

**J. Scott Andrews**  
Commissioner 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 September 12, 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=uBw1mr-U46g>.

## 1. Call to Order and Roll Call

Chair Andrews called the meeting to order at approximately 3:05 p.m. Ms. Gina Wiedrick, Board recording secretary, called the Commission roll:

Chair Scott Andrews	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Steven Straus	PRESENT
Commissioner Charles Wilhoite	ABSENT

## 2. Commissioner Reports

### Chair Andrews

- Reported that he has been heavily focused on the Veterans Memorial Coliseum project.

### Commissioner Straus

- Thanked the PDC, the City, and the State of Oregon for working closely together. Two weeks ago there was a Chinese Delegation in Portland and everyone worked together as one and literally rolled out the red carpet. He stated that we need to do more like that to entice more investment in Portland and to entice new businesses to come here.

### Commissioner Dickson

- Nothing to report; thanked all of the guests for being here today.

### Commissioner Mohlis

- Earlier this afternoon attended the Blanchet House open house, which PDC helped fund. He had seen the building before the remodeling and the change is like night and day; he stated that it is a beautiful facility and it will serve the community very well. He hopes to return for a full tour.

## 3. Executive Director Report

- Building on Commissioner Straus' mention of it, on August 21, made a presentation to the China Development Bank, the largest investment bank in China; came to Portland to learn how we do business.
- On August 23, participated in a half day Immersion Experience at Oregon Health & Science University. Had discussions about campus planning and economic development activities; they are trying to inform people on how they deliver care.
- On August 27, Commissioner Wilhoite emceed the MLK Gateway and Heritage Markers project ribbon cutting event.

- On August 28, along with a delegation of business leaders, including Commissioner Wilhoite, flew on the inaugural Alaska Airlines direct flight from Portland to Reagan National Airport. Also had meetings in DC with White House and Department of Commerce officials.
- On August 30, Stumptown held a grand opening of their new headquarters in southeast; though he unable to attend due to trip to DC.
- On September 6 – 8, along with others, PDC sponsored PDX Digital Experience, which was held in conjunction with Music Fest Northwest. Two of the panels were lead/moderated by PDC staff Shelley Midthun, Film & Video Coordinator, and Jared Wiener, Sr. Business Development Coordinator.
- On September 11, the third class (consisting of eight companies) of the Portland Seed Fund was announced. The program is heavily focused on Portland companies, heavily focused on technology companies, but this year attracted a company from Iceland who moved to Portland to take advantage of this program.
- Salesforce.com made an announcement that they are opening a presence in the Portland region that will add hundreds of jobs.
- Two items for the community to provide input:
  - We are currently looking for people to respond to a survey that was sent out to the business community that would help staff to continue to refine PDC's business programs. There is a link to the survey at <http://www.pdc.us>; and
  - On September 11, Mayor Adams sent out a request for interest for the Gateway Transit Center; looking for ideas for how to redevelop certain parcels around the Transit Center.
- Upcoming events:
  - On September 22, eastside Streetcar ribbon cutting is being held at the Oregon Museum of Science and Industry;
  - On September 27, Greater Portland will hold their fifth annual regional economic summit;
  - On September 27, SoloPower ribbon cutting at their new state-of-the-art facility in Rivergate; and
  - On September 27, Bridge to Produce Row evening event.
- In September, PDC employees are participating in the Bike to Work Challenge; he recognized PDC staff's commitment to the type of city we are trying to create here.
- Introduced new employees:
  - Diane George, Programmer Analyst IV;
  - Chris Ritzau, student working on PDC's Enterprise Content Management System; and
  - Andrew Ferroggiaro, law student from Lewis & Clark working in PDC's legal department.
- Spoke about the passing of Art Demuro; there are many great editorials depicting Mr. Demuro's value to the city. Stated that Art was an inspiration to PDC and pushed PDC to aim higher on projects; he will be missed in our work. Chair Andrews added that Art was really good at balancing the business and historic sides to projects.

#### **4. Meeting Minutes**

Chair Andrews called for a motion to approve the August 15, 2012, board meeting minutes. Commissioner Straus moved and Commissioner Mohlis seconded the motion.

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

**5. Public Comment for Items Not on Agenda**

No public testimony was presented.

**6. CONSENT AGENDA**

**A. Action Item: Authorizing an Intergovernmental Agreement with the City of Portland to Provide Funding of \$5,844,591 to the Portland Development Commission for Implementing Economic Development Activities on a Citywide Basis**

With this action the Board will authorize an Intergovernmental Agreement (IGA) with the City of Portland (COP) to transfer \$5,844,591 to PDC to fund certain economic development activities including Neighborhood Economic Development and Traded Sector Job Creation and Retention on a citywide basis. These activities have been budgeted in the FY 2012-13 Adopted PDC Budget.

