

J. Scott Andrews
Commission Chair

Aneshka Dickson
Commissioner

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Charles A. Wilhoite
Commissioner

Sam Adams
Mayor

Patrick Quinton
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This document constitutes the official meeting record of the October 26, 2011, Portland Development Commission (PDC) Board of Commissioner's Meeting held at 222 NW fifth Ave., Portland, OR 97209. The full video recording of this meeting can be found at: PDC Commission Meeting of October, 26, 2011 part 1 of 2 <http://www.youtube.com/watch?v=d1mkhKnPwDw> and part 2 of 2 can be found at: <http://www.youtube.com/watch?v=ZBe9YZJDzDk>.

I. CALL TO ORDER AND ROLL CALL

Chair Scott Andrews called the meeting to order at approximately 8:05 a.m.

Ms. Tracey Gemma, acting as recording secretary for the Board, called the Commission roll:

Chair Scott Andrews	PRESENT
Commissioner Aneshka Dickson	PRESENT
Commissioner John Mohlis	PRESENT
Commissioner Steven Straus	PRESENT
Commissioner Charles Wilhoite	ABSENT

II. MEETING MINUTE APPROVAL

Chair Andrews called for a motion to approve the July 27, 2011, and August 24, 2011, meeting minutes. Commissioner Mohlis moved and Commissioner Dickson seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus
NAYS: None

PDC Board Chair, Scott Andrews, reported on these items:

- Attended Hispanic Chamber dinner, 600 in attendance
- Attended Greater Portland Fly-In dinner, good participation and new business prospects
- Presented to San Jose Chamber of Commerce, 40 people attended
- Mayor Economic Development Cabinet on entrepreneurship took place
- Visited Daimler and they announced 350 new jobs will be created

Chair Andrews announced Commissioner Wilhoite was not able to attend the meeting but would be participating, via phone, later in the session.

IV. EXECUTIVE DIRECTOR REPORT

PDC Executive Director, Mr. Patrick Quinton, briefed the Board on these other recent activities:

- Daimler news very positive and will create hundreds of new jobs
- Attended Governor's Trade Mission to Asia with Commissioner Mohlis
- Neighborhood Economic Development Strategy (EDS) being implemented, with six new micro Urban Renewal Areas (URAs) being established
- First small business assistance awards issued to five small businesses
- Attended ribbon cutting for Killingsworth Station

- Economic Development Administration awarded region \$2.2 million, with PDC receiving \$1 million of the total
- Received \$400k grant for small business development
- Mayor unveiled PDC's entrepreneurial strategy and discussions will continue with Venture NW next week
- Attended ReVolt grand opening in Airport Way
- City signed Memorandum of Understanding with Lucid Energy
- Drupal Association moved business from California to Portland
- Attended Collaborative Life Science groundbreaking in South Waterfront
- New staff members, Fran Breeding and Michelle Shelton
- Kimberly Schneider Branam, Deputy Director, on leave with new baby girl
- Chair Andrews receiving two awards, Simon Benson and PBA Leadership

Commissioner Mohlis:

- Honored to be part of Governor's Trade Mission to Asia, which demonstrated continuous need to build relationships and reach out to others.

Commissioner Dickson:

- A lot of work has transpired and especially pleased to see all the movement with respect to PDC's Neighborhood EDS.

Commissioner Straus:

- Congratulated Chair Andrews for receiving two distinguished awards.
- Mayor and city businesses in Asia for Economic Summit
- Visited PSU and pleased to see partnership between PDC and PSU
- Recognized former PDC Commissioner, Ms. Bertha Ferran, for her work on Killingsworth station
- Attended OHSU groundbreaking event
- PDC and Office of Sustainability hosting economic district summit in Portland

Chair Andrews commented on Killingsworth Station, saying it is very important to the area and such innovation was given to that project.

Chair Andrews stating there were no public comment and no consent agenda items; therefore, moving to the regular agenda.

