I. CALL TO ORDER AND ROLL CALL

Chair Mark Rosenbaum called the meeting to order at approximately 8:08 a.m.

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

Chair Mark Rosenbaum PRESENT
Commissioner Bertha Ferran ABSENT (Arrived at 8:26 a.m.)
Commissioner Sal Kadri PRESENT (Left the meeting at 12:02 p.m.)
Commissioner John Mohlis PRESENT
Commissioner Charles Wilhoite PRESENT

II. MINUTES

Commissioner Mohlis moved and Commissioner Kadri seconded the motion to approve the meeting minutes of May 28, 2008 and June 11, 2008.

AYES: Rosenbaum, Kadri, Mohlis, Wilhoite

III. COMMISSIONER REPORTS

Commissioner Wilhoite stated he attended a well attended meeting at the Urban League where gentrification was on the agenda. He stated two students from PSU spoke about their Senior Papers they wrote on racial issues and discrimination, which won awards. The papers were based upon the Urban Leagues contribution to OSU regarding the history of African Americans in Oregon. He also stated he attended the Audit Subcommittee on June 30, 2008 with Drummond Kahn to talk about the planning for the upcoming audit.

Commissioner Kadri stated he toured Heritage Place on Martin Luther King, Jr. Blvd. He stated it is a fantastic building where there is still a lot of space available to lease and/or own.

Commissioner Mohlis stated he spoke briefly at the Patton Park dedication on June 14, 2008. He commended the number of PDC staff there and thanked them for their hard work. He stated on Monday the 16th of June, he met for the final monthly meeting with the Workforce Diversity Committee. He said they debated many portions of the agreements extensively before they came to agreement. He stated the agreement would eventually be brought to Bruce Warner and then to the Board for adoption. He said after adoption, the Workforce Diversity Committee would meet quarterly.

Commissioner Ferran stated she attended the Hispanic Chamber of Commerce Luncheon where Chair Rosenbaum spoke.

Chair Rosenbaum stated he and Executive Director Bruce Warner met with the Oregonian Editorial Board regarding the development opportunities ongoing. He also met with the Pearl
District Neighborhood Association and the Old Town China Town Neighborhood Association. Further, he spoke at the annual Hispanic Chamber of Commerce annual membership committee’s luncheon.

IV. EXECUTIVE DIRECTOR REPORT

Executive Director Bruce Warner stated he attended the Joint Land Marks Committee to speak on behalf of the Ankeny Burnside Framework Plan. He said their specific questions related to the five specific sites around the edges. There was also discussion regarding height limitations around Old Town China Town. He stated whereas the Portland Planning Commission is supportive of some height changes, the Joint Land Marks Committee is not. He also noted the Portland City Council would be taking action on the URA Plan amendments later today.

V. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

As there were no public comments for items not on the agenda, Chair Rosenbaum moved to the next agenda item.

VI. CONSENT AGENDA

Commissioner Wilhoite moved and commissioner Mohlis seconded the motion to adopt the Consent Agenda.

Resolution No. 6602, Approve Changes to Loan Terms to the Heritage Building, LLC to Facilitate a Refinance of the Senior Debt

Resolution No. 6603, 6604, 6605, 6606, Approval of Guidelines for Portland Enterprise Zone Program

Resolution No. 6607, Amendment to the Site Lease for PDC-owned Property at the Crescent Park Side at SE Market Street and Water Avenue in the Central Eastside Urban Renewal Area

Resolution No. 6608, Transfer of PDC Deferred Compensation to City of Portland’s Deferred Compensation Plan

Resolution No. 6609, Request the Portland City Council to Extend a Line of Credit for the Purpose of Financing an Upgrade to the Commission’s Information Technology Systems

Resolution No. 6610, Appoint New Members to the Oregon Convention Center Urban Renewal Area Advisory Committee

AYES: Rosenbaum, Ferran, Kadri, Mohlis, Wilhoite

VII. APPROVE COOPERATIVE AGREEMENT WITH PORTLAND PUBLIC SCHOOLS ON URBAN RENEWAL

Mr. Keith Witcosky presented Report No. 08-87, titled, “Approve Cooperative Agreement with Portland Public Schools on Urban Renewal.”

