



Commissioners: Charles A. Wilhoite, *Chair* Bertha Ferrán John C. Mohlis Position 4 (vacant) Position 5 (vacant)
PDC Executive Director: Bruce Warner

This document constitutes the official meeting record of the July 9, 2008, 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 Rosenbaum called the meeting to order at approximately 2:09 p.m.

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

Chair Mark Rosenbaum	PRESENT
Commissioner Bertha Ferran	PRESENT
Commissioner Sal Kadri	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Charles Wilhoite	ABSENT

II. MEETING MINUTES

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt the meeting minutes of June 25, 2008.

AYES: Rosenbaum, Ferran, Kadri, Mohlis
NAYS: None

III. COMMISSIONER REPORTS

Due to the length of the agenda, Chair Rosenbaum stated they would be postponing the Commissioner's reports until the next meeting.

IV. EXECUTIVE DIRECTOR'S REPORT

Due to the length of the agenda, Chair Rosenbaum stated they would be postponing the Executive Director's report until the next meeting.

V. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Mr. John McDonald read a letter of request to withdraw Resolution No. 6614, titled, "Amend Urban Renewal Advisory Committee Policy". (Attached)

Chair Rosenbaum explained while he understood the concerns expressed, the resolution is a necessary in order to allow two important taxing jurisdictions – Multnomah County and the Portland Public School District – to have a voice at the table in order to stay abreast of decisions made that could potentially affect the revenues of their districts. He acknowledged it was

important to have the feedback of the Urban Renewal Advisory Committees (URACs) before such decisions are made and adopted by the PDC Board. Therefore, he directed PDC staff to work with the URACs to provide communication to them at least 2-4 weeks before the decision date as circumstance allows.

VI. CONSENT AGENDA

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt the consent agenda:

Resolution 6614, titled, "Amend the Portland Development Commission Urban Renewal Advisory Committee Policy to Permit Voting Members Representing Certain Taxing Jurisdictions".

Resolution 6615, titled, "Creation of a River District Urban Renewal Advisory Committee".

Resolution 08-101, titled, "Adopt a Minor Amendment to the Interstate Corridor Urban Renewal Plan – Fifth (5th) Amendment Identifying Nine Properties for Acquisition."

AYES: Rosenbaum, Ferran, Kadri, Mohlis

NAYS: None

VII. HATS-OFF AWARDS

The Commissioners presented Hats-off awards to PDC staff; Ann Johnson, Anny Nachtigall, Michael Gum, Mary Welch and Joanne Daunt.

VIII. FY 08-09 BHCD CONTRACT

Chair Rosenbaum stated the FY 08-09 BHCD contract would be removed for consideration as staff is still in the process of negotiation. In addition, Chair Rosenbaum requested staff to create a resolution extending the current FY 07-08 BHCD contract by sixty (60) days and allowing the expiration of the contract if the FY 08-09 BHCD contract is not negotiated and agreed upon by both agencies.

IX. AUTHORIZATION TO ENTER INTO INTERGOVERNMENTAL AGREEMENT WITH THE PORTLAND OFFICE OF TRANSPORTATION FOR PRELIMINARY ENGINEERING FOR THE WEST BURNSIDE/COUCH URBAN DESIGN AND RENEWAL PROJECT

Mr. Eric Jacobson, PDC and Mr. Ross Swanson, PDOT, presented Report No. 08-98, titled, "Authorization to Enter into Intergovernmental Agreement with the Portland Office of Transportation for Preliminary Engineering for the West Burnside/Couch Urban Design and Renewal Project".

Mr. Jacobson stated the action would authorize the Executive Director to enter into an Intergovernmental Agreement (IGA) between the PDC and Portland Office of Transportation (PDOT) in an amount not to exceed \$1,481,000 to complete the 35 percent preliminary engineering drawings and cost estimates (Work) for the West Burnside/Couch Urban Design and Renewal Project (Project). He said the total cost for the Work included in the IGA is \$2,224,800, with \$1,481,000 funded by PDC and \$743,800 funded by PDOT from the City of Portland General Transportation Fund.

