

**Tom Kelly**  
Chair

**Aneshka Dickson**  
Commissioner

**John C. Mohlis**  
Commissioner

**Charles A. Wilhoite**  
Commissioner

**Charlie Hales**  
Mayor

**Patrick Quinton**  
Executive Director

This document represents the official meeting record of the June 4, 2014, Portland Development Commission (PDC) Board of Commissioners (Board) 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=Z8HRfDI8f5Q&list=UUuXKnmpwO4bSn0JNszjhSRw> and <http://www.youtube.com/watch?v=UKqOB62soL8&list=UUuXKnmpwO4bSn0JNszjhSRw>.

## 1. Call to Order and Roll Call

Chair Scott Andrews called the meeting to order at approximately 3:03 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Scott Andrews	PRESENT
Commissioner Aneshka Dickson	ABSENT
Commissioner Tom Kelly	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Charles Wilhoite	PRESENT

## 2. Commissioner Reports

### Chair Andrews

- Attended various meetings and briefings with PDC staff and City of Portland (City) commissioners.
- On May 14, participated in the Portland City Council (City Council) budget hearing to present the PDC Fiscal Year (FY) 2014-15 proposed budget.
- On May 28, attended the City Council budget meeting in which the PDC FY 2014-15 budget was approved.
- On May 7, participated in the City Council meeting in which PDC staff presented the proposed amendments to six Urban Renewal Areas (URAs).
- On April 29, attended the annual Portland Business Alliance breakfast.
- On May 15, attended the Portland Mercado groundbreaking event.
- On May 18 – 21, participated in the Greater Portland Inc best practices trip to Pittsburgh, PA.

### Commissioner Wilhoite

- On May 21 – 23, participated in the Portland Business Alliance annual Oregon Business Plan trip to Washington, DC.
- On April 29, attended the annual Portland Business Alliance breakfast.

### Commissioner Kelly

- On May 27, attended the PDC- and Portland Housing Bureau- (PHB) convened community conversation regarding the future of the PDC-owned property at the corner of NE Martin Luther King, Jr. Boulevard and Alberta Street and allocation of the \$20,000,000 in additional affordable housing.

### Commissioner Mohlis

- On May 19, attended the Oregon International Business Awards and Consular Corps Scholarship Gala.

### 3. Executive Director Patrick Quinton Report

- On May 7, PDC staff presented the proposed amendments to six URAs to the City Council; the amendments will take place later this calendar year.
- On May 14, participated in the City Council budget hearing to present the PDC FY 2014-15 proposed budget.
- On May 28, attended the City Council budget meeting in which the PDC FY 2014-15 budget was approved.
- On May 28, presented the Lents Five-Year Action Plan at City Council.
- On May 27, spoke at the PDC- and PHB-convened community conversation regarding the future of the PDC-owned property at the corner of NE Martin Luther King, Jr. Boulevard and Alberta Street and allocation of the \$20,000,000 in additional affordable housing over the next five years. Will provide more information to the PDC Board in the coming months.
- On May 13, PDC was recognized with an Oregon Brownfields Award at the biannual Oregon Brownfields Conference.
- On May 15, attended the Portland Mercado groundbreaking event. They announced that the Portland Mercado will have a de-paving event in July; for more information go to: <http://portlandmercado.com/>.
- On May 19, at the Oregon International Business Awards and Consular Corps Scholarship Gala, business award winners were: Nutcase Helmets, ZGF Architects, Shimadzu USA Manufacturing, Inc., Bob's Red Mill Natural Products, Met One Instruments, Inc., and Pink Martini.
- On May 15, PDC announced the proposed sale of the Grove Hotel property at fair market value of \$630,000, and without public subsidy, to Naito Development, Eagle Point Hotel Partners, and Filament Hospitality.
- On May 15, the Daily Journal of Commerce recognized Beam Development with an award for its work on the Eastside Exchange building.
- The Request for Offers for the purchase and redevelopment of the SW Third and Taylor Property; offers is due by June 30. For more information visit: [http://vmw.pdc.us/login/download\\_nologin.asp?i=1144](http://vmw.pdc.us/login/download_nologin.asp?i=1144).
- On May 21, Oregon Iron Works and Vigor Industrial announced their merger into a larger more diversified industrial company that will be able to compete on the international market.
- On May 20, the 2014 Startup PDX Challenge was launched and will be accepting applications through June 23, 2014; this year's focus is on women and minority entrepreneurs and the six winners will be housed in a building in Old Town. For more information go to: <http://www.pdc.us/for-businesses/business-programs/startuppdxchallenge.aspx>.
- On May 5 – 12, travelled to Colombia with PDC staff Michael Gurton and two Portland firms; spoke at a United Nations conference in Bogota focused on green development, plus attended public/private meetings in Bogota and Medellin.
- On May 19 – 21, participated in the Greater Portland Inc best practices trip to Pittsburgh, PA.
- On May 21 – 23, participated in the Portland Business Alliance annual Oregon Business Plan trip to Washington, DC.
- On June 6 – 15, travelling to China with PDC staff Michael Gurton; will speak on behalf of the City at the China International Low Carbon Forum in Shenzhen, will finalize Portland's first Trade City Partnership in Asia with the City of Changsha, and attend various meetings with potential investors to Portland.
- On June 4, will be attending the American Diabetes Association's Father of the Year Awards where Commissioner Wilhoite will be receiving one of the awards.

