

**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 November 14, 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=Mtps4ag6kzl>.

## 1. Call to Order and Roll Call

Chair Andrews called the meeting to order at approximately 3:06 p.m. Ms. Gina Wiedrick, Board recording secretary, called the Commission roll:

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

Commissioner Wilhoite participated in the meeting by phone. Commissioner Straus was to be connected by phone at 3:30 p.m.

## 2. Commissioner Reports

### Commissioners Dickson and Wilhoite

- Nothing to report.

### Chair Andrews

- On October 30, attended Mayor Adams' final Economic Development (EcDev) Cabinet meeting.
- Attended a Lloyd EcoDistrict Meeting.
- Was honored at a Leach Botanical Garden event and accepted an award on behalf of all the PDC Commissioners.

## 3. Executive Director Report

- On October 25, attended the East Portland Economic Development Summit hosted by IRCO, along with Senator Merkley, Mayor Adams, Chair Cogen, and approximately 200 citizens and civic leaders.
- On October 30, presented at the Mayor Adams' final EcDev Cabinet meeting.
- On November 7, attended the Portland Business Alliance's Business Leadership Evening event with Commissioners Mohlis and Straus and other PDC staff.
- On November 13, the Small Business Innovation Research/Small Business Technology Transfer Conference kicked off; the conference runs through November 15.
- Upcoming events:
  - On November 15, the "We Build Green Cities" conference is happening in San Francisco; PDC staff and Commissioner Straus attending. PDC is sponsoring some of the panels.

- On November 16, Worksource Portland’s “ProStep Connect” event is taking place; the event will focus on IT, software, and high-tech job seekers.
- On November 15, the Technology Association of Oregon will hold their Launch Party.
- On November 29, the PDC Board Retreat is taking place at Leach Botanical Garden in Lents.
- On October 28, the Portland Winterhawks debuted the new ice floor, which was part of the Veterans Memorial Coliseum renovations.
- This week kicked off of the downtown holiday shopping season and the PDX popup shops:
  - Enchanted Alpaca (sells men, women, and children’s clothing made of alpaca wool, Pima cotton, organic hemp, and organic bamboo) and Wolf’s Apothecary (offers health and beauty products and home goods, such as tea, lip butters and body scrub) opened at 902 SW Morrison St.
  - Boys’ Fort (men’s home and lifestyle store with merchandise such as custom-built furniture, custom-made bike accessories, sculptures, lighting fixtures, wallets, jewelry, and fragrances) opened at The Governor Hotel, at 614 SW 11th Ave.
  - Emit (employs fabrics usually used for athletic gear to create women’s apparel such as dresses and skirts with sleek silhouettes and crisp button-down shirts) opened at 535 SW 6th Ave.
- On November 6, the elections were held; looking forward to working with the new mayor and city commissioner, along with the returning city commissioners.

Chair Andrews commented that he testified at City Council before this Board meeting, regarding the downtown retail strategy. He explained that the pop-up stores have been done in Portland for the past four years and are now spreading throughout the country. Pop-up stores are an opportunity for local designers or retailers that do not have a street presence to have a retail store during the holiday shopping season.

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

Chair Andrews called for a motion to approve the October 24, 2012, board meeting minutes. Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Wilhoite  
NAYS: None

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

Chair Andrews took receipt of and acknowledged an e-mail from Dr. Roger Gertenrich, which is attached at the end of these minutes as Attachment 1.

### **REGULAR AGENDA**

#### **6. Hats Off Award**

Chair Andrews and Commissioner Dickson stood up to award Robin Raffety with a Hats Off Award for the following:

- For a cooperative attitude, leadership and initiative regarding Lawson processes and procedures, including the drafting of user friendly instructions for requisitioners;

- For a positive attitude and willingness to assist in any situation always displaying a smile no matter the need/requirement/request or how many times asked the same question in various ways; and
- For being the consummate professional, mentor, team player and colleague.
- By doing all of the above, Robin serves as an example to others of how to embrace the Commission's Mission and Values.

At approximately 3:19 p.m. Chair Andrews called for a five minute break to call Commissioner Straus.

At approximately 3:25 p.m. Chair Andrews called the meeting back to order. There were technical difficulties and staff was unable to connect with Commissioner Straus. Chair Andrews stated that we could proceed with only three commissioners and confirmed that Commissioner Wilhoite was still on the line.

