

This document constitutes the official meeting record of the March 10, 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 3:06 p.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 (Arrived at 3:19 p.m.)
Commissioner John Mohlis	PRESENT
Commissioner Steven Straus	PRESENT
Commissioner Charles Wilhoite	PRESENT

John C. Mohlis  
*Commissioner*

Steven Straus  
*Commissioner*

Chair Andrews stated PDC has initiated a Request for Interest on a possible location site for PDC headquarters. He said he wanted to make sure all property owners had a fair process in any move negotiation given the number of unsolicited proposals PDC has seen.

Charles A. Wilhoite  
*Commissioner*

## II. MEETING MINUTES

Chair Andrews called for a motion to adopt the meeting minutes.

Sam Adams  
*Mayor*

Commissioner Mohlis moved and Commissioner Straus seconded the motion to adopt the meeting minutes of January 27, 2010, February 10, 2010 and February 23, 2010.

Bruce A. Warner  
*Executive Director*

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

## III. EXECUTIVE DIRECTORS REPORT

Mr. Bruce Warner presented Report No. 10-26, titled, "Executive Director Report". He highlighted the following:

- Mr. Warner along with approximately 200 people attended the grand opening of the Madrona Studio housing project on Wednesday. The housing adjacent to the Rose Quarter offers 176 studio units and eight support services offices. It is also the location of the Hooper Detoxification and Stabilization Center and offers a new larger home for the commercial catering kitchen operated by Volunteers of America;
- City Council had their first hearing on the ordinance which deals with Amendment #10 for the Airport Way Urban Renewal Area and the reduction of acres. He noted Marie Daniels, representing East Portland Action Plan, who previously testified in front the PDC Board, providing comments to City Council regarding the creation of an urban renewal area in East Portland. He further stated a second reading on the ordinance would occur in approximately one week;

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- PDC has issued a formal Request for Information (RFI) for professional office space. The RFI sets forth the lease terms, square footage, offices and conference rooms, reception area, copy and mail rooms, security, bicycle storage, etc. It further stipulates that the RFI in no manner obligates PDC to pursue a contractual relationship with any entity responding to the RFI. Respondents are also notified that their responses will be subject to inspection under Oregon public records laws. Proposals are due back to PDC by Monday, March 22;
- Was pleased to again be asked to speak to the 2009-10 Hispanic Leadership class which met at PDC for a full day in February. The program, run by the Hispanic Chamber of Commerce, invites Latinos in the public and private sectors who want to increase their leadership and management skills. The year-long program encourages interaction with experienced community leaders and allows the students to increase their network of contacts. This year's class featured 22 students from a variety of Latin American cultures. He gave the class a presentation on PDC, shared my tips with them on how to have a successful career, and urged them to get involved with the city and their communities;
- Congratulated Chairman Scott Andrews on being named a 2010 Newsmaker by the Daily Journal of Commerce. In its second year, the DJC's Newsmakers event identifies the most interesting people who are influencing and impacting the local built environment. Chair Andrews was honored along with 17 other individuals including David Bragdon, Randy Leonard, Ethan Seltzer (PSU), Neal Keny-Guyer of Mercy Corps, Roy Jay (African American Chamber) and many others very deserving of the recognition;
- PDC's emerging entrepreneurial development strategy, called out in the city's five-year plan for economic development, has taken several steps forward. Led by PDC's Business and Industry team, a series of initiatives has been launched designed to address job and revenue growth by emphasizing the retention and expansion of promising firms and improving the environment for business start-ups. The work includes:
  - Sponsorship of Portland 10, a 12-week bootcamp for tech founders intended to help ten Portland start-up companies reach \$1 million in revenue by October 2010;
  - Sponsorship of Pivotal Leaders, a community-nominated and peer-selected network of top prospective clean technology business leaders in the Northwest, which Portland venture capital firm Pivotal Investments launched on February 23;
  - And PDC participation in Angel Oregon as a parallel investor, investing money in the same companies on the same terms as the angel fund but as debt rather than as a purchase of stock in the company. PDC Business and Industry staff members are also working with local shared-space groups and incubators to serve as anchors to proposed entrepreneurial districts and help fill the continuum of space needs for startups and emerging firms.
- Seventy people interested in revitalizing their neighborhood business districts attended the first Main Street application workshops, held February 2-3. Several neighborhoods had three or more people attending. Ten neighborhood districts, representing areas throughout the city, have taken the next step forward in the application process, submitting a Letter of Intent by the February 19 deadline. Based on the experiences of other urban Main Street programs, we expect that some of those districts will drop out during the three-month application process, and not all of the ten districts will end up

submitting an application on May 7. Others who attended the workshops but did not apply indicated a desire to get more organized first so they will be ready to apply next year;

