

**J. Scott Andrews**  
Commission Chair

**Aneshka Dickson**  
Commissioner

**John C. Mohlis**  
Commissioner

**Steven Straus**  
Commissioner

**Charles A. Wilhoite**  
Commissioner

**Charlie Hales**  
Mayor

**Patrick Quinton**  
Executive Director

This document represents the amended official meeting record of the May 8, 2013, 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: <http://www.youtube.com/watch?v=CTIfKiXHQ0&list=PLcmkBB-HXCYJWIOWGBles9WQbiTD-DNVC&index=19>.

## 1. Call to Order and Roll Call

Chair Scott Andrews called the meeting to order at approximately 3:03 p.m. Ms. Gina Wiedrick, Board recording secretary, called the Board roll:

Chair Scott Andrews	PRESENT
Commissioner Aneshka Dickson	ABSENT [see note below]
Commissioner John Mohlis	PRESENT
Commissioner Steven Straus	PRESENT
Commissioner Charles Wilhoite	PRESENT

Chair Andrews announced that Commissioner Dickson would join the meeting at approximately 4:00 p.m. [Note: Commissioner Dickson joined the remainder of the meeting at approximately 4:20 p.m. See first paragraph on page 6.]

## 2. Commissioner Reports

### Chair Andrews

- On May 1, along with PDC staff, attended the Hispanic Metropolitan Chamber Scholarship Awards Luncheon.
- In April, along with PDC Executive Director Patrick Quinton, made regular presentations to City of Portland (City) Council regarding the PDC budget.
- Looking forward to the May 17 Field Parks Grand Opening; Commissioner Dickson will be speaking.

### Commissioner Wilhoite

- On May 6, along with Commissioner Dickson, toured the Convention Plaza project.

### Commissioner Straus

- On April 13 – 22, participated in the We Build Green Cities trade mission to Japan.

### Commissioner Mohlis

- Spending a lot of time in Salem for the State of Oregon's Legislative Session.

## 3. Executive Director Report

- On April 30, Mayor Charlie Hales released the City proposed budget which included an approximately \$1,000,000 cut from PDC's general fund resources.

- On May 7, along with Chair Andrews, briefed Mayor Hales on the PDC budget; on May 15, will present to City Council as PDC's Budget Committee; on May 29, City Council will vote on it; and on June 26, PDC staff will present to the Tax Supervising & Conservation Commission and the PDC Board will act on it.
- On April 9 – 12, traveled to participate in a Best Practices trip to Atlanta, along with PDC's Deputy Director Kimberly Branam.
- On April 16 – 17, along with PDC staff Jared Wiener, went with the Portland 100 businesses to Silicon Valley to meet with venture capitalists. The five entrepreneurs that PDC took are with Athlepath, Globesherpa, Opal Labs, Tellagence, and Vizify.
- On April 22, Portland Internet company Webtrends announced that they are moving their headquarters and its 225 employees to the Big Pink Tower.
- On April 29, Zurich-based On Footwear announced it is opening its U.S. headquarters in the Pearl District.
- On May 6, Amer Sports announced it is relocation is Portland Design Center to the Pearl District.
- On April 25, attended Oregon Tech Awards.
- [Startup PDX Challenge](#): PDC received more than 240 applications, sixteen semi-finalists were chosen, through public voting (which is open till midnight on May 9) 9,000 votes have been received, and winners will be announced on May 29.
- On May 6, the May edition of the PDC Update went out and is available at: [http://www.pdc.us/news-and-events/all-news/all-news-detail/13-05-06/PDC\\_Update\\_May\\_2013.aspx](http://www.pdc.us/news-and-events/all-news/all-news-detail/13-05-06/PDC_Update_May_2013.aspx).
- On May 9, attending the Oregon Association of Minority Entrepreneurs Luncheon at which PDC will receive the Public Agency Legacy Award.
- PDC and partners continue to prepare for the May 14 Mayor's International Business Awards and Scholarship Dinner. For details and award winners go to <http://portland4biz.com/portland-international-business-awards>.
- On May 15 – 17, traveling to Washington, DC with the Portland Business Alliance on its annual policy trip to meet with delegations.
- On May 30, PDC is holding the N/NE Portland Neighborhood Economic Development Summit at the Oregon Convention Center. For more information go to: <http://www.nedsummit2013.eventbrite.com>.

Chair Andrews commented on the budget discussions with the City Council, where PDC was asked about cutting various programs. He noted these conversations provided an opportunity to show how PDC has a coordinated suite of products and opportunities that can assist businesses at almost any stage. Executive Director Quinton added that PDC uses a small amount of City general fund resources to leverage tax increment financing (TIF).

