

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 September 10, 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=tOoX0jQymhU&list=UUsXKnmpwO4bSn0JNszjhSRw>.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 3:03 p.m. Ms. Anne Crispino-Taylor, PDC Board recording secretary, called the PDC Board roll:

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

Chair Kelly stated that Commissioner Mohlis would be joining the meeting at approximately 3:30 p.m.

2. Commissioner Reports

Chair Kelly

- On August 18, attended the Lents Grown Story Yard Grand Opening.
- On August 20, spoke at the Professional Service Providers Organization meeting.
- On August 22, took a tour of the Pacific Northwest College of Art.
- On September 4, met with Sam Brooks of the Oregon Association of Minority Entrepreneurs.

Commissioner Wilhoite

- On August 28, attended a meeting at Portland City Hall regarding the grocery store project/development on PDC-owned property at NE Martin Luther King, Jr. Boulevard and Alberta Street.

3. Executive Director Patrick Quinton Report

- On August 28, attended a meeting at Portland City Hall regarding the grocery store project/development at NE Martin Luther King, Jr. Boulevard.
- On September 4, the Startup PDX Challenge announced the six winners and the five merit winners. A kickoff event is scheduled for September 25 and the companies will move into their respective spaces in October. For more information go to: http://www.pdc.us/news-and-events/all-news/all-news-detail/14-09-04/PDC_names_winners_of_2014_Startup_PDX_Challenge.aspx.
- On August 21, Mayor Charlie Hales announced his intention to nominate Mark Edlen to the PDC Board. Mr. Edlen is the present Chief Executive Officer of Gerding Edlen. The nomination will go to the Portland City Council for approval on October 1.
- On September 2, Port of Portland announced the proposal of a new propane export terminal; a Canadian company will invest \$500,000,000 and the terminal will export clean burning propane primarily to Asian markets.

- On August 27, Assurety NW, located in the Lents Town Center Urban Renewal Area (URA), announced that it has been acquired by Propel Insurance and will be relocating to the downtown area.
- On September 4, Aruba Networks, a California based wireless network company, announced it will open a large office in Portland.
- On August 15, PDC sponsored Tech Fest NW.
- On August 18, attended the Lents Grown Story Yard Grand Opening.
- On August 22, attended the *Portland Business Journal's* Better Bricks Commercial Real Estate Awards event.
- On September 1 – 5, PDC staff and neighborhood partners attended the SOCAP (Social Capital) conference in San Francisco; the neighborhood partners presented examples of the neighborhood prosperity work being done to provide a more complete story of the city of Portland.
- On September 4, attended the Hispanic Metropolitan Chamber's Hispanic Heritage Celebration dinner.
- On September 6, attended the NAYA annual Powwow.
- On September 6, attended the Jade District Night Market.
- On September 9, Mayor Hales and PDC Business Development Officer, Mitsu Yamazaki, returned from their visit to Sapporo and Tokyo, Japan. Japan is one of the City of Portland's longest trading partners.
- On September 11, there will be an open house for the proposed URA Amendments.
- On September 12, will be attending the Latino Network's Noche Bella event.
- On September 15, Oregon BESTFEST will hold its sixth annual clean tech innovation conference. For more information go to <http://www.oregonbest.org/>.
- On September 18, the Portland Housing Bureau (PHB) will kick off a series of four community meetings to discuss how the additional \$20,000,000 in affordable housing will be spent. For more information go to <http://www.portlandoregon.gov/phb>.
- Introduced one new employee:
 - Mark Olivo, Associate IT Tech Student in the Finance & Business Operations Department.

4. Public Comment for Items Not on Agenda

No public testimony was presented.

REGULAR AGENDA

5. Action Item: Resolution 7072 – Authorizing a Purchase and Sale Agreement to Convey 0.23 Acres of Real Property in the Downtown Waterfront Urban Renewal Area to McWhinney, Mortenson Development, and Sage Hospitality for \$2,500,000

PDC staff presenting this item:

Eric Jacobson, Sr. Project/Program Coordinator

Lisa Abuaf, Central City Manager

With this action, the PDC Board will authorize the Executive Director to execute an Agreement for Purchase and Sale of Property (PSA) between PDC and the McWhinney, Mortenson Development, and Sage Hospitality team (MMS) for the conveyance of the SW Third and Taylor Property (Taylor Property), a 10,000 square foot (SF) PDC-owned parcel, for the consideration of \$2,500,000. The Taylor Property is

located in the Downtown Waterfront URA on the northeast corner of SW Third Avenue and SW Taylor Street in Portland's Central City.

Commissioner Wilhoite asked the following questions:

- Will parking capacity in the area be an issue? Mr. Jacobson responded that discussions with the development team revealed only 15 to 20 percent of their clientele have cars, so demand does not appear to be an issue.
- Are the due diligence terms reasonable within the scope, and is there anything unusual with this negotiation? Mr. Jacobson responded that MMS does not want to close on a property until they are certain they can build what they plan to build; this project is in a design review area and there is more uncertainty in obtaining approval.
- Will this project impact the Convention Center Hotel? Mr. Jacobson responded that it should not, but the development team has information on daily rates and occupancy in the downtown area and they could better address this question.
- Will the development team participate in the design review? Mr. Jacobson confirmed they would.

