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This document constitutes the official meeting record of the February 8, 2012, 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: <http://www.youtube.com/watch?v=S3wA2LdagrE&feature=youtu.be>

I. CALL TO ORDER AND ROLL CALL

J. Scott Andrews
Commission Chair

Chair Scott Andrews called the meeting to order at approximately 8:05 a.m. He also announced he would be leaving the meeting early and that Commissioner Mohlis would take over as Acting Chair.

Aneshka Dickson
Commissioner

Ms. Tracey Gemma, 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. COMMISSIONER REPORTS

Chair Andrews

- Had meetings with several individuals, including Portland Mayoral candidates.
- Attended Portland Business Alliance (PBA) Board Retreat.
- Traveled to Sutherland to meet with Mr. Bruce Hanna, Oregon House Co-Speaker, and three members of the Ways and Means Committee.
- He and Mr. Patrick Quinton interviewed brokers for the Oregon Sustainability Center (OSC) project.
- Attended Neighborhood Economic Development (NED) Prosperity Initiative kick-off and all six of the neighborhoods were selected; they all showed interest and became part of the program.
- Economic news on local and national level is showing improvement and he believes some of the initiatives being worked by PDC are paying off.

Charles A. Wilhoite
Commissioner

Sam Adams
Mayor

Patrick Quinton
Executive Director

Commissioner Dickson

- Attended the second NED Leadership Group meeting and it continues to be an exciting initiative and dedicated group.
- Announced Ms. Julie Cody would be leaving PDC to take a new position and acknowledged her talents and said she will be greatly missed.

222 Northwest
Fifth Avenue
Portland, OR
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Commissioner Mohlis

- Oregon legislative session went into short session during February and attending daily sessions, continuing to move OSC forward. He said a good meeting on the Oregon Investment Act took place and it was conducted in a bipartisan fashion.

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III. EXECUTIVE DIRECTOR REPORT

Mr. Patrick Quinton reported on the following items:

- Reiterated Chair Andrew's comments about the NED Prosperity Initiative, saying it reaffirms the premise that if dollars are put to work, a lot of positive energy can be unleashed. This is a new model and PDC is looking forward to the results.
- February 15 – PBA hosting breakfast where the export strategy will be launched. Brookings Institution will be in town and Portland will be the first of four cities to launch their initiative. This will generate a lot of national media attention and implementation will be transferred to Greater Portland, Inc. This was a great example of regional coordination.
- U. S. Patent Office put out a solicitation for two-to-three regional patent offices around the country and City of Portland/state responded with great support.
- January 6 – Participated in event where Governor convened conversation in north Portland with OAME to talk about small minority business development
- January 10 – Appeared on OPB to discuss OSC and talk with legislatures about the pros and cons of this project.
- January 16 MLK Jr. Skanner Breakfast – Spoke at this event and heard inspiring speech by Mr. Michael Green, "Call to Action." He is looking forward to more work on minority entrepreneurship.
- January 31 – Delivered speech to Hispanic Chamber regarding entrepreneurship and innovation work.
- February 1 – Participated in Urban Summit hosted by MercyCorps to discuss entrepreneurship, innovation and access to capital.
- Highlighted new employees: Ms. Donna Gadoo, Human Resources; Mr. Aaron Pratt, Central City Team; Ms. Lorena Ramirez hired as full-time receptionist from temporary status.
- Mentioned Ms. Julie Cody's resignation, giving her kudos for her significant contribution and receiving the distinguished Government Officer budget award, which is attributed to her great leadership. He also gave kudos to the staff for their work to receive this award and said a farewell event would be taking place to honor Ms. Cody's service.

Chair Andrews also echoed Mr. Quinton's remarks, saying he appreciated Ms. Cody's talents and while it is good she's going to be taking a position she really desires, it is unfortunate for PDC to lose her talents.

IV. PUBLIC TESTIMONY

Those providing public testimony during this time:

No public testimony was presented.

V. APPROVE GRANT FUNDING AGREEMENT WITH SPG BREWERY BLOCKS, LLC FOR PROJECT

Portland Development Commission staff and others presenting this item:

Mr. Steven Shain, Central City Manager

Ms. Pam Neal, Senior Project/Program Coordinator

Those providing testimony on this item:

Mr. Ralph Currey, President and CEO, Iberdrola Renewables, Inc.

