

J. Scott Andrews
Commission Chair

Aneshka Dickson
Commissioner

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Charles A. Wilhoite
Commissioner

Sam Adams
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting records of the June 13, 2012, Portland Development Commission (PDC) Board of Commissioners' Meeting held at 222 NW Fifth Ave., Portland, OR 97209. The full video recording of this meeting can be found at: <http://www.youtube.com/watch?v=NTcdtp7ppBc>.

1. Call to Order and Roll Call

Acting Chair Charles Wilhoite called the meeting to order at approximately 10:12 a.m. Ms. Gina Wiedrick, Board recording secretary, called the Commission roll:

Commissioner Scott Andrews	PRESENT [see note below]
Commissioner Aneshka Dickson	PRESENT
Commissioner John Mohlis	ABSENT
Commissioner Steven Straus	PRESENT
Acting Chair Charles Wilhoite	PRESENT

Acting Chair Wilhoite confirmed that Commissioner Andrews was participating in the meeting by phone.

2. Commissioner Reports

No reports given.

3. Executive Director Report

- Appeared before City Council for final review of PDC budget.
- On May 23 attended the opening of the Vestas headquarters; Commissioner Straus was also in attendance.
- On June 1 attended the opening of the new building for the Oregon College of Oriental Medicine here in Old Town.
- Noted that there was a very nice editorial in the Oregonian about the changes made here at PDC and its operations. The editorial ran on May 25.
- Pointed out that Commissioner Straus presented at the Design Forum/PDX on June 6 on behalf of PDC and the City. Additionally, Commissioner Dickson will be speaking at the grand opening of the FBI Portland headquarter building on June 15.
- Recognized Faye Brown as the new Chief Financial Officer.

4. Meeting Minutes

Acting Chair Wilhoite called for a motion to approve the May 23, 2012, board meeting minutes. Commissioner Dickson moved and Commissioner Straus seconded the motion.

AYES: Andrews, Dickson, Straus, Wilhoite
NAYS: None

5. Public Comments for Items Not on Agenda

No public testimony was presented.

6. CONSENT AGENDA

A. Action Item: Authorizing Short-Term Interfund Operating Loans Not To Exceed \$1,000,000 from Specified Funds to the Community Development Block Grant – Economic Opportunity Initiative Fund from July 1, 2012, to June 30, 2013

With this action the Board was asked to authorize interfund operating loans, not to exceed \$1,000,000 in aggregate, from the Grant Offset Fund, Fund 108, the Small Business Loan Fund, Fund 410, and the Business Development Loan Fund, Fund 463, to the CDBG – Economic Opportunity Initiative Fund, Fund 213. The interfund operating loans are necessary to bridge the time between expenditure of funds to provide services under intergovernmental agreements and subrecipient agreements with the Portland Housing Bureau (“PHB”) and the City of Portland (“City”) and the date PDC is reimbursed for those services by PHB and the City.

B. Action Item: Authorizing First Amendment to FY 2011-12 Intergovernmental Service Level Agreement (General Fund Special Appropriations) between the Portland Development Commission and the City of Portland to Add Two New Traded Sector Job Creation and Retention Activities and Reallocate \$300,000 in Funding from the Portland Seed Fund to the New Activities

With this action the Board was asked to authorize an amendment to the FY 2011-12 Intergovernmental Service Level Agreement dated July 27, 2011, between the Portland Development Commission and the City of Portland to reduce the funding for the Portland Seed Fund Initiative (\$300,000) and reallocate those funds to two new Traded Sector Job Creation and Retention activities related to the Portland Seed Fund Initiative, Strategic Mentoring and Investor Outreach Activities (\$100,000) and Technology Commercialization (\$200,000).

