

Tom Kelly
Chair

Gustavo J. Cruz, Jr.
Commissioner

Aneshka Dickson
Commissioner

Mark Edlen
Commissioner

William Myers
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

This document represents the official meeting record of the November 18, 2015, 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=6XQtBjlfdsU>.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 3:05 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Tom Kelly	PRESENT
Commissioner Gustavo Cruz	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner Mark Edlen	PRESENT
Commissioner William Myers	PRESENT

2. Commissioner Reports

Commissioner Myers

- On November 9, attended the 29th Annual Philanthropy Awards Luncheon where former PDC Commissioner John Mohlis received the Outstanding Volunteer Fundraises Award for his co-efforts in the Knight Cancer Challenge fundraiser.

Commissioner Dickson

- On November 12, attended a PDC Audit Liaisons Meeting.
- On November 17, attended the Central City Concern Compassion and Action Luncheon.
- On October 27, attended the Hacienda CDC Open House.

Commissioner Cruz

- Attended various meetings regarding the Inclusive Startup Fund project.

Commissioner Edlen

- This morning, attended the Portland Business Alliance's Eliminate Homelessness Breakfast.
- Attended various meetings with City of Portland (City) commissioners and Mayor Charlie Hales.
- On November 5, testified at the Portland City Council (City Council) meeting regarding the Broadway Corridor Framework Plan and specifically the United State Post Office (USPS) project.

Chair Kelly

- Attended various PDC check-ins with Mayor Hales and City commissioners.
- On November 12, attended the third PDC Financial Sustainability Committee meeting.
- On October 28, attended the City Council meeting where the housing set-aside was discussed.
- On November 12, attended a PDC Audit Liaisons Meeting.

3. Executive Director Report

- On October 28, attended the City Council meeting where the housing set-aside was discussed.
- On November 5, attended the City Council meeting regarding the acquisition of the USPS property and the Broadway Corridor Framework Plan.
- On October 27, spoke at the Lents Neighborhood Association Open House, providing an update on the four development projects proposed for the Lents Town Center.
- On November 4, it was announced that Venerable Properties sold the White Stag Building to the University of Oregon Foundation; PDC had made loans to Venerable Properties that were paid off after the sale.
- On October 21, participated in the 4K 4Charitty Fun Run PDX benefiting the Rosemary Anderson High School; \$56,000 was raised.
- On November 15, TechCrunch posted an article on the inclusion efforts happening in technology and the startup community here in Portland. For the full article go to <http://techcrunch.com/2015/11/15/americas-whitest-city-explodes-with-a-fusion-of-inclusion/>.
- On November 4, Democracy Collaborative highlighted Portland's economic development work and named the city one of the "20 Cities Building Community Wealth." For the full publication go to <http://democracycollaborative.org/sites/clone.community-wealth.org/files/downloads/CitiesBuildingCommunityWealth-Web.pdf>.
- On November 11, the Oregon Story Board, Clackamas Community College, and Intel were awarded the Microsoft HoloLens Academic Research Grant.
- On November 13, former PDC Board Chair Scott Andrews was named president of Melvin Mark Brokerage.
- On November 19, ZoiglHaus Brewing Company will hold its official grand opening.
- On December 9, will attend the 6th Annual Athletic & Outdoor Industry Event at the Oregon Public House. For more information go to <http://www.aoportland.com>.
- Encouraged everyone to shop local: [Venture Portland](#) has information on the 50+ neighborhood districts and locally-owned businesses; [Startup PDX Challenge](#) also has a list of local businesses with information on past winners and the finalists for this year; the pop-up shops at 438 NW Broadway: [Stubborn Stiles](#), [Folk](#), and [Draplin Design Co.](#); and pop-up shop Omiyage at 341 NW 5th Avenue.
- On November 5, attended the Society Hotel Grand Opening.

4. Meeting Minutes

Chair Kelly called for a motion to approve the July 16, 2016, and August 19, 2015, PDC Board meeting minutes. Commissioner Edlen moved and Commissioner Cruz seconded the motion.

