

PDC

PORTLAND DEVELOPMENT COMMISSION

DATE: May 11, 2011

TO: Board of Commissioners

FROM: Patrick Quinton, Executive Director

SUBJECT: Report Number 11-36
Adopt a Minor Amendment to the Interstate Corridor URA Plan and
Authorize the Executive Director to Acquire the Nelson Property in Kenton

EXECUTIVE SUMMARY

BOARD ACTION REQUESTED

Adopt Resolution No. 6871
Adopt Resolution No. 6872

ACTION SUMMARY

These actions will authorize (i) adoption of the Seventh Amendment to the Interstate Corridor Urban Renewal Area Plan (the Amendment) to acquire certain real property in the Interstate Corridor Urban Renewal Area (ICURA); and (ii) authorize the purchase of certain real property and improvements located at 8411 N. Denver, 8419 N. Denver, 2221 N. Argyle, and 2221 WI/ N. Argyle (collectively, the Property) in the Kenton neighborhood of the ICURA from 8411 N. Denver L.L.C., 8419 N. Denver L.L.C., 2221 N. Argyle, L.L.C., and 2399 N. Argyle, L.L.C., all Oregon limited liability companies, (collectively, Seller) for an amount not to exceed \$3,657,000.

The Property, measuring 3.5 acres, sits at a strategic location at the gateway to the Kenton Commercial Historic District, across from an Interstate Avenue MAX station and just east of Kenton Park. The adjacent 2.2-acre lot was purchased by TriMet in 2005, in close coordination with the Portland Development Commission (PDC), for future transit-oriented development (see *Project Summary Site Plan, Attachment B*).

The proposed Property acquisition would give PDC a unique opportunity to help realize community goals of a truly vibrant business district by leveraging the substantial size and key location of the assemblage, and the TriMet property, to support the Kenton downtown.

The Property would be held and maintained by PDC until a Master Development Strategy for the entire 5.7 acres is completed, working in conjunction with TriMet. Depending on the Strategy recommendations and market conditions, disposition may include:

- Pursuing phased redevelopment of the entire assemblage through a public/private partnership, likely through developer Requests for Proposals during the next two to five years; or
- Holding some or all of the existing buildings for renovation and re-tenanting, with a longer-term disposition strategy.

PUBLIC BENEFIT

The proposed Property acquisition will fulfill the ICURA goals of focusing redevelopment around a light rail station; investing in catalytic projects to stimulate private and public investment; and leveraging other ICURA investments, specifically the ICURA's \$30 million funding of the Interstate MAX line and the \$3 million Denver Streetscape and Downtown Kenton improvements.

The Property and the adjacent TriMet site have been identified as a catalyst location in several Kenton area plans and strategies. This redevelopment is envisioned as an anchor mixed-use project with possible business incubation space. The increased commercial and residential density of the redevelopment will support the revitalization of the Kenton business district. The exterior lots of the Property are currently filled with rubbish and are a community eyesore. The cleanup of these alone will be a community benefit.

This action will support the following PDC goals:

- Strong Economic Growth and Competitiveness
- Sustainability and Social Equity
- Healthy Neighborhoods
- A Vibrant Central City
- Effective Stewardship over our Resources and Operations, and Employee Investment

PUBLIC PARTICIPATION AND FEEDBACK

The Co-Chairs of the Interstate Corridor Urban Renewal Advisory Committee (ICURAC) have been notified in person about this acquisition and the URA amendment and are supportive of it. ICURAC members have received written notification. The Kenton Neighborhood Association and Business Association also have been informed about the acquisition and believe it will benefit the downtown core by resulting in a visibly cleaner and more active site.

COMPLIANCE WITH ADOPTED PLANS AND POLICIES

The acquisition complies with the ICURA Plan (2000), especially the principles "Focus Redevelopment around Light Rail Station Areas" and "Optimize Light Rail Investment."

It also complies with following plans and policies:

- Healthy Neighborhoods Goal in PDC's Economic Development Strategy (2009) and Strategic Plan (2010). Specifically, the Plan calls for "Commercial Districts: Invest in and deliver catalytic projects to stimulate additional public and private investment" "Quality of Life: Implement sustainable and transit-oriented development."
- Kenton Historic Downtown Stimulus Strategy (2004, PDC) "Take steps to enhance market demand" "Encourage housing development" (specifically "new, medium to high-density residential and mixed-use development ...between the light rail station and the historic portion of Downtown Kenton located along Denver Avenue").

