



This document constitutes the official meeting record of the June 24, 2009, 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 8:05 a.m.

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

Charles A. Wilhoite
Commission Chair

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

J. Scott Andrews
Commissioner

Bertha Ferrán
Commissioner

II. EXECUTIVE'S DIRECTORS REPORT

John C. Mohlis
Commissioner

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

Steven Straus
Commissioner

- Mr. Warner provided an update on the re-adoption of the River District Amendment Appeal. He stated Portland City Council had a hearing last week to re-adopt the River District Urban Renewal Area Expansion. He reminded the Board there was an appeal by the "Friends of Urban Renewal" that was forwarded to the Land Use Board of Appeals (LUBA). He said LUBA agreed with (10 of the 12) points and remanded the remaining two back to the City and PDC for further work. He also stated the River District Appeal is holding up several important projects including: affordable housing needs of the Old Town China Town (Resource Access Center) as well as Union Station Improvements. He expressed his thanks to Robert Alexander, Morgan Masterman, Eric Iverson, David Elott, John Jackley and Linda Meng (City Attorney's Office) for their hard work. He said the Friends of Urban Renewal still can appeal this latest adoption and they have 21 days to do so, however, he noted the appeal is restricted to the two items remanded.

Sam Adams
Mayor

Bruce A. Warner
Executive Director

- Mr. Warner stated staff is currently working on a pilot program due to the suggestion of Commissioner Straus. They are working with local contractors in the neighborhood to determine what type of programs already may exist and how PDC could assist in funding.



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III. ADOPTION OF THE CONSENT AGENDA

Commissioner Ferran moved and Commissioner Andrews seconded the motion to adopt the revised Resolution No. 6715, titled, "Authorizing Contracts between the Portland Development Commission and the City Of Portland for the Purpose of Transferring the Economic Opportunity Initiative Programs to PDC."

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

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IV. MARYSVILLE SCHOOL COMMUNITY PARK GRANT

Ms. Susan Kuhn presented Report No. 09-78, titled, "Approve a \$600,000 Grant to ROSE Community Development Corporation to Construct a Community Park at Marysville School."

Ms. Susan Kuhn stated the action would authorize the Director to negotiate and execute a grant agreement with ROSE Community Development Corporation (ROSE) and a use agreement with Portland Public Schools (PPS). She said the grant agreement will provide \$600,000 to ROSE to facilitate construction of a school/community park at 7733 SE Raymond Street, Marysville Elementary School (K-8) in the Lents Town Center (Lents) Urban Renewal Area (URA). The school site is owned by PPS. When completed, ROSE will donate the improvements to PPS. PPS will be obligated through the use agreement to provide on-going maintenance of the park and to continue its use as a school/community park. Construction is expected to begin in July 2009 and be complete within six (6) months.

Ms. Kuhn said the park to be constructed will serve the students of Marysville School during school days and hours, and will be open and available for citizens and the Lents' community at large during non-school hours. Marysville School recently transitioned to a K-8 school and has close to 500 students who would be direct beneficiaries of the project. Marysville School's boundaries are Powell Blvd to the North, Woodstock to the South, and 86th to the East. Marysville students also transfer from surrounding school areas, including Lent, Kelly, Earl Boyles, and Alice Ott Schools. The Marysville School area has some of the highest poverty rates in Portland. At Marysville, 80 percent of students qualify for free or reduced lunches and 28 percent of students speak a language other than English as their native language. There are 18 different languages being spoken by children enrolled at Marysville, including Vietnamese, Spanish, Russian, Chinese, Krahn (Liberia) and May May (Somalia). The First Amendment to the Lents Town Center Urban Renewal Area Final Report and Recommendations identified the Marysville School site as an open space, but found that the facilities were deficient and in need of upgrading. The site was added to the Lents URA in part for this reason. This project will help cure this deficiency in the neighborhood and will benefit the community as a whole. The unimproved area is approximately three (3) acres and is well-suited for a combination school playground/community park use, similar to other school/community park models that are a partnership of PPS and Portland Parks and Recreation (PP&R), such as Sunnyside, Winterhaven and King School Parks. The playground/park design will feature ecological, environmental and water quality enhancements, add trees and landscaping, and provide a creative play area for the students at Marysville School and the community at large. Unique features planned include Native American art, climbing rocks, earthen mounds, a nature trail, covered pavilions, new lighting, and vegetative screens. The existing parking lot will be relocated to the east side of the site to improve community access. The perimeter of the site will not be fenced or gated. .

Ms. Kuhn further stated the playground and park areas will be open to the general public, except that Marysville School will have priority use of the playground and soccer field during regular school hours and the discretion to limit access to the area during these times. Portland Development Commission's (PDC's) \$600,000 grant leverages more than \$548,000 of in-kind donations for architectural, design, and engineering services, project management and legal services and cash donations plus \$366,000 in city funds.

Ms. Nancy Wilginbush, represented the Marysville School Public Advisory Committee, expressed her thanks to the Board on behalf of the 500 children growing up in Marysville School.

Ms. Renee Vanderwill represented MCM Architects said the park will open up the area to the community.

Ms. Ruth Atkins representing the Portland Public School Board said the park is a major investment to the Marysville School and community.

