



Commissioners: Charles A. Wilhoite, *Chair* Bertha Ferrán John C. Mohlis Position 4 (vacant) Position 5 (vacant)
PDC Executive Director: Bruce Warner

This document constitutes the official meeting record of the September 24, 2008, Portland Development Commission Board of Commissioner's meeting held at 222 NW Fifth Ave., Portland, OR 97209.

I. CALL TO ORDER AND ROLL CALL

Chair Wilhoite called the meeting to order at approximately 8:06 a.m.

Ms. Renee Castilla, acting as recording secretary for the Board, called the Commission roll:

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| Chair Charles Wilhoite | PRESENT |
| Commissioner Scott Andrews | PRESENT |
| Commissioner Bertha Ferran | PRESENT |
| Commissioner John Mohlis | PRESENT |

II. APPROVAL OF MEETING MINUTES

Chair Wilhoite asked if there were any corrections to the meeting minutes.

Commissioner Andrews moved and Commissioner Ferran seconded the motion to adopt the meeting minutes of August 13, 2008 and August 27, 2008.

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

III. EXECUTIVE DIRECTORS REPORT

Executive Director Bruce Warner presented the Executive Director's Report, he highlighted the following:

- Economic Development staff are working on several key recruitments, including two headquarters relocations for businesses in transportation and renewable energy, as well as new facilities for solar manufacturing and clothing manufacturing companies;
- The value of the recent Portland Ambassadors Best Practices study tour of Scandinavia extended to a recent brown bag presentation by four of the tour participants: "Cutting Edge Approach to the Business of Sustainability; Lessons from Scandinavia" on August 18;
- PDC staff has entered into acquisition negotiations with two property owners of three parcels within the Gateway Regional Center Urban Renewal Area. PDC and the Portland Bureau of Parks and Recreation have drafted an intergovernmental agreement

that will have both agencies sharing in the cost of due diligence activities and the acquisition on a 50/50 basis;

- PDC has signed a Memorandum of Understanding (MOU) with LAB Holding/Project SEED for redevelopment of the PDC-owned Centennial Mills site at NW Naito and NW Ninth Avenue in the River District Urban Renewal Area;
- On August 13, 2008, Portland Parks and Recreation (PP&R) and PDC held a pre-construction coordination meeting at Lents Park for the ball field improvement project that will provide a new home for the Lents Little League;
- PDC Loan Committee approved \$190,000 in predevelopment loans for Dahlia Commons – a 14 unit single-family for-sale project being developed by the Portland Community Land Trust in the Lents URA. Eight of the units will be for families earning 80 percent or less of Median Family Income (MFI), with a primary marketing focus on families earning 60 percent or less of MFI;
- August saw completion of Ogden Street Homes, located at 8038 Se Ogden Street in the Lents URA. It is new construction, five detached single story, three and four bedroom homes for first-time homebuyers whose incomes are at or below 60 percent MFI. Ogden Street Homes were constructed in partnership with Portland Habitat for Humanity;
- The Housing Production Report for Fiscal Year 2007/08 were: 397 units of rental rehabilitation preservation units (0-60% MFI), 607 units of new homeownership; and assistance to 477 first time homebuyers;
- He highlighted the South Waterfront Workforce Diversity Report.

Executive Director, Bruce Warner commented on an editorial that appeared in the Oregonian relating to the Old Town Lofts Project in Old Town/Chinatown Urban Renewal Area. He said PDC is working with the developer and Judy Shiprack, who is the Executive Director of that organization. He said they are discussing how to deal with the loan that is currently in default. He stated there are a number of solutions they are looking at. He said the last newspaper article he saw said “that in the long run, it is possible the Old Town Lofts Project will become an asset to the community”. Mr. Warner commented that the Old Town Lofts Project is already an asset to the community with a number of first time homebuyers there. He said the project was a pioneer projects with some of the first for sale ownership opportunities in Old Town/Chinatown. He said the tenant has struggled to lease and/or sell the commercial space located within the building.