Acting Chair Wilhoite called for a motion to approve Resolutions 6948 and 6949; Commissioner Straus moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Straus, Wilhoite
NAYS: None

REGULAR AGENDA

7. Action Item: Recommending the Portland City Council Authorize the Portland Development Commission to Submit an Application to the State of Oregon for Designation of the East Portland Enterprise Zone and Electronic Commerce Zone

Portland Development Commission staff presenting this item:
Mr. Keith Witcosky, Deputy Director – Government Relations / Public Affairs
Mr. Andy Reed, Business Development Coordinator

With this action the Board was asked to recommend that the Portland City Council (Council) authorize the Portland Development Commission to submit an application to the State of Oregon which seeks approval of a new Enterprise Zone (E-Zone) program, with an Electronic Commerce (E-Commerce) designation, for identified portions of East Portland. State approval of the E-Zone application will provide limited-duration tax abatements for firms that make capital investments that expand operations, increase jobs, and increase the tax base.

Pursuant to State statute, a city that sponsors an E-Zone may establish conditions, by adopted policy, for firms to take advantage of E-Zone tax abatements. With this action the Board was also asked to recommend that Council adopt the proposed East Portland E-Zone Policy, setting reasonable conditions to the eligibility for tax abatements.

Specifically, the Board was asked to take the following actions:

- (1) Support the East Portland E-Zone and E-Commerce designations.
- (2) Forward a recommendation to City Council for approval, along with an E-Zone policy.
- (3) Authorize the Executive Director to submit an application for designation of the East Portland E-Zone and E-Commerce Zone to the State of Oregon on behalf of the City (subject to Council approval).

Acting Chair Wilhoite asked two questions:

- (1) How frequently is the E-Zone used in other regions of the country? Asked that the answer touch on if this is a typical tool seeing in other cities. Mr. Reed answered that without knowing what happens in all 50 states, his impression is that there are similar incentives like the enterprise zone around the U.S. Within Oregon there are e-zones and it is definitely something that is used as a major incentive.
- (2) Asked that Mr. Reed touch on how the new investment will operate with the existing E-Zone Investment Committee. Mr. Reed responded that they are going to replicate the existing policy with a varying timeline to get something approved; use what they know is useful and accepted in the community and at a later date they will likely come back and look at both policies and the direction that we want to go.

Commissioner Dickson asked if this can be used as a marketing tool to fully attract recruitment businesses that are targeted to use these funds in the future. Mr. Reed answered yes. He met with a representative of SoloPower and he asked them if they would have ended up in Portland had there not been the E-Zone incentive, and the answer was no; this has a direct impact on their bottom line. For this company there is value in moving to Portland: the incentive decreases SoloPower's cost of producing equipment.

Acting Chair Wilhoite called for a motion to approve Resolution 6950; Commissioner Dickson moved and Commissioner Straus seconded the motion.

AYES: Andrews, Dickson, Straus, Wilhoite
NAYS: None

10. Action Item: Authorizing the Executive Director to Execute an Intergovernmental Agreement with the City of Portland Bureau of Planning & Sustainability and the City of Portland Bureau of Transportation in an Amount Not to Exceed \$900,000 for Completion of the Central City 2035 Plan

Portland Development Commission staff and others presenting this item:

Mr. Peter Englander, Central City Manager

Mr. Joe Zehnder, Chief Planner, Bureau of Planning & Sustainability

With this action the Board was asked to authorize the Executive Director to execute a \$900,000 Intergovernmental Agreement (IGA) among the Portland Development Commission (PDC), the Bureau of Planning & Sustainability (BPS), and the Bureau of Transportation (PBOT) to complete two of three remaining years of the seven-year planning effort culminating in the Central City 2035 Plan. Over the seven-year period through FY 2012-13, work products have included multiple Urban Renewal Area (URA) amendments and URA creation, ongoing project collaboration between BPS and PDC, and the work completed to date on Central City 2035. This IGA is the third such agreement for the partnership with BPS and PBOT, and it would bring PDC's total funding to the project to \$2.74 million. While earlier agreements incorporated PBOT in a sub-contracting role under BPS, this IGA includes a direct agreement with PBOT.

