



This document constitutes the official meeting record of the April 23, 2009, Portland Development Commission Board of Commissioner's meeting held at 222 NW Fifth Ave., Portland, OR 97209.

I. CALL TO ORDER AND ROLL CALL

Charles A. Wilhoite
Commission Chair

Chair Wilhoite called the meeting to order at approximately 3:33 p.m.

J. Scott Andrews
Commissioner

Chair Wilhoite welcomed new PDC Commissioner Steven Straus. He stated Commissioner Straus is the President of Glumac, a Portland-headquartered company that provides consulting engineering for mechanical, electrical and plumbing services. The company has more than 250 employees in offices in Seattle, San Francisco, Sacramento, Irvine, Los Angeles, Silicon Valley and Las Vegas. Steven and Glumac are very committed to sustainable design and construction. The company has 78 LEED-accredited professionals and is a member of the U.S. Green Building Council. Locally the company has won awards for their work on the Wieden & Kennedy headquarters, the Brewery Blocks, and Widmer Brothers Brewery expansion.

Bertha Ferrán
Commissioner

John C. Mohlis
Commissioner

Mr. Bruce Warner, PDC Executive Director, also welcomed Steven Straus to the Board and said Commissioner Straus also traveled to China recently with the Portland contingent that included Commissioners Andrew and Mohlis prior to his appointment to the Board. He stated the Commissioner would be a great addition to the PDC Board.

Steven Straus
Commissioner

Sam Adams
Mayor

Commissioner Straus expressed his thanks to Chair Wilhoite and Mr. Warner and stated he was excited to be a member of such an active board and looked forward to working with everyone.

Bruce A. Warner
Executive Director

Ms. Renee Castilla, acting as recording secretary for the Board, called the Commission roll:

| | |
|----------------------------|---------|
| Chair Charles Wilhoite | PRESENT |
| Commissioner Scott Andrews | ABSENT |
| Commissioner Bertha Ferran | PRESENT |
| Commissioner John Mohlis | PRESENT |
| Commissioner Steven Straus | PRESENT |

II. EXECUTIVE DIRECTOR'S REPORT

Executive Director Bruce Warner presented Report No. 09-41 and highlighted the following:

- Mr. Warner briefly described his recent trip to China. He stated Commissioners' Andrews and Mohlis attended. In addition, Steve Straus was there as well prior to his appointment as a PDC Commissioner;
- Mr. Eric Iverson was formally welcomed as PDC's new General Counsel and to his first board meeting. Mr. Iverson received his law degree from the University of California Davis and is licensed to practice law in both the state of Oregon and Washington. He will be responsible for providing legal counsel and subject matter expert advice at the executive level, both internally and externally, and will participate as a member of the Executive Team. Mr. Warner expressed his thanks to Mr. David Elott for his acting role as General Counsel and welcomed him back to his current role as Deputy General Counsel;



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- On March 25, 2009, staff and dignitaries gathered in the Johns Landing area for a ribbon cutting ceremony opening the world headquarters of Erickson Air-Crane. The aircraft manufacturer started in 1971 in Central Point, Oregon and will retain manufacturing operations there, while 25 employees moved into the new headquarters location here in Portland. Erickson makes specialized aircraft that uses a snorkel apparatus lowered into a body of water to fill a tank.
- Photovoltaic Conference – Munich, Germany was the site for the European Photovoltaic Solar Energy Conference and Exhibition held March 2-6; it is the largest of three major European solar trade shows taking place each year. PDC staff attended the trade show, joined by senior staff from OECDD, the Oregon Department of Energy, City of Hillsboro, the City of Gresham and private sector partners. Oregon was the only U.S. state or economic development agency at the show;
- PDC's recent updates to business assistance programs as part of the overall recession response plan has already generated considerable interest, particularly related to the Storefront Improvement Program. Storefront staff has fielded nearly 30 new applications since the March 11 board vote to approve revised guidelines, with \$250,000 committed and an all-time high of almost 300 active projects;
- Rose Quarter Housing – Housing Department Staff worked on closing rehabilitation financing for the Rose Quarter Housing project in the Oregon Convention Center URA. The project team from Central City Concern (CCC) and the Housing Development Center assembled a complicated financial structure of 20 funding sources, including Low Income Housing Tax Credits, New Market Tax Credits, PDC TIF funding and Housing Opportunity Bond funding through the City of Portland. The \$24 million project will feature 176 units of workforce housing, of which 80 will be designated as Permanent Supportive Housing. In addition, the project will contain 16,000 SF of commercial space which will house the Hooper Detoxification Center;
- Mr. Warner directed the board members to the Public Participation Section and noted the public participation, new URAC members, public participation plans, events, URACs/Advisory Committees and administration efforts.
- Why Portland – This is PDC's newest video done in partnership with the Oregon Economic and Community Development Department and Travel Portland. It communicates what some of Portland's top business leaders think about living and doing business in Portland. The video traveled to China in April and was shown multiple times by PDC representatives traveling with the Portland Business Alliance's trade mission to China;
- Workforce diversity among apprentice workers continues to lead the diversity efforts. The total female apprentice hours represent 17.46% of the total apprentice hours 6.46 percentage points ahead of the combined journey/apprentice goal of 11% for the fiscal year. Of the apprentice hours that have been worked in this fiscal year, 25.74% have been worked by people of color. These results continue to demonstrate a positive trend toward a more diverse workforce through apprentice training; The summary table below represents the total workforce diversity (apprentice and journey level workers) for the three projects referenced above:

| Goal | Women | People of Color | Apprentice | Difference |
|-------------|--------------|------------------------|-------------------|-------------------|
| 11.0% | 5.97% | | | [5.03%] |
| 17.0% | | 23.29% | | +6.29% |
| 20.0% | | | 24.51% | +4.51% |

Mr. Warner presented Housing Transitions Critical Issues to the Board. He highlighted the following issues:

- Human Resource Issues:
 - Classification and Compensation;
 - Additional Support Staff Transfer/Services anticipated to be Contracted Back from PDC;
 - Leave Accrual Transfer Plan; and
 - Payroll Cut Over Plan.
- Accounting Issues:
 - Transfer of Assets/Program Income;
 - Loan Origination/Transaction Processing (Disbursements & receipt of payments) & Loan Servicing;
 - TIF Compliance;
 - PHB Cash Flow Requirements; and
 - Internal Controls.
- Technology Issues:
 - Technology Set-Up at PHB for Transferring PDC Staff; and
 - Loan Origination/Transaction Processing (Disbursements & receipt of payments) and Loan Servicing.
- Business Process and Reporting Issues:
 - Real Estate Transaction Processes (Loans/Grants; Property Acquisitions & Dispositions);
 - Loan Origination/Transaction Processing (Disbursements & receipt of payments); and
 - TIF Compliance.
- Budget Issues:
 - Appropriate Budget Authority for PHB and PDC to Conduct Business.

Ms. Julie Cody and Mr. David Elott explained there would be three, Intergovernmental Agreements (IGA) between PDC and the City of Portland's new Housing Bureau (PHB).

Mr. Elott explained the IGA's govern the:

- Selecting, planning and implementing new urban renewal housing rehabilitation and development programs, projects, and activities;
- Completion and monitoring of all existing urban renewal housing rehabilitation and development programs, projects and activities;
- Responsibility for all other housing programs, projects and activities historically undertaken by PDC;
- Transfers the Economic Opportunity Initiative programs;
- Transfers the City General Fund and One Time Only funds for the Economic Opportunity Initiative programs and commits PHB to apply for, receive and transfer to PDC, CDBG funds to support those programs; and
- Provides for the transfer to PDC of the contracts with third parties for the delivery of services as part of the Economic Opportunity Initiative Programs.
- Identifies staff to be transferred; and

- Addresses matters required by statute including transfer and payment for accrued sick leave and vacation time for both PDC and BHCD staff; and
- Provides for PDC's delivery of loan servicing and other services to PHB related to the transferred housing functions
 - Provides for PHB's payment for services.

Chair Wilhoite and Commissioner Mohlis commented they had attended a meeting with PDC staff to hear concerns and feedback regarding the housing transition. They both expressed their thanks for the warm welcome and constructive dialogue.

III. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

As there was no public comment, Chair Wilhoite moved to the Consent Agenda.

IV. Consent Agenda

Chair Wilhoite called for a motion to adopt the consent agenda:

Resolution No. 6686, titled, "Restructuring Lents Town Center Urban Renewal Advisory Committee's membership:"

Resolution No. 6692, titled, "Appoint Ms. Marilyn Considine and Mr. Trevor Rowe to the North Macadam Urban Renewal Advisory Committee."