- On June 13, Commissioner Kelly will be attending the Homebuilders Blitz.
- On June 14, Commissioner Kelly will be attending the ribbon cutting of the Bless Field.
- The 2014-15 Community Livability Grants program will be announced in July; check the <http://www.pdc.us/for-residents/community-livability-grant.aspx> website for updates and application.
- On July 16, will be attending the Dawson Park grand opening.
- On July 18, will be attending the groundbreaking event for the Daimler Trucks North America headquarters.
- Introduced three new employees and highlighted two promotions:
  - Francis Thurman, Budget Analyst III in the Finance and Business Operations Department.
  - Craig Seeger, IT Manager in the Finance and Business Operations Department.
  - Marivic Tupaz, Accountant III in the Finance and Business Operations Department.
  - Kay Little, promoted to Senior Business Finance Officer (previously Business Finance Office) in the Real Estate & Lending Department.
  - Brian Lord, Senior Project/Program Specialist (previously Senior Administrative Coordinator) in the Urban Development Department.
- On June 25, the PDC Board will be electing new officers.

Commissioner Kelly announced that in honor of Chris Poole-Jones, the community is raising funds to pay off the June Key Delta loan and PDC will match the funds raised.

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

Chair Andrews stated that the voting on the March 19, 2014, PDC-Planning & Sustainability Commission Joint Work Session minutes is being postponed to the next PDC Board meeting.

Chair Andrews called for a motion to approve the April 16, 2014, PDC Board meeting minutes. Commissioner Kelly moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Kelly, Mohlis  
NAYS: None  
ABSTAIN: Wilhoite

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

No public testimony was presented.

#### **CONSENT AGENDA**

- 6. Action Item: Resolution 7051 – Authorizing the Executive Director to Acquire Real Property Located at 9101 SE Foster Road in the Lents Town Center Urban Renewal Area from the City of Portland for a Purchase Price of \$1.00 for the Purpose of Redevelopment in Accordance with the Lents Town Center Urban Renewal Plan; Resolution 7052 – Authorizing the Execution of a Deed for Right-of-Way Purposes for the Real Property Located at NW 9th Avenue and Naito Parkway and within the River District Urban Renewal Area to the City of Portland**

With this action, the PDC Board will authorize i) the acquisition of one real property from the City's Bureau of Transportation (PBOT) or other City bureau or bureaus designated by the City to PDC, and ii) the granting of a Deed for Right-of-Way Purposes from PDC to PBOT. The property that PDC will be acquiring is located within the Lents Town Center URA and referred to as the Rothinger Parcel. The property that PDC will be granting a Deed for Right-of-Way Purposes is located within the River District URA and referred to as the NW 9th & Naito Parkway Parcel.

With this action, PDC's acquisition of the Rothinger Parcel will increase the assemblage of properties for the redevelopment site known as Lents Town Center North and PDC's granting of a Deed for Right-of-Way Purposes for the NW 9th & Naito Parkway Parcel will remove any responsibility for PDC to operate and maintain this portion of NW 9th Avenue.

