

This document constitutes the official meeting record of the December 8, 2010, Portland Development Commission Board of Commissioner's meeting held at 222 NW Fifth Ave., Portland, OR 97209.

J. Scott Andrews  
*Commission Chair*

I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 3:02 p.m.

Aneshka Dickson  
*Commissioner*

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

John C. Mohlis  
*Commissioner*

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

Steven Straus  
*Commissioner*

II. EXECUTIVE DIRECTORS REPORT

Charles A. Wilhoite  
*Commissioner*

Executive Director Bruce Warner presented the Executive Director Report. He highlighted the following:

Sam Adams  
*Mayor*

- I had the pleasure of attending the Athletic and Outdoor Industry event on November 16 at Sandbox Studios in the Central Eastside. (See a full write up about this event under the B&I section of this report.) I would like to thank Erin Flynn, Patrick Quinton and Jennifer Nolfi and their staff on organizing a special and unique event that pulled together several hundred representatives from this important industry cluster. The event helped PDC demonstrate its ability and commitment to bring this industry together and create dialogue and synergy between the hundreds of companies – big and small – that make up the A&O cluster. I want to express a special thank you as well to Chairman Andrews and Commissioner Colas-Dickson who also took time out of their schedules to attend the event;

Bruce A. Warner  
*Executive Director*

- On November 2, PDC, in partnership with the Pacific Northwest Defense Coalition (PNDC), held an Advanced Manufacturing luncheon. This event was part of a series of targeted events that offered the opportunity to discuss milestones reached in pursuing the city's Economic Development Strategy's call to create 10,000 new jobs, and to review the action plans for the coming year. Presenters included Mayor Adams; Patrick Quinton, PDC's B&I Division Manager; Tom Potiowski, State of Oregon Economist; Chris Scherer, Acting Executive Director, Oregon Manufacturing Extension Partnership; and Brice Barrett, Executive Director of PNDC;
- Business leaders joined Mayor Adams, PDC board and staff members, Business Oregon and Oregon Business Council at the Athletic and Outdoor Industry Strategy Event, held November 16 at Sandbox Studio, 420 NE 9th Avenue. Approximately 200 attendees celebrated the announcement of an industry study that represents the first comprehensive effort to understand the origins and interplay of the firms that comprise the industry throughout the Portland region and the state of Oregon. "Athletic & Outdoor, A Signature Industry for the

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Portland Region" - is the result of several months of study, focus groups and round-table discussions with industry leaders. The work includes an infographic map illustrating the history of athletic and outdoor business in the region and its exponential growth in the past 10 years; and an industry-driven action plan for building on the region's existing competitive strengths to grow industry employment;

- Two loans approved in November support small businesses that are at the core of the city's job creation strategy. Anvil Media, Inc. (a high tech cluster company specializing in search engine marketing and search engine optimization) purchased a second 9,000 sq. ft., two-story office building in the Oregon Convention Center Urban Renewal Area at 328 NE Failing (one block off Martin Luther King Boulevard). The company was approved for a \$50K Business Incentive Fund loan to be used for tenant improvements related to the owner-occupied space. Anvil employs 18 people and projects an additional 22 jobs. PDC's Business Finance team also worked with Epic Wheel Works, which designs and manufactures custom bicycle wheels based on individual riding styles and aesthetic preferences. To date, Epic is the only specialty wheel shop in Portland, set up to build, service, repair and offer custom solutions for individual cyclists, frame builders and bicycle shops. PDC provided \$35,000 toward equipment and working capital necessary for Epic's expansion and relocation to N. Williams Avenue, a bike-business friendly corridor in the Interstate Corridor Urban Renewal Area;
- Design Forum/PDX, formerly known as the Portland Center for Design and Innovation, has hired Pam Field as the organization's first executive director. Field assumed her duties November 1. Field has extensive nonprofit management and community leadership experience, and most recently served as acting president and CEO of the National Psoriasis Foundation in Portland. She is currently a board member of Neighborhood House and the Hillsdale Community Foundation. Design Forum/PDX demonstrates the collaboration of industry and the public sector to ignite creative solutions for job growth and business development. The organization was established to drive the development of a materials resource library and serve as a catalyst for innovation for organizations of all sizes in Portland, the Pacific Northwest, and beyond. It recently secured 501(c)3 tax status and its board completed a visioning process to determine the organization's new name and brand;
- On November 18, PDC and the Portland Bureau of Parks and Recreation hosted the third and final public meeting for the Gateway Redevelopment and Neighborhood Park Project. This four-acre site located at the corner of NE 106<sup>th</sup> Avenue and Halsey Street is slated to become a three-acre park with one acre of mixed-use redevelopment along a major commercial corridor. Approximately 30 community members attended the event to view and comment on the final draft design, which includes:
  - Two stories of townhomes (including several live/work units) over ground floor commercial space;
  - Town square/plaza adjacent to the redevelopment site; and
  - Neighborhood park space with features for kids, seniors, and families.