This is the fifth year that PDC has had an IGA with the COP that provides for the transfer of COP general fund resources to PDC to support specified PDC activities. Prior to FY 2008-09, such transfers occurred without an IGA.

**B. Action Item: Authorizing the Second Amendment to the Disposition and Development Agreement with Grove Hostel Property, LLC, to extend the Final Termination Date by 90 days**

With this action the Board will authorize the Executive Director to execute the Second Amendment to the Disposition and Development Agreement (DDA) with Grove Hostel Property, LLC (GHP), to extend the Final Termination Date by 90 days. The original DDA was approved by the PDC Board on July 27, 2011, executed on August 18, 2011, and was set to terminate on March 31, 2012. Pursuant to Section 15.8.3 of the DDA, the Executive Director approved the First Amendment to the DDA which extended the Final Termination Date by 180 days, to September 30, 2012.

The project team is preparing to bring a revised deal structure to the PDC Board at its regular meeting in November or December 2012. Since the Final Termination Date of the DDA is September 30, 2012, the DDA must be extended to allow the Board to consider the revised deal structure which, if approved by the Board, would be implemented through a Third Amendment to the DDA at that time.

Chair Andrews called for a motion to approve Resolutions 6961 and 6962; Commissioner Mohlis moved and Commissioner Dickson seconded the motion.

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

**REGULAR AGENDA**

**7. Action Item: Approving Certain Expenses Related to the Rose Quarter Shared Thermal Energy System in an Amount Not to Exceed \$650,000**

Portland Development Commission staff presenting this item:

*Mr. Lew Bowers, Central City Division Manager*

*Mr. Kevin Brake, Sr. Project/Program Coordinator*

With this action the Board will authorize payment to Corix Utilities for \$550,000 in soft costs incurred to date in the assessment and design of the Rose Quarter Shared Thermal Energy System (RQ STES) to provide heating and cooling to the Veterans Memorial Coliseum, Rose Garden Arena, and One Center Court office building. The action will also authorize the payment of an additional \$100,000 to Corix for work completed in the feasibility analysis phase, but will not be payable to Corix unless PDC terminates the Memorandum of Understanding or allows it to expire on December 31, 2013. Negotiations to build a shared heating and cooling system at the Rose Quarter have taken longer than expected, causing a delay to the potential construction of the RQ STES. PDC and Corix are continuing negotiations for the RQ STES, and if agreement is reached and a system is implemented, this initial payment will be treated as PDC's contribution toward hard construction costs once construction of the RQ STES begins.

Chair Andrews wanted to confirm that we would get the work product out of this. Mr. Bowers responded that Corix has met their responsibilities under the letter of agreement which is to provide that work product.

Commissioner Straus, who is the president of Glumac, made a statement of potential conflict of interest. He stated that Glumac is working to develop a shared thermal energy system for a separate project not currently related to the project discussed today. He added that it is possible that Glumac's system could be connected to the Rose Quarter system or if PDC decided to put this work out for bid in the future, Glumac's project could potentially directly compete with Corix's. Without any current direct benefit to Glumac, Commissioner Straus declared his interest and desire to participate in this matter and added that, if in the future this Board considers any matter that will result in a direct benefit to Glumac he may recuse himself from participating in such action.

Commissioner Mohlis wanted to express his main concern that negotiations are going to continue and that PDC will try to move forward with this project and make it successful. Secondly, he had brought this up at his briefing earlier, and Chair Andrews also requested confirmation after the presentation, that PDC will retain the product that is finished to-date, that the product belongs to PDC in case the negotiations do not work out and we can still move forward. Mr. Bowers confirmed and added that PDC staff continues to meet with Corix staff to brainstorm moving forward with this project.

Commissioner Mohlis acknowledged that this is a new and complex concept with a lot of moving parts and felt that it is important that we be leaders but also proceed in a prudent matter; which he felt we are indeed doing.

Commissioner Dickson asked a question regarding the shared use: how many different types of entities can share into this system? Mr. Bowers responded that there may be parallel systems (this one with possible expansions to the Oregon Convention Center, Metro headquarters, and the new Convention Center Hotel; plus another system being looked at in South Waterfront; and a third model in the brewery blocks) that could be compatible and may link up depending on the technology and business models.