AYES: Cruz, Dickson, Edlen, Kelly, Myers

NAYS: None

5. Public Comment for Items Not on Agenda

David Heslam, Executive Director at [Earth Advantage](#). Mr. Heslam spoke in favor of the Broadway Corridor Framework Plan but encouraged the PDC Board to think bigger and envision a brighter future for that area, and treat it as a new heart of energy sustainability for the city. He urged the PDC Board to adopt standards for this project that is based on per-square-foot level of performance.

CONSENT AGENDA

6. Action Item: Resolution 7151 – Authorizing the Execution of a Lease Amendment with Metro for the Portland Development Commission Property Located at 834 NE Martin Luther King, Jr. Boulevard within the Oregon Convention Center Urban Renewal Area

With this action, the PDC Board will authorize the execution of the Third Amendment to Ground Lease Agreement (Lease Amendment) between PDC and Metro, acting by and through the Metropolitan Exposition Recreation Commission, for the PDC-owned real property located within the Oregon Convention Center Urban Renewal Area (URA) referred to as Block 26 and located at 834 NE Martin Luther King, Jr. Boulevard.

Through Resolution No. 5418, the PDC Board delegated to the Executive Director approval of short-term leases for five years or less. The original lease term, as previously amended, was for five years, and was approved by the Executive Director. This Lease Amendment will extend the aggregate term beyond five years and thus requires PDC Board approval.

If approved, execution of the Lease Amendment will extend the term of the original lease for an additional six months. Unless otherwise terminated by either party, the Lease will be automatically extended thereafter, but will thereafter terminate upon at least 90 days written notice by either party.

The action shall also authorize the Executive Director to execute subsequent amendments or extensions of the Ground Lease, if deemed desirable, provided that the total lease term does not extend beyond December 31, 2018. Any lease term extension beyond this date will require PDC Board approval.

7. Action Item: Resolution 7152 – Authorizing the Execution of a Deed for Right-of-Way Purposes with the City of Portland for the Real Property located at NE 112th Avenue and Holman Street within the Airport Way Urban Renewal Area

With this action, the PDC Board will authorize the granting of a Deed for Right-of-Way Purposes from PDC to the City Bureau of Transportation (PBOT) for the PDC-owned real property located within the Airport Way URA and referred to as the NE 112th & Holman Street Sidewalk Strip (Sidewalk Strip).

With this action, PDC's granting of a Deed for Right-of-Way Purposes for the Property will remove any responsibility for PDC to operate and maintain this portion of the Sidewalk Strip.

Chair Kelly called for a motion to approve Resolutions 7151 and 7152; Commissioner Cruz moved and Commissioner Edlen seconded the motion.

AYES: Cruz, Dickson, Edlen, Kelly, Myers
NAYS: None

REGULAR AGENDA

8. Action Item: Resolution 7153 – Approving the Terms of a Predevelopment Loan, a Development and Disposition Agreement, and a Commercial Property Redevelopment Loan to ROSE Community Development Corporation for Redevelopment of a Certain Property in the Lents Town Center Urban Renewal Area

PDC staff presenting this item:

Jina Bjelland, Real Estate & Lending Director

With this action, the PDC Board will authorize the PDC Executive Director to negotiate and execute an agreement for the development and disposition of PDC-owned property and financing in the Lents Town Center URA for a mixed-income residential project by:

- 1) Authorizing a Predevelopment Loan of up to \$1,064,500 to ROSE Community Development Corporation (ROSE CDC).
- 2) Authorizing the negotiation and execution of a Development and Disposition Agreement (DDA) with ROSE CDC for the conveyance of 0.75 acres of real property located on the southeast corner of the intersection of SE Reedway Street and 91st Avenue. Execution of the DDA is conditioned upon terms that are in accord with the Summary of Terms and Conditions.
- 3) Authorizing a Permanent Commercial Property Redevelopment Loan of up to \$6,941,994 to ROSE CDC conditioned upon PDC review and approval of standard underwriting protocols.

The planned development (the Project) is the construction of a mixed-income housing development to include a total of 68 rental apartment units. Of these, 28 of the units will be restricted to residents with income levels up to 100 percent median family income (MFI), 22 units will be restricted to 80 percent MFI, 17 will be restricted to 30 percent MFI, and one unit will be dedicated to an on-site property manager. There will be 23 associated parking spaces.

