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J. Scott Andrews  
*Commission Chair*

Aneshka Dickson  
*Commissioner*

John C. Mohlis  
*Commissioner*

Steven Straus  
*Commissioner*

Charles A. Wilhoite  
*Commissioner*

Sam Adams  
*Mayor*

Patrick Quinton  
*Executive Director*

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This document constitutes the official meeting record of the July 27, 2011, Portland Development Commission (PDC) Board of Commissioner's Meeting held at 222 NW fifth Ave., Portland, OR 97209. The full video recording of this meeting can be found at: Part 1: <http://www.youtube.com/watch?v=QmByVEFFPFY> and Part 2: [http://www.youtube.com/watch?v=m5\\_4p61ymiw&feature=related](http://www.youtube.com/watch?v=m5_4p61ymiw&feature=related)

I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 8:03 a.m.

Ms. Tracey Gemma, acting as recording secretary for the Board, called the Commission roll:

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

II. MEETING MINUTE APPROVAL

Chair Andrews called for a motion to approve the June 8, 2011, meeting minutes. Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

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

PDC Board Chair, Scott Andrews, reported on these items:

- Attended three-day Clinton Global Institute (CGI) meeting in Chicago during June.
- Went on four-day trip to Washington D. C. for purpose of updating Oregon's congressional delegation on PDC's work.
- Missed two powerful presentations to City Council 1) Interstate expansion and 2) two-year update on the Economic Development Strategy (EDS).

III. EXECUTIVE DIRECTOR REPORT

PDC Executive Director, Mr. Patrick Quinton, briefed the Board on these other recent activities:

- Economic Development Strategy two-year report to City Council
- Interstate URA Expansion Amendment to City Council
- Centennial Mills – MOU ended June 30, tour provided
- Unthank Park event held
- Oregon Convention Center RFI issued
- Oriental College of Medicine opening held
- Rose Quarter/VMC RFP – pre-proposal meeting July 27 and RFP closes August 11
- US Manufacturing Council listening session/meeting July 22
- Oregon Sustainability Center Update
- Washington DC Trip Report
- Upcoming – Max Red Line – July 28
- Upcoming – June Key Delta – August 10

#### IV. CONSENT AGENDA

Chair Andrews stated there were two resolutions being presented to the Board and listed them in order starting with Resolution 6896, “Authorize Intergovernmental Service Agreement with City of Portland” and Resolution 6897, “Authorize Subrecipient Contract with Portland Housing Bureau for the Economic Opportunity Initiative.”

Chair Andrews made a motion to approve these resolutions and Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Mohlis, Wilhoite

NAYS: None

#### V. AUTHORIZE LOAN AND DISPOSITION AND DEVELOPMENT AGREEMENT WITH GROVE HOSTEL PROPERTY, LLC

*Portland Development Commission staff presenting this item:*

*Mr. Steven Shain, PDC Central City Manager*

*Ms. Katherine Krajnak, PDC Project/Program Coordinator*

This action requested the Board authorize a Development and Disposition Agreement (DDA) with Grove Hostel Property, LLC and a loan for the property acquisition and redevelopment. This action would transfer the Grove Hotel property located in the River District (RD) Urban Renewal Area (URA) to the developer and will allow for a rehabilitation of the property into an international youth hostel with ground floor retail.

The PDC began its involvement with the Grove Hotel back in 2007, when it provided a loan to the Housing Authority of Portland (HAP) to assist with the acquisition and renovation of the Grove Hotel. This acquisition followed a city request to target the 70-unit SRO for cleanup of existing code violations and to provide a temporary home for Central City Concern’s Housing Rapid Response Program. This action fulfills PDC’s original intent behind the acquisition for the Grove Hotel, which was to facilitate a full block ownership of Block 32 and thus a full block redevelopment in the future.

