



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 August 13, 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 Wilhoite called the meeting to order at approximately 3:04 p.m.

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

Chair Charles Wilhoite	PRESENT
Commissioner Scott Andrews	PRESENT
Commissioner Bertha Ferran	PRESENT
Commissioner John Mohlis	PRESENT

Chair Wilhoite thanked former Chair Mark Rosenbaum for his service to the Portland Development Commission and the amount of time he spent in improving the perception of the Portland Development Commission to the public. He also expressed his thanks to Executive Director Bruce Warner for his positive leadership of the agency and said he looked forward to working with him.

Chair Wilhoite also welcomed Scott Andrews to his first board meeting as a Commissioner and said Commissioner Andrews brings a lot of development expertise to the Board.

II. MEETING MINUTES

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt the meeting minutes of May 14, 2008.

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

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt the meeting minutes of July 9, 2008.

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

III. EXECUTIVE DIRECTOR'S REPORT

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

- Financial activities of the loan committee;

- PDC was awarded the Government Finance Officer's Certificate of Achievement for Excellence in Financial Reporting for PDC's Comprehensive Annual Financial Report. He stated that it's the twentieth year in a row PDC has received this distinctive award;
- Highlighted the monthly update of M/W/ESB performance in South Waterfront – how the developers and general contractors are performing.

IV. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Former Chair Mark Rosenbaum congratulated Chair Wilhoite on his election as Chair of the PDC Board. He also thanked him for expertise and demeanor he would bring to the PDC Board. He also congratulated Scott Andrews on his appointment to the PDC Board.

V. CONSENT AGENDA

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

Resolution 6578, titled, "Purchase & Sale Agreement for disposition of PDC-owned land in the Riverside Parkway Corporate Center located adjacent to the intersection of NE 185th Avenue and NE Portal Way in the Airport Way Urban Renewal Area."

Resolution 6626, titled, "Authorize execution of a leasehold purchase and sale agreement with the Canterbury Group for the sale of a leasehold interest at Cascade Station in the Airport Way Urban Renewal Area."

Resolution 6627, titled, "PSU Broadway housing bond refunding."

Resolution 6628, titled, "Authorizing an amendment to contract with Portland Habilitation Center, Inc. for janitorial services; total contract not to exceed \$775,000."

Resolution 6631, titled, "Re-adoption of Resolution 6625: Authorize motion to intervene in LUBA Appeals."

AYES: Wilhoite, Andrews, Ferran, Mohlis

NAYS: None

VI. BHCD CONTRACT FISCAL YEAR 08-09

Mr. Komi Kalevor presented Report No. 08-108, titled, "BHCD Contract Fiscal Year 08-09. He said the action would authorize a Subrecipient Contract with the Bureau of Housing and Community Development (BHCD) to receive up to \$11,339,622 in federal and city funds for the purpose of administering various housing development programs. The Board annually reviews and approves the agreement with BHCD. He said the agreement establishes programmatic and management guidelines as well as the maximum annual reimbursement the Portland Development Commission (PDC) may invoice BHCD for identified city and federal funds. The funds are used for various housing projects, as well as operating support for loan servicing and housing asset management functions associated with the management of the existing portfolio and new projects. He explained BHCD and PDC have entered into such an agreement for nearly three decades. He emphasized the contract does not govern the use of PDC's tax increment financing.

Mr. Kalevor stated the agreement also provides reimbursement to PDC for administration costs, including staff, materials and services and PDC indirect costs through PDC's indirect cost allocation plan. A substantial portion of the administration costs (\$528,160) are for PDC's loan servicing and housing asset management functions. The agreement supports a majority of loan

servicing and housing asset management program costs since CDBG and HOME funded loans make up a substantial portion (68%) of PDC's loan portfolio.

Mr. Mark Rosenbaum commented the work between BHCD and PDC is substantial and important. He expressed concern that the current contract is setup to be a contract that outlines under what circumstances PDC will work with BHCD in the distribution of \$11 million of federal and state funds. He said when he examined the resolution he realized it referenced two specific projects; The Clegg Study and the Resource Access Center. Furthermore, of the \$11 million expenditure, none of it was for those two projects. He said it is the prerogative of PDC to decide directly when to target projects for action. Under this contract, PDC is obligating themselves to certain actions on behalf of the Clegg Study and on Behalf of the RAC. All of the actions listed in the contract are actions PDC would have undertaken regardless. He said he takes exception to the way it is written because it becomes PDC's action as a result of a contract with another bureau that BHCD controls and holds PDC accountable to, rather than action the PDC Board sets up because it meets their policy and direction. He also expressed his concern that the contract sets precedent, by holding PDC accountable to the Clegg Study under this \$11 million not because PDC was involved because it was the right thing to do. He would caution the Board against adopting this current contract as long as those two specific projects are mentioned.