Mr. Nick Solvee representing ROSE City Development expressed his thanks to the Board and stated the planning process has been a long process and they are excited to begin construction. After discussion among the Commissioners, Chair Wilhoite asked for a motion to adopt Resolution No. 6717, titled, "Authorize Executive Director to Enter into a Grant Agreement with Rose Community Development Corporation Providing \$600,000 to Construct a Community Park at Marysville School in the Lents Town Center Urban Renewal Area and into a Use Agreement with Portland Public Schools."

Commissioner Mohlis moved and Commissioner Straus seconded the motion to adopt Resolution No. 6717.

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

V. FISCAL YEAR 2008-09 REVISED BUDGET NO. 3

Ms. Julie Cody and Mr. Tony Barnes presented Report No. 09-79, titled, "Budget Amendment No. 3 for Fiscal Year beginning July 1, 2008 and Ending June 30, 2009; and Making Appropriations."

Mr. Barnes stated the action would formally amend the current fiscal year (FY) 2008-09 Adopted Budget for the third time this year, in the following ways:

- (1) Changes appropriations from PDC's prior department structure (Development, Economic Development, Housing, Central Services and Executive) to PDC's new program structure in conjunction with the implementation of PDC's new chart of accounts. PDC's new legal appropriation categories are (Business and Industry, Housing, Infrastructure, Revitalization and Administration); and
- (2) Adjustments in specific project funding that needs to be increased or decreased based on planned expenditures. Project expenditures are only decreased if they are being represented in the FY 2009-10 Adopted Budget.

He further stated in sum, FY 2008-9 Budget Amendment No. 3 decreases the total PDC budget from \$299,565,859 the FY 2008-09 Revised Budget to \$299,520,015 including Transfers, Contingency and Reserves. Excluding Transfers, Contingency and Reserves total budgeted expenditures are decreased from \$222,820,820 to \$221,312,342. He further explained the recommended amendments to the FY 2008-09 Revised Budget reflect the financial implications of organizational changes and other business decisions which amount to approximately \$299,520,015 million in program and project expenditures and contingency resources. Specific changes to projects and programs are:

- 1) Ankeny/Burnside Public Improvements (Saturday Market): increases by \$2.1 million for resources and expenditures not originally included in the FY 2008-09 Budget. Includes Bureau of Environmental Services and Parks Bureau resources allocated to various parts of the project not originally included;
- 2) Increases debt services to pay down Private Lender Participation debt by \$500,000; and
- 3) Several decreases in the Lents Town Center URA for carryover items already added in the FY 2009-10 Budget.

Chair Wilhoite called for a motion to adopt Resolution No. 6718, titled, "Approving Budget Amendment No. 3 for the Fiscal Year Beginning July 1, 2008 and Ending June 30, 2009; and Making Appropriations."

Commissioner Andrews moved and Commissioner Straus seconded the motion to adopt Resolution No. 6718.

AYES: Andrews, Ferran, Mohlis, Straus, Wilhoite

NAYS: None

VI. ANKENY BURNSIDE PUBLIC IMPROVEMENT COST INCREASES

Mr. Kevin Brake, Mr. Lew Bowers and Mr. Byron Estes presented Report No. 09-80, titled, "Ankeny Burnside Public Improvement Cost Increases."

Mr. Brake stated the actions would authorize increases to the construction contracts for the Waterfront Park and MAX Retail / Burnside Bridge improvement projects (Projects). He said the two contracts are for the public improvements in Ankeny / Burnside that were a direct recommendation of the Ankeny / Burnside Development Framework, adopted December 2006 by the Portland Development Commission (PDC) Board of Commissioners (Board). The work was divided into two separate contracts due to the fundamental differences in the type of work on the east and west sides of Naito Parkway. The funding for these projects is from the Downtown Waterfront Urban Renewal Area (URA) specifically for Ankeny Burnside Public Improvements.

Mr. Brake said the Brown Contracting Waterfront Park Contract (Contract No. 307009) increase of \$250,000, from \$10,621,093 to \$10,871,093. The cost increase for Waterfront Park is principally due to:

- Increased costs for utility connections;
- Unforeseen costs to resolve contractor claims;
- Unforeseen design issues to include lower fountain trench, vault and site drainage;
- Unforeseen site conditions to include additional buried old utilities and manholes; and
- Additional permit requirements that required modifications to fountain drain system, storm drain system and electrical service.

Mr. Brake said the Waterfront Park project is divided into two parts:

Phase A: reached substantial completion on April 24 and Portland Saturday Market began use on May 1; and

Phase B: scheduled to reach substantial completion on July 10, with a grand opening scheduled for August 20.

Mr. Brake stated PDC's ability to deliver the project on this schedule and resolve all the unforeseen issues is dependent on the increase in the contract with Brown Contracting. Staff, in consultation with the PDC Contracts Manager, has deployed other necessary actions to mitigate additional risk and further minimize claims exposure with Brown by selective deletion of work scope and adding this work to the adjacent Max Retail Cedar Mill project.

Mr. Brake explained the Cedar Mill MAX Retail Contract (Contract No. 308000) increase of \$200,000 from \$1,166,663 to \$1,366,663. The cost increase for MAX Retail is principally due to:

- Additional permit requirements that require upgrades to the fire alarm system and modifications to door hardware and egress;
- Unforeseen site conditions to include constraints and shifting of electrical service meter and service requirements by PGE;
- Resolving unforeseen minor design conflicts and necessary adjustments to meet ATM room requirements and land use storefront requirements; and
- Accommodate the work that was shifted from Waterfront Park to be completed by Cedar Mill.

