

**J. Scott Andrews**  
Commissioner Chair

**Aneshka Dickson**  
Commissioner

**Tom Kelly**  
Commissioner

**John C. Mohlis**  
Commissioner

**Charles A. Wilhoite**  
Commissioner

**Charlie Hales**  
Mayor

**Patrick Quinton**  
Executive Director

This document represents the official meeting record of the April 16, 2014, 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: <https://www.youtube.com/watch?v=dhJoDkJahQw> and <https://www.youtube.com/watch?v=Xr4V-TOrXzc>.

## 1. Call to Order and Roll Call

Chair Scott Andrews called the meeting to order at approximately 3:01 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

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

Chair Andrews stated that Commissioner Mohlis would be joining the meeting shortly by telephone.

## 2. Commissioner Reports

### Chair Andrews

- On March 19, participated in the PDC Board/Portland Planning and Sustainability Commission (PSC) joint work session; it was an opportunity for the commissions to better understand the issues they are dealing with and how, with a focus on the Central Eastside (CES).
- On April 3, participated in the PDC budget work session at Portland City Council.
- On April 8, went to Seattle to do a presentation to the Urban Land Institute (ULI).
- On April 16, along with Commissioner Kelly, attended a lobbying ordinance overview at the City of Portland (City) Auditor's office; recommended that all new commissioners take this orientation.
- On April 3, announced to the Portland City Council that he will not be pursuing a third term as a PDC commissioner.

### Commissioner Kelly

- On April 3, did a tour of the Lents Town Center Urban Renewal Area (URA) with PDC staff and stated that he was impressed with the work that has been done so far.
- Completed the online tutorial of the State of Oregon Ethics Commission on lobbying reporting.
- On April 16, attended a lobbying ordinance overview at the City Auditor's office.
- On April 10, spoke at Portland State University's (PSU) Career Speakers Series focused on Leadership in Sustainability.

### Commissioner Dickson

- On March 19, participated in the PDC Board/PSC joint work session.

- Expressed personal feelings and thoughts on Chair Andrews' retirement from the PDC Board.
- Spoke regarding the passing of Chris Poole-Jones who worked on the June Key Delta project. Ms. Poole-Jones dedicated 20 years to the project and was someone who understood sustainability from various viewpoints; a great loss to the community.

Commissioner Kelly stated that his father was involved in helping Ms. Poole-Jones with the project in the 1990s. When his father died, Commissioner Kelly stepped in, and was also on the board for six years. He remembers Ms. Poole-Jones as a woman who stood out as someone very special, noting that the June Key Delta project could not have been completed without her tireless efforts.

### **3. Executive Director Patrick Quinton Report**

- On behalf of PDC staff, joined in to express condolences over the passing of Ms. Poole-Jones, saying that she will not be forgotten, she was a great community partner, and he would like to find a way to honor her legacy. He asked the PDC Board that if they have any ideas, they should let him know.
- On April 4, Charles Jordan, former City commissioner, passed away; his legacy is also massive, especially his impact in Portland's parks.
- From March 17 – 25, out of the office on jury duty.
- From April 7 – 10, in Vancouver, Canada, attended the ULI spring conference.
- On April 3, participated in the PDC budget work session at Portland City Council.
- On April 7, *The Oregonian* ran a story on how Portland has the lowest office vacancy rate in the United States, mostly due to the software and technology industry.
- On March 14, AirBnB announced they are opening an office in Old Town/Chinatown.
- On March 18, the *Portland Tribune* ran a great story on the positive impact the film industry has on Portland's economy, \$111,000,000 impact, and featured PDC staff Shelley Midthun.
- On April 2, Banfield Pet Hospital announced that it would move its Portland headquarters (located at NE 82nd Avenue) to Vancouver, WA. This is a loss of jobs for Portland, but at least the jobs will remain in the region.
- On March 31, along with Mayor Charlie Hales, attended a Neighborhood Prosperity Initiative event called 42nd Avenue Connections.
- On April 3, served as a judge at the University of Portland's Oregon New Venture Championships.
- On April 5, along with Mayor Hales and Chair Andrews, attended the Oregon College of Oriental Medicine's (OCOM) Cherry Blossom Dinner and Awards Event, where the City was given an award for its support of OCOM's project.
- On April 10, PDC hosted the second I3PDX Event (innovate, invest, include Portland) focused on connecting entrepreneurs with various resource providers.
- The request for proposals for redevelopment of The Grove Hotel generated 11 responses, which have now been narrowed down to five finalists. The evaluation committee will conduct interviews over the next two weeks and will make a recommendation to the PDC Board in May.
- On April 16, TriMet announced the name of the new bridge, Tillicum Crossing, which means "bridge of the people."
- On April 22, Urban League of Portland is hosting its 2014 Career Connections Job Fair. For more information go to <http://ulpdx.org/>.
- The Portland Incubator Experiment (one of PDC's accelerator partners) is accepting applications for their latest class through Wednesday, April 30. For more information go to: <http://www.piepdx.com>.