- Downtown Kenton Redevelopment Project (2004, PDC) "Help support development of more housing surrounding the business district."
- Kenton Downtown Plan (2001, Bureau of Planning & Sustainability) "strong retail corridor along Denver Avenue...with opportunity for housing to support the Denver Avenue Business District."
- PDC Real Property Acquisition Policy (2008).

FINANCIAL IMPACT

The initial acquisition price of the Property was \$3,825,000. The Seller has agreed to reduce that price by \$168,000 for environmental remediation for a final acquisition price of \$3,657,000. The price was negotiated based on appraisals commissioned by PDC with a total estimated value of \$3,650,000. This included a fair market appraisal conducted by Integra Realty Resources (IRR) in summer 2009, which estimated the Property value at \$3,350,000, and a fall 2009 fixture appraisal by Paniolo Associates, which estimated the additional value of the Property fixtures at \$300,000. The Sellers' original asking price for the Property was \$4,250,000, based in part on an appraisal it commissioned.

The PDC Executive Director has requested that a new updated appraisal be obtained prior to formal Board consideration. IRR is conducting this appraisal and will complete it on May 6, 2011. This will be shared with the Board and the Financial Investment Committee (FIC) prior to the May 11 Commission meeting.

The PDC Construction Services Manager estimates the cost of immediate building safety repairs at \$5,000 to \$10,000, and hazardous building material abatement at an additional \$5,000 to \$10,000.

If the Property is renovated for an interim use, there will be an additional estimated \$25,000 in repairs. Hazardous material abatement should not exceed \$65,000, depending on the extent of remodeling or demolition. Total building repair, HVAC, roof, and sidewalk replacement for all three buildings could cost up to \$106,100 according to a February 2011 building condition survey.

There are currently five tenants leasing space in the 8411 N. Denver Avenue building, one in the 2221 N. Argyle building, and one on the 2221 WI/ N. Argyle lot. The 8419 N. Denver space is currently vacant.

The following tables summarize the lease terms.

Rent Roll: 8411 N. Denver Avenue (aka CMI Building)							
Tenant	Space	Sq. Ft.	Base Rent	Rate PSF/Yr	Deposit	Lease Type	Notes
Vacant	Mezzanine	1,775	0.00	0.00	0.00	N/A	- Access to space is through front office and Bays 1 & 2
Vacant	Front Office	2,560	0.00	0.00	0.00	N/A	- Potential maintenance issues

							with roof and HVAC - Space has access to mezzanine - Common area restrooms are located in space
Figureplant	Bays 1 & 2	6,026	650.00	1.29	0.00	Gross	- Access to Bays 3 & 4 are through this space - Common area locker-room/ restrooms are located in space - Gas heat not in service - Lease is month to month
Spar-Tek	Bay #3	4,000	800.00	2.40	0.00	NNN	- Utility reimbursement has not been collected - Gas heat not in service - Lease is month to month
CMI	Bay #4	2,500	420.00	2.01	0.00	NNN	- Utility reimbursement has not been collected - Gas heat not in service - Lease is month to month
Nelson Inv	Bay #5	4,750	0.00	0.00	0.00	N/A	- Occupied by property seller. To vacate upon conveyance - Separately metered HVAC service
Nexion DG	Bays 6 & 7	18,104	1,000.00	0.66	0.00	Gross	- Includes 10,000 square foot gravel yard - Separately metered for water/sewer - Lease is month to month

Rent Roll: 2221 N. Argyle Street Building (aka Spar-Tek Building) & unimproved lot							
Tenant	Space	Sq. Ft.	Base Rent	Rate PSF/Yr	Deposit	Lease Type	Notes
Spar-Tek	Office	5,000	2,000.00	4.80	0.00	NNN	- NNN reimbursable charges consist of property taxes and insurance
Spar-Tek	Warehouse	30,000	8,400.00	4.16	0.00	NNN	- NNN reimbursable charges consist of property taxes and insurance
Blended rate is \$4.25 psf a yr; lease expires 11/30/2011; includes off-street parking lot							
Vanport Marine	Storage Lot	43,287	0.00	0.00	0.00	Gross	- Owner pays property taxes

The ESA estimated environmental remediation costs ranging from \$91,000 to \$138,000. The Construction Services Manager estimated building relocation and /or demolition costs at a maximum of \$30,000. The Seller has agreed to reduce the purchase price by \$168,000.