After discussion among the Board, staff and former Chair Mark Rosenbaum, Chair Wilhoite called for a motion to adopt Resolution 6616, titled, "BHCD Contract Fiscal Year 08-09", with the understanding that discussions continue to occur regarding this current contract and that issues identified are resolved.

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt Resolution 6616.

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

VII. AUTHORIZE ENTERING INTO 10TH AND YAMHILL GARAGE MEMORANDUM OF UNDERSTANDING WITH OMF AND CARROL INVESTMENTS

Ms. Lisa Abuaf and Mr. Jim Carroll presented Report No. 08-109, titled, "Authorize entering into 10th And Yamhill Garage Memorandum of Understanding with OMF and Carrol Investments".

Ms. Abuaf stated the resolution would authorize the Portland Development Commission (PDC) Executive Director to enter into a three-party Memorandum of Understanding (MOU) with the Office of Management and Finance (OMF) and Carroll Investments Inc. (Carroll Investments) for redevelopment of the 10th and Yamhill SmartPark Garage at 730 SW Tenth Avenue (Garage).

On behalf of the City of Portland and OMF, PDC is leading development negotiations with Carroll Investments, as authorized by an Intergovernmental Agreement (IGA) between PDC and OMF approved in August 2007 by Portland City Council Ordinance No. 181203 and the PDC Executive Director. The Garage was formerly located in the South Park Blocks Urban Renewal Area and is included in the recently amended River District Urban Renewal Area. She said together with a Stakeholder Advisory Committee (SAC), OMF, PDC and Carroll Investments have been evaluating redevelopment options for the Garage based on project goals and guidelines outlined in the IGA. The team and SAC's preferred option includes demolishing the existing Garage and constructing a new structure (Project) at a total value of approximately \$160 million and generally to include:

- At least 600 SmartPark public parking spaces, owned and operated by OMF

- Four levels, 120,000 square feet of new commercial/office use
- Sixteen levels, 270,000 square feet of new residential use
- Two levels of parking for new private uses
- Interim retail parking mitigation during construction

She said in preparation for negotiating a binding Disposition and Development Agreement (DDA), PDC, OMF and Carroll Investments have prepared an MOU outlining these Project understandings and to serve as a framework for the terms of the DDA. Staff is seeking authorization from the PDC Board of Commissioners (Board) to enter into the MOU. OMF will seek concurrent City Council authorization to enter into the MOU. The DDA, which is anticipated by early 2010, will be brought before the Board and the City Council for consideration and approval.

After discussion among Chair Wilhoite, PDC Staff and Mr. Carroll, Chair Wilhoite called for a motion to adopt Resolution 6629, titled, "Authorizing the Executive Director to Enter into a Memorandum of Understanding with the Office of Management and Finance and Carroll Investments for Redevelopment of the 10th and Yamhill Garage Located at 730 SW Tenth Avenue."

Commissioner Mohlis moved and Commissioner Ferran seconded the motion to adopt Resolution 6629.

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

VIII. GROVE HOTEL: AUTHORITY TO ENTER INTO A PURCHASE AND SALE AGREEMENT WITH HOUSING AUTHORITY OF PORTLAND

Mr. John Warner and Ms. Barbara Shaw presented Report No. 08-110, titled, "Authorization to enter into a Purchase & Sales Agreement for the Grove Hotel."

Mr. John Warner stated the action would authorize the Executive Director to execute a Purchase and Sales Agreement with the Housing Authority of Portland (HAP) for the purchase of the Grove Hotel. The Grove Hotel is a 70-unit single room occupancy (SRO) hotel with first floor commercial spaces at 401-439 West Burnside Street on an 11,000 square foot lot.

The Purchase and Sales Agreement (PSA) provides for the purchase of the Grove Hotel by PDC upon satisfactory resolution of the appeal of the River District amendment expanding the district and increasing the maximum indebtedness. The time required for the resolution of the appeal is unknown but may be one to two years. The purchase price is currently \$3,468,752 million dollars, equal to the existing loan from PDC to HAP, and will increase periodically from now until the time of closing. Earnest money deposits applied to the purchase price will be paid in installments and will cover the periodic price increases. After the final resolution of the appeal allowing the implementation of the amended River District, PDC will take title by forgiving the \$3,468,752 dollar loan to HAP. The final sales price, which is date dependent, will not exceed \$3,750,000 dollars.

