

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 25, 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: <https://www.youtube.com/watch?v=56LVwNrVLTy&list=UUxXKnmpwO4bSn0JNszjhSRw>, <https://www.youtube.com/watch?v=IEZ0W-Wg6WM&list=UUxXKnmpwO4bSn0JNszjhSRw>, and <https://www.youtube.com/watch?v=dbtZU1L7ZOI&list=UUxXKnmpwO4bSn0JNszjhSRw>.

1. Call to Order and Roll Call

Chair Scott Andrews called the meeting to order at approximately 1:04 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

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

2. Public Comment for Items Not on Agenda

No public testimony was presented.

REGULAR AGENDA

3. Action Item: Resolution 7059 – Authorizing the Executive Director to Execute a Purchase and Sale Agreement Granting the Portland Development Commission the Right to Acquire a 7,762 Square Foot Parcel Located on the Northeast Corner of NW 4th Avenue and West Burnside in the River District Urban Renewal Area in the Amount of \$1,200,000 Plus Related Option Payments

PDC staff presenting this item:

Lisa Abuaf, Central City Manager

Bruce Wood, Real Estate & Construction Manager

With this action the PDC Board will authorize the Executive Director to execute a Purchase and Sale Agreement for the acquisition of a 7,762 square foot vacant parcel located on the northeast corner of NW 4th Avenue and West Burnside in the River District Urban Renewal Area (URA). The sellers are a group of individuals led by Michael Wright.

Ms. Abuaf had a written statement passed out to the PDC Board, which is attached to these minutes as Attachment 1.

Chair Andrews called forward guests to testify.

David Gold, an Old Town/Chinatown (OTCT) property owner. Mr. Gold began by stating that he does not oppose services for the homeless and expressed disappointment that the City has not equitably enforced its land use regulations, including zoning, design review, and

building code laws. Mr. Gold listed the businesses that have left, and noted that there are countless others that have chosen not to locate in OTCT due to the homeless camp and the general impression that the area is not safe. He urged the PDC Board to reject this project and instead look for a different approach that would immediately address the problem.

Howard Weiner, Chair of the [OTCT Community Association](#) and owner of [Cal Skate Skateboards](#). Mr. Weiner made reference to the letter in Attachment 1, saying that it spoke to the issues. He expressed his support of the project but was disappointed over the timeline permitting the sellers 30 months to close.

Jessie Burke, involved with the Society Hotel project and on the board of the OTCT Community Association. Ms. Burke spoke regarding the decline in business and the loss of businesses due to the perceived lack of safety in the area. She supports PDC's involvement in purchasing sites to spur the development that current owners are not doing and spoke in favor of the project but would like to see it move faster.

Helen Ying, representing the Chinese business owners in OTCT, also the Vice Chair of the OTCT Community Association. Through the Portland Business Alliance, OTCT businesses met to discuss the immediate concerns and everyone agreed that the City needs to address the homeless situation in OTCT; everyone is concerned about the vitality of the area. Ms. Ying spoke in favor of the project but expressed concern with the timeline.

Gloria Lee, Executive Director at [The Giving Tree](#), and representing the [Chinese Consolidated Benevolent Association](#). Ms. Lee expressed dismay over the 30-month due diligence period and the impact that it will have on the local businesses, and the potential further loss of the Chinese culture in Portland. She asked why 30 months, and what can be done to speed up the process.

Louis Lee, a local business owner. Mr. Lee has a property in OTCT that has recently been vacated and would have a greater and quicker chance of being leased out if this project and the process moved faster.

Executive Director Quinton acknowledged the transaction is structured in an unusual way; PDC would not normally have pursued the purchase of this property as in normal circumstances. Generally the expectation would be that as the market picked up it would be an attractive property and would be sold on its own and make something happen. He stated that because of the camp being on site, it was necessary for PDC to pursue this project and be the interim owner of the property. He went on to say that PDC staff will do what it can to move things along quickly, but PDC will not be the owner of the property with Right To Dream Too (R2D2) still on site. He added that the OTCT Action Plan does speak for itself and expressed confidence that PDC is not only committed to the neighborhood, but is taking immediate and long-term action for the OTCT Action Plan to move forward.

Chair Andrews stated that the PDC Board and staff all feel the frustration on how long it has taken to get to this point and realizes that it will still take more time but PDC only has the tools that it has. PDC staff has been very creative in drafting this agreement, the owner does not have to sell; reaching this price was no easy feat. He went on to say that the due diligence can be done in about one year, but PDC is not in control of all of the pieces involved; the City of Portland (City) and R2D2 are working hard to find a new site, but it has been hard. The PDC Board understands the issues presented by the guests, but they must address them to the Portland City Council.

Commissioner Dickson stated that as a business owner in OTCT, she understands the concerns spoken today, but noted that there are many concerns within the area and the move of the R2D2 will not resolve all of the issues of OTCT. She asked what happens after the 30 months and nothing has happened and the R2D2 camp is still there. Mr. Wood responded that there will be a security for PDC to get its option payments back, there will be a lien on the property, and there is an incentive to solve the problem. He noted that in the interim, PDC staff will be working on a plan for the use of the property, and when the property is vacated and PDC takes ownership, there will be a plan in place to execute. Ms. Abuaf added that this is one piece of a broader investment strategy in OTCT and ideally all of those pieces will come together to continue to put pressure on the site being developed and R2D2 finding a permanent home. Executive Director Quinton added that the Portland City Council and other City bureaus have a lot of work to do; PDC will do its part and expects to receive the support that is needed.