Commissioner Dickson wanted to confirm that this project would be a benefit to the City and to other developments within the district. Mr. Bowers responded that we are trying to learn how to work with new construction as well as existing buildings and work around their existing plans and technologies.

Commissioner Straus asked three questions:

- Why is staff here again? Had this project not been previously approved? Mr. Bowers responded that the cumulative liability exceeded the \$500,000 threshold of the Executive Director. Chair Andrews clarified that because it came to \$550,000 plus the potential of another \$100,000 it needed to come to the Board.
- What was the contract amount for? Mr. Bowers responded that there were two separate contracts: one for \$100,000 and the other for up to \$550,000 which turned out to be actual expenses incurred.
- He was happy to hear that should the contract with Corix not move forward, PDC would own the engineering product and asked, should PDC move forward with the project and there were errors or omissions, would Corix take responsibility for that product, or would PDC or other entities be responsible? Messrs Brake and Bowers said that they will need to look into that; Legal will need to be consulted.

When Chair Andrews called for a motion to approve Resolution 6963, Commissioner Straus said that he would approve moving forward if Corix would take responsibility for the product PDC is receiving; if not, he cannot see that PDC is receiving the value that is expected. He asked is that can be amended or does staff need more time to have those negotiations? Mr. Bowers responded that they need to confer with counsel. Commissioner Straus reiterated his concerns that we need a guarantee that PDC is purchasing the product without errors or omissions.

Chair Andrews asked Eric Iverson, Legal General Counsel, to assist. Mr. Iverson responded that they will look into it and come back to the Board. Chair Andrews agreed to hold voting and move on to the next item.

**8. Action Item: Approving the Selection of the Mortenson/Hyatt Development Team and Authorizing Negotiations with Mortenson/Hyatt on Potential Disposition of Real Property in the Oregon Convention Center Urban Renewal Area for Construction of a Convention Center Hotel**

Chair Andrews started by asking if Metro's Council had approved this yesterday. Executive Director Quinton responded that Metro is meeting on September 13. Chair Andrews added clarification that this is an early step to a very lengthy process. This is not approval of a project, of a budget, of a land sale, or a development agreement; these will be brought back to the Board in the future.

Portland Development Commission staff and others presenting this item:

*Mr. Lew Bowers, Central City Division Manager*

*Mr. Eric Jacobson, Sr. Project/Program Coordinator*

*Ms. Cheryl Twete, Sr. Development Advisor, Metro*

With this action the Board will approve the selection of the Mortenson Development and Hyatt Hotels (Mortenson/Hyatt) team for the development of a Convention Center Hotel (CCH) in the Oregon Convention Center Urban Renewal Area and authorize staff to enter into direct negotiations with the Mortenson/Hyatt team for a Disposition and Development Agreement (DDA) or other appropriate documentation for development of the CCH.

On April 30, 2012, the PDC Board endorsed Metro's Request for Proposals (RFP) process for CCH. Metro issued the RFP on May 11, 2012, and by the July 22, 2012, deadline, had received two responses from

teams led by (1) Garfield Traub Development, LLC, Langley Investment Properties, and Starwood Hotels, and (2) Mortenson/Hyatt. An Evaluation Committee appointed by Metro reviewed the proposals. The Evaluation Committee recommended entering into negotiations with the Mortenson/Hyatt development team.

This action further supports and advances the partnership between Metro, Multnomah County, the City of Portland, and PDC to establish a CCH. Metro is the lead agency for the effort and Metro staff will be present at the meeting to answer any questions. In addition, the Metro Council is scheduled to take action on the Evaluation Committee recommendation on September 13, 2012. This action only approves the selection of Mortenson/Hyatt and authorizes negotiations with Mortenson/Hyatt on a potential DDA. Any resulting DDA will be subject to future Board approval.

Chair Andrews asked any representative(s) from the development team to come forward and make a statement, if they wished.

Mick O'Connell, Schlesinger Companies, the managing member of StarTerra, the landowner, and a member of the Mortenson/Hyatt team. Stated that they are looking forward to working on this project and pointed out Hyatt's commitment to this project; this is a significant investment and speaks of Hyatt's confidence in the Portland market.

Chair Andrews called forward individuals to provide public testimony and took receipt of a letter of written testimony submitted by Leland Consulting Group, attached at the end of these minutes as Attachment 1.

Brian Carson asked if the 600 rooms is a closed project, or is it expandable to a larger project. Chair Andrews responded that they will ask staff when they come back after public testimony.

