

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 January 13, 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=YWgwK9aMG2Y>.

1. Call to Order and Roll Call

Chair Tom Kelly called the meeting to order at approximately 3:02 p.m. Ms. Gina Wiedrick, PDC Board recording secretary, called the PDC Board roll:

Chair Tom Kelly	PRESENT
Commissioner Gustavo Cruz	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner Mark Edlen	ABSENT [see note below]
Commissioner William Myers	PRESENT

Commissioner Edlen joined the meeting at approximately 3:07 p.m.

2. Commissioner Reports

Commissioner Myers

- On December 12, attended Presents for Partners event where various unions, businesses, and professionals had previously donated gifts so that families in need would have holiday gifts; at the event the children had a chance to choose the gifts they wanted.

Commissioner Dickson

- On December 16, along with Chair Kelly, attended a small private dinner with Ambassador Andrew Young, a great civil rights leader.

Commissioner Cruz

- On December 16, attended a farewell reception for Gale Castillo, the outgoing president of the Hispanic Metropolitan Chamber (HMCC).
- Announced that the new HMCC president is Oscar Arana.

Chair Kelly

- Attended various PDC check-ins with Mayor Charlie Hales and Portland City Council (City Council) commissioners.
- On December 16, attended a small private dinner with Ambassador Andrew Young.

3. Executive Director Report

- On December 19, Chair Kelly was one of the guest speakers at the June Key Delta Center event honoring the late Chris Poole Jones, including a sculpture unveiling. The sculpture is located on N. Albina Avenue and Ainsworth Street. For a video of the event go to https://www.youtube.com/watch?v=AXY_3ptTBlw.

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- On January 12, PDC announced the selection of the fund managers of the Inclusive Startup Fund: [Elevate Capital](#). Thank you to Multnomah County Commissioner Loretta Smith and Governor Kate Brown and the Business Oregon team for their support and financial contribution to this work.
- On January 19, will be attending the PDX Startup Challenge welcome event; last week the six companies moved into the Green Room here at PDC.
- On January 18, will be attending *The Skanner* Foundation's Martin Luther King, Jr. Breakfast; several of the Startup PDX Challenge businesses and Inclusive Startup Fund team will be sitting at the PDC table.
- On January 28, Jaguar Land Rover is hosting the Association of Latino Professionals for America event at their tech incubator space.
- On January 4, it was announced that Bill Lynch, former PDC Entrepreneur in Residence, has taken a job with Cloudability; PDC staff will be looking for a new entrepreneur to help PDC in its entrepreneurship efforts.
- On January 11, it was announced that PDC partner D'Wayne Edwards of [Pensole Academy](#) will be expanding partnerships with Foot Locker.
- On January 8, Nike and the City of Portland (City) announced a new partnership that will make Portland the largest smart bike-sharing program in North America; the program will be called Bike Town.
- On December 22, PDC announced the 2015-16 Community Livability Grant award winners; PDC will award more than \$1,200,000 in grant funds to projects in the Interstate Corridor, Gateway Regional Center, Lents Town Center, and Central Eastside urban renewal areas (URAs), and Old Town/Chinatown. For a full list of projects go to <http://www.pdc.us/for-residents/community-livability-grant.aspx>.
- Today the City is releasing a PDC-requested audit report on PDC's use of flexible service contracts; PDC staff will be following up on the findings and manage the program more effectively.
- In December 2015, PDC staff held its annual holiday donation drive and donated hundreds of dollars in clothing and items and approximately \$600 for food and much needed items to the [Human Solutions](#) Family Winter Shelter.
- Introduced one new employee:
 - Kim Moreland, Senior Project/Program Coordinator in the Neighborhood Team of the Urban Development Department.

4. Meeting Minutes

Chair Kelly called for a motion to approve the October 14, 2015, PDC Board meeting minutes. Commissioner Cruz moved and Commissioner Dickson seconded the motion.

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

5. Public Comment for Items Not on Agenda

No public testimony was presented.

At approximately 3:27 p.m. Chair Kelly adjourned the PDC Board meeting and convened the PDC Audit Committee.