The Project is part of the first phase of PDC's larger disposition and investment strategy in the Lents Town Center. At its June 24, 2015, meeting, the PDC Board approved actions moving three other major developments forward on neighboring parcels: 1) Asian Health and Service Center, Inc., 2) Palindrome Communities, LLC, and 3) Williams/Dame and Associates, Inc. If the PDC Board approves the resolution to move forward with the Project, PDC will still own significant, redevelopable sites in the Lents Town Center that will increase in value and appeal as a result of the first phase projects.

In aggregate, PDC will invest significant resources in these four first-phase projects. As evidenced by the long-term lack of private investment, public funding is critical to leveraging private investment in the Lents Town Center. Should all four projects be completed as currently contemplated, their mix of market rate, mixed-income, and affordable housing, retail, office, and community space will help create the vibrant, mixed-use, active Lents Town Center that has long been a goal for Lents stakeholders, PDC, and the City.

Commissioner Edlen asked the following questions:

- Are all of the projects being worked on together or independently? Ms. Bjelland responded independently.
- On the predevelopment loans, who will own the product? Ms. Bjelland responded that PDC will own the product.

- Do you foresee any cost increases? Ms. Bjelland responded that PDC staff will analyze all projects together to make sure that they are in alignment, bring in consultants to look at the numbers, and decide how to best move forward with these projects.

Chair Kelly asked when PDC will know the status of the Section 8 request. Nick Sauvie, Executive Director of [ROSE CDC](#), responded that they will have an answer within the next two weeks.

Mr. Sauvie gave some background information on ROSE CDC, gave an overview of what the Project entails and what the goals are, the teams involved, the partners they are working with, and projects that have been completed in the past decade by ROSE CDC and highlighted the ones specifically worked in partnership with PDC.

Terry Kneisler, President of the ROSE CDC Board of Directors, spoke regarding the need for affordable housing, plentiful food, and job availability stating that without these you lose the continuity and stability in the education of children; it is hard to educate children that are constantly moving.

Tricia Tillman, Public Health Director for [Multnomah County Health Department](#), spoke in favor of the Project and the connection between public health and housing (one of the critical social determinants of health), and the benefits of a partnership with ROSE CDC.

Commissioner Edlen issued a challenge to everyone: would love to see the process fast-tracked. He expressed support for the notion of healthy buildings, healthy living, homes, and environments.

Commissioner Cruz asked for a brief background on the transaction and funding sources and the next phase of financing. Mr. Sauvie responded that it is a big deal to get project-based vouchers that subsidize low income housing; they are using a U.S. Department of Housing and Urban Development (HUD) loan, which has its own process wherein construction drawings have to be completed before the loan request can be submitted to HUD for approval; financing from PDC and Portland Housing Bureau (PHB); as well as ROSE CDC committing equity and developer fees.

Chair Kelly called for a motion to approve Resolution 7153; Commissioner Cruz moved and Commissioner Edlen seconded the motion.

AYES: Cruz, Dickson, Edlen, Kelly, Myers
NAYS: None

9. Information Item: Update on the South Waterfront North District Development Agreement and Intergovernmental Agreements

PDC staff and others presenting this item:

Geraldene Moyle, Senior Project/Program Coordinator

Brian Newman, Associate Vice President, Campus Planning, Development & Real Estate, [Oregon Health & Science University \(OHSU\)](#)

Dennis Allen, Director of Planning and Development, [ZRZ Realty Company \(ZRZ\)](#)

On June 10, 2015, the PDC Board, through Resolution No. 7117, authorized the Executive Director to enter into a South Waterfront North District Project Development Agreement (DA) with ZRZ and

recommended City Council approve the DA. On June 24, 2015, per Ordinance 187212, City Council approved the DA.