Chair Andrews called for a motion to approve Resolution 7059; Commissioner Dickson moved and Commissioner Kelly seconded the motion.

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

At approximately 1:40 p.m. Chair Andrews adjourned the PDC Board meeting, and turned the meeting over to the Tax Supervising and Conservation Commission (TSCC).

4. Information Item: TSCC Public Hearing on and Certification of the Fiscal Year 2014-15 Approved Budget

The TSCC Chair, Terry McCall, opened the public hearing by stating this is a public hearing of the Multnomah County TSCC for the purpose of discussing the fiscal year (FY) 2014-15 Approved Budget for PDC. He said that one of the TSCC's responsibilities, as detailed in state law, is to review the budgets of all municipal corporations under the TSCC's jurisdiction, saying TSCC staff have carefully reviewed the budget and worked with PDC staff on technical aspects of the budget. He said they have questions concerning the financial policies implicit in the budget that they would like to have answered, questions a typical citizen may ask. He said that in this sense, the TSCC is here today representing all of the citizens that might not be able to ask questions of the PDC Board directly. He further stated that they encourage citizens to attend these public hearings and learn more about the district's budget and make any comments that are appropriate. He said meeting minutes of this public hearing will be prepared and retained as permanent record of the proceedings.

Chair McCall asked his fellow commissioners and TSCC staff to introduce themselves and state if they have any real or perceived conflicts of interest: Steven Nance, Commissioner, no conflict; Mr. Brendan Watkins, Commissioner, no conflict; David Barringer, Commissioner, no conflict; Mr. Craig Gibbons, Executive Director; and Ms. Tunie Betschart, staff. Chair McCall, no conflict. Chair McCall asked the PDC Board to introduce themselves and make any comments, if any.

The questions posed by the TSCC team to the PDC Board and staff are listed below, along with the PDC Board and staff responses.

General Operations and Department Issues

Chair McCall asked Question 1: Nothing is more telling about PDC's budget than the 50 percent reduction in staffing in the last four years. In FY 2014-15, PDC will have 95 full time equivalent (FTE) positions. What positions are eliminated in the FY 2014-15 budget and how is the loss of half of the workforce in four years reflected in PDC's work?

Chair Andrews responded: PDC has reduced staff, reorganized and transitioned incrementally over the last four years starting with the creation of the new Portland Housing Bureau (PHB), which transferred 36 staff from PDC to the new bureau. Subsequent reductions were accomplished as PDC explored opportunities to streamline and focus activities around its mission, looking towards the decrease and eventual expiration of URAs and tax increment funding (TIF). In the last of three reductions in force over a four year period, PDC eliminated seven positions from its Executive Department, 13 from Finance and Business Operations (including six from Information Technology), and 11 from its Urban Development Department, for a total of 31 positions. The new size and structure of PDC is well positioned to focus efforts based on ongoing implementation of the existing URA plans and City's economic development strategy. This was accomplished in part by eliminating a layer of management and developing PDC's new department structure, which consists of an integrated real estate and lending team and a more cross-functional approach across the agency.

Chair McCall asked Question 2: How will the proposed reconfiguration of the URAs impact PDC's work plan?

Commissioner Kelly responded: In the first half of FY 2014-15, staff will dedicate time to finalizing the proposal, soliciting public input, and bringing forward the six proposed amendments for approval – as well as development agreements with Portland State University (PSU) and ZRZ Realty. The URA modification proposal has little impact to the PDC budget over the next year, but does make some longer-term directional changes to PDC's work plan as it relates to the Education, Central Eastside, and North Macadam URAs. Work planned within the Education URA will be eliminated or replaced with some work related to the proposed expansion of the North Macadam URA for redevelopment opportunities around the PSU campus. The North Macadam URA expansion will also allow for ongoing work to be completed over the next 10 years around the Zidell property. Expansion and extension of the Central Eastside URA will allow for additional resources and focus on opportunities for redevelopment along the Portland-Milwaukie light rail line.

Chair McCall asked Question 3: Property Redevelopment is the largest growing segment of PDC's business. At \$95,000,000 it will constitute 50 percent of PDC's expenditures next year. What are the main projects in this budget and what are they meant to accomplish?

Commissioner Dickson responded: The Property Redevelopment business line represents a significant portion of the budget because it is made up of a combination of new projects and opportunities as well as several prior year projects that are ongoing reservation of funds from prior years. The prior year reservations include \$20,000,000 earmarked for the renovation of the Veterans' Memorial Coliseum and \$4,000,000 for Convention Center Hotel. New projects and opportunities include \$30,000,000 related to commercial property redevelopment in the River District URA, which includes a significant loan to the Pacific Northwest College of Art (PNCA) and funds to support the OTCT Action Plan. Furthermore, \$5,000,000 is included to support strategic site development in the Central Eastside URA and \$5,000,000

in lending is programmed in the Lents Town Center URA to support the new Lents Action Plan. In total, PDC's budget includes \$44,000,000 for commercial property lending across all urban renewal areas.