6. Action Item: Resolution 7160 – Accepting and Approving the Comprehensive Annual Financial Report for Fiscal Year 2014-15 and Accepting the Communication with Those Charged With Governance

PDC staff and others presenting this item:

Faye Brown, Chief Financial Officer

Catherine Kaminski, Accounting Manager

Drummond Kahn, Director, City of Portland Audit Services

Fiona Earle, Principal Management Auditor, City of Portland Audit Services

James Lanzarotta, Partner, Moss Adams, LLP

With this action, the PDC Board, acting as the PDC Audit Committee, will accept and approve the completed Comprehensive Annual Financial Report (CAFR) for the Fiscal Year (FY) ended June 30, 2015, and accept the Communication with Those Charged with Governance Letter from accounting firm Moss Adams, LLP (Moss Adams).

Moss Adams gave an overview of the nature of services provided, audit opinions, and over expenditures noted; there were no audit adjustments and no errors under a certain threshold.

Chair Kelly asked of the many audits that Moss Adams performs how often there are no recommendations for change. Mr. Lanzarotta responded that it is unusual to have no changes or recommendations, and over expenditures against the budget is the most common type of finding under the State of Oregon legal compliance.

Chair Kelly called for a motion to approve Resolution 7160; Commissioner Cruz moved and Commissioner Dickson seconded the motion.

AYES: Cruz, Dickson, Edlen, Kelly, Myers

NAYS: None

At approximately 3:48 p.m. Chair Kelly adjourned the PDC Audit Committee and reconvened the PDC Board meeting.

REGULAR AGENDA

7. Action Item: Resolution 71617 – Authorizing an Option Agreement to Convey 2.01 Acres of Real Property in the North Macadam Urban Renewal Area to BRIDGE Northwest Development for \$11,000,000 and a Special Authority Grant to BRIDGE Northwest Development for \$8,960,000

PDC staff presenting this item:

Lisa Abuaf, Central City Manager

Eric Jacobson, Senior Project/Program Coordinator

With this action, the PDC Board will authorize the Executive Director to execute an Option Agreement for Purchase and Sale of Property (Option Agreement) between PDC and BRIDGE Northwest Development (BRIDGE) for the conveyance of RiverPlace Parcel 3 (Property), a 2.01-acre PDC-owned site in the North Macadam URA. In addition to authorizing the Option Agreement, which includes a sales

price of \$11,000,000 reflecting the Property's appraised fair market value, the PDC Board is being asked to approve a Special Authority Grant from PDC to BRIDGE for \$8,960,000 to compensate for BRIDGE's agreement to incorporate affordable housing into the project and to reimburse BRIDGE for incremental environmental costs. The Property is bounded by SW River Parkway, SW Moody Street, PacifiCorp's Lincoln Substation, and SW Harbor Drive in downtown Portland's RiverPlace neighborhood.

BRIDGE plans to construct a mixed-use development including approximately 365 residential units, ground floor retail, and 165 on-site parking stalls for the residential units and retail space. A total of 203 of the residential units will be affordable to households with 0 to 60 percent Median Family Income (MFI) and of those, 90 units will be affordable to households with 0 to 30 percent MFI – in alignment with City Council Resolution No. 37118 adopted April 1, 2015, as part of their approval of the North Macadam URA Plan amendment. The remaining 162 units will be market rate.

In addition to PDC's Special Authority Grant, the Portland Housing Bureau (PHB) will provide \$19,000,000 in North Macadam URA tax increment financing affordable housing set-aside funds as a cash-flow dependent loan to BRIDGE to support the provision of the affordable housing units, and PHB has received a tentative commitment from Home Forward for ten Veterans Affairs Supportive Housing Vouchers and up to 70 Section 8 Housing Choice Vouchers to be project-based to support the services and operations associated with affordable housing.

Chair Kelly called forward guests to testify.

Kim McKay, Executive Vice President of [BRIDGE Housing](#); Trevor Rowe, Vice President of [Williams & Dame](#); and Nicole Peterson, Pacific Northwest Director of BRIDGE Housing made themselves available to answer questions.

Commissioner Dickson asked about the selection process for contractors and design committee, especially interested in that some of the work is awarded to local businesses. Mr. Rowe responded that much of the selection was done prior to responding to the request for proposals (RFP), and BRIDGE Housing teamed with a local architect and local general contractor to respond to the RFP. Subsequent to that, with PDC's Equity Policy in mind, BRIDGE Housing is working with local consultants for structural, mechanical, electrical, and plumbing design. Ms. McKay added that BRIDGE Housing has a long-standing commitment to the same type of equity issues that PDC is trying to address with the Equity Policy.

Chair Kelly called for a motion to approve Resolution 7161; Commissioner Cruz moved and Commissioner Edlen seconded the motion.