Parks staff expects to present the final design to City Council for approval as a park master plan in early 2011. PDC staff anticipates briefing our Board during the same timeframe;

- One-of-a-kind gifts for the holidays are back in downtown's signature retail district. Now in its second year, the Portland [Pop-up Shops](#) program is once again turning Portland's vacant retail space into temporary shops where local designers and artists can "set up shop" this holiday season; and
- On November 17, City Council extended the Rose Quarter development rights to the Trail Blazers parent entity, Portland Arena Management (PAM). The City, PDC, PAM, the community, and many other individuals, businesses, stakeholders and organizations will spend the next six months developing a plan for the first phase of improvements, including a financial plan. Also included in the extension was the framework for a community benefits agreement. PDC also expects to identify private partnerships in the athletic and outdoor industry that could play a role in future improvements.

Chair Andrews attend both of the cluster events for Software and Activewear. He said he was amazed at the size and enthusiasm for both groups. He thanked staff for their hard work and said he was impressed with both events and the amount of work that went into planning.

### III. PUBLIC COMMENT

As there were no public comment, Chair Andrews moved to the consent agenda.

### IV. CONSENT AGENDA

Chair Andrews called for a motion to adopt the consent agenda:

Resolution No. 6842, titled, "Authorizing Dedication of a Portion of Certain PDC-Owned Property located at the Corner of North Interstate Avenue and North Killingsworth Street in the Interstate Corridor Urban Renewal Area to the Portland Bureau of Transportation for Use as Public Right-Of-Way."

Commissioner Mohlis moved and Commissioner Dickson seconded the motion to adopt Resolution No. 6842.

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

### V. HATS-OFF AWARDS

The board presented Hats-Off Awards to Wendy Hoffman, Bethany Bilyeau, Lisa Norwood, Denise McGriff, Nick Lundengikel, David Obern, Anna Inclan and Rustie Day.

### VI. VANPORT PHASE II HOUSING - DISPOSITION OF PDC PROPERTY

Mr. Bernie Kerosky stated the PDC Board gave Vanport Partners, LLC the right to develop the Phase II housing and the Phase III commercial portions of the Vanport Square project when the Phase I DDA was authorized by the Board in March 2006. The first phase of Vanport, a 40,000 sf commercial condominium, was completed in March 2008. All 16 units have been sold or leased to a predominately local, diverse group of entrepreneurs. On May 9, 2007, the Board approved a development agreement for the Phase III commercial development. In July of 2007, PDC and Vanport Partners, LLC signed a Purchase and Sale Agreement for the Phase III

commercial development. Unfortunately, negotiations with the anchor tenant did not result in the signing of a lease. By June of 2009, the developers missed the deadline for completion of construction. By this time, PDC was no longer bound to exclusive negotiations with Vanport Partners for the Phase III commercial project. Recently, PDC received an unsolicited proposal to develop the Phase III site from another developer. At present, no commitment to exclusive negotiations with any party has been made.

Mr. Kerosky said while completing the Phase I commercial project and trying to move forward with the Phase III commercial project, the Vanport Partners began predevelopment work on the Phase II housing project. In the spring of 2007, the Vanport Partners had prepared and presented to PDC staff plans for a 16-unit development on the site. Not long after, the housing market went into a severe downturn, and through mutual agreement; the Vanport Partners and PDC staff put the project on hold until housing market conditions improved. PDC gave the Vanport developers until September 30, 2009, in order to put forth a viable plan for moving the Phase II project forward. By that deadline no plans were presented and PDC informed the Vanport Partners that they would entertain other development proposals for the Phase II housing project.