The PDC Board authorized a purchase and sale agreement with HAP in August 2008 to purchase the Grove Hotel. The PDC assumed title in March 2010 at a final purchase price of \$3.71M. Shortly after acquisition, staff held preliminary discussions with David Gold, an owner of the remainder of the block, regarding his interest in acquiring the property. Mr. Gold was interested in acquiring the property as long as he was able to find a suitable use for the property until a full block redevelopment was feasible. With the assistance of a PDC DOS grant, Mr. Gold engaged consultants to perform market and architectural feasibility analyses for the renovation of the property into a youth hostel with ground floor retail. The studies found the suitability of a conversion into a youth hostel use and the appropriateness for retail and an international youth hostel at that location.

Based on this preliminary analysis, PDC’s Executive Director authorized staff to negotiate a DDA with Goldsmith Holdings, LLC in September 2010. The DDA contained a number of provisions to ensure that PDC goals are met. To ensure the project operates as proposed, the developer is required to operate the project as a youth hostel and ground floor retail for ten years unless otherwise approved by PDC. The developer is also required complete a feasibility study ten years after issuance of a PDC Certificate of Completion in order to evaluate the potential for a full block redevelopment. The PDC financial contribution will trigger all of PDC’s requirements including Green Building, and Business and Workforce Equity and State of Oregon Prevailing Wage Rates. Based on a market value appraisal, the purchase price for the property is \$765,000.

The DDA also commits PDC to a \$2,465,000 loan for the acquisition and construction of the project. Other financial sources are developer equity and a \$1M senior loan from Advantis Credit Union, which is the maximum funding they are willing to provide. The PDC loan would carry an interest rate of up to 7 percent that will provide an incentive to the developer to refinance within five years or sooner. The PDC loan will be secured by a subordinate lien on the property and with personal guarantees from four of the seven LLC members.

All developers are committed to the neighborhood and have already made significant investment in other Old Town Chinatown projects. Grove Hostel Property LLC consists of David & Katherine Gold and Howard & Linda Davis who are the members of Goldsmith Holdings LLC, the owner of the remainder of the block. They also own other properties in the district. Mr. and Mrs. Jay of studio J are also located in the district. Mr. Jay is Creative Director at Weiden and Kennedy and, along with his wife, operates Studio J and are part owners of the restaurant Ping located at 4<sup>th</sup> and Couch. They will assist with the creative direction for the hostel design and identity.

The other member is Ace Group International, LLC, which will operate the hostel and the restaurant. Ace Group International, LLC is affiliated with the Ace Hotel brand. The Ace Hotel is known for not only holding a unique brand, but also for creating an active retail environment with restaurants and other gathering places as part of their projects. Their headquarters are located in the same building as Studio J, across from the Grove.

The proposed project would comprise a 158 -bed, 74-room hostel catering to a young international visitor market. The design and identity of the hostel will integrate Asian influences to honor the Asian heritage of the neighborhood.

The ground floor retail is another key component of this project. Directly adjacent to the Chinatown Gate will be a 2,500 SF restaurant that is expected offer a menu with both Asian and western options. Seven small retail spaces, averaging 440 SF each, will line West Burnside providing further retail activation. The developer is in lease negotiations for all of the spaces. Tenants include two Asian food cart tenants upgrading to a storefront location, a bike shop, and a souvenir shop for tourists.

This project meets three goals from the PDC Strategic Plan: 1) Grove Hotel renovation supports the Vibrant Central City Goal. The influx of capital and a captive visitor market has the potential to catalyze future renovation and redevelopment in Old Town Chinatown. The hostel's international focus with an internationally recognized hospitality brand will highlight Portland's Central City as a global destination, 2) The development team is exceeding PDC's green building goals by aiming for LEED Gold for Commercial Interiors. Additionally, the contractor, Lease Crutcher Lewis, has developed a Business and Workforce Equity Plan and has already began utilizing consulting services from the Metropolitan Contractor Improvement Partnership (MCIP) to aim for exceeding Business and Workforce Equity targets, and 3) the project supports Strong Economic Growth and Competitiveness by drawing attention to Portland as an international destination and place to do business. The project is also offering opportunities to local small businesses by offering an affordable storefront in a highly visible location within the city.