This report is intended to provide the PDC Board with a status update on DA implementation. This update includes the following:

- Intergovernmental Agreements (IGAs): Per the DA, PDC and partner bureaus were required to execute IGAs for the implementation of particular components of the DA within 120 days of the effective date of the DA, which was November 12, 2015. IGAs have been executed with the following bureaus:
 - PBOT: Bond Avenue concept and further design
 - PHB: Affordable housing option
 - Bureau of Environmental Services: District stormwater partnership implementation
 - Portland Parks & Recreation: Open space concept plan implementation
- ZRZ will present an overview of its Phase 1 private development progress, including design development and project schedules for Block 1, 4, and 6 development projects.
- OHSU will present an overview of the Knight Cancer Building development progress, including design development and project schedule.
- Implementation Schedule. Immediate next steps over the next six months include:
 - December 2015: Street Plan Amendment to City Council
District energy viability reviewed
 - January 2016: Greenway Plan update initiated
South Waterfront Project Apprenticeship Agreement Oversight
Committee kick-off
 - March: District stormwater concept planning
Bond Avenue 30 percent design complete
OHSU Knight Cancer Building construction start
 - April: Affordable housing appraisals underway
 - May 2016: Pacific Power & Light line underground complete
ZRZ Block 1 construction start

PDC staff expects to brief the PDC Board in spring 2016 with an update on Bond Avenue design and costs (including any potential PDC budget adjustments), the affordable housing appraisal process, and other project updates.

10. Action Item: Resolution 7154 – Authorizing an Intergovernmental Agreement with the City of Portland to Provide General Fund-Secured Interim Financing for River District Public Improvement Projects

PDC staff presenting this item:
Tony Barnes, Budget Officer

With this action, the PDC Board will authorize the Executive Director to execute IGA with the City Office of Management and Finance related to the issuance of and repayment for general fund-secured bonds in an amount of up to \$45,000,000 to finance public infrastructure projects in the River District URA.

Chair Kelly called for a motion to approve Resolution 7154; Commissioner Cruz moved and Commissioner Dickson seconded the motion.

AYES: Cruz, Dickson, Edlen, Kelly, Myers

NAYS: None

11. Action Item: Resolution 7155 – Adopting Budget Amendment No. 1 for the Fiscal Year Beginning July 1, 2015, and Ending June 30, 2016; 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) 2015-16 Adopted PDC Budget for the first time in the following ways:

- (1) Adjust beginning fund balances to match actual FY 2014-15 year-end fund balances;
- (2) Adjust individual project and real estate management budgets using updated information on property management expenses PDC and staff time;
- (3) Update the River District URA budget to include acquisition of the USPS Processing & Distribution Center site and interim financing for eligible projects underway in the current year;
- (4) Adjust programs funded by the City General Fund for economic development carryover and allocation of new funding; and
- (5) Adjust the PHB Set Aside budget to match updated fiscal year expenditure estimates from PHB.

In summary, FY 2015-16 Budget Amendment No. 1 increases the total PDC budget from \$309,327,328 in the FY 2015-16 Adopted Budget to \$358,339,555 including Transfers, Contingency, and Reserves. Excluding Transfers and Contingency total budgeted expenditures increase from \$205,611,479 to \$233,817,412.

Commissioner Edlen asked the following questions:

- The housing dollars that are rolling over to the next FY, is there any way to have those dollars move out the door faster? Mr. Barnes responded that the dollars are based on the latest cash flow estimate of when the hard construction dollars are going out the door; projects have already started but they will not be completed until next year.
- With the recent increase in the Housing Set-Aside Policy, does that impact the numbers for the next FY? Mr. Barnes responded no, not entirely; PDC has a lot of flexibility, most of the impact is in the Interstate Corridor URA, and there are dollars that were programmed outside of the five-year forecast that can be brought into the five-year forecast to augment the dollars.

Commissioner Dickson asked when the PDC Board can expect more updates on the placeholder of \$20,000,000 for property redevelopment in the Convention Center URA. Executive Director Quinton responded that those dollars had been earmarked for the Veterans Memorial Coliseum (Coliseum); but that project has been delayed for a long time, somewhat indefinitely. City Council continues to evaluate ideas/alternatives for the Coliseum as well as other projects/programs in the Rose Quarter area. With regards to the Convention Center Hotel, that is a case that is being taken up by the Oregon Supreme Court, which will be heard in March 2016, and adds another delay to the project and dollars going out the door.

Chair Kelly called for a motion to approve Resolution 7155; Commissioner Cruz moved and Commissioner Myers seconded the motion.