- On April 12 – 20, PDC staff is leading a group of nine small athletic and outdoor Portland companies on a business trip to Japan.  
[https://www.facebook.com/PDXdevelopment/posts/10152143080023127?stream\\_ref=10](https://www.facebook.com/PDXdevelopment/posts/10152143080023127?stream_ref=10)
- On May 5 – 12, travelling to Colombia to speak at a United Nations conference on green development, and then attending meetings along with a delegation of Portland companies.
- On March 18, Greater Portland Inc's president and chief executive officer Sean Robbins was named the new director of Business Oregon, effective June 1.
- On April 15, former PDC executive director, Cheryl Twete, was named Community Development Director for the City of Beaverton.
- Introduced two new employees:
  - Jill Chen, Lending and Investment Manager in the Real Estate & Lending Department.
  - Ashley Ehmig, Records & Enterprise Content Management Student in the Finance & Business Operations Department.
- Expressed personal feelings and thoughts on Chair Andrews' retirement from the PDC Board.

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

Chair Andrews called for a motion to approve the March 12, 2014, PDC Board meeting minutes noting that the YouTube link for the video of the meeting will be provided later. Commissioner Dickson moved and Commissioner Kelly seconded the motion.

AYES: Andrews, Dickson, Kelly

NAYS: None

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

Bruce Levy, resident and member of The Pearl Neighborhood Association. Mr. Levy thanked the PDC Board for the impending approval for the signals at four intersections stating that he is grateful for these safety features. [Testimony was for Item 9, but Mr. Levy could not stay for the meeting.]

### **REGULAR AGENDA**

#### **6. Information Item: Update on the Lents Five-Year Action Plan**

PDC staff presenting this item:

*Kimberly Branam, Deputy Director*

*Trang Lam, Neighborhood Manager*

The Lents Five-Year Action Plan (Action Plan) is a comprehensive initiative to create a vibrant, economically healthy system of commercial districts and neighborhood centers in the Lents Town Center URA. The Action Plan lays out a strategy for the next five years that focuses investments where they will have the most impact, ensures existing residents and businesses benefit, and takes some calculated risks. Implementing the Action Plan will require collaboration among public and private sector and non-profit partners. The Action Plan proposes to allocate approximately \$25,700,000 in PDC resources to neighborhood centers, \$6,700,000 to commercial corridors, \$3,500,000 to industrial areas, and \$9,100,000 to affordable housing. Ultimately, any budget allocations and implementation of the

actions outlined in the Action Plan will be subject to PDC Board and/or Portland City Council budget approvals.

At approximately 3:50 p.m. Commissioner Mohlis joined the meeting via telephone.

Chair Andrews called forward guests to testify.

Annette Mattson, member of the Neighborhood Economic Development (NED) Leadership Group and chair of the NED Leadership Group Redevelopment Sub-Committee. Ms. Mattson expressed her support of the Action Plan stating that she was pleased with the process, the prioritization of the work is great, and that it was brought out to the community for input. She expressed her excitement on the metrics, saying that it is important to have accountability for the work. Ms. Mattson is looking forward to moving the Action Plan forward, saying that this is Portland's plan and everyone needs to take ownership and responsibility for the success of the Lents Town Center URA.

Nick Christensen, Lents Town Center URA resident, and chair of the Lents Neighborhood Association from 2010 – 2013. Mr. Christensen spoke in favor of the Action Plan stating that it is a great roadmap of what needs to be done in the next five years, it addresses the concerns of the communities, and spells out the energy required to get it done. He added that the city needs a healthy Lents Town Center URA to make east Portland successful. Mr. Christensen looks forward to celebrating the successes of the goals, specifically as they relate to flood insurance, displacement, and metrics and deliverables.

Chair Andrews stated that he has visited the Lents Town Center URA many times as his work takes him there frequently and that he sees that the area is getting better. He added that this is a perfect time to move forward as there is a lot of momentum, and the Foster/Woodstock streetscape project was one of the first steps. Chair Andrews reminded the PDC Board that this is the second of four neighborhood-based action plans moving forward (the others being Old Town/Chinatown, Gateway Regional Center URA, and Central Eastside URA) and that the PDC Board is not taking action on this today, but rather will vote on specific projects as PDC staff present them to the PDC Board in the future.