*Those providing testimony on this item:*

Mr. David Gold, Mr. Greg Scott, and Mr. Patrick Goutmaker – All those speaking on behalf of this project commended staff and spoke in support of this project moving forward.

*Board Discussion and/or requested follow-up relative to this item:*

- *Chair Andrews and Board members said they were pleased the project was moving forward*
- *Commissioner Wilhoite asked about other hostels in Portland and whether it would cater to the youth or a broader visitor population*
- *Commissioner Dickson asked a question regarding safety for international visitors and support for small businesses.*

Chair Andrews called for motion to approve Resolution 6898 and Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Dickson, Mohlis, Wilhoite,

NAYS: None

#### VI. CONVENE AND CONCLUDE EXECUTIVE SESSION

Chair Andrews announced the PDC Board would be meeting in executive session for the purpose of consulting with the Commission's labor negotiators. He said the Executive Session is 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 shall be allowed to attend the Executive Session on labor negotiations and no representatives of the news media are permitted to attend. He said no decision may be made in Executive Session and at the end of the session, the Board will return to open session.

#### VII. AUTHORIZE EXECUTION OF COLLECTIVE BARGAINING AGREEMENT WITH AFSCME

*Portland Development Commission staff presenting this item:*

*Mr. Eric Iverson, PDC General Counsel*

*Ms. Julie Cody, PDC Chief Financial Officer*

*Mr. Eric Jacobson, PDC Senior Project/Program Coordinator*

This action authorized execution of the second collective bargaining agreement between the PDC and the American Federation of State, County and Municipal Employees, Council 75, Local 3769 (AFSCME). This Agreement set forth the terms of employment for PDC's represented employees and set forth the wages and salaries for the period between August 2010 and July 2013.

*Those providing testimony on this item:*

No individuals provided public testimony on this item.

*Board Discussion and/or requested follow-up relative to this item:*

- *Chair Andrews and Commissioners thanked staff for their hard work and expressed renewed optimism for increased collaboration.*

Chair Andrews called for motion to approve Resolution 6899 and Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Dickson, Mohlis, Wilhoite,

NAYS: None

VIII. AUTHORIZE ONE-TIME LUMP SUM PAYMENT AND UPDATE TO PDC PERSONNEL POLICY RELATED TO BENEFITS CHANGES FOR NON-REPRESENTED EMPLOYEES

*Portland Development Commission staff presenting this item:*

*Mr. Eric Iverson, PDC General Counsel*

*Ms. Julie Cody, PDC Chief Financial Officer*

*Mr. Eric Jacobson, PDC Senior Project/Program Coordinator*

This action authorized (1) in lieu of a salary increase, a one-time lump sum payment, as part of the first payroll in August 2011, equal to three and one-half percent (3.5%) of salary to each non-represented employee whose salary is below the top of his or her salary range and who was employed by PDC on both April 1, 2011 and August 1, 2011 be awarded; and (2) amended the PDC Personnel Policy to permit a non-represented employee, under certain circumstances, to receive an advance of up to twenty hours of future accrued sick leave and effective November 25, 2011, added the day after Thanksgiving to the list of paid holidays for non-represented employees.

With respect to the key aspects described above, this action also provided for compensation (other than cost of living adjustments) and benefit changes for non-represented employees that are substantially equivalent to those provided to represented employees proposed under the new Collective Bargaining Agreement.

Chair Andrews called for motion to approve Resolution 6900 and Commissioner Mohlis moved and Commissioner Wilhoite seconded the motion.

*Those providing testimony on this item:*

No individuals provided public testimony on this item.

*Board Discussion and/or requested follow-up relative to this item:*

There were no Board comments relative to this item, as they were made as part of Item VII above.

AYES: Andrews, Dickson, Mohlis, Wilhoite

NAYS: None

IX. ADJOURN

There being no further business, Chair Andrews adjourned the meeting.

Respectfully submitted,

**Approved by the Portland Development Commission October 26, 2011.**



Recording Secretary