Chair Andrews called for a motion to approve Resolutions 7051 and 7052; Commissioner Wilhoite moved and Commissioner Kelly seconded the motion.

AYES: Andrews, Kelly, Mohlis, Wilhoite

NAYS: None

## REGULAR AGENDA

### **7. Action Item: Resolution 7053 – Authorizing Modifications in the Loans Used to Finance the Acquisition and Redevelopment of the Armory Building, Located at 128 NW 11th Avenue in the River District Urban Renewal Area**

PDC staff presenting this item:

*Lisa Abuaf, Central City Manager*

*Jill Chen, Lending & Investment Manager*

With this action, the PDC Board will authorize modifications in the loans used to finance the Armory Building (the building), located at 128 NW 11th Avenue in the River District URA. If approved, this modification will:

1. Assign Loan A (with an outstanding balance of approximately \$3,200,000) to the Armory Theater Fund (ATF), the proposed new owner of the property;
2. Extend the Loan A maturity for 10 years until June 21, 2024;
3. Provide PDC a security interest in the building; and
4. Convert the Loan B balance to a public investment by extinguishing its outstanding \$2,000,000 balance, as originally proposed and approved by the PDC Board in 2003.

Chair Andrews called forward guests to testify.

Chris Coleman, Artistic Director, [Portland Center Stage](#) (PCS), primary tenant of the building. Mr. Coleman stated that the renovations and work on the building would not have happened if PDC had not stepped in. He went on to explain how the building, while located in the Pearl, does not exclusively serve the Pearl, and gave statistics on the scope of patronage.

Creon Thorne, also with PCS, was present to answer questions from the PDC Board.



Chair Andrews asked the following questions:

- What is the relationship between the ATF and PCS? Mr. Coleman responded that new market tax credits (NMTC) cannot flow to non-profit organizations, so the ATF was formed. The ATF board is comprised of two PCS members and three community members.
- Does PCS lease the building from ATF? Mr. Coleman responded yes.
- Does PCS manage all of the events? Mr. Thorne responded yes.

Commissioner Wilhoite made the following comments and questions:

- Is PCS in financial distress, to the extent that it is unable to pay its debt? Mr. Coleman responded that PCS had a \$38,600,000 campaign and the economic downturn happened in the middle of it, and stated that it is never easy raising big dollars in this city. While PCS has made great progress, if it had the money it would not be coming to the PDC Board to ask for a loan restructuring.
- Is PCS cash flow positive? Mr. Coleman responded that in the 13 years that he has been with PCS, it has had three years of operating deficits.
- What about in the last three years? Mr. Coleman responded that for the last three years PCS has had operating surpluses at the end of the fiscal year.
- He has not seen any financial statements from PCS, and typically, when people ask for debt restructure, they need financial assistance, and that is why he asked if PCS is in financial distress. Mr. Coleman responded that he would be happy to sit with Commissioner Wilhoite and help him see the picture.
- But PCS made positive earnings in the past three years. Mr. Coleman responded that it had modest positive surpluses the past three years.
- So the only debt is PDC? Mr. Coleman responded that in addition to the PDC loan, PCS still owes \$1,900,000 to U.S. Bank, and an operating deficit of \$660,000. The surpluses have gone to reduce the operating deficits.
- In 2003, when the debt was approved, it was agreed that it would be paid off in 2007. Mr. Coleman responded that he does not remember the exact year, but yes, that is what was agreed to.
- And in 2011 the PDC Board extended it at zero percent interest. As a certified public accountant he is wrestling with the notion of debt restructure. Is this so that PCS can stay alive or to make the members' lives easier? Mr. Coleman responded that it is because the ability to generate those funds today and repay them is not possible and requires more time. Chair Andrews added that the reason why this action is in front of the PDC Board today is because there is a very complicated process to putting together tax credit deals and these loans were lined up for that tax deal to happen. Eric Iverson, PDC General Counsel, added that this was the first NMTC deal PDC put together, and when the PDC Board first heard this action in July 2003 it did not know exactly what the requirements were for the NMTC. He went on to give a brief history of the PDC Board actions of July and November 2013 as summarized in Report Number 14-20.
- Typically, debt is forgiven when there is public value. This has been established the benefits over time are clear. But the question is, is PCS in jeopardy if this approval does not happen? What happens to PCS if the PDC Board does not forgive debt and does not restructure the debt? Mr. Coleman responded that PCS does not have the ability to repay the loan right now. Chair Andrews added that it is not PCS' debt.
- But the building will go to PCS without the debt plus the remaining debt of \$1,900,000. Chair Andrews responded that no, the building will still belong to the ATF and thus will remain a separate asset, a community asset, with a separate board, and PCS will continue to pay rent for

the building's use. Mr. Iverson added that this is not technically correct, but it does not change the argument that Chair Andrews is trying to make about the economics.

