

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7580

AUTHORIZING A FORGIVABLE LOAN IN AN AMOUNT NOT TO EXCEED \$10,000,000 TO WILLIAMS & RUSSELL COMMUNITY DEVELOPMENT CORPORATION AND BLACK BUSINESS HUB, LLC FOR ENVIRONMENTAL REMEDIATION, PREDEVELOPMENT, AND CONSTRUCTION ON CERTAIN PROPERTY BOUNDED APPROXIMATELY BY N WILLIAMS AVENUE, NE RUSSELL STREET N VANCOUVER AVENUE, AND NE KNOTT STREET IN THE INTERSTATE CORRIDOR TAX INCREMENT FINANCING DISTRICT

WHEREAS, on August 23, 2000, by Ordinance No. 174829, the Portland City Council (“City Council”) adopted a plan pursuant to ORS 457 creating the Interstate Corridor Tax Increment Financing District (“District”) to, among other things, foster development and redevelopment of property in the District and to protect the public health, safety, and welfare of the people of the City of Portland;

WHEREAS, on October 14, 2020, the Board by Resolution No. 7400 adopted an amended and restated District plan, and on January 6, 2021, the City Council approved the amended and restated District plan by Ordinance No. 190254 (“Interstate Plan”);

WHEREAS, on January 26, 2017, by Ordinance No. 37264, the City Council adopted the North/Northeast CDI Action Plan (“Action Plan”), which Prosper Portland created in partnership with members of the N/NE Portland community in order to describe how District tax increment financing (“TIF”) resources should be applied;

WHEREAS, the District includes an area commonly known as the Williams and Russell site, generally located between North Williams and North Vancouver Avenues and Northeast Knott and North Russell Streets;

WHEREAS, including during the 1940s-1960s, the Williams and Russell site was a vibrant part of a predominately African American neighborhood;

WHEREAS, in the early 1970s, the Williams and Russell site was among lands condemned for an anticipated expansion of the nearby Emanuel Hospital;

WHEREAS, the hospital expansion did not occur, and in 2017 the site owner (by then known as Legacy Emanuel Hospital), the Mayor's Office, the Portland Housing Bureau (“PHB”), and Prosper Portland committed to creating a process that would return the land back to a use that benefits the predominantly African American community;

WHEREAS, an express purpose of the 2020 and 2021 adoption of the Interstate Plan was to provide funding to further the goals of the Portland Housing Bureau’s N/NE Neighborhood Housing Strategy and the Action Plan, including redevelopment of the Williams and Russell site;

WHEREAS, a community-based nominations committee, the Williams & Russell Project Working Group, made up of members from the African American community, was thereafter convened to set a vision for the redevelopment of the site, and the committee’s efforts and those of its partners led to the creation of the Williams & Russell Community Development Corporation (“W&R CDC”) for the principal purpose of ultimately taking ownership of the site, stewarding its redevelopment based on the community vision, and holding and operating commercial components of the site after their completion;

WHEREAS, W&R CDC envisions a project on the site consisting of approximately 80-90 units of affordable housing, developed, and owned by Portland Community Reinvestment Initiatives (for rent), 20 home ownership units (for sale), and a 30,000 square foot business hub owned by Black Business Hub, LLC (“BBH”) along with a public plaza and garden;

WHEREAS, environmental studies have identified conditions on portions of the site that would preclude development of the envisioned project unless first appropriately remediated;

WHEREAS, to support W&R CDC and its development team in continuing to move the project forward, Prosper Portland has proposed to make a forgivable loan of up to \$10,000,000.00, on substantially the terms further described on the Term Sheet attached hereto as Exhibit A, to W&R CDC and its subsidiary BBH, for TIF-eligible environmental clean-up and site preparation costs, and for the business hub component of the project;

WHEREAS, principal forgiveness will be available based on completion of specified project milestones, as further specified in the Term Sheet;

