

This document constitutes the official meeting record of the October 27, 2010, Portland Development Commission Board of Commissioner's Meeting held at 222 NW fifth Ave., Portland, OR 97209.

J. Scott Andrews  
*Commission Chair*

I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 8:05 a.m.

Aneshka Dickson  
*Commissioner*

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

John C. Mohlis  
*Commissioner*

Chair Scott Andrews	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Steven Straus	ABSENT
Commissioner Charles Wilhoite	ABSENT

Steven Straus  
*Commissioner*

III. EXECUTIVE DIRECTOR REPORT

Charles A. Wilhoite  
*Commissioner*

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

Sam Adams  
*Mayor*

- Expressed his thanks to staff for their hard work on Rail Volution 2010 which was held in Portland Oregon this year;
- On October 1 the Oregon State Building and Construction Trades Council announced the election of John Mohlis as the council's new executive secretary. John replaces Bob Shiprack who led the council for the past 25 years. The Oregon State Building and Construction Trades Council is an umbrella organization for approximately 30,000 union construction workers in Oregon. John says his life has been a whirlwind of activity since the announcement. I want to congratulate John on his new position. I know he is a superb choice to fill Bob Shiprack's shoes; and
- In October staff completed mandatory on-line "Preventing Harassment" training. We want PDC to be a work environment that is free of illegal bias, prejudice and harassment. Staff was also asked to familiarize themselves with PDC's Workplace Harassment and Discrimination Policy so that we have a common understanding and definition of harassment. Information was also provided on the steps for reporting harassment and discrimination included in the policy. We depend on all employees to be informed regarding PDC's Workplace Harassment and Discrimination Policy. My thanks to the Human Resources section for coordinating this important all-staff training.

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Chair Andrews congratulated Intel on their recent announcement to rehabilitate five plants in the United States. He said reports indicate \$6 to 8 billion investment with 800-1000 jobs in Hillsboro alone.

IV. PUBLIC COMMENT



Ms. Marianne Shaw expressed concern regarding the potential Central City Urban Renewal Area. She asked the board members to freeze the process, sharpen their pencils and readdress the issues before moving forward.

Chair Andrews stated if a new district was formed, it would not happen until Spring 2011.

#### V. CONSENT AGENDA

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

Resolution No. 6829, titled, "Appoint Thomas Shimota as a Regular member of the River District Urban Renewal Area Advisory Committee representing the Portland Business Alliance."

Resolution No. 6830, titled, "Request City Council to Issue Bonds for the City's Urban Renewal Area's (URA Lines of Credit)."

Resolution No. 6833, titled, "Disposition of an Aerial and Buried Communications System Easement to Integra Telecom across a Portion of the PDC Property located on Block 68 of the Burnside Bridgehead Property in the Central Eastside Urban Renewal Area."

Commissioner Mohlis moved and Commissioner Dickson seconded the motion to adopt Resolution Nos. 6829, 6830 and 6833.

AYES: Andrews, Dickson, Mohlis  
NAYS: None  
ABSENT: Straus, Wilhoite

Commissioner Wilhoite joined the meeting via teleconference at 8:25 a.m.

#### VI. APPROVE PDC LOAN FOR REHABILITATION OF MEIER & FRANK WAREHOUSE

Mr. Patrick Quinton presented Report No. 10-97, titled, "Approve PDC Loan for Rehabilitation of Meier and Frank Warehouse."

