

Tom Kelly
Chair

Aneshka Dickson
Commissioner

Mark Edlen
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 August 13, 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: <http://www.youtube.com/watch?v=Q7R3nrle-yU&list=UUuXKnmpwO4bSn0JNszjhSRw> and <http://www.youtube.com/watch?v=7IIHM0ISMa0&list=UUuXKnmpwO4bSn0JNszjhSRw&index=3>.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 8:04 a.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Tom Kelly	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Charles Wilhoite	PRESENT

2. Commissioner Reports

Chair Kelly

- On June 24, had an interview with the Daily Journal of Commerce.
- On June 11, had a meeting with Ed McNamara prior to his departure from the City of Portland (City) Mayor's office.
- On June 26, attended a reception honoring former PDC Board Chair Scott Andrews.
- On June 27, met with Howard Shapiro from the Planning and Sustainability Commission (PSC).
- On July 2, met with Greg Ness regarding the Armory building loans.
- On July 10, met with Terry Brandt from the Albina Opportunities Corporation regarding how they might work with PDC.
- On July 29, went on a tour of SE Works in Lents, as well as the Jade District, the Division Midway Alliance, and the Rosewood Initiative Neighborhood Prosperity Initiatives.
- On August 4, met with Sohrab Vossughi from Ziba Design regarding a possible new business.
- On August 7, attended the PDC/Mayor check-in.
- On August 7, attended the first steering committee meeting for PDC's 2016-2020 Strategic Plan.

Commissioner Mohlis

- On June 26, attended the ribbon cutting event of the Collaborative Life Sciences Building and participated in a tour.
- On August 4, attended Congressman Blumenauer's Rebuilding and Renewing forum.
- On July 8, met with Portland State University (PSU) President Wim Wiewel and his staff regarding the building and remodeling needs they have on campus, their plans for the 2015 Legislative session, and the deal reached between Mayor Hales, PDC, and PSU regarding the Education Urban Renewal Area (URA) changes.

3. Executive Director Patrick Quinton Report

- Welcomed Chair Kelly to his first meeting as PDC Board Chair.
- On July 16, spoke at the Dawson Park grand reopening celebration.
- On July 18, along with Governor John Kitzhaber and Mayor Charlie Hales, attended the Daimler Truck North America groundbreaking event.
- On July 21, along with City Commissioner Nick Fish, attended the Urban Grange groundbreaking event at Zenger Farms.
- On August 12, the Office of the City Auditor reported that the PDC human resources and payroll practices are functioning effectively.
- On August 13, attending an Audit Liaisons meeting with PDC's auditors.
- On August 4, the second Startup PDX Challenge announced its 19 semifinalists out of 135 applicants. On September 2, six winners plus four merit winners will be announced.
- On July 31, interviewed Michael Bush in PDC's first podcast pilot program.
- On August 6, interviewed Deena Pierott in PDC's second podcast.
- In the news it has been reported that the Portland metro area continues to outperform others in the United States in economic conditions and job growth.
- On June 18, spoke at the National Newspaper Publishers Association Convention.
- On July 31, attended the Portland/Suzhou Sister City gala at the Lan Su Chinese Garden.
- On August 6, attended the Portland-hosted Major League Soccer All Star Game.
- On August 7, kicked off the strategic planning for PDC's 2016-2020 Strategic Plan; Mayor Hales is leading this work, with a draft due in early 2015.
- On June 26, PDC convened the URA Amendment Advisory Committee to obtain feedback on the City Council's directive to explore changes to six URAs in the city of Portland.
- On August 15, PDC is sponsoring Tech Fest NW. For more information go to <http://www.techfestnw.com>.
- On August 15, attending the World Sneaker Championship at Pensole.
- On August 18, attending the Lents Grown Story Yard grand opening.
- On August 22, will be the master of ceremony at the *Portland Business Journal's* Better Bricks Commercial Real Estate Awards. For more information go to <http://www.bizjournals.com/portland/event/98791>.
- On August 23, attending the Jade District Night Market.
- On September 4, attending the Hispanic Metropolitan Chamber Hispanic Heritage Celebration.
- On September 6, Meals on Wheels will hold its annual Jambalaya Festival & BBQ at Dawson Park.
- Introduced one new employee:
 - Will Thier, Sr. Project/Program Coordinator in the Real Estate & Lending Department.