Commissioner Barringer asked Question 4: Housing issues are getting increased attention in next year's budgets for both PDC and the City. PDC has budgeted \$46,000,000 for this function next year. How will this money be spent?

Commissioner Dickson responded: Of the \$46,000,000 included in the Housing appropriation, \$1,400,000 is associated with operations of the Headwaters Apartments that PDC manages on behalf of PHB and \$45,000,000 is programmed for implementation of Housing Set Aside projects by PHB across 10 URAs. According to the budget programmed by PHB, the majority of the set aside funding is for multifamily affordable housing projects underway in the River District, Gateway Regional Center, and Oregon Convention Center URAs. Funding is also comprised of ongoing home rehabilitation and homebuyer programs in the neighborhood URAs as well as new funds for future request for proposal processes for affordable housing development.

Urban Renewal Plan Areas

Commissioner Barringer asked Question 5: The Lents Town Center URA has received considerable press attention this year. It has consumed almost half of its maximum indebtedness with marginal results. What investments has PDC budgeted for this area in 2014-15? Is PDC altering its approach to redevelopment in this area?

Commissioner Kelly responded: PDC's roughly \$90,000,000 in investments have produced results, with much needed improvements to transportation infrastructure and open spaces, small business development, and an increase in affordable housing. The Lents Five-Year Action Plan builds on that foundation with specific actions intended to achieve the community-desired retail amenities, residential density, job-growth, and private investment before the URA sunsets in 2020.

The Lents Five-Year Action Plan focuses on four distinct geographies in Lents and lays out tailored actions for:

- Neighborhood Centers – focuses on redevelopment and placemaking opportunities in Lents Town Center and West Foster nodes.
- Commercial Corridors – focuses on commercial corridor vitality including business development and safety improvements along 82nd Avenue, Powell Boulevard, Foster Road, and 122nd Avenue.
- Residential – encourages construction and rehabilitation of units and preserve housing affordability for homeowners and renters.
- Industrial & Open Space – focuses on business development to intensify industry uses for traded sector job creation and a plan for mitigation of the 100-year flooding issue.

Commissioner Barringer asked Question 6: Last year, the Oregon Department of Revenue clarified that property taxes divided for an urban renewal plan area that are intended to support "public education" must be categorized as education taxes subject to the \$5 per \$1,000 of assessed value limit of Ballot Measure 5. With the planned demise of the Education URA and the expansion of North Macadam URA north into the PSU blocks, will any TIF be spent on direct improvements to facilities owned by PSU or Portland Public Schools?

Commissioner Mohlis responded: Under no scenario will URA funds be spent on education purposes. Under the current proposal, the final year of Education URA TIF funds will be used primarily to support the Portland Bureau of Transportation's (PBOT) construction of the streetcar realignment on SW Montgomery Street. The proposed expansion of the North Macadam URA will focus tax increment investments in the area on development activities, some of which would be in partnership with PSU. PDC's funds used in partnership with PSU will be to support mixed-use projects that are of shared ownership, or if invested in PSU owned facilities, in the commercial components of those projects that serve the neighborhood, such as ground floor retail.

Plan Area Projects

Commissioner Nance asked Question 7: The PDC Board heard a briefing on the OTCT Five-Year Action Plan in October 2013. Have there been any refinements to that plan? When will it be presented for approval and how will it alter the work PDC is doing already in the area?

Commissioner Kelly responded: OTCT is Portland's oldest neighborhood and a neighborhood of continuous evolution. As compared to earlier planning and development strategies for this community, the OTCT Five-Year Action Plan outlines an integrated and comprehensive approach. This Action Plan includes recommended steps and resources to create a safe, vibrant, and economically healthy neighborhood. The OTCT Five-Year Action Plan has benefited from input provided by the OTCT Community Association and other area stakeholders. Most of the input to date has reinforced the comprehensive, community-development approach articulated in the plan and progress on the Grove Hotel, Block 8L, Society Hotel, PNCA, West Burnside safety improvements, and the Portland Business Alliance's work with local retailers reflect the multiple public and private parties already delivering on the plan. Many of the changes requested by the community relate to activities or resources managed by other City bureaus and public bureaus, such as public safety items, rehabilitation services, or augmented District Attorney availability. PDC-related refinements included: the introduction of PDC's Community Livability Grant in OTCT; greater specificity to PDC's work with PBOT to pursue district parking policy development and implementation; and specified funds for a seismic related program, assessment, and implementation. PDC staff anticipates taking the final OTCT Action Plan to Portland City Council this summer.

Commissioner Nance asked Question 8: How does the Portland-Milwaukie Light Rail project impact PDC's work in the Central Eastside URA? Are funds programmed in the 2014-15 budget to take advantage of opportunities in this area?

Commissioner Mohlis responded: The FY 2014-15 budget includes \$5,000,000 for strategic site redevelopment that can be utilized to take advantage of opportunities within the current boundaries of the Central Eastside URA or if the boundaries are amended based on the proposed expansion. The budget also includes some funding for ongoing work to support the Central City 2035 Southeast Quadrant study that will introduce regulatory and zoning code changes to spur development in this area. A specific roster of "strategy sites" and their related development potential along the light rail alignment were analyzed in conjunction with the City's zoning assessment.