Mr. Warner also commented on the recent Audit requested by PDC to be performed by the City on PDC’s monitoring on development agreements. He said the while PDC recognized the interest of the City in commenting on the overall public benefits derived from supported redevelopment projects, the assessment of PDC’s efforts to monitor contractual requirements was an objective of the audit and it appeared the City substituted their judgment of “should” be monitored instead of what is “required to be monitored”. He said the substitution distorts the assessment of how well PDC monitors actual contractual requirements of development agreements.

Chair Wilhoite said it is important to be patient and work towards a resolution for the Old Town Lofts Project. In addition, he acknowledged he had read the audit and agreed with Executive Director Bruce Warner’s response. He said it was important to coordinate the scope of work and desired outcomes closely with the Auditor’s office at the city in order to for an audit to be something PDC can use to improve in needed areas.

Mr. Warner concurred with Chair Wilhoite regarding Old Town Lofts and stated the current financial market is impacting the Developers and Builders ability to receive capital. He said it will be difficult for PDC to continue to work on a number of these pioneering projects because they need to wait for the market to respond, otherwise the risk on these types of projects will be much higher.

Mr. Lew Bowers stated most major national developers are halting on pending land sales and have commented that they are at least 12-18 months out for purchase.

Commissioner Andrews stated his firm is a member of a national group of independently owned operators and they although the market place across the country is weakening, there have not seen that in Portland. However, there did comment that the housing side of construction is hurting with weakening sales and an increased difficulty in receiving financing.

Commissioner Ferran stated that FHA continues to be the lender of choice. She said although it can be challenging to purchase a home; those individuals with 3% down and a decent credit score will find ample opportunities to own a home. She also reminded the public, PDC has many programs for first time home buyers.

Commissioner Mohlis stated the Old Town Lofts Project is a beautifully structured facility which is currently fully occupied at 100 percent, 24 hours of the day/7 days a week. He said it is currently an asset in the marketplace.

Mr. Ken Rust, President of the Government Finance Officers Association (GFOA), stated the GFOA has been presenting a Certificate of Achievement Award for Excellence in Reporting since 1945. He presented this award to PDC and acknowledged it has been given to PDC for twenty (20) consecutive years.

Chair Wilhoite commented to the audience that the City of Portland was rated number #1 in Sustainability again.

Mr. Warner stated sustainability was one of the key areas the prior PDC Board wanted to work on last year to cement Portland as a national leader. He said currently, PDC is nationally known for their sustainability practices.

IV. Chair Wilhoite announced an opportunity for members of the public to address the Board on any matter not on the agenda. As there were none, he continued with the consent agenda.

V. Consent Agenda.

Resolution No. 6634, titled, "Authorizing Execution of a Deed for Right of Way Purposes to the City of Portland for the Construction and Operation of Light Rail Lines, Accessories and Appurtenances in the River District Urban Renewal Area."

Resolution No. 6635, titled, "Authorizing an Easement to PDC-Owned Property to the Tri-County Metropolitan Transportation District of Oregon for the Construction and Operation of Light Rail Lines, Accessories and Appurtenances in the River District and Downtown Waterfront Urban Renewal Areas."

Resolution No. 6636, titled, “Resolution Recommending Final Approval to City Council for Economic Development Revenue Refunding Bonds (Broadway Project), Series 2008a (Tax-Exempt) and Economic Development Revenue Refunding Bonds (Broadway Project), Series 2008b (Federally Taxable), Which Together in an Aggregate Principal Amount Will Not Exceed \$52,000,000, for the Purpose of Providing Funds for the Refinancing of the Acquisition, Development and Construction of Student Housing Units and Related Commercial and Academic Space.”

Resolution No. 6639, titled, “Authorizing Contracts with Ciber Inc. in an Amount Not to Exceed \$775,000 for the Purchase of Consulting Services for the Lawson Upgrade and Chart of Account Restructuring.”

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt the consent agenda.

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

VI. ADOPT NORTH OLD TOWN/CHINATOWN REDEVELOPMENT STRATEGY

Commissioner Scott Andrews claimed a potential conflict of interest given his company’s interest in the Blanchet House and its redevelopment.

Ms. Sarah Harpole presented Report No. 08-116, titled, “Adopt North Old Town/Chinatown Redevelopment Strategy”.