Nischit Hegde, representing Unite Here Local 8, which represents hospitality workers in Washington and Oregon. Spoke in favor of the project and stated that the union is interested in the project and its potential for the hospitality sector. They will continue to be engaged to ensure that this project is good for all concerned, and will inform the board how this project is shaping up from the perspective of Portland hotel workers.

John Weigant requested minimum public funding of a CCH. He expressed concern that our anticipation of the future will not meet expectations, that there will be growth in the community but not in infrastructure, and that this project is bound for disappointment. Spoke against public funding and in favor of an online convention model.

Brian McCartin, Executive VP of Convention & Tourism Sales for Travel Portland, the convention and visitors bureau for greater Portland. Stated that Portland loses as many potential conventions as it currently books due to a lack of a Convention Center headquarter hotel. Added that the need for a CCH is great and the economic impact is phenomenal.

Tim Ramis, a lawyer speaking on behalf of the Coalition of Downtown Portland Hotels (including Hilton, Westin, Lucia, Governor, Lux, and Benson). Stated that these hotels supported PDC's prior hotel project, The Nines, and suffered from it when the market weakened and from The Nines' undercutting of prices. Spoke regarding rosy projections and a lack of contingency plans. The Coalition seeks reassurance and

requested two changes to the resolution: (1) a rate floor to stop undercutting of rates, and (2) a 60-day period to allow public and peer vetting of the term sheet and upcoming market evaluation.

Chair Andrews asked the presenters to return to the table and thanked the public for taking the time to testify and appreciates hearing their thoughts on issues being presented. Recommended that the Coalition provide the numbers that they are basing their arguments on; this would be helpful to the Board and staff.

Commissioner Straus thanked staff for their efforts and asked two questions:

- It is his understanding that PDC is following Metro's lead, staff is not asking the Board to make a decision as to whether the selection is right or wrong, but rather support the CCH itself. Is that correct? (The PDC Board was not involved in the selection of the Mortensen/Hyatt Development Team but is being asked to support the decision made by the selection committee. A PDC staff member was a member of the selection committee.) Mr. Bowers responded that PDC is seeking endorsement of proceeding based on the recommendation. He further stated that if anyone is uncomfortable with the selection process itself now is the time to express their opinion.
- He is not familiar enough with either proposal to state his opinion as to which one is better; however, he does support a CCH and trusts the group served in the public's best interest to select the best qualified developer for the project. Is Metro taking the lead? Ms. Twete responded in the affirmative.

Commissioner Dickson asked two questions:

- Brought up the question asked by a member of the public earlier; is there potentially room for expansion? Mr. Jacobson responded that the 600-room project is expensive and challenging enough but if it is decided that the project needs to expand then it would need another structure and more public funding. He added that even if this project was not expanded, when a CCH is put in other hotels will also come in as the market increases, and with the other available properties in the vicinity it is possible that other hotels would expand there. Mr. Bowers affirmed and added that at this time the finances are the constraint in the room count.
- As the project proceeds and the needs are continuously looked at, is it possible to make changes to the information of the RFP, like additional rooms, if priorities are shifted? Mr. Bowers responded that at this point the 600 room count is set and is unlikely to change; however, the room layout or the finances or other fundamental issues could be changed, but lessening the room count would not meet the needs of the Convention Center. Ms. Twete added that they would be making an updated market study and will ask again some of these fundamental questions.

Commissioner Mohlis asked one question and made one recommendation:

- He started by saying that one slide showed that more public subsidy was needed from this team than from the other, and asked: can you explain why this team was chosen? Ms. Twete responded that the Mortenson/Hyatt team's proposal was more flushed out; they are working on a similar project elsewhere and were able to provide a financial and development structure that was more than conceptual. Additionally, the Langley team asked for two months of predevelopment planning and the evaluation committee felt there was more risk involved with this approach. Mr. Jacobson added that the Langley team asked that all or a portion of their expenses during the exploratory phase be paid for and this shifted the risk and the financials back to the public sector. Mr. Bowers added that the tipping point for many members of the

selection committee was that the Mortenson/Hyatt proposal has a commitment from Hyatt to purchase the hotel upon its completion thus simplifying the public sector's financial commitments.

- With regards to the labor piece agreement, he urged Metro, in their discussions, and the development team to encourage to Hyatt put in place an agreement sooner rather than later.

Executive Director Quinton reiterated that copies of the URA financials are included in the board packets, and staff has been very explicit about the amount of public money that will be committed. This URA is ending next year and only has a specific amount leftover after the commitments made to the Rose Quarter and to the District Energy thus limiting PDC's ability to change the financing commitment to this project.

