



Tualatin Hills Park & Recreation District Minutes of a Regular Meeting of the Board of Directors

A Regular Meeting of the Tualatin Hills Park & Recreation District Board of Directors was held on Monday, March 12, 2018, at the HMT Recreation Complex, Dryland Training Center, 15707 SW Walker Road, Beaverton, Oregon. Work Session 5:30 pm; Executive Session 6:30 pm; Regular Meeting 7 pm.

Present:

Ali Kavianian	President/Director
Felicita Monteblanco	Secretary/Director
John Griffiths	Secretary Pro-Tempore/Director
Holly Thompson	Director
Doug Menke	General Manager

Agenda Item #1 – Work Session: Affordable Housing

A Work Session of the Tualatin Hills Park & Recreation District Board of Directors was called to order by President Ali Kavianian on Monday, March 12, 2018, at 5:30 pm.

General Manager Doug Menke provided introductory comments, noting that the board will hear two presentations this evening from partner agencies about their efforts in addressing the issues surrounding the local and regional lack of affordable housing. At the conclusion of the presentations, time has been set aside for board discussion. District staff is particularly interested in hearing the board's interest areas on this topic, as well as requests for any additional information needed and the desired timeline for future board discussion on this topic.

A. Metro / Potential Regional General Obligation Bond for Affordable Housing

Craig Beebe, Regional Investment Strategy Project Manager with Metro, provided a detailed overview of a regional housing measure currently under consideration by Metro via a PowerPoint presentation, a copy of which was entered into the record, and which included the following information:

- Affordable housing needs and supply in the Metro region
- Affordable housing needs and supply in Washington County
- Current efforts via the Equitable Housing Initiative
- What a regional housing measure might look like:
 - General obligation bond
 - New construction and acquisition of land and affordable homes region-wide
 - Pass-through funding, grants and gap financing
- Next steps for the regional housing measure and timeline:
 - Advisory tables
 - Public and partner engagement
 - Technical work and research
 - Metro Council consideration of referral in late spring

Craig distributed a handout titled "Homes for Greater Portland" with additional information regarding the housing measure, a copy of which was entered into the record, and offered to answer any questions the board may have.

John Griffiths asked if an amount and assessment method have been determined for the regional housing measure.

- ✓ Craig replied that there are many factors that need to be further evaluated before an official amount is decided, but the current discussion is centered on \$500 million and would be assessed through property taxes.

John questioned what the motivations would be for current property owners to vote in support of funding the housing needs of others.

- ✓ Craig replied that many people understand that having housing available for people of all income levels within the community is essential for a variety of reasons, including economic and social benefits, as well as the basic functioning of society. Addressing homelessness would also directly benefit other government services, such as school districts, noting that Beaverton School District has the highest rate of homeless students in the state.

President Kavianian asked how much of the affordable housing need could be addressed with \$500 million.

- ✓ Craig replied that this has not yet been determined but would be a focus of the advisory tables, along with determining what level of Median Family Income (MFI) to focus on, whether to focus on acquisition over new construction, and how to align the new affordable housing with services that cannot be funded via a general obligation bond.

Holly Thompson asked Craig what percentage of MFI he believes the advisory tables would focus on and asked whether any of the funding would address those above 50% MFI.

- ✓ Craig replied that this would be a focus of the advisory tables, noting that the lowest MFI group has the largest gap in need, but that the right balance needs to be sought. He cannot answer at this point whether any of the funds would go to those above 50% MFI.

Felicita Montebianco asked how the funds collected by Metro would be distributed.

- ✓ Craig noted that this has not yet been determined, but part of the measure's framework would include allocation formulas for partner agencies, including where the funding is needed most in combination with the expected impact. There will be a variety of options and possibilities to be discussed as the regional housing measure is further developed.

Craig concluded his presentation by noting that Metro staff would be happy to return to the THPRD Board of Directors at a future meeting date when more specifics are known regarding the regional housing measure.

B. Washington County

Rob Massar, Assistant County Administrator for Washington County, provided an update from his previous presentation to the board in February 2017 regarding the county's strategy in addressing affordable housing needs, which included the following information:

- A minimum of 14,000 more affordable housing units are needed in Washington County, which the county considers as those making less than 60% MFI.
- The county is focusing its current efforts in partnering with Metro on the regional housing measure instead of the local option tax that was under consideration by the county during his previous presentation to the board.
- Other tools under consideration by the county include:
 - A construction excise tax which would need to be implemented by all cities within the county and could raise \$6-8 million annually.
 - System Development Charge (SDC) waivers, but the county only has the transportation and development tax within this category. He acknowledged the discussions regarding the legality of SDC waivers and the necessity to backfill

waived SDCs with other funding sources, noting that while the county has many funds to consider for backfilling, THPRD may be more limited.