Mr. Brake said the Max Retail project has been divided into 3 parts;

Phase A: ATM will reach Substantial Completion on June 12;

Phase B: Max Retail and Under Bridge Work by July 1; and

Phase C: additional work at Waterfront Park by August 15.

Mr. Brake further stated PDC's ability to deliver the project on this schedule and resolve all the unforeseen issues is dependent on the increase in the contract with Cedar Mill and the resolution of the final PGE electrical service route by boring under the Max tracks. This design solution has been developed in order to further reduce total project costs.

Chair Wilhoite asked if Portland Parks was contributed to any of the cost increases.

Mr. Kevin Brake replied Portland Parks was contributing \$250,000 towards the overall costs. He explained at this point, that is the greatest amount of contribution Parks can bring to the table. He further stated the relationship has been very productive and they are working together to insure costs to not continue to increase.

Mr. Lew Bowers stated the project has been a difficult project and staff does not like to come back before the Board to ask for additional funds, therefore, they are using this project as an example of how the relationship between PDC and Parks needs to improve.

Mr. Kevin Brake commented the bids on the restrooms should come in as early as September and those bids should give staff a better idea of the funds needed, if PDC has enough remaining in the budget or if there is a gap PDC partners would need to fill.

Commissioner Straus cautioned PDC staff to determine whether the additional funds covered all of the contractors' outstanding claims and advised they have the contractor waive rights to any future claims against PDC.

Chair Wilhoite called for a motion to adopt Resolution No. 6719, titled, "Authorizing a Contract Increase with Brown Contracting in the Amount of \$250,000 for Work on the Downtown Waterfront Park Improvement Project" and Resolution No. 6720, titled, "Authorizing a Contract Increase with Cedar Mill Construction in the Amount of \$200,000 for Work in the Downtown Waterfront Urban Renewal Area."

Commissioner Ferran moved and Commissioner Andrews seconded the motion to adopt Resolution Nos. 6719 and 6720.

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

VII. OREGON SUSTAINABILITY CENTER FEASIBILITY STUDY-STATUS BRIEFING

Ms. Lisa Abuaf and Mr. Lew Bowers presented Report No. 09-81, titled, "Oregon Sustainability Center Feasibility Study – Status Briefing."

Mr. Lew Bowers stated the Portland Development Commission (PDC) is funding a feasibility study to site the Oregon Sustainability Center (Center) at PDC-owned property at SW 4th Avenue and SW Montgomery Street in the South Park Blocks Urban Renewal Area (SPB URA). The Center is the collaborative vision of a unique public/private partnership between City and State government, higher education, nonprofit organizations and the business community. At the core of the project is a 220,000+ square foot mixed-use high rise building, including conference room, classroom, office, and exhibit space. The Center is intended to be a hub for the region's economic competitiveness in sustainability, making connections to Oregon's sustainable businesses, and showcasing the building's green building features and innovations. Development of the Center is a key action item in the PDC Economic Development Strategy. She said the Center is anticipated to be the world's first "Living Building" of its scale. Adhering to the requirements of the Cascadia Region Green Building Council's Living Building Challenge, the Center would produce 100% of its energy on site through self-sustaining energy generation and distribution systems; its design also includes integrated water reuse, net-zero energy consumption and no carbon footprint.

Mr. Bowers stated Partners in this effort include: Oregon University System (OUS); Portland Community College (PCC); Portland + Oregon Sustainability Institute (P+OSI); City of Portland Mayor's Office and Bureau of Planning & Sustainability (BPS); and the Oregon Living Building Initiative (OLBI), a consortium of nonprofits and businesses working in sustainability. She said the feasibility study will be substantially complete by the end of June 2009. The project is on an expedited time frame given anticipated approval for up to \$80 million of OUS bonds in the biennium State budget and pursuit of federal stimulus funding.

Mr. Bowers explained the project would go after Cascadia Green Building Council certification with the broad goal for carbon neutral construction. He said the building would be built for six "petals": site design, energy, materials, water, indoor environmental quality, beauty & inspiration. He further stated the building would gain all 100% energy on site; capture all rainwater and recycle greywater and wastewater for reuse. All occupiable spaces would be 30' from a window; and they hope to obtain most materials from 250 mile radius.

Mr. Bowers stated the feasibility study aligns with:

- **City of Portland Economic Development Strategy** - Grow Clean Technology and Sustainable Industries;
- **City of Portland and Multnomah Co. Climate Action Plan** - Create Green-collar jobs, with green products and services;
- **Portland Higher Education Agenda for the 21st Century** - Leverage our expertise in sustainability research; and
- **PSU Ec. Development Strategy & Framework Plan** - Create next-generation ideas, technology & labor force.

Ms. Abuaf said PDC held a competitive process to select feasibility team in which 11 teams submitted their information. The interview process at City Hall was standing room only with Gerding/Edlen ultimately awarded the contract.