Chair Andrews made a final comment regarding suggestions that have been made to make amendments to the contract. These need to be looked over before PDC proceeds with committing funds but also urged the public to bring these comments and suggestions to the board in advance to give them time to analyze and make changes.

Chair Andrews called for a motion to approve Resolution 6964; Commissioner Mohlis moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus

NAYS: None

At approximately 4:25 p.m. Chair Andrews called for a five minute break. At approximately 4:34 p.m. Chair Andrews called the meeting back to order and brought back Resolution 6963 to address the question of PDC's ability to rely on the plan and asked Messrs Bowers and Brake to come up.

**7. Action Item: Approving Certain Expenses Related to the Rose Quarter Shared Thermal Energy System in an Amount Not to Exceed \$650,000**

Mr. Brake affirmed that the Memorandum of Understanding states that Corix is required to use commercially feasible efforts to transfer the work product to PDC; the consulting engineering company holds an errors and omissions insurance of \$5,000,000 that is good for two years. The work product is insured under that policy and it is assignable to PDC.

Chair Andrews called for a motion to approve Resolution 6963; Commissioner Straus moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus

NAYS: None

**9. Action Item: Authorizing the Execution of a Bargain and Sale Deed for the Disposition of Six Real Properties to the City of Portland**

Portland Development Commission staff presenting this item:  
*Ms. Jina Bjelland, Real Estate Services & Loan Servicing Manager*  
*Mr. Steven Blank, Real Estate Coordinator*



With this action the Board will authorize the disposition of six remnant real properties from PDC to the City of Portland Bureau of Transportation or other city bureau or bureaus designated by the City of Portland. Two of the properties are located within the Airport Way Urban Renewal Area, one property is within the North Macadam Urban Renewal Area and the remaining three are not located within any designated urban renewal area. All of these properties were initially acquired by PDC for the purpose of redevelopment projects and upon completion of those projects were not conveyed to the appropriate city bureau that has the exclusive use and control of both the property and project. PDC has no future redevelopment plans for any of these properties; they are not needed for any strategic purposes, are not marketable for disposition and are only useful to the City of Portland. These properties meet the public missions of the city bureaus, are managed, improved, and maintained by those bureaus and for all intents and purposes are considered as City assets.

This action will remove PDC as the legal owner of record (or control, in the case of the right-of-way dedication) for each property and serve to address potential risk associated with legal ownership of and control of real properties.

Chair Andrews provided an introduction: several districts are coming to an end and PDC owns properties within districts where there is no money to redevelop them; PDC needs to evaluate these properties and their potential. This presentation is the beginning of the reporting on this process.

After the presentation Chair Andrews had additional comments. He reminded everyone that at the August Board Meeting the Board authorized the sale of property in South Waterfront for a project and added that PDC is not in the business of selling properties at the highest price, but rather most interested in the best use for the properties where the owner will redevelop it in a timely manner.

Chair Andrews called forward Romeo Sosa to provide public testimony.

Romeo Sosa, works at Voz, the Workers' Rights Education Project. Inquired regarding property number four, located at 240 NE MLK Jr. Blvd. They had a workers' center there and are interested in the cost of the property, what the plans for the site are, and who they can meet with at PDC to discuss this further. Chair Andrews responded that PDC would be happy to meet with them and get more information; this is not a project that will happen right away. Executive Director Quinton added that he would encourage Mr. Sosa to talk with Ms. Bjelland and Mr. Blank to discuss PDC's plans for the site; this property is on the disposition list but the timing is uncertain. He added that under the terms of their agreement, Voz would continue to lease that site until the property was sold.

Commissioner Mohlis asked for confirmation that Ms. Bjelland and Mr. Blank are the staff to direct people to who are interested in PDC properties. Ms. Bjelland confirmed and added that they are keeping a list of interested parties who will be notified when the properties are listed.

Commissioner Mohlis thanked staff for their presentation and information of all of the properties that PDC owns.

Commissioner Dickson thanked staff and reiterated Commissioner Mohlis comment regarding how PDC will market and reach out to people who are interested in these properties, and what will be the process of selection. Ms. Bjelland responded that as they bring more properties to the Board, they will have a recommendation for disposition unique to each site.

Commissioner Straus asked two questions:

- Asked for confirmation that staff is asking that the Board approve the sale or transfer of these properties to other agencies. Ms. Bjelland responded they are requesting approval to transfer these six properties to another agency.
- Has PDC looked into vacant or underutilized properties that the City or County have that we could use to develop and create new jobs? Could we ask that some of their properties be transferred to PDC? Is this possible as part of future negotiations? Executive Director Quinton responded that it is possible and conversations have begun with the City around their property portfolio. Chair Andrews added that these properties do not have any value. Ms. Bjelland added that the value is in the savings to PDC from having to maintain them.