- Workforce diversity among apprentice workers continues to lead diversity efforts. The total female apprentice hours represent 18.46% of the total apprentice hours, or over 6.46 percentage points ahead of the combined journey/apprentice goal of 12%, for the fiscal year. Of the apprentice hours that have been worked in this month, 34.05% have been worked by people of color. These numbers have remained fairly consistent over the last couple of months which is encouraging, given the slowdown in work being performed at South Waterfront. Continuing efforts are being made to link contractors with Community Based Organizations to improve these numbers. The summary table below represents the total workforce diversity (apprentice and journey level workers) for the three projects referenced above:

<b>Goal</b>	<b>Women</b>	<b>People of Color</b>	<b>Apprentice</b>	<b>Difference</b>
12%	7.15%			[4.85%]
18%		27.02%		+9.02%
20%			23.50%	+3.50%

Commissioner Straus stated he and Commissioner Mohlis toured the Mirabella Project. He said while he is proud of the progress made so far, work still needs to be done. He noted as they toured the project from the top floor down, there were fewer women and minorities in the higher paying positions (steelworkers). He stated as they moved down floor to floor, the number of women and minorities increased. Therefore, it is important to encourage employment of women and minorities in those higher paying positions.

Commissioner Mohlis replied positive change comes through apprenticeship programs.

Commissioner Straus expressed his thanks to PDC staff for the tree-planting program.

Executive Director Bruce Warner referred to the Youth Corp Tree Planting project that has begun. He said last year, Commissioner Straus suggested PDC look at trying to pair some TIF-eligible sustainability projects with high risk youth interested in green jobs. He said this gave rise to the Green Youth Leadership Corps a tree planting work experience project for 16 youth at is part of a Natural Resources Center Pathway developed by Portland OIC. He also said Commissioner Straus had suggested that people may want to purchase trees to name and those funds would in turn purchase additional trees. Mr. Warner commented approximately 1000 trees would be planted with this program.

#### IV. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Mr. Mark White representing Powell Hurst Neighborhood Association stated they are part of Lents Town Center Urban Renewal Area. He said he lives in the most impoverished neighborhood in the city area. He wanted to know the process of extricating themselves from the urban renewal area as it has not benefited their neighborhood.

Mr. Warner asked PDC staff member Keith Witcosky to meet with Mr. White to better understand his concerns.

#### V. CONSENT AGENDA

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

Resolution No. 6779, titled, "Appoint Bren Reis to the Interstate Corridor Urban Renewal Advisory Committee Representing the Piedmont Neighborhood Association."

Commissioner Mohlis moved and Commissioner Wilhoite seconded the motion to adopt Resolution No. 6779.

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

VI. RECOMMEND TO CITY COUNCIL AMENDMENTS TO THE NORTH/NORTHEAST ENTERPRISE ZONE STRATEGY AND THE PORTLAND ENTERPRISE ZONE POLICY

Mr. Bruce Allen and Ms. Sierra Gardner presented Report No. 10-28, titled, "Recommend to City Council Amendments to the North/Northeast Enterprise Zone Strategy and the Portland Enterprise Zone Policy."

Mr. Allen stated the action would forward a recommendation to the Portland City Council to adopt amendments to the North/Northeast Enterprise Zone Strategy and the Portland Enterprise Zone Policy. Since 1986, the City of Portland (the "City") has sponsored a local Enterprise Zone ("E-Zone") program in order to spur capital investment in industrial-oriented companies while leveraging opportunities for employment and skills training for nearby resident and associated communities. At this time, there are two separate E-Zone programs active in the city of Portland: the N/NE E-Zone and the Portland E-Zone. The N/NE program is phasing out and the Portland program is the only one accepting new applications for business expansion.

Ms. Gardner said ongoing management of two different E-Zone programs has become inefficient and overly complex. Therefore, Portland Development Commission ("PDC") staff, the community, business stakeholders, and public partners have agreed upon an improved alignment to operate and incorporate citizen advice into the programs. Specific recommendations to City Council, include, among other things, the following:

1. COMMITTEE MAKE-UP. The newly-formed Advisory Committee will consist of 11 members (revised from 7) appointed by PDC and will be made up as follows:
  - 3 representatives from current E-Zone participating companies
  - 2 small businesses that are not E-Zone participating companies
  - 4 representatives from community-based workforce training providers that work with a population earning at or below 80% MFI
  - 2 representatives from community-based organizations that advocate for businesses that the Business Development Fund is attempting to assist in the E-Zone
2. MEETINGS/VOTING. The E-Zone Advisory Committee will meet quarterly, or more often as needed. Voting may be by e-mail for convenience. Full quorum voting can be fulfilled via email; however no member shall miss more than two meetings/votes during their 3 year term.