- Additional general fund dollars are being contributed to a county housing opportunity fund.
- Some development codes are being reevaluated in order to encourage affordable housing development, such as lower parking ratios, rezoning where appropriate, and streamlining the permit process.
- Partnerships with for-profit affordable housing developers. Land acquisition is a challenge for these partnerships and he questioned whether THPRD owns land that could be a potential source for such a partnership development.

Rob offered to answer any questions the board may have.

Holly Thompson asked how many affordable housing units have been built within the county over the past ten years.

- ✓ Discussion occurred regarding the recollection of these statistics, but Rob ultimately replied that he would research and provide a concrete answer for the board.

Holly asked whether the county generally views affordable housing as below 60% MFI.

- ✓ Rob confirmed this.

John Griffiths asked for the term length for affordable housing projects, or the timeframe for which they must remain affordable.

- ✓ Rachael Duke, Executive Director for Community Partners for Affordable Housing, replied that when using state tax credits, which is a common way to finance affordable housing projects, the compliance period is about 60 years. She noted that the Barcelona Apartments in Beaverton has a 99 year lease to remain affordable. Their intent is for these projects to remain indefinitely affordable.

General Manager Doug Menke thanked the presenters and welcomed the board's feedback on the information provided this evening.

Holly Thompson described reading THPRD founder Elsie Stuhr's history book and THPRD's original mission statement that included language about maintaining the affordability of park and recreation services. She emphatically believes that THPRD has a role to play in the issue of affordable housing. She described the nexus between the high-quality parks and programs provided by THPRD that drives up the desirability of living in the area served by THPRD, which ultimately affects the area's housing prices. In addition, she believes that access to THPRD means more than just access to THPRD's programs and Access for All, but also access for one to live within the community THPRD serves. She is open to considering the various methods suggested this evening in terms of the ways THPRD can contribute to addressing the issue of affordable housing, whether that be through SDC waivers or consideration of using surplus land for affordable housing projects; however, she also acknowledges the need for balance in order for THPRD to continue to meet its responsibilities in providing these services to the community.

Felicita Monteblanco expressed agreement with Holly's comments, noting that she agrees that THPRD has a role to play in the issue of affordable housing. She stated that a healthy community has residents of varying income levels and diversity in every definition. However, she also agrees that there is a need for balance in order for THPRD to be able to continue providing its services.

John Griffiths expressed concern that THPRD does not have a funding source from which to draw in order to backfill waived SDCs. He noted that THPRD only has one source of growth capital, which is its SDCs. THPRD's primary mission is providing park and recreation services

and he is concerned about dedicating resources to a different mission other than that of the mission for which the taxpayers are funding the district. However, he does not believe that this means that THPRD cannot help solve secondary goals within the greater mission for affordable housing. He suggested methods other than SDC waivers to consider, such as purchasing surplus land from the City of Beaverton. He also described a transaction in which the city was willing to waive costs owed by THPRD, but THPRD paid those costs and requested that the funds be contributed to affordable housing needs instead.

- ✓ Felicita asked John if he would be willing to explore what the opportunities might be for backfilling waived SDCs.

John replied that he would be willing to explore such opportunities, but has concerns regarding going to the legislature to seek modifications to SDC law in relation to backfilling, noting that it could open the door for the homebuilders association to dismantle the SDC program entirely.

President Kavianian expressed agreement with the statement made this evening that there is not one single solution to solving the challenge of affordable housing. THPRD has an opportunity to play a role and be more involved in this process, while still continuing to provide for its mission. He referenced John's comments regarding purchasing surplus land from the city, noting that while this is a finite resource, he would like to see THPRD at the table when such opportunities arise. He noted that there are other organizations charged with affordable housing as their mission and he questions whether THPRD should be moving ahead of their processes. He is open to looking at potential partnerships with other agencies and potentially a SDC waiver tool with a maximum dollar amount contribution, but wants to first understand what the risks are associated with that. He referenced the recent interviews conducted by the board in order to fill the current vacant board position, noting that no interviewees strongly expressed that THPRD should be focused on affordable housing. Going forward, he would like to enable the new board member to have an opportunity to contribute to this discussion, in addition to reviewing additional information regarding other agencies' initiatives as it becomes available, as well as more information on what a SDC waiver fund may look like for THPRD and whether it would make an impact.