Commissioner Dickson asked what the community wants with regards to a grocer anchor tenant. Mr. Christensen responded that they want something that is not already in the area and has great access. There is a Fred Meyer and a Wal-Mart that one needs a car to get to, but the community wants something with better access and that it is not already on the eastside of 82nd Avenue.

Commissioner Kelly stated that his only concern is whether there is enough investment and enough affordable housing, adding that he does not want to see any displacement but does not have a recommendation to address this.

**7. Action Item: Authorizing a Purchase and Sale Agreement to Convey 0.31 Acres of Real Property in the Central Eastside Urban Renewal Area to The Fair-Haired Dumbbell, LLC, for \$1,160,000**

Chair Andrews stated that he has a potential conflict of interest; there is no financial benefit to him or his company but they do have relationships with The Fair-Haired Dumbbell, LLC (Developer), staff. However, he is still able to participate in the discussion and able to vote.

PDC staff presenting this item:

*Eric Jacobson, Sr. Project/Program Coordinator*

*Geraldene Moyle, Sr. Project/Program Coordinator*

With this action the PDC Board will authorize the PDC Executive Director to execute an Agreement for Purchase and Sale of Property and Right of Purchase (PSA) between PDC and Developer for the conveyance of Burnside Bridgehead Block 76E (Property), a 13,566 square foot (SF) PDC-owned parcel, for the consideration of \$1,160,000. The Property is located in the CES URA at the northwest corner of East Burnside Street and NE Martin Luther King, Jr. Boulevard.

The Developer intends to develop two connected office buildings containing 63,700 SF of gross building area, 52,300 SF of total net leasable area (40,000 SF office, 7,000 SF retail, and 5,300 SF common area) and approximately 38 parking spaces.

Chair Andrews called forward guests to testify.

Anna Mackay, Project Manager at Guerrilla Development. Ms. Mackay did not testify but made herself available to answer any questions from the PDC Board.

Chair Andrews asked about the status of pre-leasing. Ms. Mackay responded that it depends on the lender they obtain; most ask for 40 percent pre-leasing. They currently have 15 percent, and there is another 10 to 15 percent in interest; they have a strong pro-forma. She spoke regarding her involvement with Metropolitan Contractors Improvement Partnership (MCIP) over the past month; she was unaware of their services until Mr. Jacobson told her about them. MCIP is a great match for this and other projects that Guerilla Development is working on. Ms. Mackay said that it is the company's goal to bring these types of contractors into their projects.

Chair Andrews stated that this is a difficult piece of land and he is excited that crowd funding is being used. He appreciates staff's efforts in trying to bring minority, women, and emerging small business (MWESB) firms and social equity goals into the project, and noted that this will be the last project in which PDC's Equity Policy will not be a requirement.

Commissioner Dickson asked the following questions:

- Does the appraised value take into consideration projects that are already completed on the site? When was that appraisal done? Mr. Jacobson responded that the appraisal was dated July 2013.
- So the Eastside Exchange was . . .? Mr. Jacobson responded that it was nearly complete.
- So the Eastside Exchange was not a part of the analysis to that appraisal? Mr. Jacobson responded that that piece of property was not viewed as a comparable to the appraisal because it is not a vacant property; it is a built-upon property.
- Should PDC have to repurchase the land, would PDC have to pay more for it? Mr. Jacobson responded that the repurchase price will be at the same price as it is being sold for now.

Commissioner Kelly asked regarding the contaminated soils, if there is any remediation that is unforeseen, PDC does not have any liability, correct, other than the \$30,000? Mr. Jacobson responded that is correct.

Chair Andrews called for a motion to approve Resolution 7042; Commissioner Kelly moved and Commissioner Dickson seconded the motion.

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

**8. Action Item: Authorizing a Loan Modification for Heritage Building, LLC, Secured by the Real Property Commonly Known as The Heritage Building, Located at 3934 NE Martin Luther King, Jr. Boulevard in the Interstate Corridor Urban Renewal Area**

PDC staff presenting this item:

*Jina Bjelland, Director – Real Estate & Lending*  
*Kay Little, Business Finance Officer*

With this action the PDC Board will authorize a loan modification for The Heritage Building, LLC, owners of the Heritage Building, a commercial office building located at 3934 NE Martin Luther King, Jr. Boulevard in the Interstate Corridor URA. If approved, this modification will consolidate PDC's current three loans into one, with a principal amount of \$4,521,074 (or current balance at time of PDC Board approval); provide a six month payment deferral period, followed by one year of interest-only payments and 8.5 years of principal and interest payments; and increase future revenues to the Interstate Corridor URA by allowing for lease-up and stabilization of the property.