#### **5. Public Comment for Items Not on Agenda**

No public testimony was presented.

#### **4. Meeting Minutes**

Chair Andrews called for a motion to approve the April 9, 2013, Board meeting minutes. Commissioner Straus moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Mohlis, Straus  
NAYS: None  
ABSTAIN: Wilhoite

## REGULAR AGENDA

### 6. Information Item: Dawson Park Project Update

PDC staff presenting this item:

*Mr. John Jackley, Neighborhood Division Manager*

Dawson Park is a 2.02-acre neighborhood park located in Northeast Portland in the heart of Portland's historic African-American community between North Williams and North Vancouver, North Morris and North Stanton. Renovation of Dawson Park was called out as a priority in the 2009 Interstate Corridor Urban Renewal Area Parks Implementation Strategy, created collaboratively by PDC, Portland Parks & Recreation (PP&R) and the Interstate Corridor Urban Renewal Advisory Committee (ICURAC) Parks Subcommittee, and is on the ICURAC "Gem List" of important projects to complete during the life of the district.

The improvements have been designed to make Dawson Park a more welcoming and vibrant space and are based on the community's priorities of safety and access, multi-generational and family use, and honoring the important role Dawson Park has played in the neighborhood.

In making the request to use alternative contracting methods, PDC staff carefully reviewed the standard competitive low bid solicitation process and determined that many factors including, but not limited to, project complexity, schedule, overall project cost, and social equity goals would be met best with a Best Value Guaranteed Maximum Price (BV-GMP) Contract approach.

Staff evaluated other alternative public contracting methods including Construction Manager/General Contractor, Design Build, and multi-step selection that are typically deployed at the beginning of the design and engineering phase. Because design has already been completed for the project, those other methods were deemed not appropriate. PDC has not used the BV-GMP Contract approach before and requests that the project be considered a pilot project within the meaning of Oregon Revised Statute 279C.335(2)(c). If the exemption is approved by the PDC Local Contract Review Board (LCRB), solicitation will occur in spring and summer 2013 with construction work anticipated to start in fall 2013 and to reach final completion in late spring 2014, with final closeout and acceptance extending through August 2014.

Chair Andrews stated that usually a PDC staff member would act as project coordinator but with PDC's downsizing and the special nature of this project it was more efficient to hire someone with the right skill set. At that point, staff from [inici Group, Inc.](#), the firm that has been hired to manage the project, approached the Board. Karl Schulz, Principal at inici, stated that his firm's goal is to make sure that everyone on the team achieves success and that the project meets the goal of the community. Patti Miles, Senior Project Manager at inici, expressed her excitement of revitalizing the park and the neighborhood.

Commissioner Wilhoite spoke in favor of the project and asked the following questions:

- How much of the proposed changes to the project is driven by the community? Mr. Jackley responded that there was extensive community solicitation of the design itself and the project is reflective of what the community values most.
- Is there anything missing from the project? Mr. Jackley responded no, and added that Commissioner Fish's announcement will add value to the project.
- Is there anything in the design that causes concern in delivering on time and at cost? Mr. Jackley responded no.

Commissioner Straus expressed his excitement with the project and added that this project was something that PDC wanted to see participation of small, women-owned, or minority-owned businesses. He asked the following questions:

- How can PDC make sure to exceed all metrics and give back to the community? Mr. Jackley responded that this project will be subjected to PDC's new, more stringent Equity Policy which allows staff to set more aggressive goals. In addition, PDC has outreach mechanisms in place through flexible services contracts and staff has learned a lot through The Fields Park project. He added that with PDC's expertise, track record, and the tremendous interest from the community, he is confident that PDC will exceed its diversity participation goals on this project, both in the workforce and contracting side.
- PDC talked in the past about looking to the community for contributions for these types of projects, whether it is in the form of memorial benches or naming of the fountain; has that process begun? Legacy Health System is there and may be interested, and members of the Board and audience may be interested as well. What can be done to obtain contributions to enhance this project? Mr. Jackley responded yes, but will defer to Commissioner Fish's announcement.
- What sustainable measures will be incorporated? Mr. Jackley responded that the park incorporates several sustainable features from plumbing and some solar features, but would need to have someone from PP&R provide details. Commissioner Straus stated that that is not necessary as long as sustainable measures are incorporated. Mr. Jackley responded yes.

Chair Andrews called forward guests to testify.