AYES: Cruz, Dickson, Edlen, Kelly, Myers

NAYS: None

12. Information Item: Update on Centennial Mills

PDC staff presenting this item:

Bruce Wood, Real Estate & Construction Manager

Irene Bowers, Senior Project/Program Coordinator

Will Thier, Senior Project/Program Coordinator

At the July 16, 2015, PDC Board meeting, the PDC Board approved authorization of a contract to begin selective demolition of the PDC-owned Centennial Mills complex (Property) in the River District URA. In addition, at the request of the Mayor's office, the PDC Board directed PDC staff to examine the feasibility and costs of preserving and reusing the Feed and Flour Mill buildings, which are not currently slated for demolition. Since July, PDC has done extensive work with a consulting team to better understand the implications of keeping the Feed and Flour Mill buildings. This report is intended to provide the PDC Board with an update on these costs and implications. In addition, PDC staff will take the opportunity to brief the PDC Board on feedback received from a Citizens Advisory Committee that PDC convened since July to provide input on the Property.

Mr. Wood handed out the November 18, 2015, letter addressed to Jordan Schnitzer of Harsch Investment Properties; this is included in these minutes as Attachment 1.

Commissioner Cruz asked what feedback has been received from the stakeholders group. Ms. Bowers responded that PDC staff has received mixed messages; the community has a desire to save these building while the developers are more even-keeled and understand the conditions.

Commissioner Edlen asked what the cost per foot for the two renovation projects is. Mr. Thier responded that it is almost equivalent to the construction of a new office building. Commissioner Edlen stated that he is an advocate of historic restoration when there is an opportunity to do so, he commended staff for the demolition work being on budget and safety issues going well, he does not want to give up the opportunity for private development, and finished by saying that using waterfront property for a barn is a gross underutilization of property.

CONVENE EXECUTIVE SESSION

13. 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 4:52 p.m. Chair Kelly adjourned the regular meeting and read the following statement: "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 ORS 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

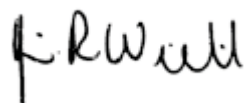
executive session, except to state the general subject of the session as previously announced. No decision may be made in the executive session.”

ADJOURN EXECUTIVE SESSION

14. Adjourn

There being no further business, Chair Kelly adjourned the PDC Board meeting at approximately 5:07 p.m.

Approved by the Portland Development Commission on February 10, 2016



Gina Wiedrick, Recording Secretary



Tom Kelly
Chair

November 18, 2015

Gustavo J. Cruz, Jr.
Commissioner

Jordan Schnitzer

Aneshka Dickson
Commissioner

Harsch Investment Properties

Mark Edlen
Commissioner

1121 SW Salmon St.

Portland, OR 97205

William Myers
Commissioner

Re: Centennial Mills Memorandum of Understanding

Charlie Hales
Mayor

Dear Jordan:

Patrick Quinton
Executive Director

I would like to thank you and your team for working with us over the past few years to examine development options for the Centennial Mills property. But, as you well know, the landscape and development options and budget have dramatically changed during this time. Now that we have a better picture of the demolition costs, the plans for the Mounted Police Unit site and the size of the remaining public resources available for the project, the original development concepts both you and we had in 2013 are no longer practical.

Given these realities, we desire to step back and look closely at other development options, particularly looking more closely at public development scenarios. As such, we have decided to let the Memorandum of Understanding between us expire at the end of its current term.

Notwithstanding the above, we have not abandoned the possibility of a private development on the site. If we ultimately reach a decision to pursue a substantial private development component on the site, we will come back to you to see if Harsch is interested in leading a private development effort. But for the moment, we will take a pause to look seriously at our range of options.

Obviously, if we end up pursuing a public development option, or do not renew a development concept with you in the future for a mutually acceptable private development, our Predevelopment Loan to Harsch will be forgiven.

I would like to again reiterate my appreciation for your energy and enthusiasm around this project, and feel free to give me a call if you would like to talk about this further.

222 NW Fifth Avenue
Portland, OR
97209-3859

Sincerely,

503-823-3200 Main
503-823-3368 Fax
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Patrick Quinton
Executive Director