

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 February 10, 2016, 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=-8pMDfx1yJ8>.

1. Call to Order and Roll Call

Acting Chair Aneshka Dickson called the meeting to order at approximately 3:03 p.m. Justin Douglas, Policy Manager, called the PDC Board roll:

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

2. Commissioner Reports

Commissioner Myers

- Recently toured one of the Living Cully projects and met with Verde staff.

Commissioner Edlen

- On January 18, attended *The Skanner's* Annual Martin Luther King, Jr. Breakfast.
- On February 9, had a meeting with Cascade AIDS Project.

Action Chair Dickson

- On January 15, attended the Martin Luther King, Jr. Women's Equity Luncheon hosted by Multnomah County Commissioner Loretta Smith.
- On January 27, the PDC Board held its annual Budget Work Session.

3. Executive Director Report

- On February 8, announced that he will be leaving PDC in early summer 2016.
- On February 10, it was announced that Chris Harder, Economic Development Manager, is leaving PDC to become the Director of Business Oregon.
- Last week, PDC had multiple opportunities to participate in and support the community-led Portland Startup Week events.
- On February 4, it was announced that Startup PDX Challenge alum, Tyrone Poole of NoAppFee.com won the 1776 Challenge Cup in San Francisco; he will now go to Washington D.C. to compete for \$1,000,000. Local businesses Chroma and Yellow Scope also competed in the San Francisco event.
- On February 4, attended the Venture Portland 30th Anniversary celebration.
- On February 9, served as Master of Ceremony at the International Forum on the FutureCity Initiative event, which is the first time the event was held outside of Asia. PDC is hosting the Japanese delegation for the meetings and other activities surrounding this event.

222 NW Fifth Avenue
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503-823-3366 TTY

- The Jade District is looking for volunteers for this year's Jade International Night Market in August. For more information go to <http://www.jadedistrict.org/GetInvolved.html>.
- On January 28, it was announced that work is under way on the Sons of Haiti Masonic Lodge on North Mississippi; the Boise Elliott Neighborhood Association held a fundraising event and PDC provided a \$40,000 Community Livability Grant to help with the effort.
- On February 18, the Port of Portland will be holding its 125th Anniversary celebration event.
- On February 2, attended the Concordia University Leadership in Education Award event wherein former PDC Board Chair Carl Talton was honored.
- On February 11, will be attending the KairosPDX Spread the Love event. For more information on this organization go to <http://kairospdx.org/>.

4. Meeting Minutes

Acting Chair Dickson called for a motion to approve the November 18, 2015, PDC Board meeting minutes, and the December 9, 2015, PDC Board retreat minutes. Commissioner Myers moved and Commissioner Cruz seconded the motion.

AYES: Cruz, Dickson, Edlen, Myers

NAYS: None

5. Public Comment for Items Not on Agenda

No public testimony was presented.

REGULAR AGENDA

6. Information Item: Update on the Portland Development Commission's Workforce Development Investments with Worksystems, Inc.

PDC staff and others presenting this item:

Kate Deane, Neighborhood Manager

Patrick Gihring, Worksystems, Inc. (WSI), Chief Programs Officer

Barb Timper, WSI Youth Services Manager

This report is intended to provide the PDC Board with an update on PDC's workforce development activities and investments that are a part of the Economic Opportunity Initiative. In addition, PDC staff will introduce to the PDC Board key workforce partners and participants in both the youth and adult workforce programs.

Acting Chair Dickson called forward guests to testify.

Karen Arenas, New Avenues for Youth participant. Ms. Arenas spoke of her experience of participating in the various programs that she qualified for; the personal growth she experienced, and the change in job opportunities from working at a meat packing place before to internships and other learning opportunities.

Dakota Kennedy, a career coach with New Avenues for Youth. Ms. Kennedy has been working with Ms. Arenas for a long time and stated that Ms. Arenas is currently interning at New Avenues for Youth and has come a long way, is doing very well, and has great ideas for improvements.