The study area for the Project includes:

- West Burnside from North West 2nd Ave to North West 24th Place
- North West Couch from North West 2nd Ave. to Trinity Place

Mr. Jacobson said the Work included in the IGA is part of a multi-year effort to evaluate the feasibility, design, and costs associated with the Project. The Work is necessary to further refine the plan, accurately estimate costs, and prepare a financing plan for the Project. The Portland City Council (Council) has asked that the results of the Work come back for Council review and approval before further moving forward with the Project. He said PDC and PDOT previously entered into a work order dated February 11, 2008, to conduct the Work, with an expenditure of \$118,952 in FY 2007-08, with \$59,476 from the Downtown Waterfront Urban Renewal Area (DTWF URA) (320-10-11234) funds and \$59,476 from River District Urban Renewal Area (RD URA) (330-10-11264) funds. PDC's total financial commitment to the Work is \$1.6 million, including the FY 2007-08 expenditure and the amount included in the IGA.

He said the IGA does not include funds for implementation or construction of the Project. PDC does not currently have any funds budgeted for the construction of the Project.

Mr. Swanson stated in late 2007, the Portland Office of Transportation (PDOT) formed a Design Advisory Committee (DAC) to assist with the preliminary engineering phase of the Project. The DAC consists of approximately 28 members representing neighborhoods, business, and other stakeholders who may be affected by the Project. He said PDOT has met regularly with the DAC to review progress and receive feedback and direction on the design of the Project. PDOT conducted a walking tour with the DAC in January 2008 and an open house in March 2008. PDOT anticipates conducting approximately 6-10 DAC meetings over the course of completing the work contained in this IGA.

Mr. Jacobson said the Project has been controversial for several years as many stakeholders believe the project will create negative impacts and that the Project is too costly. Specifically, negative feedback on the project has included the following comments:

- Converting West Burnside and NW Couch Streets to a couplet configuration will increase both the amount and speed of traffic on NW Couch Street, negatively affecting the quiet, pedestrian-friendly character of this street.
- The proximity of the proposed streetcar alignment may have negative consequences for the Cathedral School and St. Mary's Cathedral, both located on NW Couch Street.
- The proposed streetcar is not yet part of a cohesive, planned streetcar system.
- There are better and less costly ways to improve the crossings and safety of West Burnside Street that should be pursued instead of the couplet.
- There are more pressing traffic congestion, street condition, and safety problems elsewhere in the city that should be addressed first.

Mr. Jacobson stated the majority of the Council, and many other stakeholders, including the Pearl District Neighborhood Association, have been in support of the Project because they believe the Project will eliminate West Burnside as a barrier for pedestrians and automobiles, improve vehicular circulation from West Burnside to adjacent streets by providing for left-turn

movements, decrease vehicular speeds, provide wider sidewalks and additional on-street parking, and enhance mixed-use development opportunities along West Burnside and NW Couch streets.

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6618, Titled, "Authorizing an Intergovernmental Agreement with Portland Office of Transportation for the 35 Percent Preliminary Engineering and Cost Estimating for the West Burnside/Couch Urban Design and Renewal Project; Providing Funding in an Amount not to Exceed \$1,481,000."

AYES: Rosenbaum, Ferran, Kadri, Mohlis

NAYS: None

X. SOUTH CORRIDOR PHASE II – PORTLAND TO MILWAUKIE LIGHT RAIL PROJECT

Mr. Patrick Quinton presented Report No. 08-97, titled, "South Corridor Phase II – Portland to Milwaukie Light Rail Project".

Mr. Quinton stated the action would formalize the Board's recommendation that the City Council adopt the Steering Committee South Corridor Phase II: Portland-Milwaukie Light Rail Project Locally Preferred Alternative Exhibit A with the following recommendations:

- Willamette River Crossing – adopt the findings and recommendations of the Willamette River Crossing Partnership for the modified Porter-Sherman alignment.
- North Milwaukie Alignment – adopt the Tillamook Branch alignment to minimize impacts to Milwaukie's northern industrial area.
- Southern Terminus at Park Avenue – extending the Light Rail (LRT) line to Park Avenue south of downtown Milwaukie provides for a better transit project for meeting the regional mobility goals and creating a thriving Milwaukie Town Center
- Stations – include the Lincoln/Harbor Drive, South Waterfront, Oregon Museum of Science and Industry (OMSI), Clinton, Rhine, Holgate, Bybee and Tacoma stations as part of the Locally Preferred Alignment (LPA), and designate Harold as a future station.
- Park and Ride – increase the number of parking spaces at the Tacoma Station to 1,000 spaces (2003 LPA included only 600 spaces).
- Financial Considerations – if a specific funding strategy to secure local matching funds cannot balance project costs, then the terminus of the project could be reduced to Lake Road in downtown Milwaukie as part of a first development phase.