Nick Fish, [City of Portland Commissioner](#). Commissioner Fish began by thanking the Board for its service to the City; he then spoke about the successful collaboration in construction of The Fields Park in the River District; and finished with an announcement: last year Legacy Emmanuel Medical Center opened the Randall Children's Hospital at the healthcare complex and this year they are celebrating their centennial with a \$200,000 grant that will go towards the Legacy Children's Fountain in Dawson Park, which had previously been penciled out due to lack of funds, and PP&R will pay for system development charges to close the gap.

Kia Selley, Planning & Development & Asset Manager, [Portland Parks & Recreation](#). Ms. Selley spoke in support of PDC taking the lead on the construction of the park and added that PDC's innovative approach to construction contracting will help ensure completion of a high quality park for the best price while increasing diversity in contracting.

At approximately 3:55 p.m. Chair Andrews adjourned the regular meeting and convened the LCRB.

**7. Action Item: Making Findings in Support of and Exempting the Dawson Park Improvement Project from Competitive Bidding**

PDC staff presenting this item:

*Dan Spero, Professional Services Manager*

*David Obern, Construction & Environmental Services Manager*

With this action the PDC LCRB will make findings (Findings) in support of an exemption from the general rule of competitive low bid solicitation for the Dawson Park Improvements Project (Project) along with the requisite findings to support the LCRB in determining that such exemption is appropriate for the Project in accordance with Oregon Revised Statutes (ORS) 279C.335.

ORS 279C.335 and PDC's LCRB Administrative Rules provide that the LCRB may exempt certain public contracts from the low competitive bidding process upon the LCRB making the following Findings:

1. It is unlikely that such exemption will encourage favoritism in the awarding of a public contract or substantially diminish competition for the contract; and
2. The awarding of public contract under the exemption will result in substantial cost savings to the agency.

As noted in the Findings, a BV-GMP Contract solicitation is proposed as an alternative to low bid contracting for the Project, and is intended to be done as a pilot.

Commissioner Straus stated that historically fountains have been problematic in projects and asked how the risks will be mitigated. Mr. Obern responded that staff have some experience with water features and have learned from other projects, and that as part of the contract, PDC has requirements for commissioning and startup to ensure that that portion of the project is done correctly, and added that there is a two-year warranty in the contract.

Chair Andrews called for a motion to approve Resolution 7002; Commissioner Wilhoite moved and Commissioner Straus seconded the motion.

AYES: Andrews, Mohlis, Straus, Wilhoite

NAYS: None

At approximately 4:06 p.m. Chair Andrews adjourned the LCRB and reconvened the PDC meeting.

**8. Action Item: Authorizing the Executive Director to Execute a Best Value Guaranteed Maximum Price Contract Not to Exceed \$1,775,000 for Construction of the Dawson Park Improvements in the Interstate Corridor Urban Renewal Area**

Chair Andrews called for a motion to approve Resolution 7003; Commissioner Wilhoite moved and Commissioner Straus seconded the motion.

AYES: Andrews, Mohlis, Straus, Wilhoite

NAYS: None

At approximately 4:08 p.m. Chair Andrews called for a break. At approximately 4:19 p.m. Chair Andrews called the meeting back to order; Commissioner Dickson joined the meeting during the presentation of Item 9.

#### **9. Information Item: Analysis of Historical Change in Assessed Value in Urban Renewal Areas**

PDC staff presenting this item:

*Tony Barnes, Budget Officer*

Portland's urban renewal areas (URAs) have historically demonstrated higher property value growth on average than other parts of the city of Portland. While there are many variables impacting the growth rate, it is clear that investments made using TIF have helped facilitate greater growth in URAs by establishing the necessary infrastructure and attracting private development. This is validated by a [December 2012 analysis by the City's Office of the City Auditor](#) that reports real market values in URAs increased almost twice as much as in other parts of the city between 1996 and 2010. This trend is validated by reviewing the change in real property assessed value between 2001 and 2012 within URAs versus citywide.

Commissioner Wilhoite asked if someone were to challenge the clear value of PDC investment how would PDC respond to that. Mr. Barnes responded that there are many successes in the River District and North Macadam URAs where PDC's upfront investment was essential to their success. Chair Andrews added that the public should note that this report was not prepared by PDC, but rather by the City Auditor's office and they researched these results. He added that Lents and Gateway are growing slowly but still growing, there is the huge success in Airport Way and its immense increase in value. Chair Andrews further stated that the numbers show higher increases in jobs, wages, and market value in the URAs than in the rest of the city overall.