Commissioner Nance asked Question 9: Please provide updates on the Veterans' Memorial Coliseum renovation project in the Oregon Convention Center URA and the new County Health Department Headquarters and the Union Station renovation project in the River District URA.

Chair Andrews responded: In late 2013, Portland City Council instructed the Office of Management and Finance (OMF), owners of the Veterans' Memorial Coliseum, to revisit design and business plan options for the coliseum, from demolition to full repositioning and renovation. OMF has selected consultant teams for each of these respective scopes, using City resources, and anticipates completing the work by end of 2014. PDC and Multnomah County (the County) entered into an Intergovernmental Agreement (IGA) where PDC is to disburse \$27,000,000 to the County by June 30, 2014. The IGA includes requirements that \$17,000,000 of the \$27,000,000 would be disbursed based on certain project milestones, including the issuance of building permits, to the County. Since not all milestones have been achieved, PDC will disburse \$10,000,000 to the County this year and anticipates disbursing the \$17,000,000 next FY when the County receives permits and is closer to starting construction. Union Station Phase I and Phase II improvements are completed. In March 2014, PDC conducted solicitations for three consultant teams to initiate the Phase III scopes of work: environmental, building, and track improvements. Two of the three teams selected as a result of this bid process are currently under contract, with the third anticipated to be under contract in the next couple of weeks. The teams will initiate work in the next month with their work scheduled to conclude in summer 2016. The results of this work will be 30 percent preliminary design, estimate of future final design and construction costs, as well as the preferred phasing of subsequent improvements.

Commissioner Nance asked Question 10: Last year at the TSCC hearing, three possible dispositions of the PDC property at SW Third Avenue and Oak Street and its liabilities were discussed. Has there been any progress this year on that property.

Chair Andrews responded: The three possibilities discussed last year included:

- The property is sold and PDC no longer holds fee title (PDC would pass the obligation with the property to the new owner).
- PDC reaches a consensual settlement with the other party to the agreement to terminate the obligation.
- PDC constructs basement parking on the property that satisfies the requirements of the underlying agreement.

Following up on these options over the last year, PDC staff held discussions with the lessor to explore termination of the obligation while also meeting with adjacent property owners and other private developers to discuss redevelopment options. The redevelopment options discussed include possible multi-family or student housing on the parcel. In the first half of next FY, PDC staff plans to explore the redevelopment option further, with the goal of an executed memorandum of understanding in the second half of next FY that would include construction of basement parking.

Commissioner Watkins asked Question 11: The Centennial Mills Building is a redevelopment challenge. What is the general outline of the disposition and development agreement (DDA) for the property, and when do you anticipate the agreement to be completed? Has PDC done any work on the property this year, and what role will PDC have in the redevelopment of the property?

Chair Andrews responded: PDC continues to work with Harsch Investment on redeveloping the property. After a very thorough process of understanding the various challenges and development alternatives, PDC and Harsch Investment have decided to move forward with negotiating a DDA which will be finalized this summer. The plan for the site envisions the creation of significant public open space and the restoration of the iconic flour and seed mill structures. Existing and new buildings will combine office, retail, and multi-family uses. No construction work was completed on the property this

past year. PDC will take the lead in planning, permitting, and construction of the infrastructure elements, including selective demolition, Army Corps of Engineers/Department of State Lands work along the riverbank, and remediation of remaining hazardous materials.

Commissioner Watkins asked Question 12: While the City struggles to establish funding for transportation projects, PDC has several streetscape and corridor improvement projects in its plans. What specifically is planned for the Lombard Street, Killingsworth Street, 122nd Avenue, and Foster Road projects?

Commissioner Dickson responded: In each of these projects, PDC has partnered closely with PBOT from design through construction. The Killingsworth Streetscape Project will fund construction of safety and streetscape improvements from Commercial Street to Martin Luther King, Jr. Boulevard. The 122nd Avenue Project will fund construction of new sidewalk for safety improvements along 122nd Avenue from Ramona to Holgate streets. The Foster Road Streetscape Project will fund a portion of construction engineering and construction for safety and streetscape improvements from 52nd to 89th avenues. The Lombard Street Investment Strategy is intended to identify key commercial and/or neighborhood nodes along the corridor, from Chautauqua Street to Williams Avenue, to implement infrastructure improvements and focused business development assistance that support business growth and commercial corridor vitality. PDC anticipates using identified FY 2014-15 budget and forecasted FY 2015-16 resources for implementation (i.e., final design, construction engineering, and construction).

Commissioner Watkins asked Question 13: Are there any other projects you would like to talk about with the TSCC before it closes this hearing?

Commissioner Mohlis responded: As mentioned throughout the discussion today, pursuing business development and redevelopment plans in the Lents Town Center, Central Eastside, OTCT, and the Zidell property in North Macadam URAs are the focus of our URA work next FY. PDC is also engaged in a strong, comprehensive approach to economic development that transcends its URA work using funds from a variety of sources including an allocation from the City General Fund, grants from the Economic Development Administration, and Enterprise Zone activities. This work includes ongoing traded sector cluster development (such as software, athletic and outdoor, and advanced manufacturing), international business development, entrepreneurial development, and a neighborhood economic development focus that includes main street capacity building and workforce development.