- What is technically not correct? Chair Andrews asked who will own the building. Mr. Coleman responded that the ATF will own the building. Mr. Iverson added that the ATF does not own it now but will as part of the NMTC restructuring. Mr. Coleman added that as part of the unwind and collapse of the structure that made the NMTC happen the ownership of the building reverts to the ATF as part of the transaction that is happening on June 21, 2014.
- And the ATF is separate from PCS? Mr. Coleman responded yes.
- But at the end of the day, the debt from PDC is being requested to be converted into a grant, basically the \$2,000,000, and the \$2,600,000 with the \$500,000 accrued interest will be restructured to a zero interest loan over 10 years. Mr. Coleman responded yes. Chair Andrews added that it will have a security interest.
- Who is the PDC Board forgiving the debt to? Is it PCS? Because they are not present at the table talking to the PDC Board. Ms. Chen responded that the debt is to a Portland New Market Investment Fund (PNMIF).
- But the PNMIF is not present. Ms. Chen responded no. The PNMIF is a special purpose company that will be collapsed as part of the unwind and the ATF will essentially own the PNMIF and the building. She clarified that the ATF is the arm that is the recipient of the capital campaign contributions for the acquisition of the building. Executive Director Quinton added that PDC will not have the ability to take action against the building; the loan would reside with an entity, PDC would have the ability to go after the entity to collect the loan but not an asset to collect the dollars from. Mr. Coleman corrected this by stating that PDC would have a security interest on the building, which is what is being proposed today as part of the restructure. Executive Director Quinton stated that what he is saying is that if PDC does not restructure there are two loans that are in default and that is owed to PDC. Neil Kimmelfield, attorney with Lane Powell, added that he is present because of what he knows about NMTC transactions but not necessarily all of the financing documents for this transaction. If the loan is not restructured there are two possibilities: (1) all of the parties to these complicated transactions will move forward with unwinding the transaction as they would if it were restructured, or (2) take a separate look at the whole transaction, if there is not a restructure, it is possible that everyone could remain as it is right now in which case PNMIF, which will be succeeded by the ATF, will owe PDC a substantial amount and unless the overall transaction is restructured that will stay there. Mr. Kimmelfield added that the forgiveness of the \$2,000,000 loan facilitates an ultimate restructuring of ownership in with PCS and ATF will be in a position where they have the financial capacity to pay the remaining debt. If there is no restructuring, PCS and ATF will be in the position they are in now.
- When you say "pay the remaining debt," whose debt is that? Mr. Kimmelfield responded that it would be the \$2,600,000 of PDC debt. Mr. Iverson added that right now it is \$3,200,000 with interest.
- The remaining debt, if the PDC Board approves this, will be a 10-year note with no interest and no plan for repayment currently. When Mr. Kimmelfield said the remaining debt, Commissioner Wilhoite is assuming that it is the debt that is being refinanced through Standard. That is the only debt that will get paid over the next 10 years. Ms. Chen responded yes, that is what is being proposed. Mr. Iverson added that with the maturity date being 10 years out, the means for repayment will be part of the discussions that will be held by all parties going forward over the succeeding months and years.