She said ultimate goals of the Feasibility Study were to:

- Determine constructability of high rise living building;
- Determine cost;
- Confirm tenant program;
- Confirm permanent streetcar alignment;
- Determine funding/financing strategy; and
- Determine next steps and design/construction schedule.

Ms. Abuaf stated current funding costs include:

BASE BUILDING COST:		FUNDING SOURCES:	
Site Cost	1,800,000	OUS Bonds (pending approval)	80,000,000
Core, Shell & Tenant Improvements	71,000,000	PDC TIF	4,600,000
Tax Credit & Grant Incentives for Photovoltaics & Bldg.	(3,500,000)	New Markets Tax Credits (potential)	2,000,000
Soft Costs incl. Financing	23,100,000	Gap	11,800,000
Contingencies	6,000,000		
Total Building Cost	\$98,400,000	Total Sources	\$98,400,000

OTHER PROJECT COSTS:

Streetcar Realignment	\$4,000,000-5,000,000
Montgomery Green Street (single block vs. eight blocks)	\$1,000,000-5,000,000
Furniture/Fixture/Equipment, Visualization Lab	\$3,500,000-4,500,000
Measurement & Verification/Research	\$8,000,000

Ms. Abuaf said next steps include:

Near Term

July – Fall 2009

1. Revise concept design, determine savings opportunities
2. Pursue additional funding sources
 - Private Funding and Gifts in Kind
 - Federal Stimulus Funds
 - Research Grants
 1. Finalize ownership structure & agreements (including Disposition and Development Agreement)

Longer Term

Fall 2009 – 2012

1. Permitting/Design (2009-2010)
2. Construction (2010-2012)

Mr. Jay Kenton representing the Oregon University System said he was excited to be part of a project that has never been done before and would be the first of its kind. He said his recent conversations with the Governor also show that he is excited and supportive as well. Mr. Kenton explained the legislature demonstrated their support by approving bonds for the project. He explained the tenants of the building would be held accountable for the energy use and those who are interested in becoming tenants are understandable and supportive of the concept. He said the Oregon University System is looking at the project as a live "research" center where they can study and evaluate sustainability.

Ms. Andrea Durbin representing the Oregon Environmental Council stated they have partnered with other organizations who work in sustainability. She said with the climate change issue, this building will be the first net zero high-rise building in the country. She said with the Oregon expertise in the region, Oregon remains on the cutting edge of sustainability. She expressed her thanks to PDC for their supporting in embracing the project and for the enhanced collaboration and output of the staff.

Mr. Rob Bennett representing Portland + Oregon Sustainability Institute stated they were asked on July 1, 2009 to help accelerate sustainability in the region and this project is only one of three they are working on. He said the project the criteria set which includes being a multi-sector project with explicit research opportunities. He said PDC has set the standard for environmental friendly buildings but there is still a tremendous amount of work to do to meet the goals of the study.

Chair Wilhoite expressed his thanks to everyone involved in the project and said it would definitely put Portland on the map for its sustainability efforts.

Commissioner Straus stated it was a great project and a great opportunity to brand Portland for its sustainability expertise. He cautioned it was important to secure solar rights on the rest of the projects so when new buildings are added to adjacent lots, they do not come into conflict with the solar panels and the energy needed to operate the building.

Commissioner Andrews stated he is fully supportive of the project, however, cautioned it is an expensive building and also cautioned it was important to make sure the construction timeline was realistic.

Commissioner Ferran asked staff if they have considered leasing the land to the building rather than selling it.

Mr. Lew Bowers replied the use of the land was part of PDC's financial contribution to the project.

Commissioner Mohlis also commented it was a great project and it was good for Portland to be on the cutting edge. He said it was important to keep moving forward as time equals dollars.

Chair Wilhoite adjourned the PDC Board meeting at 10:00 a.m.

VIII. TAX SUPERVISING CONSERVATION COMMISSION HEARING

Ms. Elizabeth Hengeveld convened the Tax Supervising Conservation Commission hearing at approximately 10:00 a.m.

Questions:**General Operations / Organization**

Since we met last year PDC has worked on reorganization and this year you have changed the way the budget is presented, from one based on organizational units to one base on programs. How has that process gone and what were the main objectives you hoped to achieve?

Chair Wilhoite responded reorganization of PDC from separate Development, Economic Development and Housing Departments into a single operating department began at the end of the last fiscal year using an approach that engaged staff across both the operating and support departments. The purpose of the reorganization was to structure PDC to better deliver its mission in the 21st Century. Implementation of the re-organization was reframed and extended with the December 2008 announcement that the Portland Housing Bureau would include PDC's Housing Department. The new Urban Development Department brings together the former Development and Economic Development Departments and is organized in three Divisions: Business and Industry, Central City, and Neighborhood.

He further stated projects and initiatives are planned, developed and delivered in a more integrated, cross-functional way. The program-based budget organization was designed to reflect the new ways staff work together on projects and to support budget management and reporting aligned with the new structure. The initial objective of restructuring the budget into programs has been met, but the longer term objectives of better management reporting and cost accounting will not be realized until additional phases of the project are complete.

Has staff morale been affected by the re-organization?