Mr. Quinton stated the action also recommends the City Council direct City staff to address a list of issues in the next phase of the project. These issues include:

- Willamette River Crossing – coordinate with TriMet's bridge study to determine a bridge option that meets habitat, Willamette Greenway and navigational needs and is of high aesthetic value.
- South Waterfront Area – initiate a partnership process to coordinate with Oregon Health and Science University (OHSU), Zidell Marine Corporation, and other property owners in the North district, the LRT and the Streetcar Loop to specifically address any increase in the base elevation, including phasing, transitions, and a cost-sharing/funding strategy. Amend South Waterfront Street Plan and Willamette Greenway Plan documents to

reflect the recommended light rail alignment and design modifications while preserving the overall goals of each document.

- OMSI Area – coordinate the development of the OMSI Master Plan with the LRT project, the Central Portland Plan, PDC's Central Eastside (CES) Urban Renewal Plan, and access and circulation needs of the district, including the proposed realignment of SE Water Avenue. Provide for a future connection to the Eastside Loop streetcar.
- Station Locations – create a station area development strategy based on additional public outreach and analysis to optimize station locations based on spacing, access, efficient transit operation to meet regional transit needs, cost, and future redevelopment potential.

Mr. Quinton said additional items to consider with the evaluation of this project include:

- Alignment: Alternate alignments could provide increased transit service to under-served areas of North Macadam.
- South Waterfront Infrastructure costs: The light rail alignment in South Waterfront, between Moody Ave and the river crossing is raised 14 feet in elevation. This elevation raise is in response to proposed elevation needs for the OHSU Schnitzer campus but also assists in providing the height needed for the light rail to cross the river. Current costs for the light rail project do not include costs related to the 14 feet elevation increase and resulting impacts / coordination with surrounding properties have not been fully identified at this time.
- Bridge Design: The 2008 Locally Preferred Alignment has an estimated funding requirement of \$1.3B. This assumes a concrete-segmental bridge. Concerns regarding the design quality of this bridge and the environmental impacts of the multiple piers required to support the bridge type may result in increased costs. The difference in funding between a concrete segmental and cable-stayed bridge is approximately \$23M.
- Business displacement issues: All light rail alignments evaluated have identified those businesses that will be displaced. Within Urban Renewal Areas (URAs), there are 9 business displacements within the South Park Blocks, North Macadam, and CES URAs. Fifteen tax lots within the URAs are partially impacted by the LPA. Attachment D identifies full and partially impacted properties. PDC programs available to support relocation efforts are discussed in the Financial Impact section of this report.
- Funding: TriMet has requested a City of Portland contribution to the 2008 Locally Preferred Alignment is \$30-\$50M. This alignment extends the alignment to Park at the southern terminus but also removes the Harbor Station within North Macadam, assumes a concrete-segmental bridge for the river crossing and reduces other amenities.

Mr. Peter Stark representing the Central Eastside Industrial Council expressed his concern for the cost of the project given the limited resources available on the Central Eastside URA. He said although he is supportive of the project, he concerned how it will be funded.

Ms. Susan Lindsay representing the Central Eastside Urban Renewal Advisory Committee read a letter of support for the project however voiced concerns regarding the overall cost of the project and the limited funds available in the Central Eastside URA. In addition she requested the Board work with TriMet to ensure the displaced businesses are kept in the Central Eastside or at least within the City of Portland. (Attached)

Mr. Neil McFarland representing TriMet stated TriMet has a good reputation for their displacement assistant programs and assured the Board he would be working with PDC's economic development department to assist those businesses affected by the construction.

After discussion among the Board and PDC staff, Chair Rosenbaum requested the 10th BE IT RESOLVED section of the resolution be amended to include “understanding the Tax Increment Financing (“TIF”) limitations in the Central Eastside and North Macadam Urban Renewal Areas” after the word project; to read:

“BE IT FURTHER RESOLVED that the PDC Board of Commissioners instructs PDC to work with PDOT, Metro, TriMet and project partners in the development of a financial strategy for the project, understanding the Tax Increment Financing (“TIF”) limitations in the Central Eastside and North Macadam Urban Renewal Areas, which includes a recommended contribution from the City of Portland, and work with the Office of Management and Finance and other city bureaus to devise a financial strategy for the City’s contribution and recommend such strategy to the City Council for approval”.

