

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7660

APPROVING TERMS OF TWO LOANS TO OREGON CASKET REDEVELOPMENT, LLC, A COMMERCIAL PROPERTY LOAN FOR \$5,366,000 AND CENTRAL CITY BUILDING CONVERSION – EMBODIED CARBON PILOT LOAN FOR \$2,890,000 FOR REHABILITATION AND CONVERSION OF A COMMERCIAL BUILDING INTO RESIDENTIAL APARTMENTS AT 403 NW 5TH AVENUE

WHEREAS, in 2014, after extensive public outreach, Prosper Portland, City of Portland (“City”) bureaus, the Old Town Community Association, and other neighborhood stakeholders collaborated to create the Old Town/Chinatown Five-Year Action Plan (“2014 Action Plan”), which was adopted by Portland City Council (“City Council”) through Ordinance No. 186744 on August 6, 2014;

WHEREAS, on September 4, 2019, through resolution No. 37445, the City Council adopted the Old Town/Chinatown Five-Year Action Plan Extension (“Action Plan”), extending the 2014 Action Plan through 2024;

WHEREAS, on April 26, 2023, through Resolution No. 37617, the City Council adopted Advance Portland, a five-year strategic plan for the City that calls for the promotion of inclusive economic growth, innovation, and wealth creation;

WHEREAS, on October 8, 2025, through Resolution No. 7627, the Board of Commissioners approved the Central City Building Conversion – Embodied Carbon Pilot Loan Program funded with Portland Clean Energy Community Benefits Fund (“PCEF”) resources allocated to support the City’s Climate Investment Plan (“CIP”);

WHEREAS, the Oregon Casket Building is a five-story office building located at 403 NW 5th Avenue, Portland, in the Old Town/Chinatown district, and will be purchased and rehabilitated by Oregon Casket Redevelopment, LLC (“Borrower”);

WHEREAS, Borrower has approached Prosper Portland seeking financial assistance with a project to convert the Oregon Casket Building into a predominantly market-rate residential apartment building (the “Project”), to consist of approximately 34 dwelling units;

WHEREAS, on March 13, 2024, through Resolution No. 7525, the Prosper Portland Board adopted Commercial Property Loan Program Guidelines to establish lending parameters for property acquisition and construction loans for projects like Borrower’s (the “Guidelines”);

WHEREAS, staff have evaluated the request and believe that a Commercial Property Loan materially consistent with the terms outlined on Exhibit A (the “Term Sheet”) is appropriate;

WHEREAS, the Prosper Portland Board anticipated that certain loans not meeting all Guidelines may nonetheless be prudent uses of agency resources where the loan could make a high impact in furtherance of important agency and community goals and strategic priorities;

WHEREAS, office-to-residential conversions and the development of middle-income housing are high priorities for the City and for the Old Town/Chinatown neighborhood, and align with Advance Portland and the Action Plan;

NOW, THEREFORE, BE IT RESOLVED, that the Executive Director is authorized to oversee the negotiation of, and to execute, loan agreements and related documents necessary to make loans to Borrower substantially in conformance with the terms attached hereto as Exhibit A;

BE IT FURTHER RESOLVED, that this resolution supersedes and replaces all previous approvals and authorizations related to this Project including under Resolution 7588 and the Executive Director's action in November 2025 to approve terms of a PCEF Building Conversion pilot program loan, and those past delegations of authority and past approvals are rescinded and have no further force or effect;

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 no fewer than four commissioners for this resolution and of all of those present, this resolution will become effective immediately upon its adoption, and otherwise it will take effect thirty days after adoption.

LOANS TERM SHEET

This Term Sheet does not and will 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, including the Loan Documents mentioned below, between Prosper Portland and the Borrower named below. Resolutions approving this Term Sheet will also provide for the execution of all additional documents and instruments necessary to make the loan.

	Prosper Commercial Property Loan (CPL)	Central City Building Conversion – Embodied Carbon Pilot Loan
Loan Amount:	\$5,366,000	\$2,890,000
Interest Rate:	3.00%	2.00% subject to increase as described in Section 5 below
Origination Fee:	2%	0.00%
Interest Reserve to be Established at Closing:	A portion of loan will be set-aside in an interest reserve account to pay interest payments during Construction & Stabilization periods	A portion of loan will be set-aside in an interest reserve account to pay interest payments during Construction & Stabilization periods
Loan Term:	15 years, 40-year amortization	10 years, 30-year amortization
Forgivability Feature:	None	10% of original principal balance will be forgiven annually, so long as project continues to serve households at 120% MFI or below.
Repayment:	Interest-only payments for four years, followed by P&I payments and a balloon payment at maturity	Interest-only payments will be due on an annual basis, calculated on any remaining (unforgiven) principal balance.
Collateral:	1 st deed of trust	2 nd deed of trust

Entity Guarantors:	• OG LLC Investments, LLC • Owen Gabbert Investments, LLC • Radiant Blue, LLC • Mantis 2, LLC	N/A
Personal Guarantees:	• Owen Gabbert • Robert & Catherine Gamblin • Tom Bennett	N/A
Guarantee Period:	Guarantees provided until stabilization, defined as achieving at least a 1.10 DSCR	N/A
Closing Conditions:	• Portland Clean Energy Funds (PCEF's) approval of the final scope of work and cost estimates for the energy efficiency component of the project to support the \$25,000 energy efficiency component of the Pilot funding. • Final construction contract and budget • Corporate resolution to borrow • Updated preliminary title report, with removal of all items unacceptable to Prosper Portland • Listing of property on the National Register • Signed documents for Master Tenant arrangement • Signed documents for Seller Note • Signed TOD grant agreement • Subordination of seller note to Prosper debt • Prosper Portland will hold a 5% retainage on all loan disbursements which will only be released after COO is issued for the new 34 units, and Evergreen Energy has signed off on all the installation of all required energy efficiency measures. • Evergreen Energy (PCEF consultant) to monitor energy efficiency improvements as they are installed and to issue clearance prior to final loan disbursement. • Prosper Portland will enter into an agreement with an outside consultant for Construction monitoring services. Costs to be paid by borrower.	