V. REGULAR AGENDA

VI. EXECUTE DISPOSITION AND DEVELOPMENT AGREEMENT (DDA) WITH BEAM DEVELOPMENT, LLC FOR BURNSIDE BRIDGEHEAD BLOCK 68; AUTHORIZE LOAN TERMS

Portland Development Commission staff presenting this item:

Mr. Steven Shain, PDC Central City Manager

Ms. Geraldene Moyle, PDC Sr. Project/Program Coordinator

This action authorized PDC Executive Director to enter into a DDA with Beam Development, LLC (Beam). The DDA defines the terms and conditions and land acquisition loan for the sale of PDC-owned property located at 123 NE Third Avenue, more commonly known as Blocks 68 and 69 of the Burnside Bridgehead (BBH) property. The authorization of this DDA initiates the first phase of the Burnside Bridgehead Framework Plan through the renovation and adaptive re-use of the existing 96,000 square foot Convention Plaza building on Block 68.

Additionally, this action authorized PDC’s financial investment in the project of \$2,300,000 in the form of a Commercial Property Redevelopment Loan to Beam for land acquisition. The DDA is structured such that the developer can earn-down the value of the property through performance measures that incorporate additional elements into the project. This structure allows for the conveyance of the property at the fair market appraised value of \$2,300,000 with the opportunity for Beam to earn-down this value over the first five years of the project, with a Commercial Property Redevelopment Loan available for any remaining property value.

The adaptive re-use of the Convention Plaza building will result in approximately 64,754 SF of leasable space, including the potential addition of a 4,000 square-foot penthouse on top of the existing five-floor building. Tenants in the building will be focused on high-growth tenants and/or those within the target industry clusters to advance the EDS and the Central Eastside (CES) Entrepreneurial Jobs Strategy. Third Avenue will also be activated with retail/restaurant tenants, providing vibrancy and the extended after business hours activity atmosphere intended for the BBH site.

Those providing testimony on this item:

- Messrs. Brad and Jonathan Malsin, Beam Development – Expressed this being an interesting process and stated they are looking forward to this opportunity and appreciates PDC staff work.

Board Discussion and/or requested follow-up relative to this item:

- Commissioners expressed this being the right project for the right time and appreciate it being a high-leverage project for PDC, making a \$2.3 million investment into a \$14.5 million project.
- Commissioner Straus asked Beam if they could become gold LEED certified and Beam responded silver is required but they are going for gold.
- Commissioner Straus asked about the infrastructure and Beam said Integra is working the easement and bringing fiber into the building.
- Commissioner Dickson expressed excitement for the entrepreneurial aspect of the project; she also expressed concern regarding workforce equity and MWESBs, in particular, that this component be in place early on. Mr. Shain assured her this was being addressed via the DDA language.

Chair Andrews called for motion to approve Resolution 6905 and Commissioner Straus moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus

NAYS: None

VII. AUTHORIZE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE AGREEMENT REGARDING 10TH AND YAMHILL

Portland Development Commission staff presenting this item:
Mr. Steven Shain, Central City Manager

This resolution authorized the PDC Executive Director to negotiate and execute a negative financing agreement with the Bill Naito Company (substantially in accordance with terms set forth in the Exhibit A which accompanied this resolution), that prohibits PDC from funding any project at the 10th and Yamhill property in the South Parks URA, that would result in a material reduction in parking availability, until at least two years after a major retail tenant opens for business in the Galleria Building across the street.

The Bill Naito Company is in negotiations with a large format retailer for 80,000 square feet of the Galleria Building. The proposed development of the Galleria Building will invigorate the Downtown Retail Core and will support the goals of the Downtown Retail Strategy endorsed by PDC’s Board.

Those providing testimony on this item:

No individuals provided public testimony on this item.

Board Discussion and/or requested follow-up relative to this item:

- Commissioners commented on being in support of the Galleria and are looking forward to going forward with this project.
- Mr. Patrick Quinton thanked Mr. Eric Iverson for taking a difficult transaction and finding a solution that worked for all parties.

Chair Andrews called for motion to approve Resolution 6907 and Commissioner Dickson moved and Commissioner Mohlis seconded the motion.

AYES: Andrews, Dickson, Mohlis, Straus

NAYS: None

Chair Andrews called for a recess in the meeting and stated it would reconvene at 9:30 a.m. when Commissioner Wilhoite would be joining via telephone.

Commissioner Straus stated the next item appearing on the agenda posed as a potential conflict of interest and read the following statement for the record:

Before discussions begin on the next item, I wish to declare a potential conflict of interest on this matter. As you know, I am President of Glumac. If the Oregon Sustainability Center project proceeds, there is a possibility Glumac could be a subcontractor on this project. As such, I will be recusing myself from participating in this matter.