This action authorized the Executive Director to enter into a grant agreement with SPF Brewery Blocks, LLC (Landlord) in an amount not to exceed \$1,155,000 (Grant) for tenant improvements at its building located at 1125 NW Couch (Building) in the River District Urban Renewal Area (URA). In exchange for

the Grant, the Landlord agrees to make certain rent concessions to Iberdrola Renewables. Iberdrola Renewables S.A, is Spain's second largest power company, and its U.S. subsidiary Iberdrola Renewables, Inc. (Iberdrola), has agreed to renew its North American headquarters 57,082 square foot lease in the Building.

Mr. Ralph Currey, Iberdrola President and CEO spoke about how much he appreciated Chair Andrews and the Mayor's involvement and traveling to Spain to have face-to-face talks with Iberdrola management and said he cannot overemphasize the positive impact it had. He said PDC's involvement and Board support will help deepen Iberdrola's roots in Portland and allow them to rapidly grow technology and stay ahead of the competition. He said he is certain Iberdrola will meet the challenges ahead of them and changed their business strategy to address economic issues and regulatory uncertainty.

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

- Chair Andrews thanked Mr. Currey for attending the meeting and said when he and the Mayor visited Spain, the Chief Financial Officer communicated their deep liking for Portland and Iberdrola's commitment to look at options when their lease expires and said Portland would be considered. After Iberdrola did their due diligence, he was confident Portland would win and they did.
- Chair Andrews asked if the grant actually goes to the landlord but is directly tied to Iberdrola so every dollar actually goes to them. Mr. Shain responded yes. The Chair asked Mr. Shain to elaborate about the workforce requirements within the agreement, asking if this was the first time PDC had attached their requirements to a grant. Mr. Shain said yes and then highlighted some of the specifics relative to the workforce requirements within the agreement.
- Commissioner Mohlis thanked Mr. Currey for attending the meeting and said he understands the production tax credit is a big issue and knows senators are working on it, saying he hopes all parties can collaborate and reach alignment on this important issue. He said he believes the workforce ties in exchange for the dollars spent is very good.
- Commissioner Dickson thanked Mr. Currey for attending the meeting and said she was happy they decided to remain in Portland, saying she heard it is a world-class facility and looks forward to visiting their company.
- Commissioner Straus also thanked Mr. Currey for his presence and said Iberdrola is a poster child for the type of business wanted in Portland. He spoke about the 2015 deadline and asked if the work would be completed before that date. Mr. Shain responded saying yes and Mr. Currey elaborated on some of the enhancements that would be made with the monies. Commissioner Straus asked if this meant LEED tenant improvements and Mr. Shain said yes. Mr. Straus also asked what would happen if the tax credits do not go forward and Mr. Currey explained the worst case scenario and was confident if the credits are held back, they will still continue to be successful.

Chair Andrews called for motion to approve Resolution 6918 and Commissioner Straus moved and Commissioner Mohlis seconded the motion.

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

VI. ADOPT ECONOMIC OPPORTUNITY INITIATIVE MICROENTERPRISE PROGRAM GUIDELINES

*Portland Development Commission staff presenting this item:
 Ms. Kate Deane, Neighborhood Manager*

Ms. Gina Bell, Project/Program Coordinator

Those providing testimony on this item:

Ms. Victoria Gomez, Business Owner, Tonalli's Donuts and Cream

Consistent with PDC's Financial Investment Policy, this action adopted guidelines for the award of grants under the Economic Opportunity Initiative (EOI)'s Microenterprise Program (the Microenterprise Program) and authorized the implementation of the program consistent with the Guidelines. The goal of the Microenterprise Program is to drive wealth and job creation among low-income business owners (making less than 80 percent of median family income), especially in communities of color and within priority neighborhoods. A "microenterprise" is defined as a business with five or fewer employees.

With the Guidelines in place, PDC will issue a new request for proposals (RFP) in February 2012 to identify non-profit organizations to deliver microenterprise development services. To be eligible, providers must meet an established set of criteria as listed in the EOI Microenterprise Program Guidelines.