Other due diligence finds the three buildings experiencing deferred maintenance, but in relatively sound condition. A Hazardous Building Materials Survey found asbestos on the Property, which is typical of buildings of this age, and poses no imminent danger to human health. The Construction Services Manager notes that very few of the hazards will require immediate action. Cleanup will be triggered only when there is a disturbance to the building such as demolition or rehabilitation. After purchase, it is recommended that PDC develop an asbestos abatement plan to mitigate any risks.

Redevelopment/Re-tenanting: Given the soft state of the current market, PDC may need to hold the Property several years before conditions are ready for redevelopment. There is the possibility that no new tenants can be found to fill the vacant spaces in the building, but that it unlikely given the rapid lease-up of similar properties nearby. In the 2221 N. Argyle building, Spartek may chose not to renew a long-term lease, but that seems unlikely given the desires to remain in the building it has expressed.

PDC's Real Estate team reports that most of the tenants in the 8411 N. Denver building pay below market rent. However, in order to raise these rents, PDC may have to spend money mitigating some of the unfavorable building aspects, such as a single building entrance, and combined gas and utility metering for multiple tenants.

WORK LOAD IMPACT

Existing PDC staff will manage the disposition and redevelopment process and much of the property management. PDC Real Estate staff recommends that 8411 N. Denver and possibly 8419 N. Denver be managed and leased externally with an annual cost of \$5,300 to \$7,800.

PDC's Neighborhood Team has coordinated its work with Business & Industry staff to assess possible cluster tenants and will continue to do so throughout the disposition phase.

ALTERNATIVE ACTIONS

The PDC Board of Commissioners could decline to approve the acquisition of the Property, or direct staff to renegotiate the terms of the transactions.

CONCURRENCE

The Investment Committee approved the offer terms for the Nelson property acquisition on February 16, 2010, and provided a negotiating range for the purchase price of \$3,650,000 to \$4,015,000, minus remediation costs. A Purchase and Sale Agreement (PSA) was executed on December 10, 2010, for \$3,825,000, with a revised closing date of May 23, 2011. It specified a clean property with a write-down clause for environmental cleanup. On March 15, 2011, the Financial Investment Committee (FIC) approved completing the

purchase subject to a reduction for environmental cleanup in the amount of \$150,000 to \$175,000. Both the ICURAC chairs and heads of the Kenton Neighborhood and Business Associations support this Property acquisition.

The FIC conducted an additional review of the proposed acquisition on May 3, 2011, focusing on Spartek's lease renewal terms and on any potential impact the updated appraisal could have on the project. At the meeting, the FIC recommended that PDC guide the seller to renew its lease with Spartek with the same or similar terms to the current lease and to provide the updated appraisal to the FIC upon receipt for further consideration. The results of the updated appraisal will also be provided to the Board prior to the May 11 Commission meeting.

The ICURA Plan states that acquisition of properties not identified in the Plan "shall be accomplished by minor amendment to the Plan, identifying the property and setting forth a schedule for its acquisition and disposition." "This is a minor change and can be approved by Commission." The Property was not previously identified in the Plan, thus ICURA Plan Amendment Seven, cited at the beginning of this document, complies with this requirement.

BACKGROUND

PDC staff has been involved in the Downtown Kenton Redevelopment Project since 2005, with the aim of revitalizing the neighborhood's business district that centers on Denver Avenue. The \$2.85 million Denver Streetscape, completed last fall, is the most recent part of this project. Because the Property sits in such a prominent spot in downtown Kenton, adjacent to the TriMet site, staff realized that its acquisition and redevelopment could have immediate *and* long-term benefits on the area.

The owners are three siblings who inherited the Property from their father, who ran a printing manufacturing operation there. The Nelsons were planning to list the properties for sale, but first approached PDC to gauge interest. If they did not sell the Property, they planned to retain the current buildings as is and enter into long-term leases.

The Property, which sits at the intersection of N. Denver, N. Willis, and N. Argyle, contains three buildings with storage yards and a small parking area, and a large unimproved lot (see *Attachment C, Lease Summary*). 8411 N. Denver is a 27,000 sq. ft. office/industrial building zoned CSd. Its seven bays house office space for the owner and other tenants, including a printing-equipment manufacturer and theatre-set designers. Ceiling heights range from 11- to 26-foot.

An 800 sq. ft. vacant structure sits at 8419 N. Denver. This was once a gas station and most recently a drive-through coffee shop. The structure is listed as a Contributing Structure in the Kenton Conservation District.