Tatyana Best, Fixed Asset Accountant at the Portland Water Bureau. Ms. Best is a former participant of SE Works' Professional Immigrant Credential Program, has experienced homelessness, and a recipient of various State of Oregon benefits. Through SE Works she was able to receive assistance to meet the qualifications to take the Certified Public Accountants exam and be eligible to apply for jobs in her field; she also received assistance with resume preparation and job interviewing. Ms. Best now works full time and has full benefits, owns her own house, and her family is taken care of.

Gamachis Achamyeleh, a participant in the Immigrant & Refugee Community Organization's (IRCO) New American Youth Opportunity Project. Mr. Achamyeleh spoke of his experience in working with IRCO, on obtaining his General Educational Development diploma and the emotional support he received along the way, as well as the assistance received to be employable and will be working at the Oregon Health & Science University in two weeks. His next goal is to enter into a nursing program.

Commissioner Edlen asked the following questions:

- What is the biggest impediment in both the youth and adult workforce programs? Ms. Timper responded that a lot of times the youth do not know how to navigate their circumstances to success and do not see the opportunities. Mr. Gihring added that housing support is also a barrier.
- What is the demand for these services? Ms. Timper responded that there is a lot of demand but they cannot bring more students into the program without additional resources. In Multnomah and Washington counties there are over 16,000 youth that are out of school and out of work; there is a great need.

Commissioner Myers asked if there is a plan to increase the number of candidates in the targeted industries (healthcare, manufacturing, construction, and information technology). Ms. Deane responded that on the youth side one can see an obvious gap; 50 percent of youth are in retail and service hospitality but it would be great to point them towards a stronger career path with high wage potential. WSI is developing sector trainings specifically tailored for the youth. Mr. Gihring added that for both adults and youth, WSI has many applicants interested in these services, but there is not enough capacity.

7. Action Item: Resolution 7164 – Approving Program Guidelines for the Neighborhood Prosperity Initiative Opportunity Fund

PDC staff presenting this item:

Jill Chen, Lending & Investment Manager

Kate Deane, Neighborhood Manager

With this action, the PDC Board will approve program guidelines (Program Guidelines) for the Neighborhood Prosperity Initiative (NPI) Opportunity Fund (Opportunity Fund). If the Program Guidelines are approved, the NPI Opportunity Fund, which is budgeted with \$891,000, will provide financial resources for property acquisition and predevelopment of a limited number of catalytic community-driven, public-benefit development projects within, or adjacent to, the City of Portland's (City's) six NPI districts.

The PDC Board received a copy of a letter from Living Cully dated February 9, 2016, from City Commissioner Nick Fish dated February 10, 2016, and from Multnomah County Chair Deborah Kafoury and Commissioner Judy Shprack dated February 10, 2016; included in these minutes as Attachments 1, 2 and 3 respectively.

Acting Chair Dickson called forward guests to testify.

Adam Zimmerman, Executive Vice President of [Craft3](#). Mr. Zimmerman spoke in favor of the Living Cully project and PDC's continued support for the NPIs and support the NPI Opportunity Fund, and what a difference these funds will make to the neighborhoods.

Michael DeMarco, District Manager of [Our 42nd Ave.](#) Mr. DeMarco spoke in favor of PDC's continued support for the NPIs and support the NPI Opportunity Fund and described some of the impact that these funds have in the neighborhoods. He stated the importance of a flexible program that can be tailored to the specific needs of each NPI and its unique strengths and challenges.

Commissioner Cruz asked that a report be submitted to the PDC Board in one year showing how the NPI Opportunity Fund is doing.

Acting Chair Dickson asked if there was good leverage on the loan PDC made to Living Cully. Ms. Chen responded that the loan on the Sugar Shack purchase was leveraged 10 to 1, and Living Cully is still in the process of planning and redevelopment.