**7. Action Item: Public Hearing on Budget Amendment No. 1; Adopting Budget Amendment No. 1 for the Fiscal Year Beginning July 1, 2012, and Ending June 30, 2013; and Making Appropriations**

Portland Development Commission staff presenting this item:

*Mr. Tony Barnes, Budget Officer*

With this action the Board will formally amend the current fiscal year (FY) 2012-13 Adopted Portland Development Commission (PDC) Budget for the first time this year, in the following ways:

- (1) Adjust beginning fund balances to match actual FY 2011-12 year-end fund balances,
- (2) Adjust individual project budgets based on new/better information,
- (3) Carry over items for prior year commitments (including Housing Set Aside), and
- (4) Implement updated, specific property management budgets for all PDC real estate parcels.

In summary, FY 2012-13 Budget Amendment No. 1 increases the total PDC budget from \$217,364,784 in the FY 2012-13 Adopted Budget to \$258,117,731 including Transfers, Contingency and Reserves. Excluding Transfers and Contingency total budgeted expenditures increase from \$168,408,229 to \$181,115,016.

Chair Andrews commented that the changes in the budget are an indication that, although the economy is improving, it is still difficult to get projects off the ground. Pointed out that what PDC calls contingency is really an unbudgeted expenditure, cash on hand to be used as needed but not currently allocated to any line item.

Commissioner Dickson thanked Mr. Barnes for the presentation and Chair Andrews for the added explanation on the contingency; this is the most difficult for her to understand and even with her background she still realizes that the PDC budget is very complex. She asked if there is any opportunity to break down more specifically with regards to what those fund balances are? Mr. Barnes responded that they have looked at the performance of each balance last year, specifically the difference in revenues, budget vs. actual, to see what is driving those balances. Then you compare the changes in this year's budget to last year's and that is what is driving the changes for this year.

Commissioner Dickson directed her next question to Chair Andrews. In the years that he was been a commissioner, has the variance been less or is it always comparable? Chair Andrews responded that in his first year, before the economy collapsed, it was easier to count on but since then it has been less predictable.

Commissioner Wilhoite had no questions; he felt that Chair Andrews and Commissioner Dickson covered any questions he would have had. He focused his remarks on his observations in the six years he has been a commissioner and reviewing the budget. [Note that Commissioner Wilhoite was on a speaker phone and his remarks were not well recorded by the microphones and were generally unintelligible.]

Chair Andrews called for a motion to approve Resolution 6979; Commissioner Dickson moved and Commissioner Wilhoite seconded the motion.

AYES: Andrews, Dickson, Wilhoite  
NAYS: None

**8. Action Item: Authorizing the Third Amendment to the Disposition and Development Agreement with Grove Hostel Property, LLC, an Additional Loan in the Amount of \$180,000 to Grove Hostel Property, LLC, and Revised Terms for a \$2,465,000 Loan to Grove Hostel Property, LLC**

Portland Development Commission staff presenting this item:  
*Mr. Steven Shain, Central City Manager*  
*Ms. Katherine Krajnak, Project/Program Coordinator*

With this action the Board will authorize the PDC's Executive Director to execute the Third Amendment to the Disposition and Development Agreement (the Third Amendment) with Grove Hostel Property, LLC (GHP) that will extend the Final Termination Date and modify the purchase price of the property. This action will also approve a new loan and modify the previously-approved loan terms.

The original Disposition and Development Agreement (DDA) was approved by the 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 Board approved the Second Amendment to the DDA on September 12, 2012, which extended the final termination date to December 30, 2012. Amendment Three, which is the key piece of the current action, would extend the Final Termination Date to December 30, 2013. Amendment Three will also reduce the sales price of the property from \$765,000 (as originally approved) to \$555,000. The revised sales price of the property is based on its Fair Market Value of \$660,000 as determined by an appraisal by Integra Realty Resources dated April 10, 2012, minus a deduction of \$105,000 to replace the roof.

The redevelopment cost of the project has increased since it was originally approved by the Board (from \$4.17 million to \$4.75 million); this action will also authorize a new PDC loan of \$180,000 to partially fund the increase. The new loan will be in addition to the previously-approved loan of \$2.465 million. Modifications to the previously approved \$2.465 million loan are proposed to address changes in the ownership structure of GHP that will add almost \$400,000 of additional equity and additional partners to the GHP.

Chair Andrews asked for a hold on the questions and called forward the developers and Paul Verhoeven to come to the table and testify. He thanked them for coming and for their patience this past year. Chair Andrews feels that this is a very important project for the neighborhood and cannot think of a better use. He is very enthusiastic about the project and hopes that the developers still agree.

John Jay, developer, spoke in favor of the project and its impact on the neighborhood; he expressed a deep personal investment in the project as it relates to his family and ancestors. Improving this block will have a positive impact on the entire neighborhood.

David Gold, lead person on the development team. He stated that they now have a guaranteed maximum price provided that they start by January 15. He spoke about the benefits of the project, the removal of blight, and the benefits of the finished space with regards to commerce and foot traffic, and the appeal to international travelers who use hostels as their mainstay.