Mr. Zehnder also indicated those presents are Paul Smith, Planning Manager, Bureau of Transportation, and Steve Iwata, Supervising Planner, Bureau of Planning & Sustainability.

Acting Chair Wilhoite stated we view ourselves as partners, we have to be partners, we want to work together effectively, and he thinks the public sometimes looks at Planning, Plan 2035, and asks, when does the planning part end? Acting Chair Wilhoite asked that Mr. Zehnder share his thoughts and how he would answer if someone approached him and asked where they were in the planning, is it done from the perspective of continued funding from PDC? What are his expectations going forward? Mr. Zehnder responded that the plans they are doing right now have been hard to get started, they began in 1980; these are big efforts. The Comprehensive Plan for the City is due by January 2014, after that there will be refinement of details, going out and facing specific things, like developments and new town centers in East Portland.

Commissioner Straus asked six questions:

- (1) What is their total budget? Mr. Zehnder responded that for Planning it is \$5.7 million.
- (2) What he is trying to get at is, of the \$900,000, what does that represent in a percentage basis, the Bureau's total budget? PDC has had to make a number of significant cost cuts over the last couple of years; essentially, why should the PDC provide this funding? Mr. Zehnder responded that the proposition they would like to believe that they presented to PDC has value-added to PDC's efforts. He further explained that the reason why the process takes so long is that they have to build on the community/stakeholder relationships, with those foundations they can move more smoothly in the future, and PDC can leverage them.
- (3) He asked again, why should PDC make this contribution? Where did that \$700,000 number come from? Is that based on so many hours involved around PDC issues? Mr. Zehnder responded that the number is pulled from the work specifically related to the Central City 2035,

as well as work done on behalf of PDC for the creation of the Education URA. He stated that they typically only go to PDC for funds when they have no other way to get that.

- (4) He stated that in the future he would like to see a better breakout showing how the work that is being done is directly related to the PDC. Additionally, he would like to see a presentation on the Post Office and Centennial Mills sites in the next three to six months about how the redevelopment of those sites are going to be affected by the planning that they are doing. Mr. Zehnder responded that they can show him what they know now. Mr. Englander said that the projects are specifically called out in the IGA.
- (5) A question for the Bureau of Transportation: They have a large budget, why do they need the \$200,000 from PDC? Mr. Smith responded with a list of all of the extensive work they have performed in various projects.
- (6) Where does the \$200,000 number come from? Mr. Smith responded that it corresponds to slightly less than one full-time equivalent; Planning has a larger staff, but Transportation has one transportation planner that spends 80 – 85 percent of his time being a transportation planner for this larger project.

Acting Chair Wilhoite remarked that there must be other important things associated with that which would justify the use of \$200,000. Mr. Smith responded that the amount in question is actually calculated as a per-year quantity: i.e. an average of \$100,000 per year.

Commissioner Straus finished with one last comment, stating that next year he would like to see specifically how this ties with PDC projects.

Commissioner Dickson agreed that it is really important that the outcomes of their work be directly correlated to PDC. Is there any opportunity that this number could be reduced? Mr. Zehnder responded that Planning is also taking a cut on their budget and he does not see a way that they can deliver on the work with any less.

Acting Chair Wilhoite stated that we will need to do everything we can to make sure we are closely coordinated and tied with the activities of the PDC because we too will receive those questions from the general public in the same way that you are receiving them

Acting Chair Wilhoite called for a motion to approve Resolution 6937; Commissioner Andrews moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Straus, Wilhoite
NAYS: None

Acting Chair Wilhoite called the next item, Item 8 below, for presentation. However, Mr. Witcosky's presentation covered Items 8 and 9.