At approximately 3:34 p.m. Commissioner Mohlis joined the meeting.

Chair Kelly called forward guests to testify.

William Balinbin, [Sage Hospitality](#). Mr. Balinbin shared the vision of the development team and the specifics of the design plan.

Bob Matkin, [Mortenson Development](#). Mr. Matkin shared the specifics of the construction portion of the project. He stated that this will be their ninth project with Sage Development, and they are excited to be a part of the design process.

Ryan Van Horn, [McWhinney](#). Mr. Van Horn stated that this will be their fourth project with Sage Development.

Chair Kelly called for a motion to approve Resolution 7072; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

AYES: Dickson, Kelly, Mohlis, Wilhoite

NAYS: None

6. Action Item: Resolution 7073 – Authorizing a Purchase and Sale Agreement to Convey 0.67 Acres of Real Property to Gerding Edlen Development for \$2,600,000

PDC staff presenting this item:

Sarah Harpole, Sr. Project/Program Coordinator

Eric Jacobson, St. Project/Program Coordinator

With this action, the PDC Board will authorize the Executive Director to execute PSA between PDC and Gerding Edlen Development (GED) for the conveyance of Block 8L, a 20,100 square foot (SF) PDC-owned parcel, for the consideration of \$2,600,000, less the necessary costs of environmental remediation and archaeological investigation and data recovery, currently estimated at approximately \$965,000. Block

8L is located in the Downtown Waterfront URA and is bounded by NW Naito Parkway, NW Davis Street, NW 1st Avenue, and NW Couch Street in downtown Portland's Old Town/Chinatown neighborhood.

Commissioner Wilhoite asked the following questions:

- What if the costs for the archaeological issues are greater than what is being held back? Mr. Jacobson responded that an archeological issue is a defect of Block 8L and that it is up to PDC to remedy the situation; if costs do exceed the funds held back, staff would come back to the PDC Board and request approval of additional funds.
- Stated that the environmental reserves may be in excess of what is necessary.
- Was the parking lot considered in the value of the appraisal? Mr. Jacobson responded no because it was not anticipated that the site would be used indefinitely as a parking lot.
- How is PDC dealing with the parking situation for the site? Mr. Jacobson responded that staff is currently working with the Bureau of Transportation to secure spaces in the Smart Park lot directly across from the site and there are other parking sites in the nearby area as well.
- How many parking spaces would typically be allocated to this type of project? Mr. Jacobson responded that this project would require somewhere between 50 to 125 spaces. Executive Director Quinton added that it will be very difficult to match the parking with development that is projected in this area.

Commissioner Mohlis asked if the housing units will be market rate and if there is any type of blend established. Mr. Jacobson responded that the housing units will be market rate and that, although it is still in the design phase, there would be a mix of studios plus both one- and two-bedroom units, and some units will also be classified as workforce housing.

Commissioner Dickson asked the following questions:

- Does staff know what the Oriental College of Medicine's costs were with regard to the archeological discoveries on their site? Mr. Jacobson responded that staff does not have this information. He added that Phases I and 2 of the archeological assessment will characterize what is on site but that the entire site does not need to be excavated to determine what items to curate and catalogue.
- Will the discovery come early in the process? Mr. Jacobson responded that most of the discovery will take place during Phase 1.

Chair Kelly called forward Jill Sherman, Vice President of [Gerding Edlen](#) to testify. Ms. Sherman stated that Gerding Edlen is very close to a final design plan and announced that the project was awarded the multiunit tax exemption. She added that Gerding Edlen staff has met with the neighborhood association. Ms. Sherman stated that they are very close to getting leases signed with University of Oregon and Ankrom Moison, and were also soliciting lenders and investors.

Chair Kelly called for a motion to approve Resolution 7073; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

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

7. Action Item: Resolution 7074 – Authorizing a Sublease Agreement for the Portland Development Commission-Leased Property and Site Improvements of up to \$1,249,000 at Cascade Station in the Airport Way Urban Renewal Area

PDC staff presenting this item:

Bruce Wood, Real Estate and Construction Manager

Will Thier, Sr. Project/Program Coordinator

With this action, the PDC Board will authorize the Executive Director to 1) Execute an approximate 10-year (plus four, five-year extension options) absolute net sublease agreement (Lease) between Cascade Station Corporate Center 1 (CSCC) and PDC; and 2) Expend up to \$1,249,000 for construction of a 150-stall surface parking lot on a portion of Parcel G Cascade Station (Site) in the Airport Way URA; PDC has a long-term ground lease with the Port of Portland on this parcel. If approved, these actions will allow Wells Fargo Bank, a tenant in the adjacent office building, to support approximately 285 family wage jobs, many new to Portland, at the facility.