Mr. Witcosky stated the action will adopt an agreement with the Portland Public Schools (PPS) providing PPS with the following (see agreement for details):
1. Greater involvement in broad urban renewal area planning efforts;
2. Participation on urban renewal advisory committees (as plans are amended or created);
3. Additional consideration as to the impact to other taxing jurisdictions as one of the criterion used to decide whether or not an urban renewal area is created or amended;
4. Greater coordination between PDC and PPS on school facilities needs and capital investments; and
5. A head start in discussing school needs in relation to a new downtown urban renewal area.

Mr. Steve Smith, Portland Public Schools, stated Chair Rosenbaum’s presence at the PPS Board Meeting was much appreciated. He said the PPS Board is in support of the agreement and is energized about the opportunities to partner with the Portland Development Commission.

Ms. Alesia Reese representing Gateway Urban Renewal PAC read a letter into the record.

Ms. Theresa Davis representing Reynolds School District expressed her thanks to the Board for their willingness to bring Portland Public Schools to the table. However, she expressed her dismay that the other school districts that serve Portland students are not being treated the same. She requested the Board treat all school districts equally.

Mr. James Wood representing Parkrose School District reminded the Commission that the costs of the outlying school districts are rising faster than the costs associated with Portland Public Schools because the outlying schools are having to build new schools as PPS loses students.

Ms. Katie Larsell representing Parkrose School Board requested the Board to treat all school districts equally and give them each a seat at the table so they all have the same access to information and resources.

After discussion among Commission and PDC staff, Chair Rosenbaum asked for a motion to adopt Resolution 6611.

Commissioner Ferran and Commissioner Wilhoite seconded the motion to adopt Resolution 6611.

AYES: Rosenbaum, Ferran, Kadri, Mohlis, Wilhoite

VIII. FY 2007-08 BUDGET AMENDMENT

Ms. Julie Cody and Mr. Tony Barnes presented Report No. 08-88, titled, “FY 2007-08 Budget Amendment.”

Mr. Barnes stated the proposed action will formally amend the current fiscal year (FY) 2007-08 Adopted Budget, as amended by FY 2007-08 Budget Amendment No. 1 (FY 2007-08 Revised Budget). This proposed budget amendment recognizes a transfer of appropriation between projects and categories based on project spending by June 30, 2008. The most notable change is the transfer of appropriation from the Community Relations and Business Equity Department
Meeting Minutes of June 25, 2008

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to the Executive Department to match the organizational restructure. This will assist with budget comparisons of appropriation from year-to-year.

In sum, FY 2007-08 Budget Amendment No. 2 changes the total PDC budget from $320,778,947 as amended by the FY 2007-08 Revised Budget to $310,592,135, including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures decrease from $267,304,267 to $245,149,437.

After discussion with Commission and PDC staff, Chair Rosenbaum asked for a motion to adopt Resolution No. 6612.

Commissioner Wilhoite and Commissioner Ferran seconded the motion to adopt Resolution No. 6612.

AYES: Rosenbaum, Ferran, Kadri, Mohlis, Wilhoite

IX. INFORMATION DISCUSSION OF FY 2008-09 ANNUAL BUDGET

Mr. Tony Barnes and Ms. Julie Cody presented Report No. 08-91, titled, “FY 2008-09 Annual Budget.”

Mr. Barnes stated the purpose of the resolution is to formally adopt and appropriate resources set forth in PDC’s proposed FY 2008-09 Adopted Budget, effective July 1, 2008. Adoption by the PDC Board of PDC’s proposed FY 2008-09 Adopted Budget represents the final phase of the FY 2008-09 budget process, which began last December.

Recommended changes from the FY 2008-09 Approved Budget to the proposed FY 2008-09 Adopted Budget consist primarily of minor technical adjustments, and the final carry forward requests for on-going development projects and other commitments that were not originally anticipated in development of the PDC FY 2008-09 budget at the inception of the FY 2008-09 budget process. The proposed FY 2008-09 Adopted Budget also includes updated staffing and indirect allocation estimates based on updated salary and benefit costs and updated cost allocations to PDC’s funds.

With the recommended changes, the total PDC budget will increase from $308,652,901 in PDC’s FY 2008-09 Approved Budget to $314,635,119 in the proposed FY 2008-09 Adopted Budget, including Transfers and Contingency. Budgeted expenditures increase slightly from $269,407,679 to $269,863,204. Contingency and increase a net $4,809,693 based on projected unused cash resources that will carryover to FY 2009-10. Interfund Cash Transfers increase a net $717,000 to recognize interfund obligations including potential interfund cash to manage the Bureau of Housing and Community Development contract.