WHEREAS, this action would deliver on multiple Action Plan goals for the District, including (1) Promoting Property Ownership & Redevelopment; (2) Supporting Business Ownership & Growth; (3) Investing in New & Existing Homeownership; and (4) Supporting a Cultural Business Hub; and would also be aligned with several Advance Portland strategic goals including Promoting Equitable Wealth Creation (Objective 2) and Fostering Vibrant Neighborhoods and Commercial Districts (Objective 3);

WHEREAS, Prosper Portland desires to support the Williams & Russell project and its aims to honor and support Portland’s Black community, create wealth, and promote a healthier economy by providing affordable rental apartments and homeownership, as well as business opportunities, for the community, especially those whose families were impacted by displacement;

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is authorized to oversee the negotiation of, and to execute, a loan agreement and related documents necessary to make a loan in substantial conformance with the Term Sheet attached hereto as Exhibit A;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the loan terms so long as such changes do not materially increase Prosper Portland’s obligations or risks, as determined by the Executive Director in consultation with Prosper Portland’s General Counsel; and

BE IT FURTHER RESOLVED that with the affirmative vote of at least four members of the Board and of all members present, this resolution will become effective immediately upon its adoption, and otherwise it will take effect thirty days after adoption.

Adopted by the Prosper Portland Commission on September 23, 2024



Pam Feigenbutz, Recording Secretary

Term Sheet
Williams + Russell Project

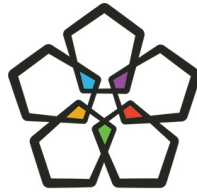
Borrowers	Black Business Hub, LLC; Williams & Russell CDC (W&R CDC).
Site Location	Site bordered by N. Williams Avenue, NE Russell Street, N. Vancouver Avenue, and inclusive of vacated NE Knott Street, in Portland, Oregon 97227. The subject site is comprised of a the north half of vacated NE Knott Street and the lot resulting from Lot Confirmation 24-045658, described as follows: Railroad Shops Addition, Block 4, Lots 1 to 16 Together with a strip of land adjacent on the East of said Block, lying between the East line of said Block and the West line of N Williams Ave, together with the S half of vacated N Knott Street, excepting those portions of lots that were dedicated to N Vancouver Avenue and N Russell Street.
Lender	Prosper Portland.
Loan Program	Predevelopment/Construction Loan.
Loan Amount	\$10,000,000.00. Forgiven amounts may not be re-drawn.
Fund	Interstate Corridor Tax Increment Finance District.
Request + Use of Funds	The Borrowers are seeking capital for environmental remediation of an approximately 2.12 acre property as described in the Site Location, and for site development and construction of a commercial building to be located on one of three new tax lots to be created by the W&R CDC and which is intended to serve as a business hub consistent with the development project selected by the Williams and Russell Project Working Group Request for Proposals process. Funds may only be used for TIF-eligible purposes in accordance with applicable law, including without limitation ORS 457.170.
Project Details	The Williams + Russell Project at the corner of N Williams Avenue and N Russell Street in N/NE Portland is a collaborative community-based project involving W&R CDC, Legacy Health, the City of Portland, Portland Housing Bureau, Prosper Portland, and their development partners to return approximately 2.12 acres to the community and create a place for Portland’s African American community to live, build wealth, and gather. The business hub is one of three developments planned for the site and W&R CDC will provide Prosper Portland with documentation that defines its role in operating it.
Loan Fee	N/A
Interest Rate; Disbursements	0% interest rate for funds used for environmental remediation, which will be disbursed as invoices and associated lien waivers are received by Prosper Portland. 2.5% interest rate on all other funds, which may be used for eligible project costs consistent with applicable law including, without limitation, ORS 457.170, which will be disbursed as invoices and associated lien waivers are received by Prosper Portland.