Chair Andrews called forward guests to testify. Messrs. Howard Loucks and Eric Wentland did not testify but made themselves available to answer any questions from the PDC Board.

Chair Andrews stated that this had been a difficult project; in 2007 the financial climate was strong, but everything changed in 2009. He felt that the developers have put a lot of work into this and they deserve this opportunity; he supports simplifying the loans.

Commissioner Dickson asked the following questions:

- How much space is left for leasing? Mr. Little responded that there are four vacant offices, out of six.
- What is the square footage? Mr. Little responded that most of them are around 2,000 SF.

Chair Andrews called for a motion to approve Resolution 7047; Commissioner Dickson moved and Commissioner Kelly seconded the motion.

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

**9. Action Item: Authorizing the Executive Director to Enter into an Intergovernmental Agreement with the Portland Bureau of Transportation for the Construction of the West Burnside and River District Intersection Safety and Access Project in the River District Urban Renewal Area in an Amount Not to Exceed \$1,879,465**

PDC staff presenting this item:

*Sarah Harpole, Sr. Project/Program Coordinator*  
*Damian Crowder, Project/Program Coordinator*

With this action the PDC Board will authorize the Executive Director to enter into an Intergovernmental Agreement with the Portland Bureau of Transportation (PBOT) providing funding in an amount not to exceed \$1,879,465 for the construction of the West Burnside and River District intersection safety and access improvements (Project). The Project is almost entirely located in the River District Urban URA and will include the following improvements:

- New traffic signals at NW Couch Street/NW 10th Avenue, NW Couch Street/NW 11th Avenue, and NW Couch Street/Broadway;
- New traffic signals at NW 13th Avenue/NW Glisan Street and NW 13th Avenue/NW Everett Street;
- Modified signals at NW 4th Avenue/W. Burnside Street, to allow for a northbound left turn lane from W. Burnside Street; and
- Pedestrian, Americans with Disabilities Act, and lighting improvements at key intersections in the district.

When completed, these improvements will improve access and safety and make key commercial corridors in downtown Portland more pedestrian-friendly.

At approximately 4:50 p.m. Commissioner Mohlis was disconnected from the meeting; at approximately 4:56 p.m. Commissioner Mohlis was reconnected via telephone.

Chair Andrews called forward guests to testify. Mr. Ross Swanson, PBOT, did not testify but made himself available to answer any questions from the PDC Board.

Chair Andrews stated that he realizes that there is not complete agreement by the PDC Board on this item, but the neighborhood's safety concerns are being heard and express a desire to have these changes made.

Chair Andrews called for a motion to approve Resolution 7048; Commissioner Dickson moved and Commissioner Kelly seconded the motion.

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

**10. Action Item: Public Hearing on Budget Amendment No. 2; Adopting Budget Amendment No. 2 for the Fiscal Year Beginning July 1, 2013, and Ending June 30, 2014; and Making Appropriations**

PDC staff presenting this item:  
*Tony Barnes, Budget Officer*

With this action, the PDC Board will formally amend the current fiscal year (FY) 2013-14 Revised PDC Budget for the second time in the following ways:

- 1) Adjust project and program expenditures based on updated estimates of year-end activity including updated staff time, property development, or property management expense;
- 2) Reductions in project and program budgets for inclusion in FY 2014-15 or later fiscal years based on project timing;

- 3) Update forecasts for resources across all funds including year-end estimates for short-term debt (du jour proceeds) and to recognize updated property sale and management activity;
- 4) Adjust administrative materials and services for identified savings and year-end estimated activity; and
- 5) Adjust the Portland Housing Bureau (PHB) Set Aside Budget based on updated estimates of year-end actual expenditures from the PHB and to move funds into the FY 2014-15 Proposed Budget.

In summary, FY 2013-14 Budget Amendment No. 2 increases the total PDC budget from \$260,931,360 in the FY 2013-14 Revised Budget to \$277,530,549 including Transfers, Contingency, and Reserves. Excluding Transfers and Contingency total budgeted expenditures decrease from \$190,201,050 to \$125,393,831.

Chair Andrews reminded the PDC Board that this is business as usual as far as dealing with the budget, and noted that changes might look substantial but they mostly have to deal with large projects.

Commissioner Kelly asked about moving around of large sums of money. Chair Andrews responded that this happens because of the large projects, such as the budget line item for the U.S. Post Office. Executive Director Quinton added that at some point these projects will either move forward or PDC will not budget for them anymore. As a percentage of the overall budget this is fairly high but it does relate to a handful of really big projects whose line items are being rolled forward.