Felicita commented that she is not advocating for THPRD to change its mission, but rather to explore ways it can be a strong partner and continue the discussion. She expressed agreement that she, too, would like to understand what an SDC waiver fund may look like for THPRD and what the sources of backfill revenue could be for such a fund.

Holly stated that she believes it is part of THPRD's core mission to see that the park district is affordable and that exploring how THPRD can be a partner on housing affordability is a core piece of that, but a balanced approach is necessary. For future board discussion, she would like to see the official number of affordable housing units built within THPRD boundaries over the last decade. Without that data, it is a hypothetical discussion. Once the board has that data, there can be a real opportunity to develop criteria to either waive SDC fees entirely for affordable housing units or reduce those fees by some percentage, while having a better idea of the true impact to the district. A sinking fund could be created to help offset the SDC waivers that would build up over time. She believes that once the data is available, the board will find that there are not many affordable housing units built within THPRD boundaries and although there will be a cost, it will not be as drastic as what might be anticipated at this point. The issue of affordable housing is a communitywide problem that requires a communitywide solution and the reality is that families are being priced out of living within THPRD.

President Kavianian recapped the discussion this evening noting that the board desires to further explore the concept of SDC waivers or reductions, in conjunction with concrete numbers regarding the history of affordable housing units constructed within THPRD boundaries. At the

very least, the board will then have the information needed in order to have a more educated discussion. However, he still has reservations regarding THPRD moving faster than the regional efforts being initiated; especially considering that SDCs are THPRD's only growth capital.

General Manager Doug Menke noted that, in speaking with a contact at Metro, he has learned of discussions that some of the funding from the regional housing measure could be used for the reimbursement of other agencies' fee waivers. Of course, this has yet to be finalized, but will become more clear as additional discussions take place.

Agenda Item #2 – Executive Session (A) Land

President Ali Kavianian called executive session to order to conduct deliberations with persons designated by the governing body to negotiate real property transactions. Executive session is held pursuant to ORS 192.660(2)(e), which allows the board to meet in executive session to discuss the aforementioned issue.

President Kavianian noted that representatives of the news media and designated staff may attend executive session. Representatives of the news media were specifically directed not to disclose information discussed during executive session. No final action or final decision may be made in executive session. At the end of executive session, the board returned to open session and welcomed the audience into the room.

Agenda Item #3 – Call Regular Meeting to Order

A Regular Meeting of the Tualatin Hills Park & Recreation District Board of Directors was called to order by President Ali Kavianian on Monday, March 12, 2018, at 7 pm.

Agenda Item #4 – Action Resulting from Executive Session

John Griffiths moved that the board of directors authorize staff to acquire property in the northeast quadrant of the district for the price discussed in executive session, using bond funds designated for acquisition of natural areas, subject to appropriate due diligence review and approval by the general manager. Holly Thompson seconded the motion. Roll call proceeded as follows:

Felicita Monteblanco	Yes
Holly Thompson	Yes
John Griffiths	Yes
Ali Kavianian	Yes

The motion was UNANIMOUSLY APPROVED.

Agenda Item #5 – Audience Time

Jilian Saurage Felton, PO Box 23206, Tigard, is before the board of directors this evening as the Housing Development Director for Community Partners for Affordable Housing. She referenced the board's work session earlier this evening on the topic of affordable housing, noting that Beaverton School District has over 1,500 homeless students. She stated that homelessness and housing insecurity are a critical issue in our community due to a persistent and growing lack of family housing and that greater numbers of families are facing housing costs rising to greater than 30% of their income. She noted that System Development Charges (SDCs) assessed by government agencies are a significant burden on the development of affordable housing as is evidenced by the fact that only three new affordable housing developments have been built in this area over the last nine years. She stated that the City of Tigard recently exempted affordable housing developments from all of their SDCs in order to encourage and facilitate the construction of new affordable housing units in the future. She recommends that the THPRD Board of Directors explore doing the same and also exempt affordable housing developments from SDCs.

Agenda Item #6 – Board Time

Holly Thompson invited the Community Partners for Affordable Housing to please share with THPRD any information they receive regarding what other government agencies are doing in support of affordable housing initiatives.

Agenda Item #7 – Consent Agenda

D. Resolution Authorizing Issuance of Debt for the Redevelopment of Cedar Hills Park and Somerset West Park

General Manager Doug Menke introduced Gery Keck, superintendent of Design & Development, to provide an overview of the request to execute a full faith and credit financing agreement for the purpose of funding a portion of the Cedar Hills Park and Somerset West Park redevelopment projects, which are the district's last two major projects under the 2008 Bond Program. Doug referred to the board's decision in May 2017 to finance the cost overages for these projects via debt financing, noting that two new members have since joined the board. Additionally, construction costs have unfortunately continued to rise.