The Program Guidelines continue to emphasize current EOI practices of individualized services, tailored to the specific needs of each individual business owner; the establishment of an ongoing relationship between the business owner and a business development specialist; and the delivery of services in a culturally specific manner. New Program elements include:

- Moving towards an annualized examination of outcomes and outputs as well as looking at additional metrics;
- Alignment with the NED Strategy; and
- Revised income requirements that limit participation to those at 80 percent or below of the median family income; under current practice, the incomes of half the participants could not exceed 50 percent of median family income with the incomes of the other half limited to 80 percent of median family income

Ms. Gomez, owner of Tonalli's Donuts & Cream handed out her product to the Board and shared her experience with being an EOI client. She spoke about how her business has grown since 2005 and how much she appreciated PDC's assistance and staff support.

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

- Chair Andrews congratulated Ms. Gomez for their success and reminded the Board this program came over to PDC when the Portland Housing Bureau was created as part of the Mayor's strategy to make business more efficient. He said PDC has learned a lot over the past two years and this education is reflected in this Resolution. He said he understands there is some angst among some of the service providers and wants to make clear they understand PDC is not unhappy with any of them and explained why it is important to reevaluate programs and give others an opportunity. This also ensures PDC gets the best "bang for their buck." He said this program is supported by general fund dollars and so it is a service provided citywide. He said he appreciates Council's support and said funding over the next few years will be reduced because of federal funding.
- Commissioner Straus thanked the staff for their presentation and hard work and Ms. Gomez for attending the meeting and providing her heartwarming success story. He said this was a great example of how small investments yield much bigger returns.
- Commissioner Dickson said this was a very impressive success story, saying if just one employer hired one employee, jobs get created and said this is why small business is so important to the economy. She asked if Ms. Gomez's business was located on Alberta and 28th and Ms. Gomez said yes.

Chair Andrews called for motion to approve Resolution 6919 and Commissioner Dickson moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Mohlis, Straus, Dickson

NAYS: None

Chair Andrews announced a change in order to the agenda, saying the Board will be hearing the Green Building item prior to the update on the Manufacturing cluster.

VII. UPDATE ON GREEN BUILDING ENHANCEMENTS TO KALBERER BUILDING

Portland Development Commission staff presenting this item:

Ms. Anne Price, Business and Operations Division Manager

Those providing testimony on this item:

Mr. Patrick Gortmaker, Kalberer

Mr. Clark Brockman, SERA Architects

The Mason-Ehrman building recently received a Leadership in Energy and Environmental Design (LEED) Gold rating from the U.S. Green Building Council's Existing Buildings Operations and Maintenance (EBOM) program. The building's owner, the Kalberer Company, the building's primary tenant, PDC, and SERA Architects have spent the past year in pursuit of this designation. In addition to the LEED Gold certification, the building also received an Energy Star Rating of 86.

The receipt of this honor is a direct result of significant effort, partnership and dedication by the project team and PDC staff.

Mr. Patrick Gortmaker, representing the Kalberer family, spoke about what an incredible accomplishment this was, especially considering this is a 1908 un-insulated building. He said the key to this achievement and gold LEED rating is PDC leadership and the staff, particularly Mr. Bruce Gier. He said Mr. Gier was key to this success. He also recognized Mr. Dan Spero and the Green Team for their significant contribution and working with SERA Architects to make this happen. He said this effort was truly a collaborate one and he appreciates everyone's involvement and hard work.

Mr. Clark Brockman said it was great to work with Kalberer and PDC, saying this achievement was a great demonstration of PDC staff's commitment to excellence. He said it is important to emphasize the reason for doing this is not to receive a plaque but rather to improve the building owner's bottom line and optimize tenant conditions.

Chair Andrews applauded everyone for their efforts. He said he now had to leave PDC's Board meeting for another commitment and would be turning the meeting over to Commissioner Mohlis as Acting Chair.

The Board, Executive Director, key staff and external parties took a brief moment for a photo opportunity where the plaque was presented.

VIII. UPDATE ON ADVANCED MANUFACTURING CLUSTER AND PORTLAND ENTERPRISE ZONE PROGRAM

Portland Development Commission staff presenting this item:

Mr. Bruce Allen, Senior Business and Industry Manager

Mr. Andrew Reed, Project Coordinator

Mr. Kevin Johnson, Senior Project/Program Coordinator

Those providing testimony on this item:

There was no public testimony.