Resolution No. 6693, titled, "Authorize the Executive Director to Amend the Current Contract with Lawson Software in Order to Renew our Software Maintenance for the Next 3 Years."

Resolution No. 6694, titled, "Amend Terms of Purchase and Sale Agreement with Barry Real Estate Companies for Sale of a Leasehold Interest at Cascade Station."

Resolution No. 6695, titled, "Terminate Leasehold Purchase and Sale Agreement with Canterbury Group, Inc. for Land at Cascade Station; Return Earnest Money Deposit."

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt the consent agenda as submitted.

AYES: Ferran, Mohlis, Straus, Wilhoite

NAYS: None

V. OPTION AGREEMENT WITH THE TRAMMELL CROW COMPANY FOR SALE OF A LEASEHOLD INTEREST AT CASCADE STATION

Mr. Bruce Allen, presented Board Report No. 09-47, titled, "Option Agreement with The Trammell Crow Company for Sale of a Leasehold Interest at Cascade Station."

Mr. Allen stated the action would authorize the Executive Director to execute an Option Agreement for the sale of PDC's leasehold interest in approximately 4.89 acres of land at Cascade Station in the Airport Way Urban Renewal District. The buyer will be the Trammell Crow Company (TCC) or a separate single-purpose entity established by TCC for this purpose. On this site at Cascade Station, which is immediately adjacent to the proposed site for the new FBI Regional Headquarters, TCC is proposing to develop another federal office building for the General Services Administration (GSA), consisting of approximately 37,000 square feet, if GSA accepts a proposal from TCC. In order to pursue GSA, TCC needs to have a binding

commitment from PDC to sell the property. If TCC does not reach agreement with GSA for the project, the Option with PDC will terminate.

Mr. Allen further stated the Option provides for the Purchase Price to be up to \$10.00 per square foot for a total of approximately \$2,130,000. The \$10.00 per square foot Purchase Price reflects the fair market value of the property based on an Opinion of Value from PDC's brokers dated November 1, 2007, and updated MAI appraisal dated May 1, 2008. The final Purchase Price, however, may be adjusted at the discretion of the Executive Director by up to 10% based on findings, including updated valuation information, during the due diligence period.

Commissioner Straus asked if there would be an initial deposit for the six month option.

Mr. Allen replied the proposal had no cost included in the option.

Chair Wilhoite stated he would like to see a process created in which PDC acts like a private entity which would require deposits and/or fees for these types of options. In addition, he commented the process should require special circumstances for refunds of deposits on options/deals. Further, he would like to look at the issue of extensions based upon previous history and what would make the most sense to PDC.

Chair Wilhoite called for a motion to adopt Resolution No. 6696, titled, "Authorizing the Executive Director to Execute an Option Agreement with the Trammell Crow Company for the Sale of a Leasehold Interest in Real Property located within Cascade Station in the Airport Way Urban Renewal Area at a Sales Price of up to \$2,130,000.

Commissioner Mohlis moved and Commissioner Ferran second the motion to adopt Resolution No. 6696.

AYES: Ferran, Mohlis, Straus, Wilhoite
NAYS: None

VI. DENVER STREETScape CONSTRUCTION INTERGOVERNMENTAL AGREEMENT WITH THE PORTLAND BUREAU OF TRANSPORTATION

Ms. Carol Herzberg, presented Report No. 09-48, titled, "Denver Streetscape Construction Intergovernmental Agreement with The Portland Bureau of Transportation."

Ms. Herzberg stated the action would authorize the Executive Director to execute an Intergovernmental Agreement (IGA) with Portland Bureau of Transportation (PBOT) in the amount of \$2,847,545, subject to budget appropriation, to construct streetscape improvements consistent with the *Downtown Kenton-Denver Avenue Streetscape Plan* (the Plan).

Ms. Herzberg said the Streetscape Improvement Project (the Project) covers North Denver Avenue from North Interstate Avenue south to North Watts. It will include the installation of trees, sidewalk improvements; curb extensions, storm water planters, art, ornamental streetlights and pedestrian crossings. The sidewalks will be widened and the center turn lane, currently little used, will be eliminated. She further stated design and engineering would be completed this spring. The Project is scheduled to be bid in late April, pending approval by the Portland Development Commission (PDC) Board of Commissioners (Board) and Portland City Council. Construction is expected to start late July 2009 and be completed by December 2009.