The 34,000 sq. ft. building at 2221 N. Argyle was constructed in the 1970s as a manufacturing, and industrial building. The building is leased to Spartek, which manufactures printing equipment. The adjacent lot at 2221 W/ N. Argyle is unimproved. Vanport Marine, which rents space in another Nelson property, uses it for equipment storage and pays no rent. The site is steeply sloped downward to the north.

A number of appraisals have been obtained since the owners first approached PDC. PDC obtained appraisals from IRR for both sites and the seller has obtained an appraisal from PGP Valuation for the Denver property. PDC also obtained a separate appraisal from Paniolo Solutions for industrial fixtures not included in the original IRR appraisals.

Both PDC and the seller have audited the other party's appraisals. In its audits of the IRR appraisal (conducted on behalf of PDC), PGP Valuation accepted the IRR Argyle site appraisal value (\$1.85M) but rejected the IRR Denver site value (\$1.5M) as too low: PGP assessed it at \$2,010,000. IRR conducted a full review of the PGP appraisal and maintained its original conclusion that the Denver site value was \$1,500,000.

PDC's offer was based only on the IRR appraisals and Paniolo fixture value, yet the sellers' appraisal influenced the price they expected for the property. They plan to do a 1031 tax exchange with this sale, which has introduced specific time constraints into the deal.

The PDC Investment Committee approved the offer terms for the Nelson property acquisition on February 16, 2010, and provided a negotiating range for the purchase price of \$3,650,000 to \$4,015,000, minus remediation costs. A PSA was executed on December 10, 2010, for \$3,825,000, with a revised closing date of May 23, 2011. It specified a clean property with a write down clause for environmental cleanup.

The Property is to be held and maintained by PDC until a master development strategy is completed for all four lots and the adjacent TriMet property. A key goal of the strategy is to determine site suitability for cluster industry or neighborhood economic development. The strategy will also guide the optimum timing and programming for the Property. It will look at the potential sale or dedication of all, or part of, the 2221 Argyle lot for right-of-way to spur creation of a new Argyle Street connector by the Oregon Department of Transportation. The connector would relocate major truck traffic away from the Property, and transform Argyle Street from an unofficial highway off-ramp into a local road.

ATTACHMENTS:

- A. URA Financial Summary
- B. Project Summary with Site Plan
- C. Tenant Summary
- D. TriMet Letter of Support

URA FINANCIAL SUMMARY

Five-Year Forecast Project Requirements

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Interstate Corridor URA						
Resources						
Beginning Fund Balance	2,392,256	361,425	66,630	398,397	752,775	784,672
Interest on Investments	20,000	20,000	20,000	20,000	20,000	20,000
Loan Collections	1,391,951	3,499,287	240,756	215,712	165,888	155,124
Property Income	2,440,000	500,000	0	0	0	0
TIF Proceeds	31,950,445	10,873,763	12,174,892	10,380,547	10,620,591	7,207,418
Total Fund Resources	38,194,652	15,254,475	12,502,278	11,014,656	11,559,254	8,167,214
Requirements						
Program Expenditures						
Administration						
Executive						
H60041 Eastside Central City Plan	276,998	0	0	0	0	0
H60042 N/NE Economic Dev Initiative	127,995	68,440	0	0	0	0
Finance						
H98001 Debt Management	20,438	21,459	22,532	22,532	22,532	22,532
Administration Total	425,431	89,899	22,532	22,532	22,532	22,532
Business Development						
High Growth						
H79020 Business Finance	425,000	300,000	300,000	300,000	300,000	300,000
Industry Cluster						
H28059 Manufacturing Investment Fund	0	200,000	200,000	200,000	200,000	200,000
H28069 Lean Manufacturing	0	70,000	70,000	70,000	70,000	70,000
H28070 Green Innovation Park	0	200,000	0	0	0	0
H72026 Cluster Development	380,000	100,000	100,000	100,000	100,000	100,000
H79020 Business Finance	775,000	430,000	430,000	430,000	430,000	430,000
H79100 Site Recruitment	0	42,750	42,750	42,750	0	0
Neighborhood Economic Development						
H61008 Killingsworth Station Commercial	0	902,656	0	0	0	0
H72030 Neighborhood Economic Development	50,000	75,000	75,000	75,000	75,000	75,000
H79020 Business Finance	625,000	500,000	500,000	500,000	500,000	500,000
H79025 Green Business Grants	200,000	200,000	200,000	200,000	200,000	200,000
Business Development Total	2,455,000	3,020,406	1,917,750	1,917,750	1,875,000	1,875,000
Housing						
Multi-Family - For Sale						
H20027 PCRI Scattered Sites 2 (NOFA)	400,000	0	0	0	0	0
H34606 Killingsworth Station	0	850,000	0	0	0	0
H38711 Habitat for Humanity - Homeownership	211,750	0	0	0	0	0
H38712 Woolsey Corner Homeownership Dev	480,857	0	0	0	0	0
H89035 Homeownership Development	0	0	500,000	500,000	500,000	0
H89046 PCRI Home Ownership Development	625,796	0	0	0	0	0
Multi-Family - Rental Housing						
H89030 Affordable Rental Housing	250,000	0	0	0	1,500,000	0
H89047 Bridge Meadows	1,318,722	0	0	0	0	0
H89048 Ainsworth Court	1,400,000	0	0	0	0	0
Single-Family - Home Repair						
H89010 Home Repair Projects	487,953	487,953	487,953	487,953	487,953	487,953
H89045 Home Rehab and Retention	100,000	100,000	100,000	100,000	100,000	100,000
Single-Family - Homebuyer Assistance						
H37932 HAP Afford Ownership/Rehab	647,000	150,000	0	0	0	0
H89020 Home Buyer Assistance	601,727	500,000	500,000	500,000	500,000	0
Housing Total	6,523,805	2,087,953	1,587,953	1,587,953	3,087,953	587,953
Infrastructure						
Parks						

