloses potential conflicts of interest. Mr. Green is the President of Catalyst Public Policy Advisors, LLC ("Catalyst"), which provides paid advisory services both to R3 under a separate professional-services contract and to Miller Springs Founders, LLC under a contract originated before R3 was formed. Mr. Green holds no ownership or financial interest in Miller Springs Founders, LLC, the Homestead QOF, the Homestead QOZB, or the Lot 16 project, and does not participate in any Manager economics of those entities. On the advice of R3's legal counsel, Mr. Green declares these relationships whenever Miller Springs is presented to the Board for action, and the disclosure is hereby entered into the record.

**Background.** Lot 16 of the Miller Springs Subdivision in Burns is the next three-unit production cottage cluster series within the larger Miller Springs site and is R3's validation case for the cottage-cluster delivery model before scale-up to the full 160-unit build-out. The project consists of three production homes (Plan 1188 — 1,188 SF; Plan 1040 — 1,040 SF; Plan 876 — 876 SF) and one three-bay carport on a parcel owned by Miller Springs Founders, LLC (the "Developer"). These units are nearly fully wrapped.



At our last meeting, the board authorized a construction contract between R3 and Kaino Construction to complete these units, with R3 contributing ~$50,000 in grant funding and $400,000 in loan funds under a forgivable loan to Miller Springs Founders, LLC, to be repaid to R3 from sale proceeds or a permanent refinance no later than June 30, 2027.

Through August, R3 has funded ~$275,000 of the estimated $400,000 in loan funds and anticipates funding the remainder in September and October to get the units fully wrapped before winter.

We also discussed the DAS Lottery Bond funds scheduled to be sold this spring that will net R3 $3 million in additional funds, of which any expenditures that post-date our official intent to reimburse (May 11, 2026). These costs can be reimbursed to R3…provided R3 is the property owner at the time we incurred the cost and request the reimbursement.

Under our original proposal, we intended to finance these units through a loan from R3 to Miller Springs Founders, LLC. The DAS Grantee Guide (Ex. D §§C, F, N) requires that R3 hold fee-simple title to all bond-financed real property, prohibits sale, lease, transfer, or encumbrance without DAS's prior written consent, and prohibits use of bond proceeds to make loans to non-governmental persons. I therefore recommend:

1. R3 offers to purchase the land under each Lot 16 condominium (mirroring the Lot 17 condominium-plat approach), making R3 the fee-simple owner of both land and improvements.
2. R3 submits its disbursement request to DAS in April/May 2027 (post-bond sale) for eligible costs incurred after the May 11, 2026 Declaration of Intent, with R3 holding continuous fee-simple title.
3. After reimbursement, R3 disposes of the units — to OZ 2.0 investors or direct to local buyers — under the §F sale/transfer covenant, with prior written DAS consent and net proceeds applied to defease the allocable bond portion (or retained by R3 to the extent DAS agrees in writing).

The ~$50K grant contribution and ~$400K forgivable loan to MSF continue to be funded from R3's non-bond sources and are not subject to the Grantee Guide restrictions.

Given this language, with board approval, we will complete the wrap (roofs, doors, windows, etc.) so the units are fully enclosed for winter, and then pause construction until the lottery bond sales next spring, whereupon we'll submit for reimbursement, resume construction, and complete the exit next summer.

The Oregon Real Estate Agency (OREA) has approved the Miller Springs condominium declaration, and we can now enter into binding sales agreements. A copy of the declaration is included in the packet.