4. Meeting Minutes

Chair Kelly called for a motion to approve the June 4, 2014, PDC Board meeting minutes. Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

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

Chair Kelly called for a motion to approve the June 25, 2014, PDC Board meeting minutes. Commissioner Mohlis moved and Commissioner Dickson seconded the motion.

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

5. Public Comment for Items Not on Agenda

No public testimony was presented.

CONSENT AGENDA

6. Action Item: Resolution 7067 – Authorizing Amendments with DePaul Industries for Security Services Increasing the Contract Value to the Maximum Amount of \$880,550

With this action, the PDC Board authorizes the Executive Director to execute amendments to an existing contract with DePaul Industries to provide security services at 222 NW Fifth Avenue, Portland, Oregon (the Mason Ehrman Building). The amendments are expected to increase the contract by \$60,000 to \$68,000 per year for the next six years, effectively through the end of PDC's lease at the Mason Ehrman Building in 2020. The sum of anticipated contract amendments for services over the next six years is \$383,550. This action is necessary because the total amended contract value will exceed the Executive Director's expenditure authority to execute procurement contracts granted by the PDC Board Resolution No. 6172.

7. Action Item: Resolution 7068 – Authorizing an Amendment to the Intergovernmental Agreement with the Office of Management and Finance in an Amount Not to Exceed \$540,000 for Debt Management Services

With this action, the PDC Board will authorize the Executive Director to amend the Intergovernmental Agreement approved in fiscal year (FY) 2013-14 between PDC and the Office of Management and Finance to provide debt management services for FY 2014-15.

Chair Kelly called for a motion to approve Resolutions 7067 and 7068; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

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

REGULAR AGENDA

8. Action Item: Resolution 7069 – Authorizing a Purchase and Sale Agreement to Convey 0.31 Acres of Real Property in the Oregon Convention Center Urban Renewal Area to the Mortenson Development Company for \$1,300,000

PDC staff presenting this item:
Bruce Wood, Real Estate & Construction Manager
Irene Bowers, Sr. Project/Program Coordinator

With this action, the PDC Board will authorize the Executive Director to execute an Agreement for the Purchase and Sale of Property (PSA) between PDC and The Mortenson Development Company (Mortenson) for the conveyance of Parcel 47, a 13,500 square foot (SF) PDC-owned parcel, for the consideration of \$1,300,000. Parcel 47 is located in the Oregon Convention Center (OCC) Urban Renewal Area (URA) at the northwest corner of Holladay Street and NE Martin Luther King, Jr. Boulevard. PDC purchased Parcel 47 in 1999 for the express purpose of including it as part of the siting of a potential Convention Center Hotel (Convention Hotel). Mortenson intends to consolidate the parcel with adjacent properties and develop a 600-room Convention Hotel.

Commissioner Wilhoite pointed out that the appraisal and negotiation process was a bit unusual for PDC, but is part of the regular process, and that the hotel cannot be developed at the scale that is needed without the sale of this property. Mr. Wood confirmed.

Chair Kelly called for a motion to approve Resolution 7069; Commissioner Mohlis moved and Commissioner Wilhoite seconded the motion.

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

9. Action Item: Resolution 7070 – Authorizing a Purchase and Sale Agreement to Convey 0.25 Acres of Real Property in the River District Urban Renewal Area to Grove Hotel Partners LLC for \$630,000

PDC staff presenting this item:
Lisa Abuaf, Central City Manager
Eric Jacobson, Sr. Project/Program Coordinator

With this action, the PDC Board will authorize the Executive Director to execute a PSA between PDC and Grove Hotel Partners LLC (GHP) for the conveyance of the Grove Hotel Property (Grove Hotel), an 11,000 SF PDC-owned parcel with a 25,570 SF building, for the consideration of \$630,000. The Grove Hotel is located in the River District URA on West Burnside Street between NW Fourth and NW Fifth avenues and within the Old Town/Chinatown neighborhood.

GHP proposes to renovate the Grove Hotel to develop a 52-room, 107-bed lifestyle hotel (Hotel Project). The Hotel Project will include a restaurant and other retail spaces on the ground floor to enhance the gateway to the Old Town/Chinatown neighborhood.