Ms. Herzberg further stated the 4.5-block streetscape improvements are part of the larger Downtown Kenton Redevelopment Project, begun in fall 2005 by PDC. Currently, many of the properties within the Kenton Business District stand vacant or underutilized. Denver Avenue, the

main street through Kenton, has narrow sidewalks, a wide roadway, and limited pedestrian amenities. The Project will help make Denver Avenue a safer and more attractive place for pedestrians and shoppers, and will spur the revitalization of the Kenton commercial corridor. The improvements will aid in "place making," helping to create a stronger identity and better visibility for the district, and strengthen the connection between Denver Avenue, the surrounding community, and the Interstate Max light-rail station which lies one block away. The new storm water planters will help infiltrate runoff and create one of the first green main streets in Portland. She said the challenges faced in Downtown Kenton call for an integrated approach between development and economic development activities. This is also the approach PDC is working to foster through its recent reorganization, which combines the Development and Economic Development Departments into a single Urban Development Department. While work is being done on the streetscape, PDC is also doing outreach along the corridor to offer business support through PDC programs including the Storefront Improvement Program, the Storefront Lighting Improvement Program (SLIP), Development Opportunity Services (DOS) Grant Program, and business finance assistance. It is estimated that the streetscape work will create up to 42 construction and construction-related jobs.

Ms. Brenda Ray Scott read a letter from the Kenton Neighborhood Association into the record.

Commissioner Mohlis expressed his thanks to the neighborhood association in the area for the hard work and determination to see a good project built.

Commissioner Straus asked staff to look at the opportunity to place the utilities underground and stated the Utility Company had the responsibility to share in the cost moving those utilities. In addition, he would like staff to speak with the Arts Commission to determine if the art piece could be sustainable in nature and perhaps the PDC could have the opportunity to dedicate the art piece to someone in the community who has shown leadership in sustainable efforts.

Chair Wilhoite called for a motion to adopt Resolution No. 6697, titled, "Authorizing an Intergovernmental Agreement with Portland Bureau of Transportation in the Amount of \$2,847,545 for the Construction of Streetscape Improvements of Denver Avenue in the Interstate Corridor Urban Renewal Area.

Commissioner Straus moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6697.

AYES: Ferran, Mohlis, Straus, Wilhoite
NAYS: None

VII. LENTS BALL PARK FIELD IMPROVEMENTS

Mr. Kevin Cronin presented Report No. 09-49, titled, "Lents Ball Park Field Improvements."

Mr. Cronin stated the purpose of the briefing is to provide an overview of the Lents Ball Park Field Improvements Project (Project) and to showcase a grand opening that was held on April 11, 2009. The Portland Development Commission (PDC) has worked with Portland Parks & Recreation (PPR) and Lents Little League (LLL) for the last ten years to relocate the existing facility at the corner of SE 92nd Avenue and Harold Street within the Lents Town Center Urban Renewal Area (LTC URA). The focus of the briefing is the completion of renovated ball fields at Lents Park. A separate briefing on the SE 92nd Avenue and Harold Street project and the current Request for Qualifications (RFQ) process is scheduled for later this year.

Mr. Cronin said the PDC acquired the current site of LLL at SE 92nd and Harold Street in 2000 for redevelopment and continuing revitalization of the Lents Town Center URA. From 2000 to

2006, PDC worked with PPR, the Bureau of Environmental Services, and the community to find a new site for LLL. Lents Park was chosen as the new home to take advantage of its central location and existing facilities that can be improved to accommodate increasing demands from community groups. Construction of the new facilities at Lents Park began in November 2008. LLL and other permitted user groups began using the newly renovated facilities in April 2009.

The following improvements were completed to facilitate LLL's move:

- Construction of a new Tee-Ball field with a backstop and bleachers;
- New bleachers, upgraded utilities, accessible restrooms and ramp, and a new concession area;
- New backstops, accessible spectator areas, fencing, and upgraded lighting for two existing ball fields;
- New sod at Tee-Ball and Field No. 2 to allow more immediate use;
- Installation of a new accessible path with path lighting to connect the new facilities; and
- Refurbished picnic benches and water fountain.