In order to facilitate the discussion and insure the expeditious enactment of any action that may be taken by the other Board members, I have also elected not to be present during the discussions.

Chair Andrews thanked Commissioner Straus for this statement and further stated for anyone that may be interested, there is an unusual provision in the City Charter that causes the effective date of the Board action to be delayed if any Board remains after recusing his or herself. As such, in order to facilitate the efficient work of the Agency, all PDC Board members that recuse themselves customarily also leave the meeting prior to substantive discussions.

VIII. AUTHORIZE EXECUTIVE DIRECTOR TO EXECUTE INTERGOVERNMENTAL AGREEMENT FOR LAND DISPOSITION AND DEVELOPMENT OF THE OREGON SUSTAINABILITY CENTER

Portland Development Commission staff presenting this item:

Ms. Lisa Abuaf, Central City Manager

The action authorized PDC Executive Director to enter into an Intergovernmental Agreement (IGA) with the City of Portland Office of Management and Finance (OMF) for the land disposition and development of the Oregon Sustainability Center (OSC). This also authorized the Executive Director to enter into a Construction Equity Agreement which is consistent with PDC's Business and Workforce Equity policies and reflects OSC's commitment to social equity. The OSC, to be located at NW 4th Avenue and NW Montgomery Street in downtown Portland in the South Park Blocks (SPB) URA, is designed to be the first urban high-rise office building pursuing net zero energy, water, and waste water, and the criteria established by the International Living Future Institute's (IFCI) Living Building Challenge. The OSC will reinforce Portland as an international leader in advanced green building and clean technology.

The project's current total development cost estimate is \$62 million. The IGA will contingently commit the following PDC resources to the project, totaling \$10.45 million:

- Approximately \$4.1 million in tax increment finance (TIF) funding, including \$1.5 million to prepare design and construction documents and approximately \$2.6 million provided for project construction; and
- 0.77 acres of PDC-owned property valued at \$3.85 million;
- Approximately \$2.5 million in program revenues from the close out of the SPB URA over the next 15 years.

The project is a partnership effort between the City and the Oregon University System (OUS), Portland State University (PSU), nonprofit organizations, and the business community. The OMF, through a development agreement with the OUS, will be responsible for final design, permitting, financing, construction, and ownership of the OSC.

Those providing public testimony on this item:

Mr. Mark Gregory, PSU, is excited about this opportunity getting off the ground and said the building, which is geared toward sustainability and related research, will serve as a profound example of PSU's goals.

In addition to this testimony demonstrating support for this project, Ms. Lisa Abuaf, also stated many letters of support had been received. These letters are attached to these Meeting Minutes as "Attachment A."

Board Discussion and/or requested follow-up relative to this item:

- Chair thanked staff for their efforts and stated this is an important project for a number of reasons (i.e., state branded sustainability center, first living building challenge, shows on edge of the world in terms of being able to do such a project, provides near-term and long-term jobs, products and technologies will be produced here for use on project, etc.).
- Commissioners Dickson and Mohlis applauded the efforts and echoed the Chair's comments
- Commissioner Wilhoite stated in order to be leaders, there must be some risk taken and he said there are costs associated with this and high rental rates but it boils down to the city making a statement to be leaders with regard to sustainability. He said the state once authorized bonds for this project and later did not reauthorize them and asked if there was a potential this could happen again. The Chair responded by saying he had spent a great deal of time with state officials and while there were no guarantees, he believed there was a great deal of support; however, the only missing piece was being able to provide private tenant commitments.
- Commissioner Wilhoite noted the commitment to 25 percent MWESB contracting.
- Commissioner Wilhoite appreciated the staff comparisons of this building to the costs of the Port of Portland Building; he recommended proceeding on OSC with full speed and all due diligence.

Chair Andrews called for motion to approve Resolution 6906 and Commissioner Dickson moved and Commissioner Mohlis seconded the motion.

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

IX. ADJOURN

There being no further business, Chair Andrews adjourned the meeting.

Respectfully submitted,

Approved by the Portland Development Commission November 9, 2011.



Recording Secretary