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6617, titled, “Recommending the City Council Adopt the South Corridor Phase II: Portland–Milwaukie Light Rail Project 2008 Locally Preferred Alternative and Project Conditions”; as amended.

AYES: Rosenbaum, Ferran, Kadri, Mohlis
NAYS: None

XI. EXECUTIVE SESSION - CONFERENCE WITH PERSONS DESIGNATED TO NEGOTIATE REAL ESTATE TRANSACTIONS IN ACCORDANCE WITH ORS 192.660(2)(E)

Chair Rosenbaum stated the Board would be meeting in executive session for the purpose of deliberating with persons designated by the Board to negotiate real property transactions regarding the Heritage Building. The executive session was held pursuant to ORS 192.660(2)(e), which allowed the Board to meet in executive session to deliberate with persons designated by the Commission to negotiate real property transactions.

He stated representatives of the news media and other designated staff was 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 discussed. He said no decision would be made in executive session. At the end of the executive session, he returned to open session and welcomed the audience back in to the room.

XII. AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER A BID ON BEHALF OF PDC AT A FORECLOSURE SALE TO ACQUIRE THE HERITAGE BUILDING; AUTHORIZE A MAXIMUM BID AMOUNT

Ms. Rebecca Marsh presented Report No. 08-99, titled, “Authorize the Executive Director to Enter a Bid on Behalf of PDC at a Foreclosure Sale to Acquire the Heritage Building; Authorize a Maximum Bid Amount”.

Ms. Marsh stated the Board and the Heritage Building, LLC (Developer) executed a Loan Agreement on September 29, 2005, for \$2.45 million in funding for the purchase and redevelopment of property at 3934 NE Martin Luther King, Jr. Blvd. The lien securing

repayment of the PDC Loan is subordinate to a \$1.9 million senior loan from Albina Community Bank. Both loans are currently in default and Albina has set a foreclosure sale date of July 22, 2008. She said the proposed action would authorize the Executive Director, or his designee, to enter a bid at a foreclosure sale to acquire certain real property commonly known as "The Heritage Building" located at 3934 NE Martin Luther King, Jr. Boulevard. The bid shall not exceed the sum of one dollar plus the dollar amount to be derived under the Foreclosure Bid Formula set forth on Exhibit "A" to the resolution. Generally, the Foreclosure Bid Formula will be the total of outstanding principal and accrued interest for the Albina and PDC loans, plus costs and fees incurred beginning when the loan defaults occurred, and ensures that Albina and PDC are repaid in total. The estimated maximum bid using the Foreclosure Bid Formula for a foreclosure sale on July 22, 2008 is approximately \$4.4 million. PDC's specific bidding strategy will be discussed with the Board in an Executive Session scheduled for the July 9, 2008 Board meeting.

Ms. Marsh stated if PDC is the successful bidder at the foreclosure sale and is successful in acquiring the Property, Staff would develop a plan for disposition of the Property which could include leasing the remaining space and later selling the Property, or converting some or all of the building to commercial condominiums and offering them for sale.

She stated the developer is in default under both the senior Albina Loan and the PDC Loan because the developer failed to satisfy various requirements necessary for conversion from construction loan to permanent loan. While construction at The Heritage Building is complete, the lease-up has been slower than projected and is the primary reason that both the loans did not convert from construction to permanent loans. The developer has secured a letter of interest from Bank of the West to obtain a loan from BOTW to repay the Albina senior debt, but it is unlikely that the developer can close on the proposed BOTW loan prior to the foreclosure sale currently scheduled for July 22, 2008. She said at the date of the Board meeting, Albina had declined the developer's request to postpone the date of the foreclosure sale to enable the developer to close on the proposed BOTW loan to refinance the Albina Loan.

She reminded the Board of their recent approval of modifications to terms of the PDC Loan to accommodate a closing of the proposed BOTW loan to refinance the Albina Loan (Resolution 6602, June 25, 2008).