Commissioner Watkins asked Question 14: Noticed that there has been a declining general fund balance over the past four years and PDC staff has forecasted that it will have a decline this year, too; does PDC have a fund balance policy? Also labeled as contingency in PDC's budget. What is the framework?

Executive Director Quinton responded: each of the funds, particularly those funded by TIF, contingency is basically what PDC has available that it does not have budgeted to be spent; that is how it is balanced. Faye Brown, Chief Financial Officer, added that rating agencies typically like to see a reserve policy for the general fund, in particular for entities that issue Voter Approved General Obligation or Full Faith and Credit Bonds. PDC does not issue general fund backed bonds; PDC is funded by Tax Increment Revenue Bonds issued by the City and, for the most part, the only general fund dollars PDC receives are provided annually by the City for specific projects. In lieu of reserves, PDC staff model very conservative estimates for the issuance of PDC revenue bonds to ensure there is sufficient debt coverage.

Chair McCall called forward guests to testify.

Greg Howe, an attorney. Mr. Howe stated that he is interested in TIF funds going to support public schools and expressed pleasure in knowing that the PDC Board would not be doing that, however, the PDC Board later said that there would be mixed-use projects and there will be a partnership, and asked if this means that a building could be built and would rent out space to PSU for classroom and administration? Commissioner Mohlis responded that the way he views it is that PSU would be constructing the building and PDC would help with funds for retail on the ground floor to increase foot traffic in the neighborhood. Executive Director Quinton added that it is not a way to get around that, but rather a way to get projects built that might have different uses. He went on to say that there are examples of that in the City, like PSU's Student Activity Center, where there is a swimming pool and where students can go an exercise, but below it the City has its archives so the different parties contributed funds to have the project built. This is one way to have projects built during difficult times.

Chair McCall closed the hearing and opened the regular TSCC meeting to discuss the recommendation letter for the FY 2014-15 budget, and asked if there were any recommendations from staff. Executive Director Gibbons stated that they did not find any problems with the process or production of the 2014-15 budget. However, in looking at 2012-13 audit report, they did find one expenditure in excess of legal limitations in the administration program under the general fund. That over expenditure was \$30,895 but it was not a regularly-reoccurring occurrence with this district. Chair McCall responded that the TSCC needs to point out any observations and recommendations, adding that they are issues in a very practical sense but they are not, and PDC typically produces very fine and clean budgets.

Commissioner Barringer moved with the one recommendation and Commissioner Watkins seconded the motion. Chair McCall called for a vote, and the TSCC regular meeting was adjourned.

At approximately 2:14 p.m. Chair Andrews called for a break. At approximately 2:29 p.m. Chair Andrews reconvened the PDC Board meeting.

CONSENT AGENDA

13. Action Item: Resolution 7066 – Amending Bylaws of the Portland Development Commission Regarding the Filling of Vacancies on the Portland Development Commission Board of Commissioners and Election of Officers

With this action the PDC Board will update the bylaws of the PDC with titles of officer positions to gender-neutral designations and make more flexible the provisions for annual election of new officers and the appointment of officers in response to vacancy.

5. Action Item: Resolution 7060 – Authorizing Execution of Fiscal Year 2014-15 Intergovernmental Service Level Agreement – General Fund Special Appropriations with the City of Portland to Provide Funding of \$5,425,564 for Implementing Economic Development Activities on a Citywide Basis

With this action the PDC Board will authorize an IGA with the City through the City Budget Office to transfer \$5,425,564 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 for in the FY 2014-15 Adopted PDC Budget.

This IGA, which has been authorized each of the past six years, allows for the transfer of General Fund dollars to support the PDC's economic development activities listed above. Prior to FY 2008-09, such transfers occurred without an IGA.

6. Action Item: Resolution 7061 – Authorizing Short-Term Interfund Operating Loans Not to Exceed \$1,000,000 from Specified Funds to the Community Development Block Grant – Economic Opportunity Initiative Fund from July 1, 2014, to June 30, 2015

With this action the PDC Board will authorize, through June 30, 2015, short-term interfund operating loans pursuant to the provisions of Oregon Revised Statutes 294.468, which states that:

“It shall be lawful to loan money from any fund to any other fund of the municipal corporation whenever the loan is authorized by official resolution or ordinance of the governing body.”

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

Chair Andrews called for a motion to approve Resolutions 7066, 7060 and 7061; Commissioner Mohlis moved and Commissioner Kelly seconded the motion.

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

REGULAR AGENDA

7. Action Item: Resolution 7062 – Adopting Budget Amendment No. 3 for the Fiscal Year Beginning July 1, 2013, and Ending June 30, 2014; and Making Appropriations

PDC staff presenting this item:
Tony Barnes, Budget Officer

With this action the PDC Board will amend the FY 2013-14 PDC Revised Budget to provide final adjustments in certain cases for project and program estimates that were not known or have changed since drafting Budget Amendment No. 2 which was adopted by the PDC Board on April 16, 2014.

The proposed FY 2013-14 Budget Amendment No. 3 will decrease the total PDC budget from \$277,530,549 in the FY 2013-14 Revised 2 Budget to \$277,328,769 including Transfers, Contingency, and Reserves. Excluding Transfers and Contingency total budgeted expenditures decrease from \$125,393,831 to \$120,905,648.

