

PORTLAND DEVELOPMENT COMMISSION

Portland, Oregon

RESOLUTION NO. 7122

**AUTHORIZING REVISIONS TO THE ECONOMIC DEVELOPMENT
ADMINISTRATION PROGRAM GUIDELINES**

WHEREAS, on April 28, 2010, the Portland Development Commission (“PDC”) Board of Commissioners (“Board”) adopted Resolution No. 6788 establishing program guidelines for the Business Finance division, including guidelines for loans funded through the U.S. Economic Development Administration (“EDA”) loan fund;

WHEREAS, the EDA loan fund is a U.S. Department of Commerce program designed to assist new and existing small businesses citywide. The EDA loan fund provides financial assistance to small businesses in the form of a loan with a reduced interest rate and longer term to retain and create high quality employment opportunities, especially in distressed neighborhoods;

WHEREAS, PDC is required to review and update its guidelines every five years, and such update is due by June 30, 2015:

WHEREAS, PDC, in collaboration with EDA, has created proposed new EDA program guidelines that will enable PDC to use EDA funds more efficiently and effectively; and

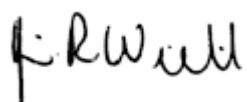
WHEREAS, PDC’s new proposed EDA program guidelines have also been created to match the goals of PDC as articulated in PDC’s recently adopted 2015-2020 Strategic Plan.

NOW, THEREFORE, BE IT RESOLVED, that the PDC Board hereby adopts the new EDA program guidelines set forth under Exhibit A which shall supersede and replace EDA program guidelines previously adopted by Resolution Nos. 6444, 6501, 6683, and 6788;

BE IT FURTHER RESOLVED, that the Executive Director is authorized to execute any documents and agreements with the EDA to continue the EDA Loan Program, consistent with the adopted program guidelines, and make procedural and administrative changes including adjustments to the fund management plans, and shall present any policy changes to the PDC Board for approval; and

BE IT FURTHER RESOLVED, that this resolution shall become effective immediately upon its adoption.

Adopted by the Portland Development Commission on June 10, 2015



Gina Wiedrick, Recording Secretary

EDA Program Guidelines

Eligible Lending Area:	Citywide, with emphasis placed on distressed communities.
Allowable Borrowers:	Startup and existing small businesses citywide; primary objective "gap" financing.
Lending Activities:	Assist in the creation of wealth within the economically distressed communities, increase credit-worthiness of marginal clients so they can attain private sector financing, and increase minority and women ownership of businesses citywide.
	Used for working capital, equipment purchases, inventory, business expansion, commercial building construction, acquisition and tenant improvements.
RE Occupancy Requirements	There is no occupancy requirement for real estate projects.
Maximum Loan Amounts:	All types of loans for approved lending activities up to \$250,000.
Interest rate:	According to EDA requirements, minimum interest rate not less than 4% per annum or 75% of Prime rate listed in the WSJ. Maximum interest rate according to state law and in the event Prime exceeds 14%, the interest rate is not required to be raised above 10% per annum
Upfront Fee:	1 – 2%
Terms:	Normally up to 7 years unless useful life of the financed equipment is longer. Real estate acquisition and redevelopment may have up to 20 years amortization schedule, but shall have a due date of up to 10 years.
Moratoria/Payment Terms:	There may be cases where significant ramp up is merited; in such cases, tailored repayment terms may be needed, which could include up to 2 years of interest only period or capitalized interest for the initial 2 years, as long as the average Debt Service Coverage (DSCR) for the projected initial 3 years is above 1.0x
Equity Contribution:	Existing businesses must inject at least 10% of the project cost or requested loan amount; startup businesses must inject at least 20% of the project cost or requested loan amount.
Collateral / Security:	Secured to the fullest extent possible. Deed of Trust to be obtained. UCC-1 Filing on all personal property.

Loan to Value Ratio (LTV):	100% or less. Deviation will require exceptions approvals.
Debt Service Coverage (DSCR):	Positive cash flow should be demonstrated over a 3-year projection period with at least an average DSCR of 1.0x. Deviation will require exceptions approvals.
Borrower Credit:	Unpaid tax liens or bankruptcies in the last 7 years only if written explanation acceptable to PDC. Any collections, charge-offs or past due payments over 60 days only if written explanation acceptable to PDC.
Business & Industry Management Experience:	Borrowers and/or business owners shall demonstrate sufficient business management and industry experience.
Personal Guarantees:	Personal guarantees of all business owners with > 20% ownership. Deviation will require exceptions approvals.
Insurances:	Appropriate hazard and liability insurance is required, and key man life insurance may be required. PDC shall be named as a Loss Payee on the appropriate insurance policies.
Job Creation:	No minimum job per dollar loaned as this is no longer an EDA requirement. Target is SBA guidelines, as of April 2015, 1 job for every \$65,000 loaned.
Leverage:	Minimum 1:2 leverage with non-PDC funds on a portfolio basis, per EDA requirements.
Program Management	
Loan Administration Board:	In accordance with PDC Resolution No. 6993, PDC set up the Financial Investment Committee (FIC) that recommends approval or disapproval to the Executive Director and/or the Board of Commissioners. PDC has agreed, at the request of EDA, that at least one out of the five FIC members will have lending experience.

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RESOLUTION TITLE:

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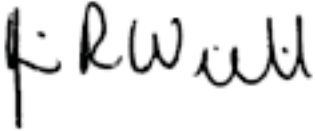
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PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Tom Kelly	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Aneshka Dickson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Mark Edlen	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	Commissioner Charles Wilhoite	<input 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 Portland Development Commission and as duly recorded in the official minutes of the meeting.

	<p>Date:</p> <p>June 11, 2015</p>
<p>Gina Wiedrick, Recording Secretary</p>	