Gery provided an overview of the memo included within the board of directors' information packet detailing the projects' estimated costs and existing resources, noting that staff is seeking board approval of a resolution authorizing the execution of a full faith and credit financing agreement in an amount not to exceed \$4 million at a true effective rate not to exceed 5% per annum, with maturity of not later than 20 years from the date of issuance. Staff anticipates returning to the board at the May 2018 Regular meeting to request bid award for the Cedar Hills Park Redevelopment Project, which will also help firm up the amount of financing that will be needed. The Somerset West Park Redevelopment Project will not be bid until spring 2020.

Holly Thompson asked for confirmation that even though the action requested is for authorization to issue debt up to \$4 million, only the actual amount needed will be issued once the bids have been received.

- ✓ Gery confirmed this.

John Griffiths asked for additional information regarding the cost increase for the Somerset West Park Redevelopment Project.

- ✓ Gery replied that a number of factors contributed to the increase, but it is mainly due to an increase in construction costs. Typical inflation rates for construction costs in the past have been 4.5% annually; currently, that rate has been 7% or more. This has been reflected in projects that the Beaverton School District has bid recently, as well.

John asked how Phase 2 of the project would be funded.

- ✓ Gery replied that Phase 2 would essentially be funded by a future bond measure.

John asked whether there would be an opportunity to pay off the debt service early.

- ✓ Doug replied that his understanding is that the best term would be for a minimum of 10 years. Staff will evaluate whether an early payoff would be in the district's best interest.

John inquired about the expected interest rate.

- ✓ Ann Mackiernan, chief financial officer, replied that the most recent refinancing completed by the district over a year ago was 3.5% and she expects that the rates have increased since then. Staff is anticipating that the rate will fall between 3.5% and 5%.

John expressed concern that as construction costs continue to rise, the district's SDC rates may not be keeping pace with the increase. In addition, the district seeking out debt illustrates the fact that it does not have ready cash-in-hand and must resort to the debt market in order to finish these projects, which comes with an additional cost in the form of interest. The district is in

a different market now than when the 2008 Bond Program first began in that a recession was taking hold and the economy has since bounced back, which has increased costs substantially. Lacking another recession, these costs may continue to climb.

Felicita Montebianco moved that the board of directors approve consent agenda items (A) Minutes of February 13, 2018 Regular Board Meeting, (B) Monthly Bills, (C) Monthly Financial Statement, and (D) Resolution Authorizing Issuance of Debt for the Redevelopment of Cedar Hills Park and Somerset West Park. Holly Thompson seconded the motion. Roll call proceeded as follows:

John Griffiths	Yes
Holly Thompson	Yes
Felicita Montebianco	Yes
Ali Kavianian	Yes

The motion was UNANIMOUSLY APPROVED.

Agenda Item #8 – Unfinished Business

A. Resolution Appointing THPRD Board of Directors Member Position #2

President Kavianian provided an overview of the process that has transpired over the past few months in filling the vacancy on the THPRD Board of Directors, Position #2. He noted that applications for the position were accepted from January 17 through February 7, and that 26 applications were received for the board's consideration. Each board member ranked the applications individually, the scores were averaged, and the top ten candidates were interviewed on March 6. All were qualified, passionate and some had been heavily involved with THPRD for many years. After the interviews, the board members individually identified their top-three candidates and a conclusion was reached.

Holly Thompson commented that all of the candidates were incredibly impressive and that it was a difficult choice to make. The candidates' backgrounds were diverse, ranging from careers in the public sector, private sector, and lifelong volunteers for the district. Although it was a difficult decision, there was one candidate who clearly stood out: Wendy Kroger. Wendy has a long history of volunteerism with THPRD, involvement in THPRD committees, advocacy in pushing for great change, and for being a true community leader.

Felicita Montebianco commented that she is excited to begin working with such a wonderful community leader and feels privileged for being able to meet the other candidates through this process.

John Griffiths expressed support for Wendy's appointment, noting that he couldn't be happier with the selection.

Holly Thompson moved that the board of directors approve Resolution 2018-06 appointing Wendy Kroger to Position #2 of the THPRD Board of Directors. Felicita Montebianco seconded the motion. Roll call proceeded as follows:

John Griffiths	Yes
Felicita Montebianco	Yes
Holly Thompson	Yes
Ali Kavianian	Yes

The motion was UNANIMOUSLY APPROVED.