Chair Andrews called for a motion to approve Resolution 7062; Commissioner Dickson moved and Commissioner Mohlis seconded the motion.

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

8. Action Item: Resolution 7063 – Adopting the Annual Budget of the Portland Development Commission for the Fiscal Year Beginning July 1, 2014, and Ending June 30, 2015; and Making Appropriations

PDC staff presenting this item:
Tony Barnes, Budget Officer

With this action the PDC Board will formally adopt PDC's FY 2014-15 Recommended Budget and appropriate resources set forth therein, effective July 1, 2014. Adoption by the PDC Board of PDC's FY 2014-15 Recommended Budget represents the final phase of the FY 2014-15 budget process, which began in November 2013. Upon adoption, PDC's FY 2014-15 Recommended Budget will become PDC's FY 2014-15 Adopted Budget.

With the recommended changes, the total PDC budget will increase from \$244,427,970 in PDC's FY 2014-15 Approved Budget to \$246,023,647 in PDC's FY 2014-15 Recommended Budget, including Transfers and Contingency. Budgeted expenditures increase from \$189,185,101 to \$190,376,243.

Chair Andrews called for a motion to approve Resolution 7063; Commissioner Mohlis moved and Commissioner Dickson seconded the motion.

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

9. Action Item: Resolution 7064 – Authorizing Intergovernmental Agreements with the Portland Housing Bureau to Provide Housing Programs and Support Services to the Portland Housing Bureau

PDC staff presenting this item:
Tony Barnes, Budget Officer

With this action the PDC Board will authorize the Executive Director to execute two IGAs with PHB for: (1) PHB's implementation of housing rehabilitation, finance, and development URAs; and (2) for the delivery of support services from PDC to PHB for FY 2014-15.

- (1) Housing Rehabilitation, Finance, and Development IGA: this IGA provides for PHB implementation of urban renewal activities involving housing rehabilitation, finance, and development funded through urban renewal resources to be paid to PHB on an expense reimbursement basis. The IGA requires, as part of the reimbursement process, certification from PHB that the costs incurred are eligible urban renewal expenditures. The IGA also makes PHB responsible for certain other housing activities not financed by PDC.
- (2) Housing Support Services IGA: this IGA provides for PDC's delivery of services to PHB to support PHB's urban renewal and non-urban renewal housing activities, including certain property management services, information technology services, and construction and environmental services.

Commissioner Dickson asked the following questions:

- If a particular year has a set-aside that is lower than what is made up in the next year, does that meet the target or not? Mr. Barnes responded that everything that PDC staff put into the budget forecast is based off of this rolling total; if something does not happen in a given year it has to be built into the forecast and the target will not be met, but it will be met the following year or the year after that when the project does happen.
- If this year the numbers reached 33 percent, but next year it was only 29 percent; would this show that the target was met? Mr. Barnes responded that it would trigger PDC staff to look at how to reprogram future year budgets in conjunction with PHB staff.

Commissioner Kelly asked the following questions:

- After being exposed to the TSCC process; does PHB also go through the same process? Mr. Barnes responded that as part of the City budget process and a bureau within the City, yes, it does.
- This action feels that PDC is a passing off a lot of money that it has judiciary responsibility for but has no oversight over it. Mr. Barnes responded that it is a reimbursement process and PHB certifies that when it spends money it is TIF-eligible; PDC staff reviews the contract and paperwork and sometimes does ask for clarification. Executive Director Quinton added that this is the reason why it is an IGA; it spells out how PHB will spend that money. Regardless of how much money the work entails, PDC signs IGAs with City bureaus to document the dollars going out.

Chair Andrews called for a motion to approve Resolution 7064; Commissioner Mohlis moved and Commissioner Kelly seconded the motion.

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

10. Meeting Minutes

Chair Andrews stated that over the past few years, the minutes for a given meeting were pushed out to a meeting where there were at least three commissioners present from the original meeting of the minutes being approved, but PDC Legal Counsel, in review of the statues, stated that even though a commissioner was not present for the meeting, unless there is something in the meeting summary that is incorrect, all commissioners are expected to vote aye.

Chair Andrews called for a motion to approve the March 19, 2014, PDC-Planning and Sustainability Commission Joint Work Session minutes. Commissioner Kelly moved and Commissioner Dickson seconded the motion.

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

11. Election of Officers

Commissioner Mohlis made the motion to elect Commission Kelly to serve as chair of the PDC Board; Commissioner Dickson seconded the motion.

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

Chair Andrews made the motion to elect Commissioner Dickson to serve as vice chair and Commissioner Mohlis to serve as secretary; Commissioner Kelly seconded the motion.

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

At approximately 3:01 p.m. Chair Andrews called for a break. At approximately 3:12 p.m. Chair Kelly called the meeting to order.

12. Action Item: Resolution 7065 – Resolution of Commendation and Appreciation to J. Scott Andrews for Distinguished Service and Outstanding Dedication to the Portland Development Commission and the City of Portland

PDC staff presenting this item:
Patrick Quinton, Executive Director

With this action, the PDC Board individually and collectively commended Commissioner Andrews for his service to PDC and to the City of Portland.

Executive Director Quinton stated that everyone wanted to take some time to acknowledge Scott had accomplished while at PDC.