He said exhibit A to the accompanying Resolution includes the recommended changes to the proposed FY 2008-09 Adopted Budget. The accompanying Resolution authorizes adoption of the proposed FY 2008-09 Adopted Budget, and appropriates resources by Fund, Department, Transfers, and Contingency. He said Attachment A to this report shows the Urban Renewal Area’s line item Adopted Budget and Five-Year Forecast. Whereas Attachment B shows specific Urban Renewal Area project and program line item changes from the initial Proposed Budget to the proposed Adopted Budget for FY 2008-09.
X. TAX SUPERVISING AND CONSERVATION COMMISSION HEARING: FY 2008-09 APPROVED BUDGET

Please see Exhibit A.

XI. ACTION ITEM: ADOPT FY 2008-09 BUDGET

The Chair requested staff to come back and give an update on Block 247 in the River District and The Clifford Project in the Central Eastside URA.

Commissioner Kadri left the meeting at 12:02 p.m.

Discussion continued regarding the FY 2008-09 Budget.

Commissioner Wilhoite moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6613.

AYES: Rosenbaum, Kadri, Mohlis, Wilhoite

XII. SOUTH CORRIDOR PHASE II: PORTLAND TO MILWAUKIE LIGHT RAIL PROJECT

Mr. Patrick Quinton and Ms. Geraldene Moyle presented Report No. 08-89, titled, “South Corridor Phase II: Portland to Milwaukie Light Rail Project.”

Ms. Bridget Wieghart stated Metro would present the PDC Board of Commissioners (Board) with a project briefing on the Portland to Milwaukie Light Rail Project. The briefing will include information on the Project Benefits, Schedule and Timeline, and Capital Funding requirements, as well as information specific to the North Macadam and Central Eastside (CES) Urban Renewal Areas (URAs).

She explained Metro is in the environmental study phase of the formal planning of this alignment, known as South Corridor Phase II-Portland to Milwaukie Light Rail Corridor. This six and one-half mile alignment between Portland and Milwaukie would provide additional transportation capacity for fast-growing communities with high traffic congestion in Clackamas County and southeast Portland. The line would connect an estimated 24,000 – 25,000 daily riders to the existing MAX system, creating access to the Central Eastside, South Waterfront, downtown Portland, Hillsboro, Gresham, and the Portland airport. Nine to ten stations and a new bridge across the Willamette River connecting the North Macadam and Central Eastside URAs would be part of the line.

Metro’s recommended Portland-Milwaukie Light Rail Project Locally Preferred Alternative (LPA) is a light rail transit (LRT) with LRT terminus, alignments, stations, park and ride lots, bus and streetcar elements as follows:

- **Terminus**
  - Park Avenue terminus
  - Minimum Operating Segment (MOS) at Lake Road if project revenues and project estimates cannot be balanced.

- **Portland-Milwaukie Light Rail Alternative Alignments, including:**
- Connecting to the southern end of the new LRT mall alignment in downtown Portland with a SW Lincoln Street alignment
- Refined SW Porter Street to SE Sherman Street Willamette River Crossing
- Tillamook Branch Alignment south of Tacoma

- LRT Stations - Stations would include stops and shelters at: SW Lincoln Street, South Waterfront (SW Porter Street), SE Sherman Street/OMSI, SE Gideon Street, SE Lafayette/Rhine, SE Holgate Boulevard, SE Bybee Boulevard, SE Tacoma Street, Milwaukie downtown (at SE Washington Street) and SE Park Avenue. If the MOS at Lake is constructed first, downtown Milwaukie stations could be located at SE Monroe Street and at SE Lake Road.

- LRT Park and Ride Lots - Park and Ride lots with the noted number of parking spaces would be located at the following stations: Tacoma (1,000) and Park (1,000). If the MOS at Lake is constructed, it would include a 275 space park and ride at SE Lake Road at SE Washington Street, and an increase at Tacoma Park and Ride to 1,200 spaces.

- Bus Improvements - The Portland-Milwaukie LRT Project LPA includes: bus guideway over the Willamette River as well as bus on and off ramps for the South Waterfront and Central Eastside areas; new roads and traffic signal and intersection improvements for bus access to the new Willamette River Bridge.

- Ruby Junction Maintenance Facility - The Portland-Milwaukie LRT Project LPA includes an expansion of the existing Ruby Junction Operations and Maintenance Facility to accommodate additional light rail vehicles associated with the operations of the Portland-Milwaukie LRT Project.