Ms. Sue Bush, President of the Lents Little League, expressed her thanks to the Commission and staff for their support and hard work. She presented a video to the Board.

<http://www.lentslittleleague.com/MovingOn!.wmv>

Chair Wilhoite and Commissioners thanked Ms. Bush for her ongoing support of the Little League and congratulated her on being recognized at the opening ceremonies.

VIII. LEGISLATIVE UPDATE

Mr. Keith Witcosky presented a legislative update to the Board and explained the following models were being discussed currently at the State level:

- Large metropolitan plan model - For a New District with a Maximum Indebtedness of \$380 million
 - How New Rules Dictate Maximum Indebtedness
 - First \$150 million in assessed value of frozen base allows for a maximum indebtedness of **\$100M**
 - Set remaining Max. Ind. by multiplying the remaining assessed value (\$950 - \$150 = \$800) of frozen base by 35% ($\$800 \times .35$) = **\$280M**
 - Max Ind. can be \$100 million + \$280 million = **\$380M**
 - **Maximum indebtedness can be increased by 20% of original amount:**
 - $20\% \times \$380 = \76 . $\$76 + \$380 =$ **\$456M**
 - **Sharing Triggers (blue font indicates Portland/Mult.Cty/PPS/etc. terms only):**
 - First sharing occurs when amount of tax increment revenues equals 3% of Max. Ind. **(.03 x \$380) = \$11.4M**
 - At this point all growth above \$11.4 is split 75% to URA; 25% to overlapping jurisdictions.
 - Second sharing trigger occurs when tax increment revenues equal 10% of Max. Ind. **(.10 x \$380) = \$38M**
 - At this point **ALL** future growth is release to overlapping jurisdictions.
- Large metropolitan plan model – When/if an Existing District Increases Maximum Indebtedness (assuming an original indebtedness of \$250M)

- How Rules Apply to Existing Districts (blue font indicates Portland/Mult. Cty. /PPS/etc. deal only)
 - This legislation is not retroactive. It only applies to existing plans when they increase maximum indebtedness. According to the new law, maximum indebtedness can be increased by 20% of what it had been prior to changes in legislation.
 - Assuming it had a Max Ind of **\$250M** prior to new legislation it could increase Max Ind by **\$50M** ($\$250 \times .20$)
 - Any increase above \$50M requires **concurrence** by 75% of the overlapping jurisdictions.
 - An increase of \$75M requires agreement on the additional \$25M
 - Sharing occurs when URA receives tax increment revenues equivalent to 3% of **original indebtedness** $.03 \times \$250 = \7.5 million. A full release occurs when revenues are equivalent to 10% of Max Ind $.10 \times \$250 = \25 million.

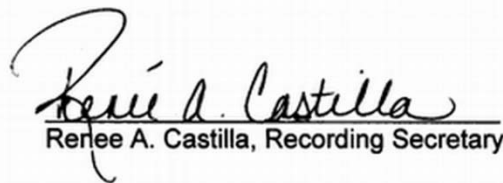
- **Concurrence:**
 - Concurrence from taxing jurisdictions that would otherwise collect 75% of the property taxes which flow to urban renewal areas is required for specific actions. Concurrence would come in the form of a resolution supporting the action. Concurrence is required for:
 - Setting initial Max Ind. at a level above the prescribed formula
 - Increasing maximum indebtedness above 20% of original amount
- Large metropolitan plan model - Grandfather Provisions for River District Urban Renewal Area
 - **URA Assumptions**
 - Maximum indebtedness is increased from \$224M to \$568M.
 - Sharing is triggered based on \$568M indebtedness.
 - **Applicable Legislative Mechanisms**
 - Sharing occurs at 3% (25% to overlapping jurisdictions; 75% to URA).
 - Sharing threshold will not be triggered until LUBA appeal is resolved. The amount at the trigger point will actually be greater than 3% given current tax increment generation.
 - Limit on increasing original indebtedness does not apply.
 - PDC invests up to \$35M in eligible County priorities which address blight and serve the district.

IX. ADJOURN

There being no further business, Chair Wilhoite adjourned the meeting at 6:06 p.m.

Respectfully submitted,

Approved by the Portland Development Commission on May 27, 2009.



Renee A. Castilla, Recording Secretary