Acting Chair Dickson called for a motion to approve Resolution 7164; Commissioner Myers moved and Commissioner Cruz seconded the motion.

AYES: Cruz, Dickson, Edlen, Myers

NAYS: None

8. Action Item: Resolution 7165 – Authorizing the Terms for a Parking Structure Development Agreement with Mortenson Development for the Design and Construction of the Convention Center Hotel Parking Garage; Resolution 7166 – Authorizing the Terms for an Easement Agreement with Hyatt Corporation for the Use of the Convention Center Hotel Parking Garage; Resolution 7167 – Authorizing the Terms for a Parking Operations and Valet Services Management Agreement with Hyatt Corporation for the Design and Construction of the Convention Center Hotel Garage

PDC staff presenting this item:

Jina Bjelland, Real Estate & Lending Director

Lisa Abuaf, Central City Manager

Bruce Wood, Real Estate & Construction Manager

With these actions, the PDC Board will authorize the terms for the development, use, and operations of a parking garage (Parking Garage) on a 0.88-acre PDC-owned property at the corner of NE 1st Avenue and NE Holladay Street in the Oregon Convention Center Urban Renewal Area (URA). When constructed, the 425-stall PDC-owned Parking Garage will provide several public objectives, by (i) supporting the yet-to-be-built 600-room Convention Center Hotel (Hotel) by providing required parking

facilities, (ii) creating a long-term revenue stream to PDC in the form of valet and other parking income, and (iii) providing ground floor space and parking to TriMet for critical agency operations.

Acting Chair Dickson called forward guests to testify.

Chris Oxley, Vice President and General Manager of the [Rose Quarter](#) and the [Portland Trail Blazers](#), speaking on behalf of the Lloyd Enhanced Services District and the Central City Budget Advisory Committee. Spoke in support of the project with the following conditions: (1) PDC will own and operate the Parking Garage for the benefit of the Hotel and PDC, (2) the Parking Garage will be refinanced upon completion of the construction, (3) all refinancing resources and or land sales related to the air rights or other property rights will be available to the Oregon Convention Center URA, and (4) those resources should be prioritized for remaining redevelopment initiatives as part of the broader Rose Quarter redevelopment approach.

Commissioner Edlen asked the following questions:

- Will the agreements allow Hyatt Corporation to lease parking stalls to non-Hotel users during slack periods to optimize income? Mr. Wood responded yes; the Parking Garage will have monthly parking and the agreements call out slack and event times.
- Who will set the pricing? Ms. Bjelland responded that one of the conditions is that PDC will hire a third party review of parking prices across the board to establish the numbers, and will do this on an on-going basis so that there is current data.

Acting Chair Dickson called for a motion to approve Resolutions 7165, 7166, and 7167; Commissioner Cruz moved and Commissioner Myers seconded the motion.

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

- 9. Action Item: Resolution 7168 – Approving the Terms of a Commercial Property Redevelopment Loan to WDA 91st & Foster Development LLC for Redevelopment of a Certain Property in the Lents Town Center Urban Renewal Area in an Amount Not to Exceed \$6,200,000; Resolution 7169 – Approving the Terms of a Commercial Property Redevelopment Loan to Palindrome Communities LLC for Redevelopment of a Certain Property in the Lents Town Center Urban Renewal Area in an Amount Not to Exceed \$8,100,000; Resolution 7170 – Approving the Terms of a Commercial Property Redevelopment Loan to Asian Health and Service Center for Redevelopment of a Certain Property in the Lents Town Center Urban Renewal Area in an Amount Not to Exceed \$4,900,000**

PDC staff presenting this item:

Jina Bjelland, Real Estate & Lending Director

With these actions, the PDC Board will authorize the Executive Director to negotiate and execute revised loan agreements for the disposition and development of PDC-owned properties in the Lents Town Center URA; the loan agreements have been revised to reflect the increased PDC project funding required for each project. The three actions will:

1. Authorize a Commercial Property Redevelopment Loan (Development Loan) of up to \$6,200,000 to WDA 91st & Foster Development LLC, conditioned upon PDC review and approval of standard underwriting protocols.