8. Action Item: Adopting Updated Urban Renewal Advisory Committee Policy to Clarify Membership and Member Terms, Align with the Portland Development Commission Mission and Strategic Plan, and Update Administrative Procedures

With this action the Board was asked to approve an updated Urban Renewal Advisory Committee (URAC) Policy with the following adjustments:

- (1) Clarifies membership and member terms.
 - i. Allows members to be appointed for terms of any length, up to three years. a. This allows for a subsequent Board action to grant reappointments.
 - ii. Eliminates “Ex-Officio” memberships, which were generally reserved for bureau staff.
 - iii. Makes term limits applicable to the “Alternates” member category.
- (2) Aligns the focus of the URACs with the Portland Development Commission’s (PDC) Mission and Strategic Plan.
- (3) Updates other language to bring the URAC Policy (Policy) current with PDC operations.

9. Action Item: Reappointing Eighty-One Urban Renewal Advisory Committee Members to Terms Ending September 30, 2013

With this action the Board was asked to reappoint eighty-one current Urban Renewal Advisory Committee (URAC) members whose terms end on either June 30, 2012, or on June 30, 2013, to terms ending September 30, 2013.

Subsequent to this reappointment and until September 30, 2013, staff does not anticipate recommending appointment of new URAC members if a position is currently vacant. Some URACs have previously approved alternate members, should a URAC member vacate his or her position during the reappointment period, only an existing PDC Board-approved alternate shall be permitted to fulfill the term.

Portland Development Commission staff presenting these two items:

Mr. Keith Witcosky, Deputy Director – Government Relations / Public Affairs

Ms. Julie Rawls, Public Participation Coordinator

Ms. Juanita Swartwood, Public Participation Coordinator

After Mr. Witcosky presented, Acting Chair Wilhoite asked to hear from Ms. Rawls and Swartwood. Ms. Rawls wanted to put on record that the few folks who are not returning to the URACs are not upset with the changes; most have families and they have had to shift their priorities with regards to their time commitments. Ms. Swartwood indicated that one of her members said that they had an increase in workload and it just is not possible to continue.

Commissioner Dickson asked: for the future, when you look at other committees and clusters, are you able to see future leaders that you could recommend, or are we able to recruit a good diverse group of people as we try to revamp the way this program runs? How are you able to track or pull from the public? Ms. Rawls answered that the vacancies are not being filled, but agrees that we need to improve the diversity in the URACs; this is something that needs to be worked on in the future but cannot right now because the vacancies are not being filled. She further indicated that almost everyone in the various groups is a community leader, well-known and respected; for the future they will look at the current group as a model. Ms. Swartwood added that a lot of the members have been involved in advisory roles in the community.

Commissioner Straus asked how we can reciprocate, do something for all of their efforts. He would like to see some sort of program to recognize the work of these volunteers, without whom we cannot be successful in our mission.

Executive Director Quinton commented that as Mr. Witcosky mentioned, staff is working on how to get diversity of perspectives and experiences, how to get the business community more involved; we do not see as many business representatives involved and we need them.

Acting Chair Wilhoite called for a motion to approve Resolution 6951; Commissioner Straus moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Straus, Wilhoite
NAYS: None

Acting Chair Wilhoite asked to move to Item 9, Action Item: Reappointing Eighty-One Urban Renewal Advisory Committee Members to Terms Ending September 30, 2013, but Executive Director Quinton pointed out that the previous presentation covered this item. Mr. Witcosky said that they are going from a committee of 110 members to 81.

Acting Chair Wilhoite called for a motion to approve Resolution 6952; Commissioner Andrews moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Straus, Wilhoite
NAYS: None

11. Information Item: FY 2012-13 Budget Development: Review of City Council Approved Budget

Portland Development Commission staff presenting this item:
Mr. Tony Barnes, Budget Officer

The Portland Development Commission (PDC) Proposed Budget was presented to City Council, acting as PDC's Budget Committee, on May 16, 2012. This was followed by public testimony on the PDC Budget on May 17, 2012, and approval of the PDC Budget on May 30, 2012.

Moving forward, staff have identified recommended technical changes that will be requested for inclusion in the adopted budget and are preparing for the Tax Supervising and Conservation Commission review and public hearing to be held on June 27, 2012, prior to adoption by the Board. Today's meeting provided an opportunity for information and discussion prior to this hearing.