Chair Andrews called for a motion to approve Resolutions 6965, 6966, 6967, 6968, 6969, and 6970; Commissioner Dickson moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus

NAYS: None

**10. Information Item: Review of Draft Central City 2035 Concept Plan and Draft N/NE Quadrant Plan, Including Related I-5 Broadway/Weidler and Rose Quarter District Plans**

Portland Development Commission staff and others presenting this item:

*Mr. Peter Englander, Central City Manager*

*Ms. Susan Anderson, Director, Bureau of Planning and Sustainability*

*Mr. Joe Zehnder, Chief Planner, Bureau of Planning and Sustainability*

On June 13, 2012, the PDC Board authorized the Executive Director to execute a final \$900,000 Intergovernmental Agreement (IGA) between PDC, the Bureau of Planning & Sustainability (BPS) and the Bureau of Transportation to complete work for two of three remaining fiscal years of the project. As part of the IGA, BPS is to inform PDC during the planning process. This presentation will include a review of the two referenced completed plans, including two sub-plans, as well as an outline of the work plan for the remainder of FY 2012-13.

Mr. Englander introduced the guest speakers, followed by an introduction by Ms. Anderson.

Ms. Anderson stated that these plans were presented to the Planning & Sustainability Commission (PSC) on September 11, 2012, and they wanted to convey to the PDC Board that these two efforts are very important to them for several reasons: (1) these are the first major plans coming to City Council since the adoption of the Portland Plan, (2) these plans focus only on the central city, which, if we are to be a hub for the region and thrive, then the central city must be revitalized, and (3) it has been 25 years since the last Central City Plan and the world has greatly changed since then. There were close to 500 action items in the old plan and nearly 90 percent have been completed. The new challenge is to maintain the best that we have and build upon it. The PSC liked the focus of preserving the industrial character of Lower Albina; they supported the urban design recommendations for the Lloyd District; talked about making design choices that focus on health and equity; and as decisions are made, that they do not make disparity worse.

After Ms. Anderson's introduction, Mr. Zehnder gave his presentation.

Commissioner Straus asked three questions:

- Will the change in zoning be linked to something? For example, in the past a development may have been allowed an extra 100-foot height if there was more green space. Mr. Zehnder responded that the question of height is waiting to be linked to an incentive; with regards to the Lloyd District, the zoning has all been given away and it has more capacity than is likely to be built. Bonuses and incentives will be tied to the projects, but right now they do not yet know what those might be but are left open for consideration in the future.
- Would PDC play an active role in this process? Commissioner Straus felt that these options could be used to make improvements to other parts of the city as needed. Ms. Anderson responded that she discussed with Chair Andrews the possibility of having the PSC and PDC Board have a work session together to discuss and problem-solve some of these issues. She added that something that they have not mentioned here yet is that as they work on each quadrant they will learn from it, and after the PSC adopts a resolution it will not be in code yet and they can go back and evaluate what they have learned and what needs to be fixed before adopting all quadrants as one package by ordinance.
- Has there been an overlay that says it makes sense to have this type of development, what is the infrastructure to support that development, and has that been considered in your study? Mr. Zehnder responded that the big infrastructure challenges, considering that the area is already highly developed, are having enough open space and eco-districts. Mr. Zehnder felt that the districts are able to support the amount of development being discussed.

Mr. Englander asked Commissioner Straus what sort of infrastructure he was specifically interested in. Commissioner Straus responded that he is wondering if the streets will be torn up for bigger water and sewer lines to accommodate this development.

Chair Andrews spoke in favor of the plans and looks forward to reviewing the other quadrant plans as they become available.

Chair Andrews called forward Lee Perlman to provide public testimony. Lee Perlman, 512 NE Brazee Street, active in the Eliot Neighborhood Association but stated that he is not speaking for them. He expressed concern over the new Hancock Street and the impact on traffic in Eliot; he hopes mitigation will happen and will work. Mr. Perlman also expressed concern over the neighborhood becoming smaller still; the neighborhood is half the size it used to be before an I-5 project, other transportation projects, the Rose Quarter, and Emmanuel Hospital.

Commissioner Straus reiterated his desire that changes in height and zoning be used to make the city a better place.