Mr. Kerosky explained in February of 2010, PDC staff received a proposal from Lisac Brothers Construction, Inc. to develop ten single-family, market-rate homes on the Phase II site. In June of this year, PDC's Investment Committee gave staff authorization to begin negotiations with Lisac Brothers Construction, Inc. for the disposition and development of the Vanport Phase II housing project. The new development team of Lisac Brothers Construction, Inc. will retain the Vanport Partners as consultants, with their involvement in the project ending at the start of construction. Once securing control of the land, Lisac Brothers Construction, Inc. would begin the site subdivision process which is estimated to take nine months. While the site subdivision is moving forward, Lisac Brothers Construction, Inc. would simultaneously pursue design and permitting. Lisac Brothers Construction, Inc. estimates construction could begin 12 to 18 months after execution of a development agreement with PDC and completion of all housing units 12 to 36 months after start of construction. Lisac Brothers Construction, Inc. is a small builder/developer that has had success in developing affordable, market-rate, in-fill projects in Portland. Irving Park Townhouses on NE 7th is one example. Lisac Brothers Construction, Inc. is confident that it can obtain construction financing for the proposed project and has submitted a letter of interest from Lewis & Clark Bank to support this assertion.

Mr. Kerosky said the new development team is proposing to build ten (10) detached, market-rate homes averaging 1,300 sf on separate fee lots (see Attachment D, Project Site Plan and Schematic Design). The homes would be three levels, with the ground level primarily devoted to a garage that would be accessed from the rear through the Vanport Phase I parking lot or in the case of the end units, NE Emerson and NE Sumner. The sales price per unit is estimated to be between \$245,000 and \$265,000, which is close to the median price for metro area home sales. He said the action would authorize a Disposition and Development Agreement (DDA) with Lisac Brothers Construction, Inc. for the redevelopment of Portland Development Commission (PDC)-owned real property located on NE Garfield Avenue in the Oregon Convention Center and Interstate Corridor Urban Renewal Areas (URAs). The disposition involves the construction of ten single-family, market-rate homes on NE Garfield Avenue between NE Sumner and NE Emerson Streets. Lisac Brothers Construction, Inc. will pay the full appraised value of \$260,000 for the property.

Chair Andrews expressed his thanks to staff and to the developers. He said Lisac Brothers are risking \$400,000 with the project. He further stated the property would not be conveyed until the subdivision of the property is complete and full financing is in place.

Commissioner Dickson asked if the surrounding neighborhoods were supportive of the project.

Mr. Kerosky replied the Lisac Brothers would do a good neighbor agreement before commencing construction.

Mr. Mark Lysek representing the Lisac Brothers expressed his thanks to the PDC Board and staff. He said he was excited to be starting the project and thinks it will be successful.

Chair Andrews called for a motion to adopt Resolution No. 6839, titled, "Authorizing an Agreement for the Disposition and Development of Real Property Located on the East Side of NE Garfield Avenue Between NE Sumner Street and NE Emerson Street, Partition Plat 2006-136 Lot 1, in the Oregon Convention Center and Interstate Corridor Urban Renewal Areas with Lisac Brothers Construction, Inc."

AYES: Andrews, Dickson, Mohlis, Straus

NAYS: None

## VII BURNSIDE BRIDGEHEAD - PHASE I IMPLEMENTATION - CONVENTION PLAZA

Ms. Geraldene Moyle stated the action would authorize an amendment to the predevelopment loan provided to Beam Development (Beam) for predevelopment work associated with the Convention Plaza building located on the Burnside Bridgehead site in the Central Eastside Urban Renewal Area (URA) to increase the principal amount by \$256,000, for a total loan amount not to exceed \$456,000. Per the Portland Development Commission's (PDC's) Financial Assistance Guidelines, loan requests in excess of \$200,000 require Board of Commissioners (Board) approval.