3. CONFLICTS. Consistent with PDC's current policy, Committee members may not vote on items for which they have a monetary interest of where they are on the governing board of an entity being considered for financial assistance.
4. RESPONSIBILITIES. The E-Zone Advisory Committee will make recommendations to PDC regarding criteria and distribution of the Business Development Fund, as well as review WTBD Fund recipients on a quarterly basis.
5. IMPLEMENTATION. The PDC Board will adopt a Resolution recommending these changes to E-Zone policies to City Council. The Resolution will:
  - Recommend merging the N/NE E-Zone Investment Strategy and Portland E-Zone Policy to consolidate the Community Contributions and the Workforce Training and Business Development provisions to simplify administration of the E-Zone Program.
  - Delegate authority to the PDC Executive Director to determine how E-Zone Business Development Funds are distributed with the expectation that, in making those decisions, he shall rely strongly on the recommendations of the E-Zone Advisory Committee.

Ms. Sheila Holden expressed her support of the Ad-Hoc Committee and the changes recommended to city council.

Chair Andrews called for a motion to adopt Resolution No. 6741, titled, "Recommending to Portland City Council that it Adopt Amendments to the City of Portland's Enterprise Zone Program."

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6741.

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

Mr. Carl Roberts, resident of Old Town China Town addressed the Board and urged PDC to sign a lease for its current location. He said PDC is the nexus of old town and needs to remain in order to contribute to old town's prosperity and growth. He said if PDC leaves the area, fear for public safety increases as well as the economic impact on local small businesses.

Commissioner Wilhoite thanked Keith Witcosky for his assistance with the Ad-Hoc Committee.

## VII. EXECUTIVE SESSION

Chair Andrews stated the PDC would meet in executive session for the purpose of deliberating with persons designated by the Commission to negotiate real property transactions regarding the United States Post Office site. The executive session is held pursuant to ORS 192.660(2)(e), which allows the Commission to meet in executive session to deliberate with persons designated by the Commission to negotiate real property transactions.

Chair Andrews said representatives of the news media and designated staff would be allowed to attend the executive session. All other members of the audience were asked to leave the room. Representatives of the news media were 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 was made in executive session. At the end of the executive session, Chair Andrews returned to open session and welcomed the audience back into the room.

#### VIII. UNITED STATES POSTAL SERVICE – EXTEND LETTER OF INTENT

Mr. Steven Shain and Ms. Sarah Harpole presented Report No. 10-29, titled, “United States Postal Service – Extend Letter of Intent.”

Mr. Shain stated relocation and acquisition of the USPS P&DC at 715 NW Hoyt Street has long been envisioned by the general public, elected officials, and adopted land use and development plans. In May 1995, former Mayor Vera Katz wrote a letter to the USPS requesting that it engage in negotiations to relocate the P&DC to another location freeing the site for redevelopment, and work cooperatively with the City to realize the vision of the River District. There have been various other efforts to encourage the USPS to move forward on relocation – from the efforts of supporters of Major League Baseball to site a baseball stadium at the USPS P&DC site, to coordinated efforts of PDC and the Port of Portland (Port) to relocate the USPS P&DC to their Portland International Center (PIC) at the Portland airport – but the USPS was not interested in negotiations and relocation of the P&DC facility.

Mr. Shain said the most current effort to engage USPS in considering moving forward in incremental steps was initiated by PDC in concert with the Port. The Port worked with their government relations officers and the offices of Congressman Blumenauer to send a letter signed by members of the Oregon congressional delegation early in 2006 to Postmaster General Potter. After this letter was dismissed by USPS, PDC and the Port, working through the offices of Congressman Blumenauer and Senator Smith, were able to schedule a meeting in December 2006 in Washington DC with Tom Samra, Vice President, Facilities, and Stephen Roth, Manager, Realty Asset Management, of the USPS. This meeting resulted in an agreement on specific activities that PDC and the Port would complete in furtherance of the USPS’s interest in the site. PDC commissioned an appraisal of the site. It was conducted by Integra Realty Resources in February 2007 and identified a value of \$45,500,000, assuming a clean site. The Port forwarded a new term sheet to the USPS for a potential P&DC relocation to the PIC site. In July 2007, after the completion of these activities, PDC Executive Director Warner accompanied by PDC staff met with USPS Postmaster General Potter while he was in town speaking at a conference, expressing the city’s keen interest in moving forward in acquiring the site.