- Future Streetcar Improvements - The Portland Streetcar, a distinct transit mode from LRT, could share some of the improvements made for LRT including the new Willamette River crossing, with LRT tracks also used by streetcars. On and off tracks for the streetcar to connect to the bridge would also be included in this project although additional track connections would need to be made by a separate streetcar project plan and funding effort.

- Next Steps - The LPA would include local approval to proceed with the following next steps:
  - Submit FTA New Starts and Preliminary Engineering applications.
  - Initiate a Final Environmental Impact Statement (FEIS).
  - Identify and reach agreement on project elements that can be reduced, deferred or eliminated to reduce project costs by the time the FEIS is published.
  - Undertake actions to finalize the capital and operating financial plan for the project by the time the FEIS is published.
  - Resolution of project issues identified during and after publication of the SDEIS.

Urban Renewal Advisory Committee Recommendations

At their June 9, 2008 meeting, the Central Eastside Urban Renewal Advisory Committee recommended that the PDC Board support the Porter-Sherman alignment as supported by the Willamette River Crossing Partnership. The CES Urban Renewal Advisory Committee will be submitting additional testimony at a subsequent Board meeting.
At their June 12, 2008 meeting, the North Macadam Urban Renewal Advisory Committee recommended the City of Portland Locally Preferred Alignment as discussed above, with the additional focus on cost as it relates to the bridge design and river crossing.

**Costs and Funding**

Metro’s current preliminary funding plan shows the project cost for the existing 2003 LPA at $1,285.7 M in year of expenditure dollars (2011-2015). The recommended alignment with a Porter-Sherman river crossing is projected to be higher than the LPA by $24,400,000 – $34,300,000. At the southern terminus, alternative alignments along the Tillamook branch and extensions from the 2003 LPA terminus (at Lake) to a terminus at Park add additional cost.

A funding plan will be developed by Metro in consultation with its partner agencies. At the completion of the Preliminary Engineering/Final Environmental Impact Statement in summer 2009, a final funding plan will be in completed.

The project costs, and anticipated funding sources, are summarized in the following chart. In this chart, the ‘low’ project cost estimate assumes the 2003 LPA river crossing and a concrete segmental bridge type; the ‘high’ project cost estimate assumes the Refined River Crossing Alignment at Porter-Sherman and a cable-stayed bridge.

<table>
<thead>
<tr>
<th></th>
<th>2003 LPA terminus at Lake</th>
<th>2003 LPA terminus extension to Park</th>
<th>2003 LPA terminus extension to Park with Tillamook branch alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>$1,177.1</td>
<td>$1,345.8</td>
<td>$1,311.1</td>
</tr>
<tr>
<td>Revenue Sources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section 5309 New Start Funds</td>
<td>$706.3</td>
<td>$750.0</td>
<td>$750.0</td>
</tr>
<tr>
<td>State Lottery Bond Proceeds</td>
<td>$250.0</td>
<td>$250.0</td>
<td>$250.0</td>
</tr>
<tr>
<td>Local Funds for Construction Period Finance Costs</td>
<td>$100.0</td>
<td>$100.0</td>
<td>$100.0</td>
</tr>
<tr>
<td>Other Local and Regional Funds</td>
<td>$120.8</td>
<td>$185.7</td>
<td>$211.1</td>
</tr>
</tbody>
</table>

- **Other Local and Regional Funds** - As indicated in the chart above, the local and regional funds required vary depending on the alignment. These funding sources include: Metro, TriMet, Clackamas County, City of Milwaukie, and the City of Portland. In addition, Metro and TriMet are proposing that property owners along the alignment, and OHSU, contribute money to the project as part of the local funding. The City of Portland contribution is expected to be in the $30 - $50M range, with no specific funding source identified. To date,
PDC has contributed $50,000 from the North Macadam URA to assist with SDEIS funding. No capital dollars are currently budgeted in North Macadam or Central Eastside URAs.

Schedule

Metro will complete the SDEIS analysis in the summer of 2008. Metro will be working with its regional partners, including the ODOT, TriMet, Clackamas and Multnomah counties, and the cities of Portland, Milwaukie and Oregon City. PDC is represented on several LRT committees including the TAC, PMG, and Willamette River Crossing Partnership. There have been numerous updates and opportunities for public participation and comment. A citizen advisory committee was also assembled to advise Metro throughout the analysis.