He said the purchase of the Grove Hotel by PDC will provide control of a strategic parcel that may be part of a longer term development plan for adjacent property on blocks 32 and 33 between West Burnside, Northwest Davis Street, Northwest Fourth Avenue and Northwest Fifth Avenue. This adjacent development is expected to impact the Grove site in three to four years.

Ms. Barbara Shaw stated the action meets affordable housing goals and longer-term economic development goals of PDC, including:

A. Housing

1. A deteriorated housing resource traditionally available for very low income individuals has been temporarily preserved while permanent replacement housing is built by HAP over the Resource Access Center on PDC-owned block "U" located between Northwest Broadway and Sixth Avenue and Irving and Hoyt Streets; and
2. Central City Concern's Housing Rapid Response (HRR) program and the Bridgeview program are able to provide housing and uninterrupted delivery of services critical to at-risk populations.

B. The longer term goals of the development proposed for the adjacent property on blocks 32 and 33 will be facilitated by controlling the Grove Hotel site including:

1. Sustainability – project will attain LEED Silver and strive for LEED Gold certification;
2. Transit Orientated Development – mixed-use, residential and neighborhood service commercial development that offer connections to the new Light Rail transit corridor and future streetcar access with the Burnside-Couch Couplet;
3. Prevailing Wages – project will meet the appropriate residential and commercial wage requirements from BOLI;
4. Design – high-quality building materials and systems, mixed use modern design appropriate with cultural heritage of the neighborhood, incorporate small retailers along transit edge;
5. Workforce/ Affordable Housing – a mixed-income building with some units affordable to downtown workforce;
6. Job Creation – office and retail component will serve to bring both workers and customers to Chinatown;
7. New Destination Retail/ Catalyst Project – recruitment of Asian grocer will spur additional investment from local and outside investors while creating a destination retail store from surrounding neighborhoods;
8. Parking Potential – underground parking will service neighborhood during the day and nighttime entertainment district.

After discussion among Chair Wilhoite and PDC staff, Chair Wilhoite called for a motion to adopt Resolution 6630, titled, "Authorize the Executive Director to Enter into a Purchase and Sales Agreement with the Housing Authority of Portland for the Acquisition of the Grove Hotel located at 401- 439 West Burnside in the River District Urban Renewal Area."

AYS: Wilhoite, Andrews, Ferran, Mohlis

NAYS: None

IX. CONVENE EXECUTIVE SESSION CONFERENCE WITH COUNSEL REGARDING LITIGATION IN ACCORDANCE WITH ORS 192.660(2)(H)

Chair Wilhoite announced that the Portland Development Commission would meet in Executive Session for the purpose of consulting with PDC's legal team regarding current or pending litigation.

The Executive Session is held pursuant to ORS 192.660(2)(h), which allows the Commission to meet in Executive Session to consult with PDC's legal counsel regarding PDC's legal rights and duties with regard to current litigation or litigation likely to be filed.

Representatives of the news media and designated staff shall be allowed to attend the executive session. All other members of the audience may not attend and are asked to leave the room. Chair Wilhoite reminded the media that they may not disclose any information discussed during the executive session.

He further stated no decision may be made in executive session. At the end of the executive session, PDC will return to open session and welcome the audience back into the room.

X. CONVENE EXECUTIVE SESSION - CONFERENCE WITH COUNSEL REGARDING LABOR NEGOTIATIONS IN ACCORDANCE WITH ORS 192.660(2)(D)

Chair Wilhoite stated the Portland Development Commission would meet in executive session for the purpose of consulting with the persons designated by the Commission to carry on labor negotiations.

The executive session was held pursuant to ORS 192.660(2)(d), which allows the Commission to meet in executive session to conduct deliberations with persons designated by the Commission to carry on labor negotiations.

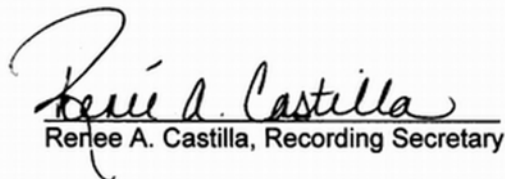
He stated state law specifically excludes representatives of the news media from attending an executive session held under ORS 192.660(2)(d) relating to labor negotiations. Members of the audience may not attend the executive session and were asked to leave the room.

Chair Wilhoite stated no decision would be made in executive session and at the end of executive session; he would return to open session and would welcome the audience back into the room.

XI. AJOURN

There being no further business, Chair Wilhoite adjourned the meeting at 6:05 p.m.
Respectfully submitted,

Approved by the Portland Development Commission on September 24, 2008.



Renee A. Castilla, Recording Secretary