Commissioner Ferran stated the re-organization Transition (planning) Team, led by UDD Director, Erin Flynn, and the Implementation Team, led by UDD Operations Manager, Betsy Chase; engaged a representative cross-section of staff in planning how the new department would be organized to deliver on its vision. There was a strong commitment, throughout the process, to regular communication from both planning groups to staff in the new department and other PDC departments. In addition, she said there were multiple opportunities for staff to provide input, share ideas, and ask questions of the Transition and Implementation Teams. The process, by design, was inclusive and collaborative and modeled the new ways staff will work together in UDD. In early December when the UDD organizational structure was announced, staff morale was positive and high in anticipation of a January implementation. Uncertainties about the many changes inherent in the formation of the new Portland Housing Bureau (announced in mid-December) did cause a decline in staff morale. As planning for the new PHB and the new UDD continued over the past six months, morale improved as more became known and staff were engaged in the process.

The last piece of the re-organization will be to move housing functions from PDC to the new Portland Housing Bureau. When do you anticipate that happening and how many employees will move from PDC to the City?

Commissioner Mohlis stated the plan we are working on calls for co-location of the 37 PDC Housing staff plus in the fall of 2009 to be followed by full integration by July 1, 2010. While they will be physically located elsewhere, PDC Housing staff will remain PDC employees until full integration.

Once housing functions are moved to the City, will the amount of tax increment financing revenue spent on housing remain the same, only altered to be expended as transfers to the City rather than directly out of PDC's budget?

Chair Wilhoite said the current plan envisioned is that PDC will transfer tax increment proceeds to reimburse the Portland Housing Bureau for TIF eligible expenses that are incurred for housing activities in specific urban renewal areas. The amount budgeted and spent for such reimbursements will be in accordance with the TIF Housing Set-Aside Policy which guides how much tax increment resources should be budgeted and spent on specific types of affordable housing relative to non-housing activities. It is expected that this will be documented in an annual intergovernmental agreement between PDC and the Portland Housing Bureau. PDC's approved budget and four-year forecast for each URA was developed with the TIF Housing Set-Aside Policy as a guiding policy.

Obviously the economy and the tight credit market are affecting a number of urban renewal projects. Can you give us an update on some of the more significant private development projects that have been delayed, or worse cancelled altogether?

Commissioner Andrews said one project impacted by the current economy is Killingsworth Station: a 57 unit, mixed-use residential and commercial condominium project on North Interstate and Killingsworth in the Interstate URA. Current challenges in the residential condominium market, including the oversupply of unsold market-rate units in the Central City and the inability to secure construction financing in amounts and on terms needed to achieve financial feasibility for new residential condominium projects, have caused a year delay in the Killingsworth Station project schedule. He also said another project is the Tamarack apartments, aka Block 49 is a 209 unit affordable rental housing project in the central district of South Waterfront (North Macadam URA), has also been delayed due to diminished sources of private funding from decreasing yields on low-income housing tax credit equity and diminished market demand for tax-exempt private activity bonds resulting in significantly higher interest rates. Both have resulted in a project gap well in excess of PDC's budgeted subsidy for the project.

Urban Renewal Plan Area Amendments

Changes to the River District URA approved last year are on hold pending a challenge of the amendments to the Land Use Board of Appeals. When would you expect that challenge to be resolved?

Commissioner Straus replied the Portland City Council is scheduled to vote June 24, 2009 on the revised Ordinance. If it is approved it will take effect in 30 days. It may be appealed to LUBA within 21 days of the vote. If that occurs, it is likely to be four to six months. It is possible the LUBA opinion could be appealed to the Oregon Court of Appeals, which could take up to an additional year.

Would you care to speculate as to what the final outcome might be?

Commissioner Straus stated it is difficult to speculate on the outcome. We do believe that we have solidly addressed the two issues that were raised by LUBA in the remand to City Council.

Plans for a Homeless Resource Center, purchase of the Central Post Office and much need repairs to Union Station have been excluded from the budget pending a final

decision on the amendments. What are the implications of not moving forward in 2009-10 with those projects?

Commissioner Straus said the Resource Access Center is currently delayed as a result of the amendment. Not being able to move forward on the project will be a delaying addressing a critical component of the City's homeless strategies. For work on Union Station PDC is:

- Not able to expedite design work in order to submit a competitive grant application for federal stimulus funding to complete roof repairs;
- Not able to execute Intergovernmental Agreement for staff work on preparing grant application;
- Not able to supplement any grant award with PDC TIF if necessary to complete the roof scope of work (only necessary depending on amount of grant award received); and
- Decreases ability to move Greyhound relocation and redevelopment forward

At this time last year, when amendments to four plan areas were being finalized, there was talk of creating a new urban renewal plan area which would include areas on the Westside of the central city, including Goose Hollow, the Conway/CNF site and areas around Portland State. What is the status of the process required to form that new URA?

Commissioner Andrews stated we are in the second phase of a three part process. The first phase, a preliminary financial analysis has been completed for the entire 900 acre study area. The second phase is in process with the formation of an evaluation committee, led by Mayor Adams, to evaluate first whether we need a district and if so, what should be the boundary, projects and maximum indebtedness. The third phase would take place if the evaluation committee recommends a decision to proceed; the PDC Commission and Planning Commission will hold hearings on the proposed new urban renewal area and go before City Council for final approval. We anticipate the Evaluation Committee to make a decision in the fall of 2009 and bring recommendations before the PDC Commission, Planning Commission and City Council in spring of 2010.

