

*Investing in
Portland's Future*



This document constitutes the official meeting record of the February 24, 2010, Portland Development Commission Board of Commissioner's meeting held at 222 NW Fifth Ave., Portland, OR 97209.

I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 8:04 a.m.

J. Scott Andrews
Commission Chair

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

Bertha Ferrán
Commissioner

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

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Chair Andrews stated the board would be deferring action on Resolution No. 6775 in order to have additional discussion on the language included for change. He further stated they would have a walk-on agenda item relating to Oregon Angel Fund. Chair Andrews said he and Executive Director Warner flew to Washington D.C. to meeting with delegate members. He said the meetings went well and he was encouraged PDC is doing so well with regards to the rest of the nation. He further stated PDC received a letter from Mr. Weston referring to lease PDC has at 222 NW Fifth Ave. Chair Andrews explained the lease on the building expires August 2011 and so far PDC has received three unsolicited proposals to move its staff to another building. In his letter to PDC, Mr. Weston referred to PDC has being a "catalyst for development". Chair Andrews said the Board welcomes any proposals for leases and directed PDC staff to review those proposals and come back to the Board by end of April 2010.

Charles A. Wilhoite
Commissioner

Sam Adams
Mayor

Bruce A. Warner
Executive Director

II. EXECUTIVE DIRECTOR REPORT

Executive Director Bruce Warner presented the Executive Director's Report. He highlighted the following:

- Pleased to announce PDC has been awarded a grant of \$23.2 million through the Transportation Investment Generating Economic Recovery (TIGER) grant. This is a grant from the federal government made available for investments in transportation facilities. The grant will be used for the South Waterfront streetcar, street improvements along SW moody and monitored jointed by PDC and the Portland Bureau of Transportation. PDC and PBOT asked for the twice the amount received; however were very pleased with the outcome. The Oregon delegation's efforts were acknowledged for their work in Portland being successful given over 14,000 applications submitted for these monies.
- As Chair Andrews mentioned, he and Mr. Warner traveled to Washington DC to let the Oregon congressional and staff know what Portland, in particular, PDC has been doing. There was a lot of discussion around clusters. Mr. Warner was pleased to note PDC is leading the nation in its Economic Development Strategy and the work with clusters. There were also conversations regarding a regional innovation center and



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federal dollars for funding. He said the program and federal dollars attached would be a perfect fit for the Oregon Sustainability Center. He has directed PDC staff to create a proposal to be ready to submit once the federal program is finalized. Mr. Warner also noted he has directed PDC staff to apply for funding through the Entrepreneurial Development Fund for dollars for a materials library in Portland to assist smaller active wear and design wear cluster businesses.

III. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

As there were no public comments for items not on the agenda, Chair Andrews moved to the consent agenda.

IV. CONSENT AGENDA

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

Resolution No. 6773, titled, "Authorizing the First Amendment to the Intergovernmental Agreement with the Bureau of Planning and Sustainability for the Portland Plan/Central Portland Plan Project; Increase Funding by \$180,000."

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to approve the consent agenda and adopt Resolution No. 6773.

AYES: Andrews, Ferran, Mohlis, Straus

NAYS: None

V. PDC INVESTMENT IN EMERGING BUSINESSES SELECTED BY ANGEL OREGON 2010, LLC

Ms. Julie Cody and Mr. David Elott presented Report No. 10-25, titled, "PDC Investment in Emerging Businesses selected by Angel Oregon 2010, LLC."

Mr. Cody stated the action would authorize providing financial assistance of up to \$21,000 through a convertible loan in no more than two start-up companies selected by Angel Oregon 2010, LLC (Fund) as part of the annual Angel Oregon event (Angel Oregon) scheduled for March 5, 2010. Angel Oregon is an annual investment competition and conference that invests in one "launch-stage" company and one "seed stage" company. Individual investors ("angels") fund the investment pool and vote on the winning companies. The Portland Development Commission (PDC) is prevented from investing in the Fund due to restrictions on ownership of stock, and would invest \$21,000 combined in the winning companies as a parallel investor using a debt instrument similar to that used by the Fund. She said PDC's investment is part of an emerging entrepreneurial strategy that includes support for a proposed start-up seed fund, financial assistance for entrepreneurial mentoring programs, and collaboration with shared space providers targeting early stage companies. PDC does not currently have a financial assistance program for this type of investment; therefore, PDC Board of Commissioners (Board) approval of this action is necessary.

Mr. Elott explained as with all venture investments, PDC's investment in a launch stage and/or seed stage company includes a high degree of risk. Because the prospects of repayment are significantly lower than with a conventional commercial loan, PDC should be prepared for the

possibility that its investment will not meet the stated return objectives or even return the entire principal. The risks associated with this investment will be mitigated by the due diligence process undertaken by the Fund, which involves an eight-week investment process that carefully screens companies prior to making an investment decision. PDC will be involved in this decision-making process.