- [On page four of Report Number 14-20, under Risk Assessment] The write-up reads: “There is currently no plan for how the extended Loan A will be repaid at or before maturity.” He is being asked to forgive \$2,000,000 of debt and extending \$3,500,000 over 10 years at no interest with no plan for repayment. If one looks backward in time, PDC initially had a \$2,000,000 debt, a \$2,600,000 debt, the \$2,000,000 was converted to no interest, the \$2,600,000 was converted to no interest in 2011, and now PDC is rolling it again with no plans for repayment at zero interest. If Commissioner Wilhoite were in the public, he would look at this and say that the PDC Board might as well vote on this today to forgive the entirety of the loan. Is that a reasonable conclusion by someone in the public? Does it make sense? Ms. Chen responded that this is the request being made.
- Stated that he has shared with PDC staff his suggestions on how to rework this or at least something to consider. Mr. Iverson noted that part of this transaction includes adding a trust deed to secure the \$3,200,000 debt that will remain with PDC. This is appropriate, since PDC’s loans helped build the asset that is now worth \$26,000,000, and if there is ever a sale or a restructure, the public will always have an interest in this asset.
- But if the PDC Board votes yes on this today, it is basically forgiving \$4,600,000 in principal and \$500,000 in interest with a zero percent interest for 10 years, which is what it has been for the past 10 years and without any payments made. Chair Andrews stated that it is his expectation that within the 10 years, or at the end of it, the debt will be paid. Commissioner Wilhoite stated that it could happen. Executive Director Quinton added that PDC does have other loans similarly structured and also without an intent of forgiveness as well.

Chair Andrews stated that he had requested PDC staff provide the minutes of the 2003 meetings to see what kind of discussion went on, but unfortunately, the minutes then do not include the discussion of the PDC Board. He also noted that he, and maybe the rest of the PDC Board, has not heard what recommendations he made to the PDC staff.

Commissioner Wilhoite stated that perhaps these suggestions should be looked at now because he is asking if this deal does not happen now will PCS no longer exist, and he has not heard that PCS will go away. What he is seeing is a connection between the approval of this deal and PCS’ ability to continue to provide the great social benefits it has done in the past, and he is surprised by this contingency. Mr. Coleman asked if every restructure that PDC has looked at in Commissioner Wilhoite’s tenure, has been only when an organization was going away. Commissioner Wilhoite responded that they were typically based on financial distress or public benefit so they are not always going away.

Commissioner Wilhoite asked if a \$4,600,000 interest free loan over 10 years is a benefit, yes or no, and when he asks whether a company is in financial distress he expects a yes or no. Mr. Coleman expressed frustration at the turn of the conversation and pointed out that PCS is merely asking that the PDC Board make good on the original intent of loans and the promises made by former mayors and the City. He responded to the question saying that it depends on how one defines distress, adding that one could look at the financials of the major art organizations in Portland and they could say that they are in distress; it is how one looks at it in terms of long-term survival. PCS is not at a place where it could go away. Mr. Coleman went on to say that the larger question is whether there is a public good, and is the public good that has come out of this investment large enough to justify a policy that says this is not something anyone should be ashamed of, something that should be apologized for; other major cities would have funded half of the project. To apologize for forgiving a small piece of the investment that PDC has made possible, is a smart move. He went on to say that he does not know how to answer Commissioner Wilhoite’s question as to whether they will or will not go away if the loan is forgiven, but

what he can say is that there is no way that PCS could pay back the loan right now. Mr. Coleman understands Commissioner Wilhoite's discomfort with the terms as they are described, and suggested that he should work with PDC staff to come up with a solution that the PDC Board would be happier with.

Commissioner Wilhoite wanted to make clear that his questions were not meant to be personal or directed at Mr. Coleman, the Armory, or PCS, but rather to address what is of the best interest to the public. If one were to look at an entity that has the capacity to pay back debt, those dollars could be reinvested into the community. Mr. Coleman reiterated a point made earlier, if the loan is not restructured, the way things stand now, PDC does not have a security in the building and no recourse at all. PCS could chose not to do anything, but it is here stating that it cannot pay the loan back now but it is its intent to figure out how to repay it.

Commissioner Kelly stated that years ago he had been on the NMTC Community Advisory Committee whose role was to hold the businesses accountable for the public benefits goals of the NMTC and he feels that PCS has been doing that. He sees the public benefit and while he does have some discomfort with the terms, feels inclined to support this deal, but would like to know that there is intent to pay back the loan in the next 10 years. Mr. Coleman responded that this is the obligation that PCS is agreeing to through this restructure.

Commissioner Kelly stated that he hopes this will be on record in a way that years from now when this discussion is looked at, that intent is clear.