Commissioner Dickson inquired on the selection process, and asked, with the 11 proposals, was this the best offer in terms of value? Mr. Jacobson responded that while two proposals offered more money, GHP's proposal was the best combination of development experience and use; some of the other uses proposed were not as desirable as the hotel use and the activity that it would bring to the area.

Commissioner Wilhoite asked the following questions:

- The prior project was deemed financially unfeasible; what is the difference between the two, and why is this one going to work? Mr. Jacobson responded that GHP has deep experience with the hospitality market; this is something they do regularly, purchase properties and renovate them. GHP has the operational experience and a strong day-to-day knowledge of activities in the hotel market. They are very early in the design process but the GHP is looking at the ability

to rent rooms as traditional hotel rooms or rent out to a family, or rent as individual beds/individuals sharing the same room, enabling GHP to be more flexible depending on market demands.

- What is the dollar investment for the renovations for this project versus the previous one? Mr. Jacobson responded that the previous project was around \$4,000,000 and in this project they will be investing \$7,000,000.

Chair Kelly asked representatives from the Naito Company if they wanted to address the PDC Board.

Bob Naito (his son, Will Naito, was also present) stated that this is a different project than the PDC Board saw before and GHP spoke with David Gold several times; they are a smart group and have many strengths, but the difference is that this is more of a hotel than a straight up hostel. The market is also stronger than it was two to three years ago and GHP are great partners and will come up with something very creative. Mr. Naito added that the support from the neighborhood and businesses has been astounding; this is a highly visible project that raises the profile of this parcel and the neighborhood is very excited about it. He finished by saying that they have received phone calls from possible retail tenants who are interested in being housed there.

Commissioner Dickson asked if this is more of a youth hotel; what kind of people will be frequenting the area. Mr. Naito responded that it is not necessarily about the age group, but more about the adventurous travelers and it will change with the season. There will be business travelers, there are more software companies that are not traditional, they bring their pets to work, and those are the type of guests that would be interested in staying at this kind of hotel.

Chair Kelly called for a motion to approve Resolution 7070; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

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

10. Action Item: Resolution 7071 – Requesting the Portland City Council to Issue Bonds to Refund Bonds Previously Issued for the Interstate Corridor Urban Renewal Area, and Providing for Related Matters

PDC staff presenting this item:
Tony Barnes, Budget Officer

With this action, the PDC Board will request that the Portland City Council (City Council) issue refunding bonds for the Interstate Corridor URA. Additionally, by adoption of the resolution, the PDC Board will authorize the Executive Director and the City, on behalf of PDC, to execute such agreements and take such additional actions as may be required to issue, sell, and deliver the bonds on terms favorable to PDC and the City.

If the resolution is approved, it is anticipated that City Council will consider an ordinance on this matter at its August 20, 2014, meeting. If requested by the PDC Board and approved by City Council as currently scheduled, the City would issue the bonds through a negotiated bond sale in fall 2014.

Commissioner Wilhoite asked if the City has had any issues reissuing bonds. Mr. Barnes responded no, not to his knowledge; the City has done it from time to time as the market has been favorable and there is an opportunity to do so.

Chair Kelly called for a motion to approve Resolution 7071; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

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

At approximately 9:05 a.m. Chair Kelly called for a break. At approximately 9:13 a.m. Chair Kelly called the meeting to order.

CONVENE EXECUTIVE SESSION

11. The Executive Session is Held in Accordance with Oregon Revised Statutes 192.660(2)(e) to Conduct Deliberations Concerning the Negotiation of Real Property Transactions

At approximately 9:14 a.m. Chair Kelly adjourned the regular meeting.

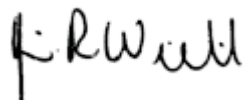
ADJOURN EXECUTIVE SESSION

At approximately 9:40 a.m. Chair Kelly called the regular meeting to order and for the record read the following statement that he had previously read while in Executive Session: "The PDC will now meet in executive session for the purpose of deliberating with persons designated by PDC to negotiate a real property transaction. The executive session is held pursuant to Oregon Revised Statutes 192.660(2)(e). Only representatives of the news media and designated staff will be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on any of the deliberations during the executive session, except to state the general subject of the session as previously announced. No decision may be made in the executive session."

12. Adjourn

There being no further business, Chair Kelly adjourned the meeting at approximately 9:41 a.m.

Approved by the Portland Development Commission on October 29, 2014



Gina Wiedrick, Recording Secretary