Airport Way URA

There is \$5.4 million in revenue budgeted in 2009-10 from property sales, with another \$2 million projected in 2010-11 and \$3 million in 2012-13. Is the sale in next year's budget for a specific property and can you tell us who the buyer is and what they intend to use the property for?

Commissioner Ferran said PDC has two (2) real estate sales under contract; one at Cascade Station and one at Riverside Parkway Corporate Center (RPCC). Unfortunately, even though both were originally scheduled to close in 2008-09, they are both delayed due to the challenging financing environment and will close in 2009-10. The good news is that, despite the disastrous global credit market, we expect these deals to succeed. The Cascade Station project involves the sale of 8 acres to the Barry Real Estate Companies of Atlanta, GA for approx. \$3.2m. They will build and lease a new HQ for the Federal Bureau of Investigations (FBI), a \$75 million investment. The second sale will be for lots 6 & 7 at RPCC, a total of approx. 10 acres for approx. \$2.2m, to DP Industrial, the buyers and developers of lots 3, 4 and 5 and RPCC. They will build an industrial building for a major distributing company that meets PDC's Quality Jobs criteria. Other funds shown in outer years are purely speculative and sales are dependent on an improved market and the availability of financing.

Central Eastside URA

Nearly \$4 million is projected to be spent on the Eastside Burnside-Couch Couplet, which would convert East Burnside and NE Couch into one lane streets. When will that reconfiguration be completed?

Commissioner Straus said the City of Portland Bureau of Transportation expects to complete construction by September 2010.

There was discussion of extending this one way grid to the west side. Are those talks continuing and when might a decision be made?

Commissioner Straus stated the City of Portland Bureau of has done preliminary engineering on the west-side Burnside/Couch couplet. Currently, the Bureau of Transportation is exploring a lower cost option for the couplet. There is not a date for when a decision will be made.

Convention Center URA

A total of nearly \$3.5 million has been budgeted over a two year period (08-09 and 09-10) to fund 30-40 units of affordable rental housing in conjunction with the Miracles Club organization. Can you tell us a little bit more about this project?

Chair Wilhoite stated the Miracle's Club is a mixed-use, low-income housing project on MLK Jr. Blvd being developed by the Miracle's Club and Guardian Mgmt. The ground floor will contain space for the Miracle's Club, which provides meeting space and social activities for recovering alcoholics and drug addicts. They lost their lease at their current space due to the building owner's desire to redevelop that property. The City of Portland (Saltzman's office spearheaded) provided \$500k for the Miracle's Club to purchase their new site. The upper floors will contain 36 for-rent apartments affordable at 50% MFI and below with 6 of those units affordable at 30% MFI and below. The developers have been working closely with the neighborhood on design elements as well as a Good Neighbor Agreement regarding the operations of the club. The project is expected to start construction fall 2009.

Downtown Waterfront

Nearly one-half of the expenditures in the Downtown Waterfront URA, or \$3.35 million, are for redevelopment of Block 8 (bordered by NW Naito Parkway, Couch, 1st and Davis). Can you tell us more about plans for Block 8 and what the time frames are for completing these projects?

Commissioner Andrews stated \$3.35 million will pay for the demolition of the Oregon Mountain Community Building and provide gap financing for the sale of property and historic rehabilitation of the Globe Hotel into the Oregon College of Oriental Medicine. The Globe Hotel occupies one quarter of the block. A disposition and development agreement is under negotiation. We anticipate requesting adoption in August 2009, with construction expected to begin in October and completion in late 2010. Redevelopment of the remaining three quarter block has been delayed due to broader economic conditions, though a single building redevelopment is anticipated.

Saturday Market has moved to its new location under the Burnside Bridge in Tom McCall Waterfront Park, although it appears some work is still to be done. When everything is completed, how much will moving Saturday Market has cost and where did the funding come from?

Commissioner Mohlis said moving Saturday Market cost \$12,015,828, of which \$10,701,650 came from Downtown Waterfront URA, the balance coming from other sources. This assumes a percentage estimate of total design costs, as the Waterfront Park project was part of a larger public realm improvement effort at Ankeny Burnside that included work under the Burnside Bridge. The total cost of the combined project was \$13,852,925, of which \$12,177,914 came from Downtown Waterfront. The balance came from private fundraising, Portland Parks and Recreation, Portland Parks Foundation, Tri-Met and Wells Fargo. Completion of restrooms in Ankeny Plaza is the final public project at Ankeny Burnside, is anticipated to begin 2009-10 and will utilize the remaining amount budgeted 2009-10 Budget.

Interstate Corridor URA

The largest expenditure for this URA in 2009-10 is for redevelopment of Downtown Kenton, at \$4 million. The project summary states it is a partnership with TriMet and Portland Public Schools. Can you tell us more about this project?

Commissioner Ferran said this is a potential 3.5 acre acquisition of two sites in downtown Kenton for transit-oriented mixed use development. The sites are one block from a light rail station and adjacent to a 2 acre site owned by TriMet. If acquired by PDC, these sites would likely be planned and offered for redevelopment in conjunction with the TriMet parcel. Portland Public Schools is not involved in this project.

Another \$3.5 million is budgeted for “streetscape improvements” to Interstate Avenue. Is these simply road improvements or is there something more involved with streetscape improvements?