Once the parking lot is completed, CSCC will be responsible for all its operating and maintenance costs. PDC will receive annual absolute net rent of 8.75 percent of the total project costs (including land valued at approximately \$559,000) plus a 7.5 percent increase each five year period. Using the currently estimated \$1,808,000 total project costs results in an initial annual absolute net rent of \$158,200.

PDC Board approval is required for any commercial lease agreement for a term of more than five years (including any option period) and for expenditures in excess of \$500,000.

Chair Kelly called forward Steve Wells, [Trammell Crow Company](#), to testify. Mr. Wells shared some background with respect to Trammell Crow's involvement in Cascade Station as well as other development in the Airport Way URA. He also described how this project will better serve both the existing and future businesses in the area.

Chair Kelly called for a motion to approve Resolution 7074; Commissioner Mohlis moved and Commissioner Wilhoite seconded the motion.

AYES: Dickson, Kelly, Mohlis, Wilhoite

NAYS: None

At approximately 4:27 p.m. Chair Kelly called for a break. At approximately 4:33 p.m. Chair Kelly called the meeting to order.

8. Action Item: Resolution 7075 – Authorizing Repayment of the Outstanding Loan Used to Finance the Armory Building, Located at 128 NW Eleventh Avenue in the River District Urban Renewal Area

PDC staff presenting this item:

Jina Bjelland, Director, Real Estate and Lending

With this action, the PDC Board will authorize the Executive Director to authorize a repayment in the amount of \$1,250,000 to extinguish the outstanding Loan A that was used, in conjunction with other financing, to renovate the Armory building, located at 128 NW 11th Avenue in the River District URA.

Receipt of this repayment will allow PDC to increase the allocated funds for seismic (earthquake) assessments and retrofits from \$5,000,000 to \$6,250,000 in the Old Town/Chinatown community within the River District URA.

The current balance of Loan A is approximately \$3,260,000 in principal and interest. Per earlier PDC Board approval, this loan matures on June 21, 2024, and carries an interest of zero percent per annum.

Portland Center State (PCS), the primary lessee and beneficiary of the Armory Building, has agreed to continue providing a 10-year Community Investment Program.

Chair Kelly called forward guests to testify.

Greg Ness, Armory Theater Fund, gave a brief description of the proposal before the PDC Board.

Peter Potwin, [Portland Center Stage](#), described Portland Center Stage's situation with regard to finances, and how much net income will be required to cover the additional debt-load.

Commissioner Wilhoite asked what PCS will do if the community benefits are not achieved on an annual basis during the term of the investment period. Mr. Ness responded that the theater would not deviate from its mission to continue to provide community benefits.

Executive Director Quinton asked if there should be anything added to the resolution to cover Commissioner Wilhoite's concerns. Commissioner Wilhoite suggested the following amendment to the resolution: if the theater fails to meet its commitment under the 10-year Community Investment Program, that PDC can assess a penalty equal to the shortfall in community benefits up to a maximum amount to be determined by the Executive Director. He also suggested the partners create a yearly reporting system. Mr. Ness was in agreement with those terms.

Chair Kelly called for a motion to approve the amendment to Resolution 7075; Commissioner Wilhoite moved and Commissioner Dickson seconded the motion.

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

Chair Kelly called for a motion to approve amended Resolution 7075; Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion.

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

9. Information Item: Update on PDC-Owned Property at NE Martin Luther King Jr. Boulevard and Alberta Street in the Interstate Corridor Urban Renewal Area

PDC staff presenting this item:
Tran Lam, Neighborhood Manager
Jina Bjelland, Director, Real Estate and Lending

Staff provided an update on positive progress regarding development of the 1.79-acre PDC-owned property at NE Martin Luther King, Jr. Boulevard and Alberta Street in the Interstate Corridor URA. On August 28, 2014, Mayor Hales announced that a letter of intent has been signed between Majestic Realty Company (Majestic) as site development and Natural Grocers as the new anchor tenant in a future development on the property. PDC staff is not requesting that the PDC Board take any action at this time but would like to provide an update on current status and next steps.

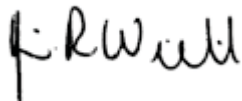
Chair Kelly called forward Phillip Brown, [Majestic](#) to testify. Mr. Brown had no comments but made himself available to answer any questions from the PDC Board.

Commissioner Wilhoite asked how many retail grocery projects has Majestic completed. Mr. Brown responded that they have roughly several million SF of retail across the country and that this is the smallest project Majestic has been involved in, but they saw this as a good opportunity to develop in the city of Portland. He added that although they are a national company with projects across the United States, they are family-owned and they have never had a project go back to a lender and have never been in default of a loan.

10. Adjourn

There being no further business, Chair Kelly adjourned the meeting at approximately 4:54 p.m.

Approved by the Portland Development Commission on October 29, 2014



Gina Wiedrick, Recording Secretary