Commissioner Kadri moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6619, titled, "Authorizing the Executive Director, or His Designee, to enter a Bid on Behalf of Portland Development Commission at a Foreclosure Sale to Acquire Certain Real Property Commonly Known as "The Heritage Building", Located at 3934 NE Martin Luther King, Jr. Boulevard in the Oregon Convention Center Urban Renewal Area; Authorizing a Maximum Bid Amount".

AYES: Rosenbaum, Ferran, Kadri, Mohlis

NAYS: None

XIII. REVISED DISPOSITION AND DEVELOPMENT AGREEMENT WITH KILLINGSWORTH STATION, LLC.

Mr. John Warner and Mr. Matthew Collier presented Report No. 08-100, titled, "Revised Disposition and Development Agreement with Killingsworth Station, LLC."

Mr. Warner stated the Board action would authorize the Executive Director to execute a revised disposition and development agreement (“DDA”) with Killingsworth Station, LLC for the granting and development of PDC-owned property (Property) at the northeast corner of North Interstate Avenue and North Killingsworth Street in the Interstate Corridor URA.

He said the resultant development will be a high-quality, four-story, residential mixed-use, transit-oriented building with approximately 54 unit residential condominiums, approximately 9,000 square feet of ground floor commercial space and significant sustainable building features (collectively, the “Project” or “Killingsworth Station”). Key aspects of the DDA include:

Programmatic:

- Construction of 54 units of residential condominiums of which 60% (33 units) will be affordable to families earning 80% and below of area median family income (“MFI”), and 21 units will be available at market rates (48 one-bedroom units & 6 two-bedroom units);
- Construction of approximately 9000 square feet of active ground floor commercial condominium space targeted to local businesses.

Financial:

- As described in detail in the Financial Impact section of this report, in addition to granting the property to the developer, PDC will provide TIF funding for the purpose of:
 - Providing the buy down necessary to make 33 units affordable at 80% MFI;
 - Offsetting the difference between the cost of building the housing units and their market value;
 - Providing the financial assistance to local businesses with tenant improvement costs associated with the commercial condominium space;

Outreach & PDC Policies:

- Construction of LEED Silver Project with innovative and eco-friendly design and construction;
- Killingsworth Station, LLC’s, compliance with PDC’s Good Faith Efforts Program and the Workforce Training and Hiring Program;
- Killingsworth Station, LLC’s, commitment to support for the City of Portland’s Minority Homeownership Initiative to promote ownership opportunities at the Project; and

Mr. Warner stated the project is subject to the Workforce Diversity Component of PDC’s Construction Wage Policy.

Commissioner Kadri moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6620, titled, “Authorizing the Executive Director to Execute a Revised Disposition and Development Agreement with Killingsworth Station, LLC, for Development of Certain PDC owned Property at the Northeast Corner of North Interstate Avenue and North Killingsworth Street”.

AYES: Rosenbaum, Ferran, Kadri, Mohlis

NAYS: None

IXV. PROJECT UPDATES

Mr. John Warner provided a brief update on the Resource Access Center negotiations with the

Housing Authority of Portland. He stated PDC and HAP are continued through the negotiation process for the terms of the DDA. He said in a departure from common procedure, staff is recommending that the Block U be conveyed to HAP in advance of the closing on project funding and in advance of some of the conditions generally required before closing. Before the conveyance, HAP will meet the following major thresholds;

- The development drawings will be approved by PDC and by the Bureau of Planning through the Design Review process,
- The drawings will have been submitted to the Bureau of Design Services (BDS) for building permits, and
- HAP will provide letters of intent from all lenders and written evidence of equity commitments from NMTC and LIHTC investors.

Mr. Warner stated other conditions are still be negotiated. Further, he reminded the Board that any allocation of TIF funds could only come after the LUBA appeal process was complete and decided.

Mr. Bob Durston presented a brief update on the ongoing Clegg Study. He said the Clegg Study's mission was to transform the current affordable housing system. Those goals include:

- Improve housing and services for community members;
- Establish unity of purpose, clear goals and priorities, and better accountability;
- Strengthen the bridge between housing and services;
- Provide a more strategic response to needs and opportunities that arise; and
- Operate a streamlined system with less overhead.