#### **10. Information Item: Analysis of Early Defeasance of Urban Renewal Areas**

PDC staff presenting this item:

*Faye Brown, Chief Financial Officer*

Mayor Hales and the City Council asked PDC to provide information on the early defeasance of urban renewal bonds, for the purpose of understanding when and under what circumstance it would be possible to increase tax revenue to the City General Fund or to create new URAs. PDC staff modeled two scenarios for current URAs to frame the discussion for a more selective scenario that would impact only certain URAs:

1. Early Defeasance Scenario: this assumes PDC issues no more debt in any URA beginning in FY 2014-15. Defeasance dates range from FY 2013-14 to FY 2024-25.
2. Current Defeasance Scenario: this assumes PDC continues to issue debt for all URAs as shown in the current budget and forecast. Defeasance dates range from FY 2019-20 to FY 2044-45.

The analysis examines impacts to the City general fund under both scenarios, the level of investment that would be foregone under early defeasance, and some of the dynamics of starting new URAs as they relate to timing and access to tax increment funds.



Chair Andrews made the following comments:

- The cost of issuing bonds is high so it is necessary to do \$25 to \$30 million as a minimum issuance.
- As PDC does its budgeting every year, the City's projected available TIF resources changes as the assessed values change with the market. Ms. Brown added that the investments that PDC makes also change the data.
- In looking at the financial statements it became clear that there is not a practical way to close down the agency; PDC owns around \$90 million in loans and grants [Ms. Brown added that it also owns around \$87 million in properties.] and transactions cannot close if PDC closes its door.

Commissioner Wilhoite asked the following questions:

- In PDC's discussion with City commissioners, is there a debate regarding the value of PDC and the investment process that has occurred at PDC over the years? Executive Director Quinton responded that it is not an active conversation but may become one when the Mayor discusses the future of urban renewal and the direction of PDC.
- The tradeoff is to slow down and shut off urban renewal funding and put the investment elsewhere, how would City leaders make the decision regarding the value of return on putting the investment elsewhere versus the investment from PDC, how will that be measured? Executive Director Quinton responded that the conversation has not yet started but will involve the Board and stakeholders. He added that there is a shortfall of general fund dollars and there may be an inaccurate perception that by diverting general fund dollars from the City and the County, urban renewal is part of the current fiscal shortfall.

Commissioner Straus asked the following question and issued a challenge:

- What are the opportunities for making more significant investments to some of the communities where the data show that we would not be able to pay those off, would we not receive the bond ratings, would we not be able to sell bonds? Ms. Brown responded that something to keep in mind when looking at the URAs that are not generating the same growth that other URAs are, is that if PDC borrows on the line of credit the general fund stands behind it and it is a big decision for the City Council to make to allow PDC to borrow ahead of what the bond market is willing to let PDC issue in bonds. Chair Andrews added that the more successful PDC is at creating new taxable developments the numbers would go up considerably in the amount of assessed value that PDC created.
- As the Board, we need to challenge ourselves to find innovative ways to bring additional funding to bear on some of the more blighted areas the ones that need more help; this should be discussed at the Board's strategic retreat.

Commissioner Dickson asked if the River District ever looked like any of the other districts look like now, and if they had other opportunities for bonding in an environment that was different. Ms. Brown responded that the City was willing to put the general fund behind borrowing to make a large investment in the North Macadam URA with the expectation that it would produce the revenues to eventually issue bonds and take away the general fund security, but it was a very calculated and thought of investment where PDC had a gap funding agreement with the developer. Executive Director Quinton added that TIF is a formula and it is assessed-value driven; PDC, in consultation with City Council, may be able to bring in other tools that can create the resources needed.

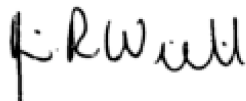
Commissioner Mohlis echoed Commissioner Straus' challenge to finding a way to bring in additional funding to the more blighted areas of the city.

Commissioner Wilhoite made an analogy comparing PDC to a company, and the various URAs and districts as divisions within the company. Using that analogy, he stated that in a company if a division is successful and another one is not you have to reallocate resources for the whole company to thrive. Commissioner Wilhoite acknowledges that there is an issue with the State statutes and it is easier to continue to operate in this manner, rather than recognizing that PDC has a vehicle for generating significant returns that could be used to fund other areas of the city. He added that he does not see this happening without a recommitment to what we do with the resources, and he does not see PDC moving towards that direction fast enough.

**11. Adjourn**

There being no further business, Chair Andrews adjourned the meeting at approximately 5:12 p.m.

**Approved by Portland Development Commission on June 26, 2013**



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Gina Wiedrick, Recording Secretary