Five-Year Forecast Project Requirements

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
H19038 Interstate Parks	1,370,000	0	0	0	0	0
H28073 Bridgeton	0	1,000,000	700,000	0	0	0
H28074 Dawson Park	0	500,000	400,000	500,000	0	0
H28075 Small Scale Improvements	0	100,000	100,000	30,000	0	0
Transportation						
H19020 Interstate Streetscape Improvements	1,549,999	0	0	0	0	0
H19021 Interstate Trans Improvements	1,133,850	200,000	200,000	200,000	200,000	200,000
H28076 Denver Streetscape	0	15,000	15,000	0	0	15,000
H28077 Killingsworth Streetscape	0	1,000,000	1,000,000	0	0	0
H28078 Lombard Streetscape	0	200,000	600,000	1,000,000	1,000,000	0
Infrastructure Total	4,053,849	3,015,000	3,015,000	1,730,000	1,200,000	215,000
Property Redevelopment						
Community Outreach - Revitalization						
H11601 Community Outreach	0	10,000	10,000	10,000	10,000	10,000
Plans and Strategies - Revitalization						
H19018 Interstate Redevelopment	150,000	200,000	500,000	500,000	500,000	500,000
Redevelopment						
H19023 Community Livability Projects	760,000	300,000	300,000	300,000	300,000	400,000
H19048 Kenton Redev Downtown	4,500,000	500,000	250,000	500,000	0	0
H27001 Storefront Grants	600,000	600,000	600,000	600,000	600,000	600,000
H27050 DOS Grants	300,000	150,000	150,000	150,000	150,000	150,000
H28030 Redevelopment Loan Projects	2,000,000	1,400,000	1,200,000	1,200,000	1,200,000	1,200,000
H28031 Clean Energy Program	2,500,000	0	0	0	0	0
H34606 Killingsworth Station	5,013,047	0	0	0	0	0
H61010 Jefferson Plaza	100,000	0	500,000	0	0	0
H70712 Brownfields Redevel	100,000	0	0	0	0	0
Property Redevelopment Total	16,023,047	3,160,000	3,510,000	3,260,000	2,760,000	2,860,000
Total Program Expenditures	29,481,132	11,373,258	10,053,235	8,518,235	8,945,485	5,560,485
Personal Services	866,545	990,070	369,116	313,856	329,237	207,377
Transfers - Indirect	3,151,794	2,025,032	1,414,946	1,203,116	1,262,077	794,947
PHB Staff/Admin	1,242,343	799,485	266,584	226,674	237,783	149,773
Total Fund Expenditures	34,741,814	15,187,845	12,103,881	10,261,881	10,774,582	6,712,582
Contingency	3,452,838	66,630	398,397	752,775	784,672	1,454,632
Ending Fund Balance	0	0	0	0	0	0
Total Requirements	38,194,652	15,254,475	12,502,278	11,014,656	11,559,254	8,167,214