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

8. Action Item: Resolution 7162 – Authorizing the Terms of a Purchase and Sale Agreement to Convey 0.23 Acres of Real Property in the Downtown Waterfront Urban Renewal Area to Toyoko Inn Economy Hotel Planning and Development Co. Ltd. for \$1,024,000

PDC staff presenting this item:
Will Thier, Senior Project/Program Coordinator

With this action, the PDC Board will approve the terms and conditions whereby the PDC Executive Director shall execute an Agreement for a Purchase and Sale (PSA) between PDC and Toyoko Inn Economy Hotel Planning and Development Co. Ltd. (Toyoko) for the conveyance of 209 SW Oak Street (Property), a 10,000 square foot PDC-owned parcel located in the Downtown Waterfront URA. The Purchase Price of \$1,024,000 represents the net of the Toyoko's market offer that assumed no encumbrances, less the estimated cost of complying with the Property's encumbrances (the most significant of which relates to a lease obligation for parking rights). Toyoko is purchasing the Property to construct an approximately 300- to 400-room hotel that will serve as its first West Coast location.

Chair Kelly called forward guests to testify.

Jeff Wolfstone, Shareholder with [Lane Powell Attorneys & Counselors](#). Mr. Wolfstone stated that a distinguishing feature of the project is the size of the accommodations, they are economy and rather tight by western standards; Toyoko anticipates that it will be a popular offering. There is a requirement of parking associated with this Property, which has made it unattractive for alternative uses, and it will require some careful effort to cross that hurdle.

Tamio Fukuyama, Associate Principal at [Mackenzie](#). Mr. Fukuyama stated that through Business Oregon, Mackenzie attended a seminar in Japan geared towards promoting Oregon wherein they met representatives from Toyoko who expressed interest in doing a project in downtown Portland. He gave an overview of the goals and ideas Toyoko has in creating pedestrian-oriented hotels, and is one of the leaders in sustainable and American with Disabilities Act-type design in hotels in Japan.

Chair Kelly called for a motion to approve Resolution 7162; Commissioner Edlen moved and Commissioner Cruz seconded the motion.

AYES: Cruz, Dickson, Edlen, Kelly, Myers

NAYS: None

CONVENE EXECUTIVE SESSION

9. The Executive Session is Held in Accordance with Oregon Revised Statutes 192.660(2)(e) to Conduct Deliberations Concerning the Negotiation of Real Property Transactions

At approximately 4:15 p.m. Chair Kelly adjourned the regular meeting and read the following statement: "The PDC will now meet in executive session for the purpose of deliberating with persons designated by PDC to negotiate a real property transaction. The executive session is held pursuant to ORS 192.660(2)(e). Only representatives of the news media and designated staff will be allowed to attend the executive session. All other members of the audience are asked to leave the room. Representatives of the news media are 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 may be made in the executive session."

ADJOURN EXECUTIVE SESSION

At approximately 5:23 p.m. Chair Kelly adjourned the Executive Session and reconvened the PDC Board meeting.

10. Action Item: Resolution 7163 – Authorizing a 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 and Authorizing an Interfund Loan Agreement

PDC staff presenting this item:

Jina Bjelland, Real Estate & Lending Director

Bruce Wood, Real Estate & Construction Manager

Eric Jacobson, Senior Project/Program Coordinator

With this action, the PDC Board will authorize the Executive Director to execute a PSA between PDC and the United States Postal Service (USPS) to acquire USPS's Processing and Distribution Center at 715 NW Hoyt Street (Downtown Property) for a purchase price of \$88,000,000. In addition, in order to fund the full acquisition of the Downtown Property, PDC staff is requesting the PDC Board authorize an interfund loan for an amount not to exceed \$75,000,000 from the River District URA Fund to the Business Management Fund for a term not to exceed 10 years at zero interest. The Business Management Fund will use the loan funds to purchase the Downtown Property and will repay the River District URA fund with land sale proceeds. PHB will contribute a minimum of \$13,000,000 to the purchase price. 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.

Chair Kelly called for a motion to approve Resolution 7163; Commissioner Cruz moved and Commissioner Edlen seconded the motion.

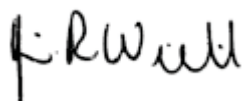
AYES: Cruz, Dickson, Edlen, Kelly, Myers

NAYS: None

11. Adjourn

There being no further business, Chair Kelly adjourned the PDC Board meeting at approximately 5:43 p.m.

Approved by the Portland Development Commission on April 20, 2016



Gina Wiedrick, Recording Secretary