2. Authorize a Development Loan of up to \$4,900,000 to Asian Health and Service Center, conditioned upon PDC review and approval of standard underwriting protocols.
3. Authorize a Development Loan of up to \$8,100,000 to Palindrome Communities LLC, including the timing of the funding of the loan disbursements, conditioned upon PDC review and approval of standard underwriting protocols.

If approved, these three actions, PDC's final financial contribution toward these projects, will allow WDA 91st & Foster Development LLC, Asian Health and Service Center, and Palindrome Communities LLC (individually and collectively, Project Teams) to proceed with a transformative phase of redevelopment in the Lents Town Center. Should all three projects be completed as currently contemplated, their mix of market rate 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.

Acting Chair Dickson called forward guests to testify.

Dr. Erik Szeto, [Asian Health and Service Center](#) Board of Directors Chairman. Dr. Szeto expressed gratitude for the PDC Board's support for their project, and spoke of the Project Team's efforts to raise additional funds for the project.

Robert Gibson, of Palindrome Communities. Mr. Gibson thanked the PDC Board for its support as they move forward with their project.

Trevor Rowe, Vice President at [Williams/Dame and Associates, Inc.](#) Mr. Rowe gave an update on the preliminary work and permits obtained to date and upcoming ones.

Commissioner Cruz asked how PDC staff feels about the numbers and if they anticipate the Project Teams to return with additional funding requests. Ms. Bjelland responded that PDC does have a limited amount of dollars available in the budget and in reviewing other project needs, PDC staff has been clear that this is the last additional funding request that it can approve. If more money is needed, PDC staff recommends that they Project Teams look at making programmatic or square footage changes or any other change that would meet the funding the Project Teams have available to them.

Commissioner Edlen asked the following questions:

- Does PDC have payoff demand rights on the sale or refinance? Ms. Bjelland responded that this is not traditionally within PDC's documents but it could be inserted.
- Typically development fees are a percentage of the project costs; were the development fees also adjusted? Ms. Bjelland responded that they have not. The PDC Board expressed concern over this, and the possibility that the developer would come back to request an adjustment to development fees being as the cost of the projects has increased. Ms. Bjelland asked if the PDC Board would want to see that the contracts stipulate that the developer fees remain at the price that was approved by the PDC Board at its June 24, 2015, meeting. The PDC Board responded yes.

Acting Chair Dickson called forward guests to testify.

Nick Christensen, a Lents resident. Mr. Christensen spoke in support of the projects and the work that PDC staff has done to address the needs of the community.

The PDC Board expressed an interest in modifying the terms of the Development Loans that would tie the developer fee to the amounts that the PDC Board had approved at the June 24, 2014, meeting; Bob Betcone, Assistant General Counsel, presented language that would amend the resolutions before the PDC Board.

Acting Chair Dickson called for a motion to amend Resolutions 7168, 7169, and 7170; Commissioner Edlen moved and Commissioner Myers seconded the motion.

Acting Chair Dickson called for a motion to approve amended Resolutions 7168, 7169, and 7170; Commissioner Edlen moved and Commissioner Cruz seconded the motion.

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

Commissioner Kelly joined the meeting by telephone at approximately 5:27 p.m.