Ms. Harpole stated the accompanying resolution adopts the *North Old Town/Chinatown Redevelopment Strategy (N OT/CT Strategy)*. At the heart of the *N OT/CT Strategy Study Area* is Block 25, portions of which are independently owned by the Portland Development Commission (1/4 block), the Blanchet House (1/16 block), and the City of Portland (remainder of block). The *N OT/CT Strategy* was initiated by the Portland Development Commission (PDC) in 2006 due to the interest of the Blanchet House (a social services provider) to build new facilities on the block, and the interest of community stakeholders and adjacent property owners to look at the Blanchet House proposal within the context of the surrounding development opportunities and priorities. Part way through the *N OT/CT Strategy* process, the City also had an increasing interest to site the Resource Access Center in the Study Area.

Ms. Harpole said the Study Area, located at the northern gateway to the Old Town/Chinatown district, provides for substantial development potential that is critical to shaping the future character of the district. The primary objective of the *N OT/CT Strategy*, prepared by DAO Architecture with substantial public input, was to define a development vision and implementation strategy for public and private investment in the area. Preparation of the *N OT/CT Strategy* included the generation of a range of redevelopment scenarios, the preparation of a financial market analysis, the compilation of relevant urban design principles and case studies, and the definition of an implementation strategy.

She said the public input regarding the *N OT/CT Strategy* informed the siting decisions for the Blanchet House and Resource Access Center made by the PDC Board in February 2008. The *N OT/CT Strategy* was subsequently completed incorporating these decisions. The following are the other key recommendations of the *N OT/CT Strategy*.

- *Uses:* A number of community priorities are identified, many of which are elaborated in the Public Participation section of this report. Generally, an emphasis is placed on creating a dense mix of uses to help activate the street-level, create a critical mass of residents and visitors, and maintain a desired balance of cultural and economic diversity.
- *Scale:* The *North Old Town/Chinatown Strategy* acknowledges the need to balance the area's substantial development rights with the surrounding context, desire for a critical mass in the area, and market realities including absorption risk. As a result, the key sites are likely to either be build out in single-phased lower-density projects, or incrementally at higher densities. The *North Old Town/Chinatown Strategy* provides development scenarios for both options.
- *Timing:* Substantial development in the area is not likely to occur in the immediate future due to market conditions; however, a number of interim steps are identified (and further discussed in the Work Load Impact portion of this report) to facilitate future success.

Mr. Patrick Gortmaker, Co-Chair of the Old Town/Chinatown Visions Committee, expressed his support of the North Old Town/Chinatown Redevelopment Strategy. He said the blocks in the study area represent dynamic full block redevelopment opportunities. He acknowledged the strategy was a few years out given the current funding crisis. He urged the continued public/private partnerships in order to continue moving forward with the strategy. He urged the Board to adopt the North Old Town/Chinatown Redevelopment Strategy.

After discussion among the Commissioners and PDC staff, Chair Wilhoite called for a motion to adopt Resolution No. 6637.

Commissioner Mohlis moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6637, titled, "Adopting the North Old Town / Chinatown Redevelopment Strategy Pertaining to Properties Located in the River District and Downtown Waterfront Urban Renewal Areas."

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

VII. CONVENE EXECUTIVE SESSION

Chair Wilhoite stated the Portland Development Commission would meet in executive session for the purpose of consulting with the Commission's labor negotiators. The executive session was held pursuant to ORS 192.660(2)(d), which allows the Commission to meet in executive session to conduct deliberations with persons designated by the Commission to carry on labor negotiations.

He said only designated staff would be allowed to attend the executive session on labor negotiations. Representatives of the news media were not permitted to attend the executive session and were asked to leave the room.

Chair Wilhoite said no decision would be made in executive session. At the end of the executive session, he returned to open session and welcomed the audience back into the room.

VIII. RECONVENE REGULAR SESSION

Mr. David Elott and Ms. Sandy Reina presented Report No. 08-119, titled, “Consider Collective Bargaining Agreement.”

Mr. Elott stated the action before the Board was to request the approval of the collective bargaining agreement between Portland Development Commission and AFSCME Council 75, Local 3769, consistent with state and federal collective bargaining law.

Ms. Sandy Reina stated approval of the contract would bring a successful conclusion to the negotiations between PDC and the union over PDC’s first collective bargaining agreement, allowing all PDC employees to focus their efforts on implementing PDC’s Strategic Plan and furthering PDC’s mission. In addition, she stated AFSCME Council 75, Local 3769 membership has voted to approve the proposed contract.