Ms. Moyle said the Burnside Bridgehead Framework Plan (Framework Plan) was adopted by the PDC Board in May 2010 (Resolution No. 6800). Per PDC's Memorandum of Understanding with Beam, in exchange for being PDC's Strategic Advisor for the Framework Plan without compensation by PDC, it was anticipated that Beam would have the right to exclusive negotiations with PDC to develop a portion of the site that, at a minimum, is equal to up to twenty percent of the site. In July 2010 Beam declared their interest in the Convention Plaza building and the remainder of Block 68 and Block 69. PDC staff was directed to negotiate with Beam a Disposition and Development Agreement (DDA) for the redevelopment of this portion of the Burnside Bridgehead property. Staff will provide an update on the status of the negotiations at this meeting.

Ms. Moyle said Beam's intention for the 96,000 SF Convention Plaza building includes the adaptive reuse of the building into workspace for both established and emerging companies on the upper floors, along with retail on the third floor and parking on the first floor. The design approach includes the construction of cost-effective space that can be flexible in its layout in order to accommodate a range of tenant sizes (200 SF to 10,000+ SF). PDC provided Beam with a predevelopment loan to complete architectural, structural, civil and geotechnical, and landscape due diligence on the project, and included the design of the Couch Street public right-of-way extension in the Block 68 predevelopment work. Additional predevelopment efforts are needed to advance the DDA negotiations and construction documents. Staff will bring the DDA,

including major deal points, project schedule, and remaining due diligence required, before the Board for approval at a subsequent meeting.

Mr. Brad Moylson expressed his thanks to the PDC Board and staff. He said he was very excited about the project and was anxious to move forward.

After much discussion, Chair Andrews asked for a motion to adopt Resolution No. 6840, titled, "Authorizing the Executive Director to Amend the Predevelopment Loan with Beam Development to Increase the Principal Amount by \$256,000 for a Total Aggregate Principal Amount not to exceed \$456,000 to assist with Predevelopment Costs on the Convention Plaza Building Located at 123 NE Third Avenue on the Burnside Bridgehead Site in the Central Eastside Urban Renewal Area."

Commissioner Straus moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6840.

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

#### VIII FY 2010-11 BUDGET AMENDMENT #2

Mr. Tony Barnes stated the action would formally amend the current fiscal year (FY) 2010-11 Adopted Budget for the second time this year. This amendment addressed the following items:

- Establishes appropriation for an \$8.1 million loan to facilitate the redevelopment of the Meier and Frank Warehouse for the Vestas Americas headquarters project;
- Recognizes actual beginning fund balances for FY 2010-11 for all PDC funds based on the audited FY 2009-10 ending fund balances;
- Establishes appropriate carryover for Housing projects not completed in FY 2009-10 but underway; and
- Adjusts appropriation for other infrastructure, business and industry, and revitalization projects as needed based on specific changes in project timing.

In sum, FY 2010-11 Budget Amendment No. 2 increases the total PDC budget from \$232,984,904 in the FY 2010-11 Revised 1 Budget to \$274,157,706 including Transfers, and Contingency. Excluding Transfers and Contingency total budgeted expenditures increase from \$194,018,342 to \$214,360,026. Exhibit A to the resolution sets forth the changes to be made to the FY 2010-11 Revised 1 Budget pursuant to Budget Amendment No. 2.

Chair Andrews called for a motion to adopt Resolution No. 6838, titled, "Adopting Budget Amendment No. 2 for the Fiscal Year Beginning July 1, 2010 and Ending June 30, 2011; and Making Appropriations."

Commissioner Mohlis moved and Commissioner Dickson seconded the motion to adopt Resolution no. 6838.

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

IX. RECOMMEND TO CITY COUNCIL A BOUNDARY AMENDMENT TO THE PORTLAND E-ZONE TO ADD THE PROPERTY AT 7700 NE AMBASSADOR PLACE

Mr. Patrick Quinton stated the E-Zone program is a State of Oregon Business Development Department program that allows eligible companies property tax exemptions for up to five years in exchange for making new, capital improvements that create jobs and job opportunities for area residents. The action before the Board authorizes a recommendation to the Portland City Council to amend the Portland Enterprise Zone (E-Zone) boundary to add the property located at 7700 NE Ambassador Place in order to allow the principal tenant, Rentrak Corporation (Rentrak), to apply for the E-Zone tax abatement and E-Commerce programs. Approval of Rentrak's participation in these programs will allow it to make substantial new investments in the property, hire additional staff, and maintain its headquarters in Portland.