Chair Andrews called for motion to adopt Resolution No. 6778, titled, "Providing up to \$21,000 in Financial Assistance to Emerging Businesses Selected by Angel Oregon 2010, LLC."

Commissioner Straus moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6778.

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

VI. FISCAL YEAR 2009-10 BUDGET AMENDMENT #2

Ms. Julie Cody and Mr. Tony Barnes presented Report No.10-22, titled, "Fiscal Year 2009-10 Budget Amendment #2."

Mr. Tony Barnes stated the action would formally amend the current fiscal year (FY) 2009-10 Adopted Budget for the second time this year, in the following ways:

- (1) Amends the HCD and HOME contract funds to recognize additional funding associated with amendments to the PHB-PDC Sub recipient Contract for implementation of Neighborhood Stabilization Funds and CDBG ARRA funding;
- (2) Specific adjustments to URA projects and programs based on project timing to recognize updated project and program timing and cost based on the FY 2010-11 draft budget and forecast; and
- (3) Final debt appropriation required to pay-off all remaining Private Lender Participation Agreement debt obligations.

Mr. Barnes said in sum, FY 2009-10 Budget Amendment No. 2 decreases the total PDC budget from \$323,333,914 in the FY 2009-10 Revised 1 Budget to \$310,890,156 including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures are decreased from \$256,068,387 to \$226,429,441.

Chair Andrews called for motion to adopt amended Resolution No. 6774, titled, "Adopting Budget Amendment No. 2 for the Fiscal Year Beginning July 1, 2009 and Ending June 30, 2010; and Making Appropriations."

Commissioner Straus moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6774.

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

VII. AGREEMENT OF ASSIGNMENT AND ASSUMPTION OF PDCS RIGHTS IN BLOCK 33 OF THE SOUTH WATERFRONT PROJECT OF THE NORTH MACADAM URBAN RENEWAL AREA TO THE OREGON HEALTH SCIENCES UNIVERSITY AND THE NINTH AMENDMENT TO THE CENTRAL DISTRICT DEVELOPMENT AGREEMENT

Ms. Lisa Abuaf presented Report No. 10-24, titled, "Agreement of Assignment and Assumption of PDCs Rights in Block 33 of the South Waterfront Project of the North Macadam Urban Renewal Area to the Oregon Health Sciences University and the Ninth Amendment to the Central District Development Agreement."

Ms. Abuaf stated the action would authorize an Agreement of Assignment and Assumption (the Agreement) with Oregon Health and Science University (OHSU) for the disposition of certain Portland Development Commission (PDC) owned rights (Rights) for Block 33 in the South Waterfront Central District of the North Macadam Urban Renewal Area (URA). The Agreement will facilitate the sale of PDC's Rights to the property to OHSU in exchange for:

- \$1,000,000 in Transportation System Development Charge Credits (SDC credits); and
- Twenty-five percent (25%) of the net proceeds from the future sale of the property to a third party within the next seven (7) years up to a maximum of \$2,000,000.

In addition, Ms. Abuaf said PDC would be refunded its past payment to OHSU for a Parking Agreement in the amount of \$3,000,000 payable in two installments, the first at closing, the second within one year of closing. Most importantly, this agreement will remove the future obligation by PDC to contribute an estimated \$4,000,000 to fund structural enhancements to the parking garage and will eliminate PDC's obligation to build affordable housing on the air rights above the garage. PDC will now be able to utilize the funds for the development of affordable and workforce housing elsewhere in the North Macadam URA.

Ms. Abuaf further stated the action would also authorize the Ninth Amendment to the South Waterfront Project Central District Development Agreement. This amendment is needed to facilitate this transaction; it primarily revises language with relation to the Phase I Parking Garage and deals with the language related to OHSU projects.

Ms. Margaret Van Vliet representing the Portland Housing Bureau reiterated the Bureau's support for affordable housing. She also stated she is currently planning for Block 49 and would have an update for the board within the next thirty days.

Mr. Mark Williams representing OHSU expressed his support of both resolutions. He further complimented PDC staff and said the PDC Board is well represented by them. Mr. Williams stated the negotiated deal would allow PDC to eliminate an expensive option of building atop a standing building and put those resources to a better location for affordable housing.

Chair Andrews call for a motion to adopt Resolution No. 6776, titled, "Authorizing the Executive Director to Execute an Agreement of Assignment and Assumption with Oregon Health and Science University for the Disposition of Certain PDC-Owned Air Rights Above Block 33 Located on SW Macadam Avenue Between SW Curry Street and SW Gaines Street in the South Waterfront Central District of the North Macadam Urban Renewal Area" and Resolution No. 6777, titled, "Authorizing the Executive Director to Execute the Ninth Amendment to the South Waterfront Central District Project Development Agreement in the North Macadam Urban Renewal Area."

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt Resolution Nos. 6776 and 6777.

AYES: Andrews, Ferran, Mohlis, Straus

NAYS: None

VIII. ADJOURN

There being no further business, Chair Andrews adjourned the meeting at 8:56 a.m.