Sam Adams, Executive Director of [City Club of Portland](#). Mr. Adams stated that it was not long ago that there was a bit of a civil war between the Portland City Council and PDC. It was not that long ago that Portland and the region faced the worst impact of one of the worst economic recessions since World War II. It has long been a problem in this city that has been diversifying, that its governmental institutions were not including diversity in its work. That is the foundation on which Commissioner Andrews helped lead the City. These past six years are one of the most productive times for the PDC in history, yet Chair Kelly has the opportunity to top that further. He finished by expressing his thanks as a citizen and as a former civil servant.

Kevin Lynch, Managing Director of External Affairs for [Iberdrola Renewables, LLC](#). Mr. Lynch stated that in his line of business he travels a lot, involving many overnight trips in the United States, but one time he went on his first and only overnight trip to Spain with Sam Adams and Scott Andrews. In 2003 the Portland office started with a dozen employees and now has over 300; Iberdrola is the type of business that Portland wants to attract and retain. Iberdrola had a 10-year lease in the Pearl that was coming up, and while it is not easy to move, they started to look at Houston, TX, Chicago, IL, Boston, MA, and Portland, OR. Then Mayor Sam Adams and Chair Andrews made a concerted effort to get Iberdrola's attention and to express the City's interest in keeping Iberdrola in Portland and discuss how it could make that happen. He received a phone call asking to go to Madrid for the evening with Adams and Andrews to meet with the CEO to see what could be done so that Iberdrola would stay in Portland. It was a good bonding meeting which cemented the relationship that Portland has with Iberdrola. From that and subsequent meetings with Commissioner Andrews, Mr. Lynch has learned that Commissioner

Andrews has a great business acumen and has tremendous diplomatic skills which have served the City and PDC very well.

Chris Oxley, Vice President and General Manager of the [Rose Quarter](#) and the [Portland Trail Blazers](#). Mr. Oxley stated that over the past several years he has worked with Commissioner Andrews. Commissioner Andrews brought an amazing asset and skill to the discussions; his leadership was key. He stated that public/private partnerships are difficult, but Commissioner Andrews brought unmatched commitment, determination, tenacity, and unwavering optimism.

Jonathan Malsin, General Manager of [Beam Development](#). Mr. Malsin stated that it has been an honor working with PDC staff on various projects, but noted that it is important to have vision to drive what it is that will be done, and Commissioner Andrews understood the importance of public/private partnerships in challenging markets. Beam Development saw an opportunity and Commissioner Andrews understood the vision and supported the Burnside Bridgehead project, without which it would not have happened, and noted that the space is 95 to 96 percent leased.

Marion Haynes, Vice President – Government Affairs & Economic Development of the [Portland Business Alliance](#) (PBA). Ms. Haynes stated that the PBA has a good partnership with PDC, especially with the downtown retail strategy and appreciates Commissioner Andrews' leadership related to that. Commissioner Andrews is very dedicated to the city and his personal commitment and involvement really shines through. It has been a difficult time with the recession and the diminishing resources for PDC, but with Commissioner Andrews' leadership, PDC has been able to build something and do great things not only for downtown but also throughout the city and the neighborhoods.

Michael Gaeta, President and Chief Executive Officer of the [Oregon College of Oriental Medicine](#) (OCOM). Dr. Gaeta stated that it all starts with a dream. Back in 2005, as part of the strategic planning process at OCOM, one of the major strategic initiatives was to relocate and build a new home. He talked to Brad Nelson of Beam Development, looked at decommissioned schools and other businesses, and talked about how far everything was and OCOM decided that they needed something more centrally located, and looked into OTCT. With the help of Commissioner Andrews and PDC, they created a trajectory, not a straight path, and had to be put on hold due to the economic downturn, but Commissioner Andrews stuck with OCOM the whole way. Dr. Gaeta thanked Commissioner Andrews for his work and presented him with a framed memento.

Executive Director Quinton stated that public leaders are often defined by the era in which they served. The past six years have been different; it will not only be remembered for the recession that altered the market conditions for development but more so for the transformed local economy that emerged from the recession will be Commissioner Andrews' legacy. Given Commissioner Andrews' background in real estate, it would have been easy to try to preserve the model that had led to so much development prior to the recession, but instead he understood that the rules had changed permanently and guided PDC through a transformation that not only got projects done during this transformation, but also allowed PDC to make a significant impact on the long-term trajectory of Portland's economy. He also expressed his thanks for Commissioners Andrews' service.

Executive Director Quinton stated that, with the help of Beam Development, a plaque will be installed on the south side of the building of the Burnside Bridgehead plaza. Mr. Malsin added that it will be next to a public walkway. Executive Director Quinton finished by reading Resolution 7065 in its entirety.

Chair Kelly called for a motion to approve Resolution 7065; Commissioner Dickson moved and Commissioner Mohlis seconded the motion.

Commissioner Mohlis stated that one of the things he appreciated about the PDC Board is the balance that it has, the different perspectives; each member comes from a different background and brings different skills set to the table. He listed some of the projects that the PDC Board saw through during the economic downturn, and some of those jobs is what kept some of the people in their homes and provided them with enough hours to qualify for health insurance for their families; very meaningful things for very real people. Commissioner Mohlis thanked Commissioner Andrews for his efforts and leadership; it has made a lot of difference in a lot of peoples' lives, and also to the city.