Mr. Shain further explained in August 2007, Mr. Samra and Mr. Roth met and toured the City of Portland and the P&DC facility. PDC staff, Port Executive Directors and staff, and Congressman Blumenauer attended this meeting. After this meeting, PDC worked extensively to convince the USPS to agree to pursue an LOI with PDC. The purchase price is to be determined by two appraisals based on current zoning and existing conditions, one commissioned by USPS and one by PDC. Based on the results of those appraisals, the purchase price will be 150% of the current appraised value, with a to-be-determined reduction for environmental remediation. The premium above appraised value takes into consideration the long-term nature of the acquisition and the potentially increased value of the site, should zoning be updated to reflect a mixed-use, high-density designation consistent with that of the CBD and consistent with the site’s highest and best use. Although there is the potential

financial risk for the \$2 million in escrow, this is a significant, long-term development opportunity for the City, and may be the only opportunity to acquire this site for quite some time. As decades-long attempts to engage USPS in negotiations have been unsuccessful, this unique opportunity could redefine not only the CBD, but also the City of Portland.

Mr. Shain stated the action will authorize the Executive Director to execute the following agreements, thereby extending the Exclusive Negotiation Period for the Portland Development Commission's (PDC) acquisition of the 13.4 acre United States Postal Service Processing and Distribution Center (USPS P&DC) at 715 NW Hoyt Street, Portland, Oregon, by 365 days to March 31, 2011:

- Third Amendment to the Letter of Intent (LOI) between the USPS and PDC; and
- Third Amendment to the Escrow Agreement between the USPS, PDC, and Chicago Title Insurance Company.

The execution of the above agreements changes the date anticipated for execution of a Purchase and Sale Agreement (PSA) to March 31, 2011. The Project Summary and Site Map are attached (Attachment A).

Mr. Shain said PDC staff has been working diligently with USPS and their broker, Jones Lang LaSalle (JLL), since October 2007, including having negotiated an LOI that quantifies how the purchase price would be calculated and other terms and considerations that will be considered in a PSA. The PDC Board of Commissioners (Board) approved the LOI and Escrow Agreement (Resolution No. 6565) on March 28, 2008. Although Resolution No. 6565 also provided authority for the Executive Director to approve changes to the LOI and Escrow Agreement, the Board's concurrence is being sought for this action. Board approval will also be required before the execution of the PSA. Extending the timeline for the LOI and PSA to March 31, 2011, provides additional time to complete due diligence and negotiations, including: obtaining a No Further Action (NFA) determination from the Department of Environmental Quality (DEQ) by USPS; obtaining a Prospective Purchaser Agreement (PPA) from DEQ by PDC; negotiating an environmental remediation cost sharing agreement with Portland Terminal Railroad (PTRR) by PDC; and identifying and approving a relocation site by USPS.

Mr. John Charles representing Cascade Policy Institute read a letter into the record.

Commissioner Wilhoite asked staff for clarification on who we are holding discussions within the United States Post Office. He said he assumed whomever Mr. Charles was speaking with at the Post Office was not authorized to speak on behalf of the Postmaster General. He also stated it was important to continue negotiations in order to determine investment opportunities.

Mr. Shain stated they are holding conversations with the Vice President of Realty in Washington D.C. who is one of the primary decision makers.

Commissioner Straus reiterated the importance for negotiating a fair purchase price.

Chair Andrews called for a motion to adopt Resolution No. 10-29, titled, "Approving the Third Amendment to the Letter of Intent with the United States Postal Service and Third Amendment to the Escrow Agreement with the United States Postal Service and Chicago Title Insurance Company, Extending the Exclusive Negotiation Period By 365 Days to March 31, 2011, for the Property Located at 715 NW Hoyt Street, Portland, Oregon, in the River District Urban Renewal Area.

Commissioner Wilhoite moved and Commissioner Ferran seconded the motion to adopt Resolution No. 10-29.

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

#### IX. EXECUTIVE SESSION

Chair Andrews stated the PDC would meet in executive session to consult with the Commission's labor negotiators. The executive session is held pursuant to ORS 192.660(2)(d), which allows the Commission to meet in executive session to conduct deliberations with persons designated by the Commission to carry on labor negotiations.

Chair Andrews said representatives of the news media would not be allowed to attend the executive session. All members of the audience were asked to leave the room. No decision was made in executive session. At the end of the executive session, Chair Andrews returned to open session and welcomed the audience back into the room.

#### X. EXECUTIVE SESSION

Chair Andrews stated the PDC would meet in executive session for the purpose of deliberating with persons designated by the Commission to negotiate real property transactions regarding PDC's office space lease. The executive session is held pursuant to ORS 192.660(2)(e), which allows the Commission to meet in executive session to deliberate with persons designated by the Commission to negotiate real property transactions.

Chair Andrews said representatives of the news media and designated staff would be allowed to attend the executive session. All other members of the audience were asked to leave the room. Representatives of the news media were 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 was made in executive session. At the end of the executive session, Chair Andrews returned to open session and welcomed the audience back into the room.

#### XI. ADJOURN

There being no further business, Chair Andrews adjourned the meeting at 5:47 p.m.