Chair Andrews called for a motion to approve Resolution 7049; Commissioner Kelly moved and Commissioner Dickson seconded the motion.

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

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

Chair Andrews called for a motion to approve the January 9, 2014, PDC Board meeting minutes. Commissioner Kelly moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Kelly, Mohlis  
NAYS: None  
ABSTAIN: Dickson

At approximately 5:07 p.m. Chair Andrews called for a break and excused Commissioner Mohlis. At approximately 5:13 p.m. Chair Andrews called the meeting to order.

#### **11. Information Item: Budget Development Update on Fiscal Year 2014-15 Budget**

PDC staff presenting this item:  
*Tony Barnes, Budget Officer*  
*Kimberly Branam, Deputy Director*

This is an opportunity for the PDC Board to hear changes being incorporated into the next version of the FY 2014-15 Proposed Budget, which will be finalized in April, presented to Portland City Council, acting



as the PDC Budget Committee, on May 14, 2014, and scheduled to be approved on May 28, 2014. PDC staff will also present material and provide an update on the Budget Work Session held with Portland City Council on April 3, 2014.

Chair Andrews made the following comments regarding the potential URA changes: Airport Way URA has no financial impact, the City is merely releasing the acres; River District URA is a refinement of the numbers to reduce it as much as possible without impacting PDC's ability to reach maximum indebtedness; Willamette Industrial URA never issued debt and did not have any projects, it was created for one situation that did not come to fruition; Education URA has the most impact and has been discussed in the news lately, by closing this URA and moving some of PSU's projects by expanding the CES and North Macadam URAs instead, the much needed projects from the Education URA can be completed in a shorter period of time than the full 30 years of the life of the Education URA; with the opening of the light rail, there is a lot of potential to tap into for development along the light rail in the CES URA; and North Macadam URA, the future depends on what/when is developed, there is a lot of undeveloped land and competing interests, and it was not developed as quickly as it was anticipated. Chair Andrews believes that if these changes are made, it will put PDC into a more stable position for several years.

Executive Director Quinton encouraged the PDC Board to weigh in prior to PDC staff going before the Portland City Council on May 14.

Commissioner Kelly expressed curiosity at what happens to balance out the Interstate Corridor URA, and is particularly concerned about the completion of the work on the Bridgeton Trail. He asked what happens with PDC as the URAs go away, will there be more URAs created, and who makes that decision. Executive Director Quinton responded that staff has been doing some early thinking on this and presented it to the PDC Board over a year ago. There is still work remaining and is a priority of PDC but had to put it aside so that staff can get the URAs and budget changes figured out and then return to PDC's long-term 20-year business plan. The question is, is PDC really tied only to urban renewal, or does PDC have a mission and a purpose that can carry it on without urban renewal? He finished by saying that the PDC Board is an integral part of this conversation.

Commissioner Dickson made the following comments:

- She hoped that Portlanders would understand the value of urban renewal, the work and investments that PDC has put into the URAs, the money going back to the taxing jurisdictions at the releasing of acreage or end of the URA, and the impact the work itself has on the city.
- Some of the projects she has seen year after year and would like to look at putting a stop at carry-over projects and instead put the money towards new viable projects that will move forward.
- Because it is such a booming development period, would like the capacity of MWESB firms to receive support and have substantial amount of funds in the budget for these efforts. Ms. Branam responded that PDC staff has looked into this and is trying to understand how to make more funds available.

Chair Andrews stated that there is a finite amount of dollars in the URAs, and while he support increasing the dollars for housing, he is curious to see where the funds will come from. Ms. Branam responded that there is one more meeting on this topic and will have an update to send to the PDC Board next week. Executive Director Quinton added that there is the open question as to how much PDC brings forward, PDC staff is waiting on a formal analysis and recommendation from the City's Office

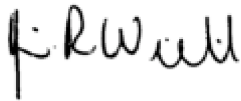
of Management & Finance, and will bring to the PDC Board a recommendation for consideration. Mr. Barnes added that staff has looked into it and it is possible to bring funds forward.

Executive Director Quinton added that PDC staff needs to have the discipline to every year make an assessment of projects and not to automatically roll them over to the next year. He feels that staff has done some of this, but with a relatively new mayor and inheriting legacy projects, he'd like to take another look at whether project timelines should be extended. PDC staff will take another hard look in the next FY.

**12. Adjourn**

There being no further business, Chair Andrews adjourned the meeting at approximately 5:38 p.m.

**Approved by Portland Development Commission on June 4, 2014**



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Gina Wiedrick, Recording Secretary