Key upcoming dates include:

- June 2008
  - PDC Board of Commissioners briefing regarding LPA
  - TPAC LPA recommendation
- July 2008: Recommendations
  - Clackamas County Board of Commissioners - July 17
  - City of Oregon City Commission - July 2
  - Multnomah County Board of Commissioners - July 10
  - TriMet Board of Directors - July 9
  - PDC Board of Commissioners - July 9
  - Milwaukie City Council - July 14 and 15
  - City of Portland Council - July 17
  - Joint Policy Advisory Committee on Transportation - July 10
  - Metro Council - July 24

Mr. Quinton stated key considerations are:

- Project Funding – $1.333 costs with potential local match need of $80 - 177 million
- Additional Financial Impact
  - South Waterfront Infrastructure Costs - Proposed increase in South Waterfront elevation by 14 feet; Estimated $45M cost to elevate light rail and rebuild Moody Ave and streetcar line; Additional costs to remainder of northern district and build out street plan;
  - Bridge Design - Budget assumes concrete segmental bridge; Estimated $23M premium for bridge that would appeal to both aesthetic and environmental concerns.
  - Interface with Harbor Naito / River Place area – Proposed consolidation of Harbor Station with Lincoln to reduce cost conflicts with PSU plans and lessens likelihood of integration with Harbor Naito development, Elevated structure slices through key downtown gateway and impacts multiple PDC development opportunities, Alternative alignment down Naito dismissed in 2007
  - Business Displacements - Potential South Park Blocks displacements: Candlelight Café & Bar Budget Rent-a-Car; Potential North Macadam displacements: American Radio Systems radio station (KUFO); Potential Central Eastside displacements: Keller Portland LLC, Balzer Pacific Equipment and Royal Foods Warehouse

XIII. ADJOURNMENT
There being no further business, Chair Rosenbaum adjourned the meeting at 12:16 p.m.

Respectfully submitted,

Approved by the Portland Development Commission on July 9, 2008.

[Signature]
Renee A. Castilla, Recording Secretary
Questions:

General Operations / Organization
1. Urban renewal and PDC are fifty years old this year. Would you care to offer an opinion as to what has been the most significant project funded by urban renewal dollars during that time?

Looking back over the period of 1958 – 2008, we have produced several keystone projects that have illustrated the evolving nature of urban renewal projects in the community.

The most significant projects downtown would be:

1) Pioneer Courthouse Square & Tom McCall Waterfront Park: the two most visible projects defining Portland as one of the most livable urban centers in the nation.

2) Pearl Court: the first affordable housing project built in the Pearl demonstrating our agency’s capacity to provide benefits to all Portland residents.

3) MercyCorps/Univ. of Oregon: two very recent projects leading to the renaissance of the Old Town/Chinatown neighborhood.

For the neighborhoods, we have several more recent example:

1) Vanport Square: a mix-used project in Northeast Portland with an emphasis on promoting community-based businesses.

2) Interstate Light Rail: our partnership with Tri-Met not only helped make the north light rail line possible, we were able to leverage a broad spectrum of community development activities.

3) Assurety Northwest (NW): a full-service insurance and financial service business located its offices in the Lents Urban Renewal Area with PDC’s help. This is largest single employer to locate in Lents in the past decade.

2. Would you foresee the City of Portland still relying on tax increment financing revenue fifty years from now?

I think urban renewal will still be a financial tool in fifty years, however, where, how, and what it is used for may be radically different than today. The composition of the Commission may also be different, as Portland and Multnomah County’s population grows so too might the size and composition of the Board.
3. Due to legislation passed last session the City Council served as PDC’s Budget Committee in approving the 2008-09 budget. How did that process work from your perspective?

**Affording City Council an opportunity to formulate the PDC Budget has worked exceptionally well. While this was the first year that the Council actually “Approved” the budget, it was the second year in row they had a collaborative role in developing PDC’s Requested Budget. This gave the Council a chance to immerse themselves in PDC’s operations, programs and project priorities. The true test will be to what extent they allow PDC to execute the adopted budgets without interfering in project-specific allocation decisions or sponsoring new project ideas over the course of the fiscal year.**

**In terms of process, we did learned for next year is to schedule the approval of PDC’s Budget on the same date as when the Council approves the Mayor’s Proposed Budget.**

4. Would the budget we are reviewing today look substantially different if PDC Commissioners had acted as the Budget Committee as in past years?