Commissioner Dickson was particularly interested in the report on the impact of past projects on the community and hopes that as the project moves forward these are taken into consideration. Commissioner Dickson asked the year of the first and last plans. Ms. Anderson responded 1972 and 1988. Mr. Zehnder added that the 70s plans did not address the east side. Commissioner Dickson also looks forward to receiving updates as other quadrant plans are available.

Commissioner Mohlis also looks forward to receiving updates as other quadrant plans are available.

Chair Andrews spoke about the gentrification issue that always comes up; he praised Executive Director Quinton for and agreed with his opinion that we can no longer accept the answer that gentrification is

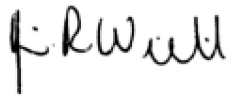
simply the natural consequence of progress but rather come up with a solution. Ms. Anderson commented that they are working with various specialists (including PSU) to put out a white paper that addresses gentrification and provide tools for assisting and addressing issues such as home ownership when property values are raised due to neighborhood improvements.

John Mohlis added that he was pleased that jobs and economic development were a high priority; the success of the plan is tied to people having jobs and paying taxes to pay for those things addressed in the plan.

**11. Adjourn**

There being no further business, Chair Andrews adjourned the meeting at approximately 5:51 p.m.

**Approved by Portland Development Commission on October 24, 2012**



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Gina Wiedrick, Recording Secretary

## LELAND CONSULTING GROUP



12 September 2012

Mr. Lew Bowers  
Mr. Eric Jacobson  
**PORTLAND DEVELOPMENT COMMISSION**  
222 Northwest 5<sup>th</sup> Avenue  
Portland, Oregon 97209

### Re Convention Center Hotel

Dear Lew and Eric,

Portland's need for a Convention Center hotel is long overdue as I'm sure you both appreciate. I'm writing this letter to contribute my experience and perspective to the leadership of the Portland Development Commission (PDC), as it is about to make a decision with regard to a major investment, a very important public-private partnership, and a response to a significant underserved market need.

Leland Consulting Group has served as strategic and development advisors for over 90 downtown revitalizations across the United States as well as parts of Canada and Mexico. Our 50-year history in Portland, working as consultant, developer, owner, and strategist is extensive—serving the PDC, City of Portland, Metro and many private sector development and investment interests—we are very familiar with this community and its markets.

This opportunity for the Convention Center hotel is an unusual constellation of capabilities—Mortensen Development, StarTerra, and particularly the most unusual role that Hyatt is prepared to play in this development. It is very unusual for a major world class hotel to take ownership in real estate beyond normal operating agreements. Hyatt's commitment to Portland and enthusiasm for this market must indeed be strong or this unusual step would not be offered.

From our work as advisor to the Mayor and downtown business owners and retailers in developing the downtown Portland retail strategy, we must remember that over 50 percent of department store sales in Portland come from out of state and out of country tourists and business visitors. An additional 600 quality hotel rooms next to the Convention Center will have a huge beneficial financial impact on both the east and west sides of our downtown. This critical piece has been missing for much too long.

In summary, I strongly urge the leadership of Portland Development Commission to make a decision to move forward now with the Convention Center hotel. My travel schedule is such that I have been called out of the country during the time of the hearing, but I wanted to get this message to the PDC because of the importance of this project moving forward in a timely manner. We are hopefully emerging from a five-year international recession and Portland, as with many cities, has suffered from the economic downturn. A decision to move ahead with the Convention Center hotel by PDC's leadership not only implements a very important addition to our urban community, but also, sends a much-needed signal into the marketplace to encourage other investment—retail, office, urban housing, entertainment, culture and more.

Thank you for consideration.