Commissioner Mohlis stated that he is comfortable with the concept, but, without having read the language carefully, is a little uncomfortable and concerned with the possibility that 10 years from now the loan will not be paid back. Mr. Coleman responded that PCS is obligating itself to pay the loan back and that is why it is agreeing to giving PDC a security interest in the building. Executive Director Quinton added that it is a loan with a legal requirement to pay it back, it is a generous term but the intent is there, it will not be paid back through cash-flow but rather through capital campaigns and PCS will have to make plans on how they will pay back this loan. He also confirmed that there will be a record of this discussion for future review. Executive Director Quinton also noted that the original loan to U.S. Bank [Mr. Coleman stated that it was at \$8,700,000] has been paid down to \$1,900,000 through capital campaigns; PCS has fallen short and is asking for more time to pay back the PDC loan.

Chair Andrews asked for confirmation that while PCS books show a positive operating result for the past three years, PCS is still sitting in a situation where it has \$600,000 in negative net worth from previous losses. Mr. Coleman confirmed.

Commissioner Mohlis stated that he is in favor of how this is structured but hopes that in 10 years the then PDC Board receives a report that this has been paid in full and the decision made by the PDC Board in 2014 for the restructure was a successful one.

Chair Andrews thanked everyone for their help in presenting this topic asked PDC staff to return to the table for final questions.

Executive Director Quinton clarified that these items come to the PDC Board under his name because he is the one that signs off on what is brought to the PDC Board for approval and PDC staff do this work under his direction. If the PDC Board has questions as to why something was recommended, then he

will answer to that, but if the PDC Board has questions as to how it was analyzed, then PDC staff can answer to that.

Commissioner Wilhoite stated that in his tenure on the PDC Board he has never seen a summary come to the PDC Board saying that there is no plan on how something was going to be repaid. Executive Director Quinton responded that if one looks at the previous write-ups, they state that it would be paid through capital campaigns and agreed that PDC staff should have been more explicit about that. The PDC Board can update the terms of a deal and the resolution; it is being put on the record now what Commissioner Wilhoite thinks is missing from the write-up. Chair Andrews stated that what PCS is staying is that there is currently no strategy behind a capital campaign to get this done; it does not say that there is no hard and fast plan at this point.

Commissioner Wilhoite stated that this is a financial decision along with public benefit, there is a lot of free interest that has gone on for 10 years; it is a lot of benefit for one entity to receive. The PDC Board is forgiving \$2,000,000, or \$4,600,000 depending on how one looks at it, that is money that could be going to other people or services. The PDC Board has taken a lot of hits for not doing enough in housing and the homeless. If someone says that they cannot pay it, he may look at this a little different, or perhaps not, but it is a lot of money. Chair Andrews stated that PCS has stated that they have an operating deficit of \$600,000; they are not sitting on a lot of cash.

Executive Director Quinton stated that they are trying to figure out how to update the record to show this, thinks that the minutes will do that, but if the PDC Board wants something more than that, PDC staff should write a memo that reflects the direction of the PDC Board which can be put in the files.

Commissioner Kelly asked if the PDC Board could request as part of their approval of the resolution today that says that PCS return to the PDC Board in two years with a plan to raise the money. Executive Director Quinton responded that the PDC Board can ask for anything it needs.

Mr. Iverson stated that the PDC Board should first make a motion to amend the resolution to have in two years PCS return to the PDC Board with an approved plan, and if they agreed then it would be added to the resolution and then the PDC Board approves the amended resolution.

Commissioner Kelly made a motion for in two years there is a plan presented to the PDC Board in regard to a capital campaign to retire this debt; Commission Mohlis added that the intent is to have it paid in 10 years. Commissioner Kelly agreed. Commission Mohlis seconded the motion.

Chair Andrews called for a vote on amending Resolution 7053.

AYES: Andrews, Kelly, Mohlis  
NAYS: Wilhoite

Commissioner Kelly made a motion to approve the amended resolution; Commissioner Mohlis seconded the motion.

Chair Andrews called for a vote on amended Resolution 7053.

AYES: Andrews, Kelly, Mohlis  
NAYS: Wilhoite



At approximately 4:21 p.m. Commissioner Wilhoite excused himself from the remainder of the meeting.