**No. The Joint PDC-City Council Budget Work Group worked collaboratively to identify issues and areas of potential disagreement. on the table early... As a result, the final budget largely reflects decisions made through collaborative process in December/January. The City Council made few, if any, unilateral changes to PDC’s final budget.**

5. It was recently reported that the Agency is reorganizing, collapsing the Departments of Development, Economic Development and Housing into one large department. At the same time, PDC’s role in providing low income housing is under review. What is the intent of these two major changes in the way PDC does business and are they related? (Link: [The Oregonian](http://www.oregonian.com), In major shift, PDC reorganizes, April 18, 2008 and [The Portland Development Commission will review its role as low-income housing provider](http://www.oregonian.com), April 24, 2008)

**The new organizational structure will allow PDC to operate more successfully both internally and externally. Internally, there will be a more balanced approach to projects, more opportunities for collaboration and will allow us to avoid competing for resources. Staff experts will be empowered to handle day-to-day operations. PDC will be able to move more decisions further down in the organization and allow new opportunities for our staff to collaborate, gain exposure to functions they wouldn’t normally interact with, grow professionally and advance their careers. Externally, PDC will be able to deliver more integrated products, improve efficiency and provide better customer services and stakeholder interaction.**

Contemporaneously, we are doing a self-basement of our strengths and weaknesses related to housing. It is tied to a on-going community study that is examining the role of BHCD, PDC, the County, HAP, Gresham and others on the social housing delivery system. The result of this “Clegg Study” may lead to greater efficiency among these entities. The Board requested that staff identify what lines of business PDC excels at related to social housing, and which aspects could be better aligned with another agency’s strengths.
We are coordinating these two organizational assessments to ensure that we are able to adapt our internal operations in a manner consistent with the “Clegg Study” recommendations.

Urban Renewal Plan Area Amendments

6. The City and PDC are currently going through a process of reviewing all of the City’s Urban Renewal Plan Areas as part of the Future of Urban Renewal study. Four of the plan areas are essentially complete (Downtown Waterfront, South Park Blocks, River District and Lents). How long will it take to review the remaining seven urban renewal areas?

Yes. We anticipate looking at all of our urban renewal areas as part of the Future of Urban Renewal Initiative. Some, such as the Airport Way URA, will need only minor considerations while other such as the Oregon Convention Center URA will require a more in-depth community-involvement effort. A definite schedule to complete all eleven URAs will follow the completion of the agency’s re-organization effort this summer.
7. The first four plan areas being amended are up for consideration by the Portland City Council this morning. All four amendments will increase the amount of tax increment financing needed and/or the number of years assessed values will be frozen. By the time all debt is paid off in Downtown Waterfront the plan will have been in existence for 50 years (1974 to 2024). How do you answer critics such as the League of Women Voters and even some former PDC officials that urban renewal plan areas never seem to go away, returning much needed assessed value back to taxing districts?

As far as URAs never ending, six urban renewal areas have “gone away”.

<table>
<thead>
<tr>
<th>Expired URAs</th>
<th>Start</th>
<th>End</th>
<th>Debt Retired</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Auditorium</td>
<td>1960</td>
<td>1974</td>
<td>Yes</td>
</tr>
<tr>
<td>Albina Urban Renewal Area</td>
<td>1964</td>
<td>1974</td>
<td>Yes</td>
</tr>
<tr>
<td>PSU Urban Renewal Area</td>
<td>1967</td>
<td>1997</td>
<td>Yes</td>
</tr>
<tr>
<td>Emanuel Urban Renewal Area</td>
<td>1970</td>
<td>1978</td>
<td>Yes</td>
</tr>
<tr>
<td>NW Front Avenue</td>
<td>1978</td>
<td>1992</td>
<td>Yes</td>
</tr>
<tr>
<td>St. John’s Area</td>
<td>1979</td>
<td>1981</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Airport Way is also in the process of paying off its debt and the Willamette Industrial URA has not incurred any significant debt to date and may suspended or terminated following the Portland Plan process.

The reason behind the duration of DTWF is two-fold: First of all, City Council’s past and present have found the needs of the downtown and the role of Portland in the region require a reliable resource such as tax increment financing to complete mass transit projects, parks projects, low-income housing projects, and economic development assistance. Secondly; the nature of how this district operates is such that each year the amount going to PDC remains fixed (about $7.7M), and all of the increases in assessed value get released to other jurisdictions ($9.2 M and growing).