If we follow this approach, we will maximize our reimbursements from DAS and will effectively acquire The Homestead as units are ready to be built. Using standard lot pricing, we'd essentially be looking at the table below for our acquisition and development approach to complete the project over the next two years. The treatment of net sale proceeds from the completed units — whether applied to defease the allocable bond portion, redeployed into successor R3 workforce-housing projects under continuing DAS covenant, or a combination — will be determined in consultation with DAS as part of the §6.F consent process, and is not the subject of tonight's motion.

| Unit No. | Lot | Building Plan | Building SF | Land Purchase Price |
|---|---|---|---|---|
| 1 | 17 | 1368 | 1,368 | Pre-negotiated |
| 2 | 17 | 1188 | 1,188 | Pre-negotiated |
| 3 | 16 | 1040 | 1,040 | $20,000 |
| 4 | 16 | 876 | 876 | $20,000 |

| Unit No. | Lot | Building Plan | Building SF | Land Purchase Price |
|---|---|---|---|---|
| 5 | 16 | 1188 | 1,188 | $20,000 |
| 6 | 15 | 1408 | 1,408 | $20,000 |
| 7 | 15 | 876 | 876 | $20,000 |
| 8 | 15 | 1188 | 1,188 | $20,000 |
| 9 | 14 | 1408 | 1,408 | $20,000 |
| 10 | 14 | 1458 | 1,458 | $20,000 |
| 11 | 14 | 1040 | 1,040 | $20,000 |
| 12 | 4 | HONE 4-Plex | 1,042 | $20,000 |
| 13 | 4 | HONE 4-Plex | 1,042 | $20,000 |
| 14 | 4 | HONE 4-Plex | 1,042 | $20,000 |
| 15 | 4 | HONE 4-Plex | 1,042 | $20,000 |
| 16 | 5 | TBD | 1,260 | $20,000 |
| 17 | 5 | TBD | 1,260 | $20,000 |
| 18 | 5 | TBD | 1,260 | $20,000 |
| 19 | 6 | TBD | 1,260 | $20,000 |
| 20 | 6 | TBD | 1,260 | $20,000 |
| 21 | 6 | TBD | 1,260 | $20,000 |
| 22 | 7 | HONE 4-Plex | 1,042 | $20,000 |
| 23 | 7 | HONE 4-Plex | 1,042 | $20,000 |
| 24 | 7 | HONE 4-Plex | 1,042 | $20,000 |
| 25 | 7 | HONE 4-Plex | 1,042 | $20,000 |
| | | **Subtotal (Units 1–11, Lots 14–17)** | **13,036 SF** | **$180,000** |
| | | **Subtotal (Units 12–25, Lots 4–7)** | **15,896 SF** | **$280,000** |
| | | **Grand Total (25 Units)** | **28,932 SF** | **$460,000** |

If you concur with this approach, the Board is asked to authorize the Managing Director to:

1. **Complete winter enclosure of Lot 16.** Execute the remaining $125,000 of the previously approved $400,000 forgivable loan to Miller Springs Founders, LLC to complete the wrap of the three Lot 16 units (Units 3–5) — roofs, doors, and windows — so the buildings are fully enclosed before winter, and pause vertical construction thereafter until DAS lottery bond proceeds are available. In this case, we will not execute the loan in order to preserve our ability to be reimbursed from DAS, and will instead place a construction lien on the property until the sales to R3 are completed.
2. **Acquire land under each condominium unit at $20,000 per unit.** Offer to purchase from Miller Springs Founders, LLC the land underlying each condominium unit shown in the table above, at $20,000 per unit, on the same condominium-plat structure used for Lot 17, contingent on preliminary plat approval for Lot 16 and successive plats for Lots 4–7 and 14–15 as those phases advance. Lot 17 (Units 1–2) closes on the previously negotiated terms. Total budget authorization: **$460,000** across the 23 remaining units, drawn from R3 non-bond sources until reimbursed.
3. **Enter binding condominium sales agreements.** Execute purchase and sale agreements for completed Homestead units under the OREA-approved declaration, with proceeds returned to R3 to fund downstream acquisition and construction.
4. **Submit DAS disbursement requests post-bond sale.** File R3's reimbursement request with DAS in April/May 2027 for eligible capital costs incurred after the May 11, 2026, Declaration of Intent, with R3 holding continuous fee-simple title through the reimbursement window, and pre-coordinate with DAS on the §F sale/transfer consent framework so post-reimbursement dispositions to OZ 2.0 investors or homeowners are teed up in advance.
5. **Report back to the Board** at each subsequent regular meeting on wrap completion, plat status, DAS disbursement timing, and unit sales activity, and return for further Board authorization before committing any bond-funded costs on lots not yet included in the executed IGA scope.