Loan Term; Payments	Maturity at 10 Years (120 months) from the loan date. No monthly payments due prior to stabilization (80% of leasable commercial space is leased) of the business hub. Starting the month after stabilization, and each month thereafter until maturity, payments of principal and interest will be due, calculated on an assumed amortization period of 10 years. All outstanding principal and interest due at maturity.
Requirements	<ol style="list-style-type: none">1. Loan proceeds to be used to pay for environmental remediation on full Site Location. Any remaining funds not used for this purpose may be used by Borrower for site development and construction hard costs for the business hub.2. City of Portland Business License: Must maintain a current and active City of Portland Business Licenses (W&R CDC and Black Business Hub LLC).3. Proof of Oregon Secretary of State Registration (W&R CDC; Black Business Hub LLC).4. Evidence of IRS 501c3 status, list of the board of directors, and organization chart (W&R CDC).5. Agreement to annual review of financial statements by Prosper Portland (W&R CDC; Black Business Hub LLC) until the end of the loan term.6. Adherence to Prosper Portland Construction Business and Workforce Equity and Green Building Policies for design and construction. Policies in place at time of executed agreement stand for life of agreement (W&R CDC; Black Business Hub LLC).7. If the project is sold in the future, the proceeds must go to a community focused entity that aligns with the original intent of the Williams + Russell project.8. Provide Prosper Portland with copies of all executed lease agreements within 30 days of their respective effective dates.
Collateral	Unsecured loan until site remediation is completed. If, after site remediation is completed, Borrowers request to draw any remaining loan funds, Borrowers will grant Prosper Portland a 2 nd or 3 rd position lien on the property to secure all loan indebtedness that may arise until the loan is paid off or forgiven. No prepayment penalty.
Guarantors:	Non-recourse.
Effect of Term Sheet; Loan Documentation:	This Term Sheet does not constitute a binding agreement and does not reflect or create any enforceable obligations. The terms set forth herein and other provisions customary for a transaction of this sort would be incorporated in one or more agreements acceptable to Prosper Portland and to the Borrowers in their respective sole and absolute discretion. Resolutions approving this Term Sheet will also provide for the execution of all additional documents and instruments necessary to make the loan.

Loan Forgiveness Schedule

<u>Milestone</u>	<u>Deliverable</u>	<u>Disbursements and Forgiveness</u>
<p>0. Environmental Remediation</p>	<p>a. Site remediation completed</p>	<p>Funds disbursed for this purpose will be considered outstanding principal. Upon Borrowers’ request and Prosper Portland’s determination that all site remediation work has been completed, this component of outstanding principal will be forgiven.</p>
<p>1. Design & Permitting/Financing</p> <p>a. Tenant improvements scopes for office finalized during design process and permits submitted to the city</p> <p>b. Ownership structure finalized</p> <p>c. Engagement process identified for establishing tenants</p> <p>d. Letter of commitment from construction lender</p>	<p>a. Permits available subject only to payment of permit fees</p> <p>b. LLC registration; ownership and board structure</p> <p>c. Memo detailing engagement process.</p> <p>d. Irrevocable funding commitment for the balance of the projected budget from construction lender</p>	<p>Funds disbursed for this purpose will be considered outstanding principal. Upon Borrowers’ request and Prosper Portland’s determination that all design, permitting, and financing deliverables have been completed, this component of outstanding principal will be forgiven. For the elimination of doubt, accrued interest will not be forgiven.</p>
<p>2. CONSTRUCTION</p> <p>a. Building has obtained Temporary Certificate of Occupancy (TCO) including tenant improvements for warm shell delivery</p>	<p>a. Temporary Certificate of Occupancy (TCO)</p>	<p>Funds disbursed for this purpose will be considered outstanding principal. Upon Borrowers’ request and Prosper Portland’s determination that the business hub building has received the required TCO, this</p>

<u>Milestone</u>	<u>Deliverable</u>	<u>Disbursements and Forgiveness</u>
		component of outstanding principal will be forgiven. For the elimination of doubt, accrued interest will not be forgiven.



**PROSPER
PORTLAND**
Building an Equitable Economy

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RESOLUTION TITLE:

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Adopted by the Prosper Portland Commission on September 18, 2024

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Gustavo J. Cruz, Jr.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Marcelino J. Alvarez	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Felisa Hagins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Michi Slick	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Serena Stoudamire Wesley	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

CERTIFICATION

The undersigned hereby certifies that:

The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Prosper Portland Commission and as duly recorded in the official minutes of the meeting.

	Date: September 23, 2024
Pam Feigenbutz, Recording Secretary	