B. General Manager's Report

General Manager Doug Menke provided an overview of his General Manager's Report included within the board of directors' information packet, including the following:

- Neighborhood Association Committees and Citizen Participation Organizations
 - Julie Rocha, Athletic Center supervisor, provided an overview of the district's enhanced outreach efforts to the local NACs and CPOs via a PowerPoint presentation, a copy of which was entered into the record.
- Board of Directors Meeting Schedule

Doug offered to answer any questions the board may have.

The board members expressed support for district staff's participation in the NAC and CPO meetings, noting the many benefits of building such relationships within the community.

Agenda Item #9 – New Business

A. System Development Charge Indexed Rate Annual Cost Adjustment

General Manager Doug Menke introduced Jeannine Rustad, superintendent of Planning, to provide an overview of a potential System Development Charge (SDC) indexed annual cost adjustment.

Jeannine provided a detailed overview of options for a proposed SDC indexed rate cost adjustment via a PowerPoint presentation, a copy of which was entered into the record, and which included the following information:

- SDC annual adjustment components and purpose
- SDC annual adjustment formula
- 2018 SDC annual adjustment calculation: 6.9%
 - The current THPRD SDC rate is 10.85% below the total allowable SDC rates, with an additional 3% reduction of the North Bethany residential rates.
 - The district opted not to implement the 2017 annual adjustment, as the adjustment was taken into account during the methodology update.
- Implementation analysis for the SDC annual adjustment
- Comparative park SDC rates around the Metro area as of January 2018

Jeannine noted that staff is seeking input from the board on the SDC indexed rate annual cost adjustment and will incorporate input from the board in a recommendation on rate changes expected to be brought to the board for consideration of approval in April 2018. Staff recommends that any adopted increase be implemented effective July 1, 2018. Once input is received, staff will conduct outreach to obtain feedback on any proposed changes. Jeannine offered to answer any questions the board may have.

President Kavianian asked for confirmation that the proposed options for the board's consideration are to increase the current SDC rates established in 2016 by the 2018 increase of 6.9%, or implement the increases for both 2017 and 2018.

- ✓ Jeannine added that the board can also choose not to implement increases for specific categories, such as multi-family residential.

Holly Thompson commented that implementing both the 2017 and 2018 increases would be too much at once, but that she would support implementing the 2018 rate increase, acknowledging that the district would be letting go of what it could have captured with the 2017 adjustment. Even though she is a huge proponent of examining ways the district can support affordable housing development, she does not feel that the multi-family housing SDC rate should receive special consideration as most of this housing does not qualify as affordable. She described her experiences in watching government agencies struggle with rate increases, noting that there is never a good time for a rate increase; however, delaying such increases and then having to play catchup ends up being even more drastic. Instead, she supports consistently applying the SDC methodology with the understanding that there are minor fluctuations year to year and that the rate can go down as well as up.

John Griffiths commented that it is important not to confuse percentages with absolute dollars. He explained how increasing the SDC rate by 6.9% would not mean that the rate would be capturing the total amount needed in order to keep pace with growth. He provided a brief overview of the district's history with SDCs, noting that for many years the district's rate was discounted by 30% in an effort to avoid a lawsuit from the home builders association, which ended up happening anyway. After THPRD won the lawsuit the rate was increased to 100%, but the 30% reduction in fees for those years was lost. It is important to understand that the district's SDC fees are increased based upon growth in the past that may not meet the future costs of development going forward, so it is an imperfect mechanism. He agrees with Holly's comments that the district will not be able to provide its current service levels in the future if it is not consistent in adopting the annual rate adjustment. He speculated how a downturn in the economy could provide more balance between the district's SDC rates and the actual cost of providing for that growth.

Felicita Monteblanco stated that she would be more supportive of implementing the 2018 increase only versus a combined 2017 and 2018 increase. She is hopeful that the district will become a stronger partner in the area of affordable housing based on the discussions earlier this evening.

Board discussion occurred seeking clarity regarding the 2017 percentage rate adjustment and how it was incorporated into the SDC Methodology Update. The board expressed a need to better understand the previous years' SDC rate adjustments.

- ✓ General Manager Doug Menke suggested that district staff return with an overview of the last ten years of SDC rate adjustments, including a detailed breakdown of what occurred during the most recent SDC Methodology Update, noting that this analysis would show the years in which the SDC rates were sharply decreased due to the downturn in the economy.

Agenda Item #10 – Adjourn

There being no further business, the meeting was adjourned at 7:50 pm.

Ali Kavianian, President

Felicita Monteblanco, Secretary

Recording Secretary,
Jessica Collins