Commissioner Ferran replied the funds are for Denver Avenue streetscape improvement project, which includes new roadbed paving, wider sidewalks, street trees, curb extensions, on-street loading parking restriping and public art. Construction is planned to begin late summer 2009.

Lents Town Center URA

The City is contemplating building a baseball stadium in Lents to allow PGE Park to be renovated into a soccer specific stadium. This could require up to \$40 million of tax increment financing revenue that would not be available for other projects, including the Lents Town Center revitalization, redevelopment of the Freeway Land site and the mixed-use development at SE 92nd. Does PDC have an official position on construction of a baseball stadium within the Lents URA?

Chair Wilhoite stated on June 19, the possibility of building a baseball stadium at Lents Park was taken off the table by the development entity (Peregrine LLC). Until that point, the Lents advisory committee was scheduled to vote on a possible investment of tax increment on Thursday, June 25th. We do not anticipate this request re-emerging in Lents.

North Macadam URA

In this budget there is \$16.8 million for Block 49 affordable housing. Can you tell us more about this project: who is the developer; what income levels it targets and when might the building be completed?

Commissioner Straus stated Block 49 aka The Tamarack, was deemed infeasible due to a downturn in the private capital markets that increased the required PDC gap funding above the budgeted PDC subsidy for the project. The project's was reconfigured, and is now proposed as a City owned and operated, 209 unit, mixed-use, mixed-income, development. Of the Project's 209 units, approximately 56 units will serve households at 30% MFI and below. It is anticipated that these 56 units will serve Veteran households under the Veterans Administration Supportive Housing ("VASH") program. The remaining 153 units will serve middle-income households between 80% and 120%-150% MFI upper limit to be determined, based on pending market analysis). Should the proposed project move forward as currently conceived; it is anticipated that the building will be completed in fall 2011.

An additional \$1.5 million is budgeted for the Neighborhood Park. When will the park be completed and has a name for it been selected?

Commissioner Straus Park construction will be completed in October, 2009. The name of the park is Elizabeth Caruthers Park, named after the original owner of that part of Portland.

River District URA

One of the largest capital expenditures in this budget is the \$12 million for Pearl Family Housing. Can you tell us a little about this project and when it might be completed?

Commissioner Mohlis said the Pearl Family Housing includes 138 units targeted to a median family income all under 60%. Construction is planned to start in September and should last 12 to 18 months.

A private developer has approached Portland Public Schools about using space on the ground floor of a residential tower for the first ever school in the Pearl District. Is that the Pearl Family Housing building and are you being asked to contribute financially specifically to school portion of the project?

Commissioner Andrews stated the project includes community/commercial space that might be leased by Portland Public Schools (PPS). PDC has not been party to any deals with PPS. The pro rata share of total development costs relating to the community space (of which the proposed Portland Public Schools or other alternatives user(s) lease is approximately 6%. The measurement is based upon the relationship of specifically designated space (e.g. residential, community) to the project's finished square footage. The resulting pro rata share is then applied to the total development costs for the project. The Portland Public Schools proposal relates to one of the two community facilities designated. PDC's financing is a portion (36%) of the total financing for building the project and does not contribute to operational costs.

Plans are moving forward for the next park in the Pearl District, the Fields. Have designs been finalized and will the construction be contracted out or done by City Parks and Recreation staff?

Chair Wilhoite stated conceptual design is complete for the Fields. An IGA between PDC and PP&R is underway to move from the conceptual design to construction documents. It is anticipated that construction for the park will commence in late FY 09-10 and completed in FY 10-11

South Park Blocks URA

This budget includes \$2.9 million for a new Oregon Sustainability Center. Will this be a new building or an existing building that needs renovation?

Commissioner Straus stated it would be a new building

What is the estimated total cost and what other funding sources are being brought to the project?

Commissioner Straus said total estimated cost is \$100 million. The Oregon University System is pursuing approval of up to \$80 million revenue bonds that are included in this year's biennium budget currently up for vote (this is happening any day now). We are also seeking more than \$30 million in federal stimulus funds to assist with the building, ongoing research, and related ecodistrict elements. The coalition of nonprofits interested in tenating the building (the Oregon Living Building Initiative) are targeting \$20 million in private/foundation donations.

Who will own and operate the Center and what will be the source of ongoing operating funds?

Commissioner Straus stated it was still under determination. There are two possibilities: 1) Oregon University Systems owns the building and leases space to university uses, Oregon Living Building Initiative and the City's Bureau of Planning and Sustainability; 2) a condo ownership wherein Oregon University System, Oregon Living Building Initiative and potentially the City each own their own com component of the building. The source of ongoing operating funds would either be via lease revenues or via an agreement between the property owners for building operations & maintenance.

Last year we talked about the new PSU Recreation Center which will include floors to house the City's archival records. It appears that project is well on its way to completion. What is the expected opening date for each of those two functions?

Chair Wilhoite said the building is to be ready to open this fall in time for the start of the school year. The building will be fully up and running in December.

Ms. Elizabeth Hengeveld adjourned the Tax Supervising Conservation Commission hearing at approximately 10:45 a.m.

Chair Wilhoite re-convened the PDC Board meeting at approximately 10:53 a.m.