Mr. Quinton stated the redevelopment of this property for Vestas' North American headquarters provides a unique opportunity to achieve redevelopment goals of the River District URA and the City's Economic Development Strategy, in collaboration between the Central City and Business and Industry teams in the UDD. The property was built in 1927 to remove the shipping and receiving operations from the Meier & Frank storefront in downtown Portland, and was listed on the National Register of Historic Buildings in 2001 as the Meier & Frank Delivery Depot. It was designed by the Portland architecture firm Sutton & Whitney in the 'Half-Modern' style, characterized by classical forms and composition but lacking in ornamentation. A recent prior owner intended to convert the building into a telecommunications switching facility (a 'telecom hotel'), but the required improvements were never completed. It was sold to Gerding Edlen Development in 2007, which later transferred and assigned its interest to 14<sup>th</sup> & Everett Investors, LLC. 14<sup>th</sup> & Everett Investors, LLC was organized in October 2007 to acquire, redevelop, and operate the property. There are 16 investors in 14<sup>th</sup> & Everett Investors, LLC, and no ownership share will exceed 15.72% after projected capital has been added (this will occur prior to or at the closing of the loans for the project). Most of the investors are entities representing local Portland or northwest individuals. M&F Historic Partners, LLC (M&F) is the Manager and Development Manager of 14<sup>th</sup> & Everett Investors, LLC. M&F is also an investor, and

the managers of M&F are Mark Edlen and Kelly Saito, who are principals at Gerding Edlen Development.

Mr. Quinton further stated the project provides a unique opportunity to stimulate the redevelopment of the historic Meier & Frank Warehouse building into a refurbished five-story office building containing four floors of office space and one floor of parking using hydraulic parking stackers totaling 183 parking spaces. The design has received conditional approval from the National Parks Service for meeting the Standards for Rehabilitation as it relates to historic preservation. The retention and expansion of Vestas North American headquarters operations was identified as a PDC Urban Development Department (UDD) Tier 1 Project in 2009 as part of implementing the City of Portland Economic Development Strategy. Vestas is an international leader in the wind industry, one of three Clean Technology (CleanTech) clusters UDD has focused on developing in the region.

Mr. Quinton said Vestas will retain 396 jobs in Portland and plans to add a minimum of 100 jobs within five years. This will help solidify the long-term position of Vestas as a Portland-based company while further enhancing the city's reputation as a global Clean Tech leader. In addition, according to an economic input/output model, there will be 270 direct construction jobs and 162 indirect and induced jobs. The project will produce positive financial impacts, through increased business taxes and income taxes for the City, Multnomah County, and the State of Oregon.

Mr. Quinton explained the action before the board would authorize an \$8,105,000 Commercial Property Redevelopment Loan to 14<sup>th</sup> & Everett Investors, LLC, to assist with the cost of rehabilitation of 1417 NW Everett Street, the former Meier & Frank Warehouse, in the River District Urban Renewal Area (URA). The renovated property will accommodate the North American headquarters of Vestas-American Wind Technology, Inc. (Vestas). Some exceptions to Portland Development Commission (PDC) loan program guidelines will be required for this loan. The PDC loan will not be closed until the final construction drawings and final construction contracts have been reviewed and approved by PDC.

Mr. Jay Nusbaum, Vice President, Legal & General Counsel, Vestas American expressed his thanks to the PDC Board and Staff. He said his team is excited to be consolidating their six different locations into one North American Headquarters. He stated Vestas American would also be building a \$4-10 million diagnostic center within the building as well.

Mr. Mark Edlen expressed his thanks to PDC staff as well. He says he is excited for the project and said they are planning green and sustainable features to earn LEED Platinum certification, including a solar array on the roof, a 150,000-gallon water collection tank in the basement, operable windows, and mechanical systems that are expected to operate at least 50 percent more efficiently than required by current building code.

Chair Andrews expressed his thanks to everyone involved in the project including the Governor of Oregon and the City of Portland Mayor.

Commissioner Dickson stated she was excited for the number of the construction jobs the project would initiate. She also expressed her thanks to Vestas American for their ongoing skilled training at local schools. She asked Mr. Edlen if his company was confident they would be successful in meeting all of the goals associated with PDC's M/W/ESB policy.

Mr. Edlen replied that Gerding Edlen has a good track record for meeting those goals and stated that Skanska has agreed contractually to meet PDC's requirements.

Commissioner Mohlis expressed his thanks to the team involved.

Commissioner Wilhoite also expressed his thanks to everyone involved. He asked for clarification whether the lease for Vestas American was 15 years and whether the diagnostic center would require structural improvements to the building.

Mr. Edlen responded the lease on the building is for 15 years.