**8. Action Item: Resolution 7054 – Authorizing a Purchase and Sale Agreement to Convey 0.19 Acres of Real Property in the Central Eastside Urban Renewal Area to Block 76, LLC, for \$336,000**

PDC staff presenting this item:

*Eric Jacobson, Sr. Project/Program Coordinator*

*Geraldene Moyle, Sr. Project/Program Coordinator*

With this action, the PDC Board will authorize the Executive Director to execute an Agreement for Purchase and Sale of Property (PSA) between PDC and Block 76, LLC (Developer), for the conveyance of Burnside Bridgehead Block 76W (Property), an 8,414 square foot (SF) PDC-owned parcel, for the consideration of \$336,000. The Property is located in the Central Eastside URA at the northeast corner of East Burnside Street and NE 3rd Avenue.

The Developer proposes to develop a 20,000 SF commercial building that will activate the street frontages of both NE Couch Street and NE 3rd Avenue and enhance the gateway to and pedestrian-friendly character of the Burnside Bridgehead (Project). As part of site development, the Developer will need to install temporary shoring and other measures to address a slope easement placed on the Property when the East Burnside-Couch Couplet was constructed and also to avoid impacts to Burnside Bridge support structures located on the Property.

Chair Andrews asked for confirmation that if capital events happen within the first five years after the project is completed, PDC receives 10 percent of that. Mr. Jacobson confirmed.

Chair Andrews called for a motion to approve Resolution 7054; Commissioner Mohlis moved and Commissioner Kelly seconded the motion.

AYES: Andrews, Kelly, Mohlis

NAYS: None

**9. Action Item: Resolution 7055 – Authorizing a Contract with the City of Portland for the Purpose of Operating and Administering the Economic Opportunity Initiative Program During Fiscal Year 2014-15; Resolution 7056 – Authorizing a Subrecipient Contract with Worksystems, Inc., to Implement Economic Opportunity Initiative Youth Workforce Development Services During Fiscal Year 2014-15; Resolution 7057 – Authorizing a Subrecipient Contract with Worksystems, Inc., to Implement Economic Opportunity Initiative Adult Workforce Development Services During Fiscal Year 2014-15**

Chair Andrews called forward guests to testify.

Ime Etok, [Laugh Cry Love Entertainment, LLC](#). Mr. Etok spoke about how Micro Enterprise Services of Oregon (MESO) has helped him and his business, stating that it taught him how to look at business properly as he did not have the foundation building blocks to build a business: writing a business plan and how to go about obtaining financing. MESO has been a great resource and he is now in the process of launching his business. Mr. Etok passed out a flyer to the PDC Board, which is attached to these minutes as Attachment 1.

Jordanna Pierson, [Virginia Woof Dog Daycare](#). Ms. Pierson spoke of her early teenage years spent as a homeless youth until she was introduced to the PAVE Job Training and New Ventures for Youth that showed her what they could do: summer works program, job training, and shelter. It has been five years and she is now working part time with Virginia Woof Dog Daycare and landscaping and house maintenance with her family, and looking forward to her second term in college and a new internship through the summer works program in construction.

PDC staff and others presenting this item:

*Kate Deane, Community Economic Development Manager*

*Heather Ficht, Director of Youth Workforce Services, Worksystems, Inc. (WSI)*

With this action, the PDC Board will authorize the Executive Director to sign three contracts for purposes of administering and implementing the Economic Opportunity Initiative (EOI) in FY 2014-15. The first contract is with PHB for the overall administration of EOI by PDC. The contract continues operational and administrative responsibility for EOI at PDC and will provide approximately \$2,180,000 in federal Community Development Block Grant (CDBG) funds to PDC for this purpose.

The other two contracts are with WSI for the purpose of implementing and managing the EOI youth and adult workforce development programs during FY 2014-15. This action will support the continuation of services to youth and adults including vocational case management, work experience opportunities, on-the-job training, and occupational training. Approximately \$1,450,000 will be provided for youth workforce development and \$1,290,000 for adult workforce development. Funding will come from CDBG funds and from City General Funds allocated to PDC.

PDC Board authorization is required for the Executive Director to sign contracts exceeding \$500,000.

Chair Andrews clarified that this work cannot be funded with tax increment financing dollars.

Commissioner Kelly stated that he would like to learn more about these programs as time goes on.

Chair Andrews called for a motion to approve Resolutions 7055, 7056, and 7057; Commissioner Mohlis moved and Commissioner Kelly seconded the motion.