Paul Verhoeven, with the Old Town Chinatown Neighborhood Association, the executive director of Saturday Market, and co-chair of the Land Use Commission; spoke in favor of the project and with its proximity to the gate it would introduce people to the Chinatown neighborhood.

Chair Andrews thanked guests for coming and for their dedication to the project and Mr. Shain thanked staff for making this project happen.

Commissioner Wilhoite spoke in favor of the project and asked, what is the actual risk PDC is taking? Chair Andrews explained the intent of the question: provide an explanation to the personal guarantee. Mr. Shain explained that if the Advantis loan goes into default they have agreed to pay it off so PDC is in the first position, and the interest of the PDC loan is above market and the second loan is at 10 percent to compensate for the level of risk. Commissioner Wilhoite agreed that is critical to understand that and appreciates everyone's willingness to work through that and reflect it in the term sheet.

Commissioner Dickson expressed her excitement with the project and agreed that this area does need improvements and would love to see something happen with that building. She expressed some concern regarding the construction budget and some of the expenses have gone up, and stated that she does not understand why the final termination date is December 30, 2013, when they are trying to start by the beginning of the year. Mr. Shain responded that the December date was a cushion, but now that they know that the project needs to begin in January, then perhaps they can change the termination date to June 30, 2013.

Commissioner Dickson expressed a desire to have that change made. Mr. Shain responded that he needs to look to counsel to make that change. Eric Iverson, General Counsel, responded that the board can vote on the amendment and then vote on the resolution as a whole.

Chair Andrews asked for confirmation that we are looking to amend page 5 of Exhibit A, item 25 from December 30 to June 30, 2013. Mr. Iverson added that there may be additional changes that need to be made that stem from that one change.

Chair Andrews called for a motion to approve amendments to Exhibit A (changed made are noted below); Commissioner Dickson moved and Commissioner Wilhoite seconded the motion.

AYES: Andrews, Dickson, Wilhoite

NAYS: None

- Page 2, Item 12.1.2: change Katherine God to Katherine Gold;
- Page 5, Item 12: change date to March 15, 2013
- Page 5, Item 13: change date to March 31, 2013
- Page 5, Item 14: change date to April 15, 2013
- Page 5, Item 16: change date to April 30, 2013
- Page 5, Item 17: change date to April 30, 2013
- Page 5, Item 18: change date to April 30, 2013
- Page 5, Item 19: change date to April 30, 2013
- Page 5, Item 20: change date to March 31, 2013
- Page 5, Item 21: change date to March 31, 2013
- Page 5, Item 22: change date to April 30, 2013
- Page 5, Item 23: change date to April 30, 2013
- Page 5, Item 24: change date to May 30, 2013
- Page 5, Item 25: change date to June 30, 2013
- Page 6, Post – Closing Item 1: change date to July 31, 2013
- Page 6, Post – Closing Item 2: change date to December 31, 2013
- Page 6, Post – Closing Item 3: change date to July 31, 2013
- Page 6, Post – Closing Item 4: change date to August 31, 2013

Chair Andrews called for a motion to approve Resolution 6980 as amended; Commissioner Dickson moved and Commissioner Wilhoite seconded the motion.

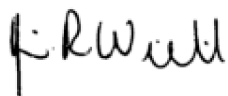
AYES: Andrews, Dickson, Wilhoite

NAYS: None

## 9. Adjourn

There being no further business, Chair Andrews adjourned the meeting at approximately 4:08 p.m.

**Approved by Portland Development Commission on December 12, 2012**



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Gina Wiedrick, Recording Secretary

**From:** gertr@comcast.net [gertr@comcast.net]  
**Sent:** Saturday, November 10, 2012 11:45 AM  
**To:** Mangan, Anne  
**Subject:** System Flaw

Please provide this email to the PDC Board of Commissioners at their meeting Wed Nov14th:

I am one of several `Alternate` Resident representative on an UR committee. In my case it is the NMURC.

PDC staff has set a policy in place that is flawed.

Basically the policy is that if an `Alternate` residential representative takes the place of the primary residential representative( for example this person is ill or unable to attend)...the Alternate rep. vote will not count should there be an action item put before the committee for a vote.

There is a precedent for this correction. It was set during the American Revolutionary War in about 1774. This war concluded establishing that `taxation without representation` is unjust ( or flawed).

The residents of the NMUR District , like other UR districts are taxed to provide the TIF funds that are fundamental to construction needs of any UR area. We , thusly, have a basic right to have a vote that ``counts` .

Dr Roger Gertenrich  
gertr@comcast.net