He said the leadership team is made up of the following jurisdictions:

- City of Portland
- Housing Authority of Portland
- Portland Development Commission
- Multnomah County
- City of Gresham
- Enterprise Community Partners
- Oregon Opportunities Network

Mr. Durston stated key findings of the study include:

- Current service component tied to affordable housing does not provide sufficient anti-poverty interventions to move people toward self-sufficiency
- Services and housing operate in separate universes and are not "packaged" sufficiently
- Rental assistance and housing units are not well connected
- Capital investment is not always matched with service and rental assistance commitments
- Cost per unit of developing housing is high Increasing land costs limit supply of available properties for affordable housing

Chair Rosenbaum stated he has initiated a PDC internal team comprised of experts in the affordable housing arena to also take an objective look at the same goals the Clegg Study was

evaluating. He said an objective look was important when evaluating how TIF money from PDC would be allocated in a way that is best for the City of Portland and its citizens.

Interim General Counsel David Elott presented Resolution No. 6624, titled, "Authorizing the Executive Director to Execute a an Amendment to the 2007-2008 Subrecipient Agreement with the Bureau of Housing and Community Development to Extend that Agreement for Not More Than 60 Days and Directing the Executive Director to Terminate That Agreement if the Commission and BHCD Have Not Agreed on the Terms of a New Agreement Within Said 60 Day Period". (Attached)

Commissioner Kadri moved and Commissioner Ferran seconded the motion to adopt Resolution No. 6624.

AYES: Rosenbaum, Ferran, Kadri, Mohlis

NAYS: None

XV. PDC 50TH ANNIVERSARY CELEBRATION

Mr. John Jackley and Mr. Chet Orloff presented Report No. 08-93, titled, "PDC 50th Anniversary Celebration".

Mr. Jackley, PDC Communications & Business Equity Director stated 2008 marks the fiftieth anniversary of the Portland Development Commission. He said the anniversary is more than a celebration; it is an opportunity to highlight PDC's programs and promote the services PDC provides to the community. He said while there are some groups who are well acquainted with what PDC can do and has done for them, recent polling shows that most area residents do not have a full understanding of what PDC does and what PDC has accomplished. He said while remembering and celebrating our many successes over the years is a major component of marking this important milestone, PDC views its fiftieth anniversary as an opportunity to educate the public on how we can, and will, serve them for the next fifty years and beyond.

Mr. John Jackley provided an update on the calendar of events and promotions around PDC's fiftieth anniversary, as taking place throughout the City of Portland and the neighborhood Urban Renewal Areas. He said the events will showcase PDC as a public agency that has positively transformed the City of Portland over the past fifty years and is poised to continue this success into the future.

Community member and businessman Harold Williams, Sr. of CH2A & Associates provided comments on PDC as a unique agency, filling a vital role in the community and working as a beacon light towards positive change for the entire region.

Director Emeritus of the Oregon Historical Society and Portland State University Urban Studies and Planning Professor, Chet Orloff, provided a past/present look at PDC's many accomplishments and its distinctive role in the development of the City of Portland.

XVI. CHAIRMAN'S REMARKS

Commissioner Sal Kadri expressed his thanks for the opportunity to represent the Portland Development Commission Board of Commissioners. He stated he has learned much about PDC staff and the City of Portland and what great work PDC is responsible for. He commented that it was important to continue providing wealth creation for those members of the community

in the most need. He further stated he was excited about the future projects put into place by the current Board and remarked he would hope the next Board continues moving those projects forward. He said Portland is a great city to work, live and play and he acknowledged PDC plays a large role in that success. He expressed his thanks to his fellow Board members and to Mr. Bruce Warner, Executive Director for their hard work as well. He challenged the City Council to evaluate how TIF dollars are spent and whether they should be spent outside of the URAs. In addition, he challenged them to be proactive in their communications to the Board of the PDC and to the citizens of Portland. He challenged them to have a direct conversation with the Board as well.