This briefing provided the Commissioners with an update on PDC's Advanced Manufacturing Cluster work and its Portland Enterprise Zone (Ezone) Program. Staff also discussed the status of other related work, including PDC's efforts to address the shortage of industrial lands in the region and Brownfield development initiatives. Staff also highlighted some of the specific benefits that are realized by Portland residents, particularly those in north/northeast Portland as a result of collective work in these areas.

The advanced manufacturing is the cornerstone of the Portland and Oregon economies. With salaries at 25 percent above the regional average, the advanced manufacturing cluster is critical to the creation and retention of good paying jobs and a good standard of living for working families.

Design and engineering competency is a primary strength of our region's advanced manufacturing cluster. This specialty affords many large manufacturers a greater efficiency over other competitors that separate their design and manufacturing operations, and therefore increases revenues.

Despite these strengths, the cluster is facing challenges in a number of areas including a declining supply of labor with the necessary skills to fill available positions, research and development sourcing, the need for continuous improvements in efficiency, and securing dependable supply chains.

The Portland E-Zone program allows firms that will be making a substantial new capital investment a waiver of 100 percent of the amount of real property taxes attributable to the new investment for a five-year period after completion. Land and existing machinery or equipment is not exempted; therefore, there is no loss of current property tax levies to local taxing jurisdictions.

In return for the property tax abatement, E-Zone companies must pay to PDC a portion of their tax abatement savings in the form of "Community Contributions." These funds are then used to train and hire local residents and to fund other programs that benefit the north/northeast Portland community, small businesses, and neighborhoods.

Since 1996, Portland's E-Zone program has leveraged more than \$1 billion in private investment and has created and retained more than 5,000 full-time, quality jobs. It is one of Portland's most powerful tools to help attract major new investment to the City and is often the only tool we have that is significant enough to allow us to compete with other regions in the U.S.

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

- Acting Chair Mohlis asked what the \$170 million investment number included and Mr. Reed said it included items such as construction costs, overhead, tenant improvements, etc.

- Commissioner Dickson thanked staff for sharing the information and asked if the E-Zone is a program that has not been utilized as fully as PDC would like and Mr. Reed said yes that is correct. She asked if any company could utilize the program and Mr. Reed said yes and that PDC had modified its strategy to promote all companies, regardless of size.
- Commissioner Dickson said if people understand how the program works, it will be utilized and said she is pleased this includes small business.
- Commissioner Dickson said in terms of issues manufacturers face with recruiting skilled workers, how do we ensure students coming out of college know jobs are available and asked what skills the average manufacturing employer seek. Mr. Johnson said the manufacturing community is doing a much better job of messaging available jobs and career opportunities. He said manufacturers are also doing a much better job connecting with schools to communicate what types of skills are needed, etc.
- Mr. Patrick Quinton asked about job opportunities for a high school graduate verses a college graduate. Mr. Johnson said there are many jobs where a high school graduate could walk into a manufacturing plant and get a good job, as long as they have good work ethics, etc. He said the community colleges also offer programs that range from six months to one and two years. He said it is likely someone could come out of high school or college and make well above living-wage jobs.
- Commissioner Straus asked if federal grants were available and if so, how were they being pursued. He also said several manufacturers have secondary businesses and asked how we work with them to get the supply chain. Mr. Johnson said staff attend many trade shows and if a manufacturer indicates they are looking to move, staff share/demonstrate the west coast benefits. He also said they are working to get some of the renewable energy companies to this region to benefit from the secondary business. Mr. Johnson said Work Systems Inc. is doing a great job of obtaining grants and PDC recently took lead on a grant which has four key elements to it, with one component being research and development which helps get some of the companies expanded and branched out into other areas.
- Commissioner Mohlis spoke about the workforce training issue, saying some of the attitudes are shifting and believes it is critical to communicate these types of job opportunities at the high school and even middle school levels, as not every student will go on to college. He said we need to be working with schools to make them aware that with a high school degree or apprenticeship, good family wage jobs are available and said he can't over emphasize the importance of growing this industry.
- Commissioner Mohlis expressed his concerns about the shortage of industrial lands, saying it is important to create additional industrial spaces so when a manufacturer wants to expand, there is room to do so, as well as be in a position to accommodate new manufacturing.

IX. ADJOURN

There being no further business, Acting Chair Mohlis adjourned the meeting.

Adopted by the Portland Development Commission February 22, 2012.



Recording Secretary