**DAS §6.F consent framework.** Because the Lot 16 and successor Homestead units will be R3-owned and financed in part with SB 5701 lottery-bond proceeds, Section 6.F of the DAS grant agreement requires prior written DAS consent for any sale, transfer, encumbrance, lease, or other disposition of bond-financed property, and prescribes the default treatment of net disposition proceeds. Staff intends to work with DAS during the fall and winter to establish a consent framework covering the full Homestead disposition sequence so that binding sales beyond Lot 17 can proceed on a predictable basis when units are ready for delivery under OZ 2.0. Staff will report back to the Board on the outcome of the DAS consultation and will not commit R3 to bond-financed dispositions beyond Lot 17 until that written consent is in place. Lot 17 (Units 1–2) is not affected by this consent process because Lot 17 acquisitions and construction have been funded from R3 non-bond sources and are not subject to the §6.F restriction.

***Motion 1:*** "I move that the Board authorize the Managing Director to complete the Lot 16 winter enclosure; acquire the condominium-unit land at $20,000 per unit (approximately $460,000 total across the 23 remaining units) on the same condominium-plat structure used for Lot 17, contingent on preliminary plat approval for Lot 16 and successive plats for Lots 4–7 and 14–15 as those phases advance; enter binding sales agreements under the OREA-approved condominium declaration for Lot 17 (Units 1–2) on the previously negotiated terms, and for all subsequent units only upon receipt of prior written DAS consent under Section 6.F of the SB 5701 lottery-bond grant agreement to the disposition structure and proceeds treatment; submit the DAS lottery-bond reimbursement request in spring 2027 for eligible capital costs incurred after the May 11, 2026 Declaration of Intent; and report back at each regular meeting on wrap completion, plat status, DAS disbursement timing, DAS consent status, and unit sales activity, all as set forth in this memo."

On a separate but related matter, the Lot 17 homes are complete but lack finished landscaping. We requested a

design and quote from Harney Lawn and Irrigation to landscape the corner entrance and the areas around our two homes. Estimate #1263, dated September 14, 2026, totals $72,534.85, with a $10,877.83 deposit due at signing and a full one-year warranty on all parts and labor. The design includes a variety of species, native plants, and high-desert adapted trees and shrubs — including Japanese maple street trees, Karl Foerster reed grass, blue oat grass, yucca spike, coneflowers, lavender, heather, mugo pine, and Japanese and rocket barberry — with a combination of orange decorative rock, river rock, brown bark mulch, and sod as the base. The scope also includes installing a complete Hunter-controlled six-zone irrigation system with backflow prevention, drip lines to every planting bed, MP-rotary spray heads on the turf areas, city-water tie-in, and winter blow-out service. The image below shows an AI-generated approximation of the plan.

If the board wishes to proceed with landscaping, the following motion is recommended:

***Motion 2:*** "I move that the Board authorize the Managing Director to accept Harney Lawn & Irrigation LLC Estimate #1263, dated September 14, 2026, for landscape and irrigation installation on Lot 17 in a not-to-exceed amount of $75,000 (inclusive of the $72,534.85 estimate plus a modest contingency for change orders); to remit the required $10,877.83 deposit at signing; to fund the work from R3 non-bond sources given that Lot 17 landscaping is not within the DAS lottery bond IGA scope; and to execute all related contracts, warranty acknowledgments, and city water-service tie-in authorizations necessary to complete the installation, with a status report at the next regular Board meeting."



## 6. HEAT PUMP PROGRAM

Attachments:

6.1 None

We received the final heat pump disbursement, and the Tribal and Eastern Oregon projects are now complete. ODEO contacted Chair Miller and said additional funding is available that was held back from prior awards. We will be given the opportunity to expend those funds under a new contract or contract extension.

## 7. BOARD MATTERS AND UPCOMING MEETINGS

Attachments:

7.1 Financial Report

R3's year-to-date financial report is enclosed for the board. Board may discuss any other matters during this agenda item.