IX. ADOPTION OF FISCAL YEAR 2009-10 BUDGET

Ms. Julie Cody and Mr. Tony Barnes presented Report No. 09-83, titled, "Adoption of Fiscal Year 2009-10 Budget."

Mr. Barnes stated the action would formally adopt and appropriate resources set forth in PDC's FY 2009-10 Budget, effective July 1, 2009. Adoption by the PDC Board of the FY 2009-10 Budget represents the final phase of the FY 2009-10 budget process, which began last December. He said the Portland City Council, acting as PDC's Budget Committee "approved" PDC's budget on May 27, 2009 ("the Approved Budget"). The Executive Director and Chief Financial Officer are now submitting a proposed final budget to the Commission to be "adopted" as required by Local Budget Law ("the Adopted Budget"). The proposed budget submitted for adoption contains minor technical variations from the Approved Budget, which variations are permitted by Local Budget Law.

Mr. Barnes stated the recommended changes from the FY 2009-10 Approved Budget to the FY 2009-10 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 2009-10 budget at the inception of the FY 2009-10 budget process. Technical adjustments are primarily updated staffing and indirect allocation estimates to various funding sources based on updated estimates of planned activity. With the recommended changes, the total PDC budget will increase from \$265,826,729 in PDC's FY 2009-10 Approved Budget to \$275,680,626 in the FY 2009-10 Adopted Budget, including Transfers and Contingency. Budgeted expenditures increase slightly from \$209,418,570 to \$216,180,538. Contingency increase a net \$2,342,765 based on projected unused cash resources that will carry over to FY 2009-10. Interfund Cash Transfers increase a net \$717,101 to recognize interfund accounting transactions.

Chair Wilhoite expressed his thanks to PDC Budget staff on behalf of the Board.

Chair Wilhoite called for a motion to adopt Resolution No. 6721, titled, "Adopting the Annual Budget of the Portland Development Commission for the Fiscal Year Beginning July 1, 2009 and Ending June 30, 2010; and Making Appropriations."

Commissioner Ferran moved and Commissioner Mohlis seconded the motion to adopt Resolution No. 6721.

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

X. CHAIRMAN'S REMARKS

Chair Wilhoite stated he would make a few brief comments as it would be evident very shortly there would be a transition of PDC leadership. He said PDC does a lot of things and the public sees this and further the public asks and demands a lot of PDC. He stated PDC has a lot of creative people who are particularly devoted and competent. He says the mission is very important to the City of Portland; therefore, it has been an honor to sit as the Chairman to the Portland Development Commission. He said he wanted to clarify he was not forced out as the Chair. He explained when he was approached a year ago by the Mayor regarding serving as Chair; he told the Mayor he had some upcoming commitments that would make it very difficult to be the Chair of PDC. However, after serving two years on the Board and being very committed to PDC and the staff, he did want to be the Chair and accepted the nomination and agreed to serve for one year. He said the conversation was not made public as he thought it would have made him ineffective as the chair if the public and staff knew he was only serving for one year. With that said, he stated he hoped he has been effective. He stated rather than using the word "transition" he would rather use "constantly evolving" because the city is constantly evolving and since PDC is responsible for Economic Development, Development and Housing, PDC must be willing to change with the times.

Chair Wilhoite stated he is excited and proud to part of the PDC team. He said he was excited to continue to be a part of PDC as a Commissioner and would continue his efforts on behalf of PDC and the City. He expressed his thanks to PDC staff for their support and hard work. He personally expressed his thanks to Bruce Warner, Julie Cody, Erin Flynn, Sandy Reina, Komi Kalevor, Shelly Haack, John Jackley and Renee Castilla.

Commissioner Straus expressed his thanks to Chair Wilhoite for his great leadership and assistance.

Commissioner Mohlis expressed his thanks to Chair Wilhoite as well and stated had he chose to seek the seat of Chairman again, he would have been elected unanimously.

XI. SELECTION OF OFFICERS

Commissioner John Mohlis moved and Commissioner Ferran seconded the motion to nominate Commissioner Scott Andrews as Chair of the Portland Development Commission.

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

Chair Wilhoite stated he has been impressed with Commissioner Andrew's history and stated he would do a great job for PDC.

Commissioner Ferran also expressed her thanks to Chair Wilhoite for his service.

Commissioner Ferran moved and Commissioner Straus seconded the motion to nominate Commissioner John Mohlis as Secretary of the Portland Development Commission.

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

Commissioner Straus moved and Commissioner Mohlis seconded the motion to nominate Commissioner Ferran as Acting Secretary to the Portland Development Commission.

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

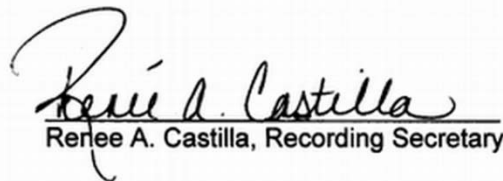
Mr. Bruce Warner expressed his thanks to Chair Wilhoite and said he has grown to appreciate the Chair's talents and wisdom throughout the past year. He said he was very effective as chair and did a great public service.

XII. ADJOURNMENT

There being no further business, Chair Wilhoite adjourned the meeting at 11:28 a.m.

Respectfully submitted,

Approved by the Portland Development Commission on July 22, 2009.



Reree A. Castilla, Recording Secretary