Furthermore, some more ambitious urban renewal projects take time. For example, the Museum Place project in South Park Blocks took 10 years to put together from the genesis of the idea to grand opening. I think by many accounts, it was worth the wait as that single project: preserved our only central city grocery store south of Burnside, renovated two large affordable housing facility (St. Francis and YWCA) and produce two our largest housing projects in the West End—a home ownership project and a market-rate rental housing project. This was a truly catalytic project that reinforce our cultural district while promoting density along the streetcar line.
8. Included in the amendment for the River District URA is a boundary change to create an “island” or “satellite” district for the purpose of using tax increment financing revenue to help the David Douglas School District build a new school.

- Given the opposition this proposal has raised, is it still under consideration?

*From our understanding City Council remains committed to this investment. We’ll find out by the end of the morning.*

- There seems to be a question of whether satellite districts are even legal. Will you need to secure a change in the statutes at the next Legislative Session or are you confident that you could proceed under existing authority?

*The satellite district concept and the specific project for this satellite was initiated and driven by City Council. I defer any opinions on the legality and the legislative changes to them. My hunch is that the City will likely look to amend the statutes in next session.*

- If this moves forward, how will you respond in the future when Riverdale, Parkrose or Centennial school districts ask for help?

*City Council agreed to take ownership over of any future satellite requests. They will need to determine how they manage these kinds of inquiries.*

9. The Lents URA is not that old, having been established in 1998, and since then a total of $34,115,000 of debt has been issued to fund projects. Yet the proposed amendment would more than triple the amount of debt that can be issued from $75 million to $245 million. What has changed in the last ten years that requires such a huge jump in the debt limit?

*Lents was one of our first “neighborhood-based” urban renewal projects. It took 10 years for the district to take off. However since 2003, the annual tax increment collection has grown from $4.2M to $7.4M. Some of this is attributed PDC’s success in redeveloping under-utilized land for projects such as Assurety Northwest, assisting business with storefront improvements and expansions, and rebuilding streets which leverages private development. The increase in maximum indebtedness is necessary to capitalize on this momentum and the 2009 opening of the light rail’s new Green Line. We want to promote a mixed use development around the line’s four transit stops in Lents. We also wanted to promote commercial development along the newly added gateways to Lents along Foster Road and SE 122nd Avenue.*
10. There has been some criticism leveled at PDC for not moving fast enough to provide affordable housing in the South Waterfront neighborhood. In this budget there is $14 million for Block 49 affordable housing. Can you tell us more about this project, what income levels it targets and when might the first tenants be moving in?

Block 49 is a 208 unit affordable housing project with a focus on veterans. 21 units will be targeted to veterans at 0-30% MFI, another 21 units will be at 0-30% MFI with a preference for veterans, another 21 units will be targeted to 50% MFI, and the remaining 145 units will be targeted to 60% MFI. We expect to complete construction by summer 2010.

11. Money is also budgeted for the Greenway along the Willamette River ($3.5 million). Has a design been finalized and have you secured all of the necessary rights of way?

Design and construction drawings are complete and the land will be dedicated to the city by the current owners as part of the development agreement for the district.

12. A total of nearly $9.5 million is budgeted for improvements to Waterfront Park and Ankeny Plaza, including relocating Saturday Market. Can you provide us with some details as to just what that money is going for and how much specifically is for Saturday Market?

The money is going for two discreet projects - improvements to Waterfront Park that include a partially covered platform and appropriate underground infrastructure for market uses on the weekend and other uses at other times, a plaza with water feature and improvements to the sea wall and a cantilever over the river. The other project is improvement to the Tri-Met Burnside Station, including a conversion of storage space on the west platform into retail and improved lighting at the station and the area between the station and Naito Parkway. The amount attributable to Portland Saturday Market is $4.5 million in hard costs and $2 million in soft costs. The soft costs include City Bureau administration (Parks Bureau, Water Bureau, etc.). These numbers also reflect the increased quality of these amenities due to their premier location in Waterfront Park.
13. When will the new location for Saturday Market be ready and will it have to be relocated temporarily while the new site is under construction?

_The new location is expected to be ready for the 2009 season (March). Portland Saturday Market is currently operating in a temporary location which is a hybrid of their traditional location under the Burnside Bridge and Ankeny Plaza, plus partial closings of Naito Parkway to make up for the space next to the Skidmore fountain building._

**River District URA**

14. One of the largest capital expenditures anticipated in this budget is $8 million for One Waterfront Place, including a pedestrian bridge. Can you provide us with more details on this project and when is it expected to be completed?