Commissioner Straus said that he met with staff in advance and received a thorough explanation and at that time he made two suggestions for moving money around: (1) add money to the Post Office project, and (2) reduce the funding going towards the Centennial Mills project as this project represents additional liability that needs to be considered.

Commissioner Andrews stated that we are fully capable of making the changes during the year as/if needed.

Acting Chair Wilhoite said that he does not have a basis for the dollar amounts, and asked Commissioner Straus to elaborate. Commissioner Straus answered that the funding for the Post Office is to accelerate the process, get legal counsel to negotiate in our best interest, the City of Portland's and the PDC's best interest, and to make this a priority. With regards to Centennial Mills, Commissioner Straus stated that he would like to send a message at least from himself that there is a lot of potential liability with that site and before we jump in sign a new developer agreement we need to approach it cautiously. By reducing that budget it sends a message that we cannot move forward until we understand those liabilities.

Commissioner Dickson asked if this is a line item that could be reduced in the next amendment cycle. Mr. Barnes answered that they usually make two or three adjustments to the budget throughout the fiscal year. Executive Director Quinton stated that the budget does not obligate PDC to spend those dollars; PDC carry-overs dollars from one year to the next and does not have the pressure to spend everything in one fiscal year. We can have additional discussions on Centennial Mills if that is what the Commissioner would prefer.

Acting Chair Wilhoite stated that these projects have been looked at for a while; he would like some additional discussions but at this time changes do not need to be made to the budget. Executive Director Quinton said that we can explore the issue about moving the money forward in the event we are able to accelerate the negotiations with the Post Office project; the status of Centennial Mills is a more complicated topic and as we have said we can hold additional discussions.

Commissioner Straus said that increasing or reducing the budget would give staff a clear direction, where their efforts should be.

At approximately 11:48 a.m. the PDC Board meeting was adjourned, and the PDC Audit Committee meeting was convened.

12. Action Item: Portland Development Commission Board Audit Committee – Approving the Independent Auditor and Audit Scope, Schedule and Fees for Fiscal Years 2011-12, 2012-13, and 2013-14

Portland Development Commission staff presenting this item:

Ms. Faye Brown, Chief Financial Officer

Ms. Catherine Kaminski, Accounting Supervisor

In accordance with Section 4 of the Board Audit Committee Charter, PDC's Board Audit Committee was asked to approve the Inter-Agency Selection Review Committee's recommendation of Moss Adams, LLP as PDC's independent financial auditor as well as the audit scope, schedule, and fee as negotiated by the Audit Services Division of the City Auditor's Office and authorized by City Council Ordinance No. 185332 approved May 16, 2012.

Acting Chair Wilhoite asked four questions:

- (1) Is this a continuation of the existing audit relationship in coordination with the City of Portland audit? Ms. Brown answered yes.

- (2) As far as structure and cost, is there anything significant in here that we or the public would want to know? Ms. Brown answered that the 2012 proposed fee is \$100,000, which is a minor increase from last year, and next year is \$102,000, and the following is \$104,000, so these are minor increases.
- (3) You said there were 11 people participating in the election process? Ms. Brown answered yes.
- (4) Are we required to have three bids to select and monitor or enter into a new contract? Ms. Brown answered that it is the City's process. Ms. Kaminski said she does not believe that there is a requirement.

Acting Chair Wilhoite called for a motion to approve Resolution 6953; Commissioner Dickson moved and Commissioner Straus seconded the motion.

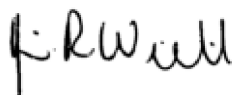
AYES: Andrews, Dickson, Straus, Wilhoite

NAYS: None

13. Adjourn

There being no further business, Acting Chair Wilhoite adjourned the meeting at approximately 11:52 a.m.

Approved by Portland Development Commission on June 27, 2012



Gina Wiedrick, Recording Secretary