Mr. Nusbaum replied the diagnostic center does require specific construction requirements to meet legal requirements for a center. However, the majority of expense is related to equipment.

Ms. Jodi Guetzloe Parker representing the Laborers expressed her support of Resolution No. 6831.

Mr. Robert Camarillo representing the Iron Workers Training & Apprenticeship expressed his full support for PDC and this project. He said with the number of employees out of work, health insurance and facing foreclosure on their homes, this project is truly important for their employee's livelihoods.

Commissioner Wilhoite asked staff if the \$8 million loan would be at the sacrifice to other projects in the River District.

Mr. Quinton responded that no other project would be hurt by the expenditure.

Chair Andrews called for a motion to adopt Resolution No. 6831, titled, "Authorizing An \$8,105,000 Commercial Property Redevelopment Loan to 14<sup>th</sup> & Everett Investors, LLC for Rehabilitation of 1417 NW Everett Street in the River District Urban Renewal Area."

Commissioner Mohlis moved and Commissioner Dickson seconded the motion to adopt Resolution No. 6831.

AYES: Andrews, Dickson, Mohlis, Wilhoite  
NAYS: None  
ABSENT: Straus

#### VI. Establishing Financial Investment Policy and Process for Review and Approval of Financial Investments

Ms. Julie Cody presented Report No. 10-98, titled, "Establishing Financial Investment Policy and Process for Review and Approval of Financial Investments."

Ms. Cody explained an internal audit review of loan policies in 2004 revealed that:

- There was no clear policy from the Board regarding overall financial policies and delegations of responsibility and authority;

- PDC offered 37 different financial products presenting the organization with an extraordinary management and systems support challenge with regard to developing and cataloging different guidelines, and servicing loans;
- There was no coordinated or centralized oversight or management of the entire portfolio of financial assistance products to develop and enforce consistent procedures, integrated processes and best business practices; and
- There was a long and clear history of established guidelines and approval procedures for loans, there was no similar discipline, policy or procedures for grants or development financing.

In 2007, after staff inventory, review and reorganization of financial assistance products, the Board adopted new financial assistance program guidelines for Business Finance (Resolution No. 6444), Housing Development (Resolution No. 6443), and Development (Resolution No. 6442). This past year, in June of 2009, at the direction of the Board, staff initiated an intensive project – called Finance ReThink – with the charge to:

***Conduct and assessment of PDC’s Financial Assistance Products and identify gaps and proposed solutions, improvements for streamlining, and improvements for standardizing. Determine smartest method of combining Loan Committee and Investment Committee processes. Identify detailed work, policies, and database alterations resulting from these changes.***

Ms. Cody explained one of the first tasks of the group was to develop an overarching Financial Investment Policy to guide future PDD financial investments as well as the approach to all other elements of PDC’s business processes related to financial assistance and investments. This action also specifically addresses the recommended manner to combine the Loan Review Committee and Investment Committee into a new Financial Investment Committee, as well as associated delegations of authority and approval processes.

Ms. Cody stated the action will adopt the following Financial Investment Policy to guide future PDD financial investments:

***When investing public resources to achieve its strategic plan, PDC will apply sound financial guidelines, and accountable and transparent processes. PDC will measure its performance by jobs retained and created, community and stakeholder satisfaction, dollars leveraged, assessed value increases, and customer satisfaction.***

Ms. Cody further explained the action will also delegate authority to approve financial assistance in the form of loans or grants to the Executive Director and department directors, and replace the existing Loan Review Committee (LRC) with a new Financial Investment Committee that will assume responsibilities of the former LRC as well as provide additional oversight of real property transactions.

Chair Andrews called for a motion to adopt Resolution No. 6832, titled, “Adopting a Financial Investment Policy and Establishing Process for Internal Review and Approval of Financial Investments.”

Commissioner Dickson moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6832.

AYES: Andrews, Dickson, Mohlis  
NAYS: None  
ABSENT: Straus, Wilhoite

#### VII. CONVENE 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.

#### VIII. ADJOURN

There being no further business, Chair Andrews adjourned the meeting at 9:35 a.m.