Chair Rosenbaum expressed his thanks to his fellow Board members, PDC staff and members of the audience, including his parents. He stated him and Commissioner Kadri had only been board members for three years out of a fifty (50) year history. He said during their tenure, there have been some significant changes. He said three years ago, PDC was in great turmoil. The public perception was one of agitation with PDC. He said he learned certain politicians were benefiting from that turmoil and could make comments towards PDC that were unfounded, at the expense of the employees of PDC and their morale. He said it quickly became apparent to the new Board that the relationship with City Council needed to be fixed. Further, the public relations outreach to the citizens of Portland needed to tell the story of PDC in a better way. Therefore, the Board took more internal focus than previous boards. The Board focused on the internal policies and operations of PDC. For example, the loan policies, hiring policies, etc. He highlighted:

- prevailing wage policy of PDC and the changes made to it;
- minority hiring policies;
- Appraisal Approach;
- How grants and Loans were made;
- Audit process, objectives, and balance sheet of PDC;
- I.T. investment to automate processes and make them more uniform across the agency;
- Increase relationships with City Bureaus;
- Focused on the PDC Executive Team;
- Hiring from within the agency – Sandy Reina as HR Director and Julie Cody as CFO;
- Bring in outside expertise into the agency – such as Erin Flynn as Economic Developer Director.

He stated while evaluating policies and operations, the Board realized the current structure of PDC was continuing the “silos” approach to departments. The internal departments at PDC were not communicating effectively with one another. Therefore, the Board requested an evaluation of PDC’s current organizational structure with economic results as lead. However, important to the agency’s success was a Diversity Council, internal Legal Council and a ladder for promotional opportunities.

He said once the internal processes of PDC were running smoother, the Board could focus on external development opportunities for the city, which included:

- University of Oregon – Old Town China Town URA;
- Mercy Corps NW – Old Town China Town URA;
- Assurity NW – Lents URA; and
- Affordable Housing – 30% TIF set-aside;
- URA Amendments including Old Town China Town, South Park Blocks, Lents, and the River District.

Chair Rosenbaum also highlighted projects unique to the expertise of PDC, which included:

- Brownfield development;
- Affordable home ownership; and
- Clegg study/housing review.

He said as PDC continues to move forward, the new Board will be challenged to keep the momentum going with key strategic opportunities, including:

- Post Office redevelopment; perhaps leasing the property rather than selling;
- Development of Freeway Lands;
- Lents Town Center;
- Uwajimaya – Old Town China Town;
- Centennial Mill;
- Housing opportunities throughout the city;
- New Urban Renewal Area focusing on geographic location understanding the impacts and tax limitations.
- Change to Property Tax Limitations as stated in the National Tax Journal, September 2006 –
 - 34 states have some form of property tax rate limits, 29 states have some form of revenue limit;
 - Oregon and Arizona are the only states that do not remove the assessment tax at time of sale;
 - Most states bring new construction on to the tax rolls at current market value; and
 - The vast majority of tax assessment limits only apply to residential property. Oregon, California and Oklahoma are the only states that limit assessments regardless of property type.
- Before new URA is created, important to understand downtown expenditures and up-keep;
- Prioritization of new district –
 - Downtown
 - PSU
 - OHSU
- Possible Green URA – Sullivan’s Gulch Commuter Trail (4.3 miles)

Chair Rosenbaum concluded his remarks and again, expressed his thanks to his fellow Board members, to the staff of PDC and to the Citizens of Portland.

XVII. ELECTION OF OFFICERS - 2008

Commissioner Kadri moved and Commissioner Ferran seconded the motion to elect Commissioner Wilhoite as Chair, Commissioner Mohlis as Secretary and Commissioner Ferran as Acting Secretary.

AYES: Rosenbaum, Ferran, Kadri, Mohlis

NAYS: None

XVIII. RECOGNITION OF SERVICE

Commissioner Mohlis moved and Commissioner Ferran seconded the Motion to Adopt Resolution No. 6622, titled, "Resolution of Commendation and Appreciation to Sal Kadri for Distinguished Service and Outstanding Dedication to the Portland Development Commission".

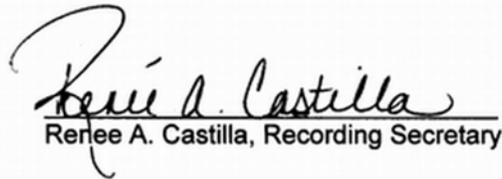
Commissioner Mohlis moved and Commissioner Ferran seconded the Motion to Adopt Resolution No. 6623, titled, "Resolution of Commendation and Appreciation to Mark Rosenbaum for Distinguished Service and Outstanding Dedication to the Portland Development Commission".

XIX. ADJOURN

There being no further business, Chair Rosenbaum adjourned the meeting at 7:42 p.m.

Respectfully Submitted,

Approved by the Portland Development Commission on August 13, 2008.



Reree A. Castilla, Recording Secretary