**LELAND CONSULTING GROUP**

David C. Leland  
President and CEO

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of Litchfield Park, <i>AZ</i> City of Longmont, <i>CO</i> City of Longview, <i>WA</i> City of Louisville, <i>CO</i> City of Loveland, <i>CO</i> City of Lynnwood, <i>WA</i> City of Madras, <i>OR</i> City of Mansfield, <i>TX</i> City of Maple Valley, <i>WA</i> City of McMinnville, <i>OR</i> City of Medford, <i>OR</i> City of Middleton, <i>ID</i> City of Mill Creek, <i>WA</i> City of Milwaukie, <i>OR</i> City of Missoula, <i>MT</i> City of Moses Lake, <i>WA</i> City of New Orleans, <i>LA</i> City of North Bend, <i>OR</i> City of North Glen, <i>CO</i> City of North Plains, <i>OR</i> City of North Richland Hills, <i>TX</i> City of Oklahoma City, <i>OK</i> City of Oregon City, <i>OR</i> City of Pacifica, <i>CA</i> City of Park City, <i>UT</i> City of Plano, <i>TX</i> City of Portland, <i>OR</i> City of Prineville, <i>OR</i> City of Raymond, <i>WA</i> City of Rancho Cordova, <i>CA</i> City of Rainier, <i>OR</i> City of Redmond, <i>OR</i> City of Reno, <i>NV</i> City of Richland, <i>WA</i> City of Richardson, <i>TX</i></p>	<p>City of Salem, <i>OR</i> City of Sacramento, <i>CA</i> City of Salt Lake City, <i>UT</i> City of San Diego, <i>CA</i> City of San Miguel de Allende, <i>MX</i> City of Sand Springs, <i>OK</i> City of Sandy, <i>OR</i> City of Santa Paula, <i>CA</i> City of Scappoose, <i>OR</i> City of SeaTac, <i>WA</i> City of Seattle, <i>WA</i> City of Seward, <i>AK</i> City of Sherwood, <i>OR</i> City of Silverton, <i>OR</i> City of Sisters, <i>OR</i> City of Spokane, <i>WA</i> City of Springfield, <i>CO</i> City of Springfield, <i>OR</i> City of St. George, <i>UT</i> City of Sumner, <i>WA</i> City of Tacoma, <i>WA</i> City of Thornton, <i>CO</i> City of Tigard, <i>OR</i> City of Troutdale, <i>OR</i> City of Tualatin, <i>OR</i> City of Twin Falls, <i>ID</i> City of University Place, <i>WA</i> City of Vancouver, <i>WA</i> City of Warrenton, <i>OR</i> City of West Jordan, <i>UT</i> City of West Sacramento, <i>CA</i> City of Westminster, <i>CO</i> City of Windsor, <i>CO</i> City of Wilsonville, <i>OR</i> City of Woodburn, <i>OR</i> Clackamas Community College, <i>OR</i> Clackamas County, <i>OR</i> Colorado Springs Transit, <i>CO</i> Colorado Springs Urban Renewal, <i>CO</i> Coos County, <i>OR</i> Dallas Area Rapid Transit, <i>TX</i> Denver Housing Authority, <i>CO</i> Downtown Billings Partnership, <i>MT</i> Downtown Lincoln Partnership, <i>NE</i> EWEB, <i>Eugene, OR</i> Gunnison County, <i>CO</i> King County, <i>WA</i> Jackson County, <i>OR</i> Lake Oswego Redevelopment Authority, <i>OR</i> Lane Community College, <i>OR</i></p>	<p>Medford Urban Renewal Agency, <i>OR</i> Metro, <i>Portland, OR</i> Metro Parks Tacoma, <i>WA</i> Mid-Region Council of Governments (MRCOG), <i>Albuquerque, NM</i> Missoula County, <i>MT</i> Navajo Nation Regional Transportation District, <i>Denver, CO</i> Prince William County, <i>Virginia</i> Port of Anacortes, <i>WA</i> Port of Astoria, <i>OR</i> Port of Bandon, <i>OR</i> Port of Clarkston, <i>WA</i> Port of Coos Bay, <i>OR</i> Port of The Dalles, <i>OR</i> Port of Everett, <i>WA</i> Port of Garibaldi, <i>OR</i> Port of Hood River, <i>OR</i> Port of Klickitat, <i>WA</i> Port of Olympia, <i>WA</i> Port of Portland, <i>OR</i> Port of Ridgefield, <i>WA</i> Port of Seattle, <i>WA</i> Port of St. Helens, <i>OR</i> Port of Tillamook, <i>OR</i> Port of Toledo, <i>OR</i> Port of Umatilla, <i>OR</i> Portland Development Commission, <i>OR</i> Portland State University, <i>OR</i> Sacramento Area Council of Governments (SACOG), <i>CA</i> Sacramento County, <i>CA</i> Sacramento Regional Transit, <i>Sacramento CA</i> Sacramento State University, <i>CA</i> State of Oregon, Department of Administrative Services, <i>OR</i> State of Washington State of Washington, Department of Transportation Sound Transit, <i>Seattle WA</i> State of Oregon, <i>Salem OR</i> Teton County Housing Authority, <i>Jackson, WY</i> Teton County, <i>WY</i> Town of Dillon, <i>CO</i> Town of Frisco, <i>CO</i> Town of Snowmass Village, <i>CO</i> Town of Windsor, <i>CO</i> Tri Met, <i>Portland, OR</i> Washington County, <i>OR</i> Weld County, <i>CO</i></p>
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