_PDC entered into an amended agreement (DDA) for the One Waterfront Place project in January 2008. Pending market feasibility, the developer will build a 256,000 square foot office building, and a 182,000 parking garage, and bring new jobs to the River District URA. The developer purchased the office site from PDC in 2001, and will purchase the garage site prior to construction. The developer must determine whether the project is feasible or not by January 15, 2010. If feasible, construction would be completed by winter 2011._

_In the DDA, PDC committed $8.5M in funding to the project - $ 4.0M in construction gap financing, and $4.5M in contributions to specified public improvements, most of which will fund development of a pedestrian bridge crossing the railroad tracks. The pedestrian bridge will connect the project site inland to the Pearl District neighborhood, and combined with a pedestrian easement through the site, will connect the new office and Pearl District beyond to an existing path to the Willamette River Greenway. These enhanced bike and pedestrian connections between the river and neighborhood will immediately benefit the One Waterfront site and the Station Place garage and Ziba site now under construction on the opposite site of the railroad tracks, but will also connect development hoped for on the USPS site to the greenway in the longer term future._

_Of PDC’s total $8.5M commitment, $0.5M is in current budget, with remainder proposed in FY 08-09, which would provide spending authority for the full amount committed in the DDA. If the project is determined not feasible in 2010, PDC would have to determine whether or not to repurchase the office site for the price determined by a formula defined in the DDA._

_At present, the developer is proceeding with design and permitting of the office and garage buildings. PDC committed to complete construction of the pedestrian bridge by the time the_
office building is completed, and therefore must proceed with design and permitting for the bridge concurrent with the developer. Up to $1.0M in expenditures may be needed prior to closing of the land sale. $4.0M in construction gap financing is a condition of the land sale. The balance of the PDC funds committed would be spent during the following construction period Jan 2010-Dec 2011.

15. A developer has been selected for the Centennial Mills property between the Willamette River and Naito Parkway.

- When would you expect a final design to be approved?

LAB Holding was selected by the PDC Board to develop Centennial Mills. Currently, PDC and Lab are in negotiations of the Memorandum of Understanding. It is anticipated the final design to be approved in FY09/10

- Preliminary plans call for a culinary school. Would that be an existing school that would move to the site or a new school?

The preliminary plans speak to many different types of uses and concepts without any specific user or schools identified.

- What happens to the Portland Police Bureau’s mounted police stable with the redevelopment?

The concept for Centennial Mills by LAB plans on moving the MPU stable and offices to another location on the site. Discussion between PDC and PPB are underway.

16. Both the One Waterfront Place and the Centennial Mills project include pedestrian bridges. Wouldn’t that make three pedestrian bridges over Naito Parkway in just a short span?

Two of the bridges cross the railroad and do not cross over Naito Parkway. The bridge from the neighborhood park to Centennial Mills crosses over both the railroad and Naito creating a seamless connection from the neighborhood to the Willamette River. The three pedestrian bridges each serve connect the neighborhood and city across the barrier of the railroad to the river.
South Park Blocks URA

17. The budget includes $2 million for the new PSU Recreation Center which will include floors to house the City’s archival records. What is the total cost of this project and how much is being paid the various partners: The City, PSU and PDC?

Total cost for PCAT project = $71.5 million

Portion being paid by City = $9.9 million

Convention Center URA

18. In April it was announced that private developers were proposing a nineteen story office tower along with a potential $400 million “restaurant and entertainment cluster” near the Oregon Convention Center. Is that project moving forward and how much will PDC be asked to put into the project? (Link: The Oregonian, The future is on the Oregon Convention Center’s doorstep, April 24, 2008)

In May 2008, PDC approved a Disposition and Development Agreement (DDA) with Starterra for the development of a two phase, mixed-use project on four acres north of the Oregon Convention Center. This project will include two sites owned by PDC. According to the DDA, PDC will be financing the sale of these sites to Starterra at market rate, valued at $5,075,000. Starterra has the opportunity, however, to reduce the total loan amount by meeting adopted program performance measures. It is conceivable that Starterra could reduce the loan amount to zero through provision of these measures. Outside of this incentive for land value, no other PDC funding was put into this project.

19. Is this project a factor in Metro’s upcoming decision on the Convention Center Headquarters Hotel?

Metro will be making its decision based on a financial plan that doesn’t jeopardize Metro’s other financial obligation and has the affirmation of other public agencies such as the City of Portland and Multnomah County. The decision on the Convention Center Headquarters Hotel will be made independently of whether above project moves forward. In addition to bringing the economic stimulus of more conventions to Portland, the Hotel is anticipated to be a catalyst for other development in the Lloyd District. The above project would be an additional catalyst.