PROJECT SUMMARY

Project Name:	Nelson Acquisition, part of Downtown Kenton Redevelopment
Description:	Purchase of a 3.5-acre parcel adjacent to a MAX station and a TriMet-owned site
Location:	Kenton Neighborhood business district northern gateway. Intersection of N. Denver, N. Willis, & N. Argyle.
URA:	Interstate
Current Phase:	Completion of due diligence: FIC approval to acquire
Next Milestone:	Finalize remediation cost reduction negotiations. Request Board Approval.
Completion Target:	April 25 Property Closing
Outcome:	Redevelopment or re-tenanting depending on results of Master Development Strategy to be done in conjunction with TriMet

Site/Project Map:



8419 N Denver



8411 N. Denver, interior and exterior



—H. / 09.29.11 10:50 AM @ 8411 N. Denver, 10/11/11

2221 N. Argyle





Nelson Lease Map / Legend

Lot #	R-#	Address	Name	Tenant	Notes
1	R196221	8419 N Denver Ave	Paul Bunyan Cafe	Vacant	
2-a	R196219	8411 N Denver Ave	Main Building Front Office	Vacant	
2-b	R196219	8411 N Denver Ave	Main Building Bay #1	Figureplant	
2-c	R196219	8411 N Denver Ave	Main Building Bay #2	Figureplant	
2-d	R196219	8411 N Denver Ave	Main Building Bay #3	Spar-Tek	
2-e	R196219	8411 N Denver Ave	Main Building Bay #4	CMI	
2-f	R196219	8411 N Denver Ave	Main Building Bay #5	Nelson Investment Company	
2-g	R196219	8411 N Denver Ave	Main Building Bay #6	Nexion DG	
2-h	R196219	8411 N Denver Ave	Main Building Bay #7 & Lot	Nexion DG	
3	R224791	2221 N Argyle St	Spar-Tek Building	Spar-Tek	
4	R537091	2399 N Argyle St	Storage Lot	Vanport Marine	
5	R224790	2250 N Columbia	Ferguson Lease Lot	Nelson Family	Leased by Nelson

TriMet Letter of Support



Doc C# CP022567
March 24, 2011

Sara King
N/NE Neighborhood Manager
Portland Development Commission
222 NW Fifth Ave
Portland, OR 97209-3859

Subject: Support for PDC proposal to acquire property in Kenton neighborhood

Dear Sara:

I'm writing to express TriMet's support for the proposed acquisition of property in the Kenton Commercial Historic District which is served by the MAX Yellow Line and bus lines #6-MLK and #4 Fessenden.

The foundation for the proposed acquisition was established when Kenton was included in the Interstate Corridor Urban Renewal Area boundary in 2000. City and neighborhood leadership recognized a URA could facilitate revitalization of Kenton's moribund business district. The vision for revitalization was given definition and form in the Kenton Downtown Plan, adopted by the City Council in 2001. Zone changes implemented through this plan called for transitioning the area of the neighborhood north of Willis Street from industrial uses to new housing and commercial uses. New development consistent with the new zoning is intended to establish the critical mass necessary for the business district to thrive and to offer local residents and transit users more housing and commercial activities.

In 2006, TriMet was able to purchase a 2.1-acre site north of Argyle Street between Denver and Brandon avenues with funds reallocated to station area development from untapped Interstate MAX construction contingency. The purchase allowed an existing business to relocate to a more strategic location while advancing the evolution of Kenton's development pattern by preventing a new industrial concern from replacing the old one. TriMet has not yet offered the site for redevelopment due to the financial crisis, but I have discussed the site with many developers. Their feedback underscores that the Kenton market has strong fundamentals including terrific transportation access, main street character and relatively large parcels. However, a frequent question is, "What's happening across the street?" I believe the timing and quality of development of the TriMet property will be improved by assuring developers that the sizable investment needed for a 2-acre high density residential site will not be negatively impacted by adjacent incompatible development.

TriMet looks forward to continued partnership with PDC and the Kenton neighborhood to achieve a master development strategy that will guide phasing of development and reuse of publicly controlled parcels in Kenton. This is an unparalleled opportunity for transit oriented development on the MAX Yellow Line. TriMet urges approval of the proposed acquisition.

Sincerely,

A handwritten signature in black ink, appearing to read "Jillian Detweiler". The signature is fluid and cursive.

Jillian Detweiler
Property Development Manager