Commissioner Dickson stated that she has seen Commissioner Andrews as a mentor and is awed at how he has been able to manage everything that needed to be done, always available, and inspires people within the city to have to give more. Commissioner Andrews cares for the PDC Board members and what their perspectives are and their thinking is when he makes a decision.

Chair Kelly stated that very few people in the city really understand the level of service and commitment that Commissioner Andrews has delivered to the city. He has set the bar so high, that Chair Kelly expressed intimidation to follow in Commissioner Andrews' shoes.

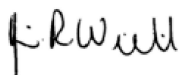
AYES: Dickson, Kelly, Mohlis
NAYS: None
ABSTAIN: Andrews

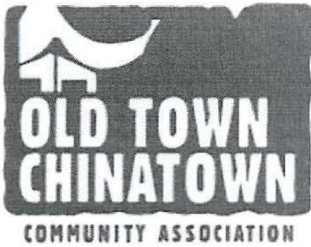
Commissioner Andrews thanked everyone for taking spending the time with him this afternoon. When the mayor first asked him to become a member of the PDC Board, he originally said no, but he could not continue to say no when the mayor said that the city needed him and his talents. He said that he was convinced but told the mayor that there were two people he needed to talk to first before he could agree to do this: his wife and his business partners, everyone had to put up with a lot, and not just the time commitment. Commissioner Andrews expressed pride in working with the current PDC Board, and past members like Steve Straus and Bertha Ferrán. He added that this is not a political environment, and the PDC Board has done a great job in focusing on each individual item and deciding what is best for that item. There has been no vote-trading; the ethics behind it is fantastic. He expressed his appreciation for the mayors and the Portland City Council and their work, for the PDC staff and their efforts. He ended by stating that the most amazing thing that he learned was the importance of the social equity programs that PDC has adopted, by saying that he did not realize how unequal the playing field was; Portland would not be a city where people would want to live over time if everyone did not have the opportunity to succeed.

14. Adjourn

After a standing ovation, there being no further business, Chair Kelly adjourned the meeting at approximately 4:11 p.m.

Approved by Portland Development Commission on August 13, 2014





June 25, 2014

Scott Andrews, Commission Chair
John Mohlis, Commission Secretary
Commissioner Charles Wilhoite
Commissioner Aneshka Dickson
Commissioner Tom Kelly
Patrick Quinton, Executive Director
Portland Development Commission
222 NW Fifth Avenue
Portland, Oregon 97209-3859

Mayor Charlie Hales
Commissioner Nick Fish
Commissioner Dan Saltzman
Commissioner Amanda Fritz
Commissioner Steve Novick
1221 SW 4th Avenue
Portland, Oregon 97204

RE: Resolution No. 7059 – Acquisition of 7,762 Square Foot Parcel at NW 4th Avenue and West Burnside

This resolution will move a critical piece of property for the district sitting at the entry to Old Town Chinatown into the control of the Portland Development Commission and find a long overdue resolution to the relocation of Right 2 Dream Too (R2D2) homeless camp that set up illegally in October 2011. R2D2 has done a reasonable good job of managing the population and issues within its walled borders, but has not and cannot address the overflow traffic that comes with this type of facility causing numerous problems and concerns throughout the district. Allowing this illegal encampment to continue for possibly an additional 30 months is not acceptable.

This acquisition is an important piece of the district's 5-year action plan. Having the Portland Development Commission control this parcel to help facilitate its redevelopment is critical. But we are concerned and do not support the additional 30 months for the Portland Development Commission to

conduct its due diligence, which will include working with R2D2 and other partners to find a new location for R2D2. Over 2 ½ years have been spent trying to address the regulatory and zoning violations along with the economic impact with the siting, a set aside of over \$800,000.00 and the identification of 21 possible relocation sites still have not resulted in finding a new location for R2D2.

The Grove Hotel renovation is now in the hands of Naito Development in partnership with Eagle Point Hotel Partners and Filament Hospitality. As seen with all prior attempts to successfully renovate the Grove Hotel, having R2D2 directly across from the project's storefront retail will be extremely difficult, if not impossible, to lease. The longer R2D2 remains in its current location, it will decrease the economic viability of this project and the success of turning NW 4th Avenue into a vibrant economic corridor of retail, restaurants and businesses.

We cannot allow this to happen and have put into place through the 5-Year Action Plan for Old Town Chinatown in partnership with the Portland Development Commission and the City of Portland the roadmap of economic development and investment for the district. We need to find a solution for this corner as soon as possible and purchasing this property from the current property owner is certainly a step in the right direction. But the due diligence period must be shortened to no longer than 12 months, not 30 months. This will coincide with the Grove Hotel coming on line and give this project an opportunity to succeed and help bring economic vitality back to this part of the neighborhood.

We appreciate the opportunity to respond to this resolution and finding a permanent solution for R2D2 and those experiencing homelessness is crucial. We are certain with the appropriate resources, this can be done in a much shorter time period and support the purchase of this parcel by the Portland Development Commission if the due diligence period is reduced to 12 months or less.

Thank you.

Sincerely,



Howard Weiner, Chair
Old Town Chinatown Community Association