10. Action Item: Resolution 7171 – Authorizing Amended Terms for the Purchase and Sale Agreement with the United States Postal Service to Acquire 13.4 Acres of Real Property Located at 715 NW Hoyt Street in the River District Urban Renewal Area for \$88,000,000

PDC staff presenting this item:

Jina Bjelland, Real Estate & Lending Director

Eric Jacobson, Senior Project/Program Coordinator

With this action, the PDC Board will authorize the Executive Director to negotiate and execute a revised Purchase and Sale Agreement (PSA) between PDC and the United States Postal Service (USPS) to acquire USPS's Processing and Distribution Center (P&DC) at 715 NW Hoyt Street (Downtown Property) for consideration of \$88,000,000. The Downtown Property is located in the River District URA and is bounded by NW Hoyt Street, NW 9th Avenue, NW Lovejoy Street, and NW Broadway.

The PDC Board approved key terms for the PSA on January 13, 2016, including an \$88,000,000 purchase price, making a \$2,500,000 non-refundable payment on or before February 1, 2016, and closing on the Downtown Property on or before August 1, 2016. Since that approval, PDC staff has negotiated the following amended terms regarding the timing and amount of option payments, the timing of closing on the Downtown Property, and the potential use of condemnation to acquire the site to relocate the P&DC:

- First Option Payment of \$2,500,000 to be made upon satisfaction of the conditions outlined in the Term Sheet;
- Second Option Payment of \$875,000 to be made on July 16, 2016;
- If closing has not occurred by August 1, 2016, a Third Option Payment of \$875,000 to be made on or before August 15, 2016, which will extend closing to September 30, 2016.
- PDC shall enter into an agreement with the seller (Seller) of the Replacement Site (Colwood Property) stating that PDC will not seek to condemn the Colwood Property before the Option Agreement expires or is terminated. If the Option Agreement is terminated and PDC files a condemnation action related to the Colwood Property prior to October 1, 2016, PDC agrees, notwithstanding the actual fair market value of the Colwood Property or the requirements of Oregon Revised Statutes (ORS) 35.346(1) and (2), to pay \$34,700,000, less the amounts of any non-refundable deposits made by USPS or PDC under the Option Agreement. If PDC files a

condemnation action related to the Colwood Property after October 1, 2016, but prior to July 1, 2017, PDC agrees, notwithstanding the actual fair market value of the Colwood Property or the requirements of ORS 35.346(1) and (2), to pay \$34,700,000, less the amounts of any nonrefundable deposits made by USPS or PDC under the Option Agreement plus any verifiable defined costs incurred by Seller after the date the Option Agreement expires and prior to the commencement of condemnation, with regard to the sale or development of the Colwood Property (need to define specific, documented costs paid to further develop the property). Seller will not oppose the condemnation action nor seek additional compensation for the Colwood Property. Further, Seller waives its rights under ORS 35.346 regarding a 40-day offer letter and an accompanying appraisal before the City can file its condemnation action.

The Option Payments are all non-refundable and applicable to the Purchase Price. All other PSA terms previously approved by the PDC Board remain the same.

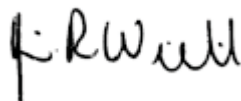
Acting Chair Dickson called for a motion to approve Resolution 7171; Commissioner Edlen moved and Commissioner Kelly seconded the motion.

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

11. Adjourn

There being no further business, Acting Chair Dickson adjourned the PDC Board meeting at approximately 5:33 p.m.

Approved by the Portland Development Commission on May 11, 2016



Gina Wiedrick, Recording Secretary



February 9, 2016

Portland Development Commission
Board of Commissioners

RE: Report 16-07, NPI Opportunity Fund

PDC Commissioners:

Living Cully is a mature, collective impact collaboration of four community-serving organizations. While our focus together is on Cully, our work to build affordable housing, create jobs and enhance livability for low-income people and people of color extends throughout the city in URA, NPI, non-URA and non-NPI areas.

We supported the inclusion of the Community Development Fund and gratefully acknowledge the leadership of PDC to advocate for this fund and the hard work of the staff to engage private partners to leverage the investment. We have the following recommendations as you consider passage of the program guidelines on Feb 10, 2016:

- 1) PDC staff should have the flexibility to use the fund for longer-term, patient capital for acquisition and development. This provides the time necessary to maximize community benefits in development projects.
- 2) PDC staff should have the flexibility to use these resources to create forgivable loans if a project meets certain metrics around low-income entrepreneurship, jobs created, and other equity goals.