Mr. Quinton said OAR 123-650-5500 requires that the taxing entities having jurisdiction over the subject property be notified of any proposed E-Zone boundary amendment at least 21 days prior to the proposed approval of the amendment and afforded the opportunity to comment. That notice was mailed to the ten taxing jurisdictions on November 16, 2010. Additionally, the Oregon E-Zone statutes require that the Port of Portland pass a resolution approving any proposed boundary amendments. Port of Portland staff supports the proposed action and are forwarding that recommendation to the Port of Portland Commissioners at their next scheduled meeting, which is also scheduled for December 8, 2010. PDC staff has consulted with staff from the Port of Portland, Multnomah County, and Portland Public Schools regarding this proposal. At this time, PDC staff does not anticipate that there will be opposition to the amendment.

Mr. Andy Reed stated in January 1986, the Portland City Council authorized PDC, on behalf of the City of Portland, to prepare and submit an application to the State of Oregon for the Oregon E-Zone program. Since 1986, three E-Zone designations have been sponsored by City Council and PDC has acted as the E-Zone Manager for each zone. Over 50 companies have participated in the program, and currently 25 projects are active. Since 1996, the City's E-Zone programs have leveraged over one billion dollars in private investments and have created and retained over five thousand full-time, quality jobs. On March 26, 2008, the Portland City Council submitted an application to the State of Oregon for E-Commerce designation, which allows for companies that have been accepted into the Portland E-Zone program and have filed for their E-Zone exemption to also receive a tax credit for E-Commerce capital expenditures such as server rooms, computer equipment, hardware, and software. The E-Commerce designation was approved by the State of Oregon to begin on July 1, 2008.

Mr. Reed explained in September 2010, the Oregon Business Development Department approached PDC to assist in the retention of Rentrak, a software-related business located in the Airport Way Urban Renewal Area. The company currently has 230 employees who earn an average wage of \$65,000 each, and has offices in New York, Los Angeles, Europe, and Asia. Projected sales and revenue growth in the coming years will place Rentrak in a disadvantaged tax situation if they keep their headquarters in Oregon. Because of this, Rentrak has indicated their intention to move all of their employees to a new facility they have in Vancouver unless a business case can be developed and presented to keep the headquarters operation in Oregon. In conversations with Rentrak, the E-Zone and E-Commerce programs are tools that would provide great benefit to them since they are planning on making substantial E-Commerce investments over the next few years. The building they occupy is very close to the existing E-Zone boundary, but the boundary would need to be amended to take them in and be eligible for the program benefits. Because their building lease is up for renewal, they have a very short timeline by which to make a decision, and have indicated that they will do so by December 31,

2010. They have also indicated that, if the E-Zone benefits are substantial enough to significantly offset their Oregon tax burden, they would renew the building lease and work with Business Oregon to address the unique tax structure affecting their business model. The amendment itself is a fairly simple action and has no impact on any of the other properties in the Columbia Corridor. It is expected, however, to result in the retention of this sizable software company in Oregon.

Mr. Jeff Cogan, Chair, Multnomah County Commission, expressed his support of Resolution No. 6841. He stated he is in favor of expanding the E-zone to accomplish keeping a company with good paying jobs within the City of Portland. He said the entire County supports the action. He expressed his thanks to the PDC Board and staff for the support.

Mr. Skip Newberry, representing the Office of the Portland Mayor Sam Adams, provided the Board with a brief highlight of Rentrak. He stated Rentrak is an international company with offices in 15 cities and 11 countries. He said they currently employ 230 employees. He said the E-zone amendment will allow Rentrak to move forward with their expansion plans. He said the Mayor is supportive of the action. Mr. Newberry expressed his thanks to the PDC Board and staff and further thanked Multnomah County.

Chair Andrews called for a motion to adopt Resolution No. 6841, titled, "Recommending to City Council a Boundary Amendment to the Portland Enterprise Zone to Add the Property at 7700 NE Ambassador Place."

Commissioner Straus moved and Commissioner Dickson seconded the motion to adopt Resolution No. 6841.

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

X. ADJOURN

There being no further business, Chair Andrews adjourned the meeting at 4:25 p.m.