AYES: Andrews, Kelly, Mohlis

NAYS: None

At approximately 5:01 p.m. Chair Andrews called for a break. At approximately 5:11 p.m. Chair Andrews called the meeting to order.

#### **10. Information Item: Fiscal Year 2014-15 Budget Development: Review of Portland City Council Approved Budget**

PDC staff presenting this item:

*Kimberly Branam, Deputy Director*

*Faye Brown, Chief Financial Officer*



The PDC FY 2014-15 Proposed Budget was presented to City Council, acting as PDC's Budget Committee, on May 14, 2014. This was followed by public testimony on the PDC Proposed Budget on May 15, 2014, and approval of the PDC Proposed Budget on May 28, 2014.

Moving forward, PDC staff has 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 25, 2014, prior to adoption by the PDC Board. The PDC Board meeting on June 4, 2014, will provide an opportunity for information and discussion prior to the public hearing.

Chair Andrews clarified that PDC received all of the general fund dollars it had asked for, adding that not only did PDC staff work with stakeholders, but the budget was reviewed by PDC's Neighborhood Economic Development Leadership Group Budget Sub-Committee, whose members attended a Portland City Council meeting and testified in favor of PDC's budget request.

#### **CONVENE EXECUTIVE SESSION**

##### **11. Performance Evaluation of Executive Director in Accordance with Oregon Revised Statutes 192.660(2)(i)**

At approximately 5:22 p.m. Chair Andrews made the following statement: "The PDC will now meet in executive session for the purpose of discussing the annual performance of the Executive Director. The executive session is held pursuant to Oregon Revised Statutes 192.660(2)(i). Only representatives of the news media and designated staff will be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as previously announced. No decision may be made in the executive session. At the end of the executive session, we will return to open session and discuss the last item on the agenda."

#### **ADJOURN EXECUTIVE SESSION, RECONVENE PDC BOARD MEETING**

At approximately 5:34 p.m. Chair Andrews adjourned the Executive Session and called the regular meeting to order.

##### **12. Action Item: Resolution 7058 – Setting the Terms and Conditions of Employment for the Portland Development Commission Executive Director**

Staff presenting this item:  
*J. Scott Andrews, Chairman*

With this action, the PDC Board will set the compensation for Patrick Quinton for his service as PDC Executive Director by i.) setting a base annualized salary of \$171,000 commencing August 1, 2014, and continuing until further action is taken by the PDC Board, and ii.) authorizing a two percent lump sum bonus payment in any fiscal year in which Mr. Quinton receives a performance evaluation higher than "fully successful." The new, proposed compensation is set at a market-competitive level. The lump sum bonus compensation is identical to the lump sum bonus compensation provisions in the current PDC Collective Bargaining Agreement.

In addition, this action will amend the employment contract with Mr. Quinton as follows:

- Should PDC terminate Mr. Quinton's employment within the next three years, PDC will provide a severance package which includes the then current base salary and medical and dental care benefit coverage for a period of six months after the date of termination, unless Mr. Quinton's termination is the result of malfeasance; and
- If Mr. Quinton's employment is terminated by either party, Mr. Quinton agrees for a period of three months after any such termination to make himself available to assist the PDC Board and any new Executive Director with consulting or other advice or information as they may reasonably request, up to a maximum of 40 hours.

Chair Andrews stated that he made this proposal because Executive Director Quinton's work over the past years has been truly outstanding; he went on to summarize the changes and accomplishments that have taken place. Commissioners Kelly and Mohlis spoke in support of this action item.

Chair Andrews called for a motion to approve Resolution 7058; Commissioner Kelly moved and Commissioner Mohlis seconded the motion.

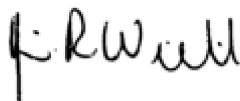
AYES: Andrews, Kelly, Mohlis  
NAYS: None

Executive Director Quinton thanked the PDC Board for its kind words and vote of confidence, adding that it has been an honor working at PDC; he is excited about doing this job, has a great team doing fantastic work, and appreciates the role and leadership of the PDC Board.

### **13. Adjourn**

There being no further business, Chair Andrews adjourned the meeting at approximately 5:47 p.m.

**Approved by Portland Development Commission on August 13, 2014**



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Gina Wiedrick, Recording Secretary

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