We look forward to growing this important tool for community-based economic development and continued partnership with PDC in the multiple facets of our combined efforts to create a just and equitable city.

Please do not hesitate to reach out for more detail on our comments.

Warm Regards,

Tony DeFalco
Living Cully Coordinator





Commissioner Nick Fish
City of Portland

February 10, 2016

Tom Kelly
Chair, PDC Board of Commissioners
804 N Alberta St.
Portland, OR 97217

Dear Tom,

Following Patrick Quinton's announcement on Monday, I write to urge you and the PDC Board of Commissioners (the "Board") to appoint an interim leader.

One of the Board's most important roles, in consultation with the City Council, is to oversee the recruitment and selection of the agency's next Executive Director.

By appointing an interim Executive Director from among PDC's very capable senior management team, you would be allowing our next Mayor and Council to participate fully in shaping the direction of the agency.

There are a number of compelling reasons to delay a formal search for Patrick's replacement until next year.

First, as made clear by charter changes, the City Council is a full partner in the ongoing work of PDC.

Second, the work of PDC has historically reflected the shared priorities of the Mayor, the Council, and the Board. The next Mayor, who will have an active role in shaping the direction of PDC, should therefore have a significant role in selecting its next leader.

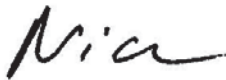
Finally, PDC is facing fundamental questions about its long-term mission, role and funding. The impending "TIF cliff" is reshaping the agency's toolkit. These challenges

will continue to require a high degree of collaboration between the Board, PDC leadership, and the Council.

The confluence of PDC leadership transitions, big questions about PDC's future, and changes at City Hall provide a unique opportunity for Portland's next Council to work with PDC's Board and its next Executive Director to make thoughtful decisions about the agency's future.

Thank you in advance for your consideration.

Sincerely,



Nick Fish
Commissioner

cc: Mayor Charlie Hales
Portland City Council
PDC Board of Commissioners

Chair Deborah Kafoury

Phone: 503-988-3308

Email: mult.chair@multco.us



Commissioner Judy Shiprack

Phone: 503-988-5217

Email: district3@multco.us

February 10, 2016

Tom Kelly, Chair
Portland Development Commission Board of Commissioners
222 NW Fifth Ave
Portland, OR 97209

Dear Chair Kelly and Commissioners,

We are writing to support the \$4,900,000 loan from PDC for the Asian Health and Service Center in Lents Town Center. The project is an exciting initiative that will build upon existing efforts to make Lents and East Portland a vibrant and successful community.

Multnomah County's Asian populations have dramatically increased in District #3 and in particular the Lents neighborhood. One of the glaring needs for people in the area is culturally responsive services. The benefits of developing a common space in Lents for the community to engage in comprehensive and culturally responsive services are wide ranging. It will be a place for members of the Lents and East Portland community to access culturally responsive services in the same manner that many others in the county currently do. The Asian Health and Service Center presents a unique opportunity in an area of high need to bridge cultural diversity while providing necessary services.

This loan, combined with funding from private sources and community organizations, provides tremendous momentum for this effort. We strongly support your action on behalf of the Asian Health and Service Center, as it will serve another catalyst of positive change in East Portland.

Sincerely,

Handwritten signature of Deborah Kafoury in black ink.

Deborah Kafoury
Chair
Multnomah County

Handwritten signature of Judy Shiprack in black ink.

Judy Shiprack
Commissioner
Multnomah County, District 3

cc: Aneshka Dickson, PDC Board of Commissioners Vice Chair
Gustavo J. Cruz Jr., PDC Commissioner
Mark Edlen, PDC Commissioner
William Myers, PDC Commissioner