Mr. Alan Stubbs, President of AFSCME Local 3769, stated PDC Management and Staff have come a tremendous distance since the first meeting back in November of 2007. He acknowledged it was a rewarding experience to work with a team that was so dedicated to resolve tough issues. He said staff did a great job of identifying issues and coming up with good solutions. He said he was pleased to tell the Board the members of Local 3769 voted overwhelmingly in favor of the proposed contract with a vote of 122 to 2 out of a total of 137 members eligible to vote. He said he was extremely pleased with the support and the outcome. He and Art Hendricks, Vice President of Local 3769, urged the Commission to vote unanimously in favor of the contract. He said it reflects the very best work from both sides of the negotiating team. He said a unanimous vote will send a clear strong message to the staff that the board values them and their skills and will create a work environment with management that is collaborative, open and fair. Mr. Stubbs expressed his thanks to the members of their negotiating team, AFSCME Negotiator’ Ken Allen, Management’s negotiating team and their lead negotiator Bob Lee. He said the level of commitment from everyone involved was outstanding and the contract reflects that. Finally, he expressed to the Board and Executive Director Bruce Warner that the members would continue to support and do the excellent work they have always done. He said the employees take pride in their jobs and believe in the mission of PDC. Furthermore, PDC staff is committed to making PDC successful and a great place to work and helping to make Portland a great place they can all be proud of.

Mr. Art Hendricks, Vice President of AFSCME Local 3769, expressed his thanks to the Board and Executive Director Bruce Warner. He wanted to also urge the Board for a unanimous vote in support of the contract. Mr. Hendricks acknowledged and thanked the other members of the negotiating team including; Mr. David Nemo, Ms. Lisa Abuaf, Mr. Bernie Kerosky, Ms. Lynette Jackson, Ms. Sarah Harpole, Ms. Kate Staples, Mr. Karl Dinkelspiel and Mr. Neal Fitzgerald. He said all of the members of the negotiating team take great pride in their work at PDC and all very committed to the proposal and what was in the best interest of the entire agency.

Chair Wilhoite expressed his thanks to both Art Hendricks and Alan Stubbs for their commitment to the employees of PDC and commended their leadership.

Executive Director, Bruce Warner stated he was pleased to have the negotiations conclude and see the contract supported by both management and staff. He expressed his congratulations to both negotiating teams for their months of hard work in ironing out a contract that both the Board and staff could endorse. He said the contract management and staff laid out a vision in this contract that works toward building a cooperative and collaborative work environment at all levels of the organization.

Commissioner Mohlis stated the contract was very well crafted and was a well worded agreement. He congratulated everyone involved for a good process full of respect and positive collaboration.

Commissioner Ferran expressed her thanks to everyone for such a positive process.

Commissioner Andrews stated he was happy to see that the financial impacts to the budget could be managed within the existing adopted budget. He also congratulated all staff involved.

Chair Wilhoite stated the agreed upon contract demonstrates tremendous confidence in the leadership teams representing both sides. He stated he believed the process has brought PDC closer together as an agency.

Chair Wilhoite called for a motion to adopt Resolution 6640 and asked for a roll call vote.

Commissioner Mohlis moved and Commissioner Andrews seconded the motion to adopt Resolution No. 6640, titled, "Approve Collective Bargaining Agreement between the Portland Development Commission and American Federation of State, County and Municipal Employees Council 75, Local 3769."

AYES: Wilhoite, Andrews, Ferran, Mohlis

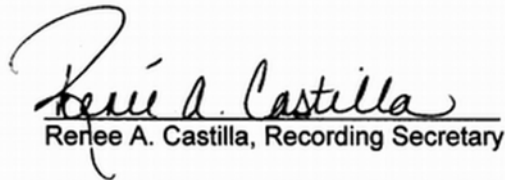
NAYS: None

IX. ADJOURN

There being no further business, Chair Wilhoite adjourned the meeting at 9:51 a.m.

Respectfully submitted,

Approved by the Portland Development Commission on October 8, 2008.



Rere A. Castilla, Recording Secretary