

PORTLAND COMMUNITY INVESTMENT FUND

DATE: June 13, 2018
TO: Governing Board
FROM: Justin Douglas, Prosper Portland Staff
SUBJECT: Report Number PCIF-3

GOVERNING BOARD ACTIONS REQUESTED

Adopt Resolution No. 3

ACTION DESCRIPTION

On October 12, 2016, through Resolution No. 7214, the Prosper Portland Board of Commissioners (Board) directed staff to create a Community Development Entity (CDE), a federally-authorized organization that is eligible to apply for and receive New Markets Tax Credits (NMTC) from the U.S. Department of Treasury's Community Development Financial Institutions Fund (CDFI Fund). If successful in securing a NMTC allocation award, the CDE would attract financial investment to qualifying projects that could meet 2015-2020 Strategic Plan goals in Low-Income Communities across the city of Portland. A non-profit corporation was subsequently formed to serve as the CDE and each member of the Prosper Portland Board volunteered in their individual capacity to serve as a member of the Governing Board of the CDE which was named the Portland Community Investment Fund (PCIF).

On February 8, 2017, the PCIF Governing Board approved a series of administrative and operational actions as necessary next steps toward securing a NMTC award. Staff proceeded to work with the PCIF Advisory Board (see Attachment A) and consultant partner to highlight in greater detail the type, location, and public benefits of potential projects that could be funded with a NMTC allocation award. On June 5, 2017, the PCIF Advisory Board endorsed the NMTC application. On June 14, 2017, the PCIF Governing Board authorized the submission of an application to the CDFI Fund for an allocation of NMTC, subsequently submitted by staff on June 21, 2017.

On February 13, 2018, the CDFI Fund announced awards to 73 CDEs selected from a pool of 230 applicants; PCIF was not among the recipients. Of the 73 CDEs that were awarded \$3.5 billion in allocation authority, 70 percent offered operating business finance, while only 30 percent were focused on real estate projects, like PCIF. Of those 73 CDEs, 44 percent focused on rural and non-metropolitan counties; only 12 percent had a city service area, like PCIF.

On May 9, 2018, the CDFI Fund announced up to another \$3.5 billion in tax credit allocation authority available for 2018. Staff worked with partners and the PCIF Advisory Board to update and revise the previous application. On June 7, 2018, the PCIF Advisory Board endorsed the NMTC application. On June 13, 2018, staff will request that the PCIF Governing Board formally authorize the submission of a second application to the CDFI Fund, to be submitted by staff prior to the June 28, 2018 deadline.

If PCIF is awarded an allocation for the 2018 round, staff will return to the PCIF Board to seek feedback on project investments. If an award is made then legal counsel intends to obtain insurance to the satisfaction of each PCIF Governing Board member and prior to taking any action that might generate exposure to liability.

Concurrently with the development of the application to the CDFI Fund, staff also recommends addressing certain operational and administrative matters. More specifically, the PCIF Governing Board has not yet formally appointed a replacement for Bob Betcone as Secretary and General Counsel of PCIF. John Wasserman, Assistant General Counsel with Prosper Portland as of January 2018, has taken over legal and secretarial duties for PCIF and staff recommends that he be formally appointed to these roles.

In addition, consistent with the authorization of the PCIF Governing Board in February 2017, staff has formed two sub-CDE entities, PCIF Sub-CDE 1, LLC and PCIF Sub-CDE 2, LLC. While the formation of these entities was authorized by the PCIF Governing Board, it did not expressly delegate authority to the PCIF officers to cause PCIF to enter into operating agreements providing for the governance of these entities. Staff recommends that this be dealt with to enable the smooth governance and operation of these entities in anticipation of a possible NMTC allocation.

Lastly, staff recommends formally adopting the minutes from the June 2017 meeting.

ATTACHMENTS

- A. PCIF Advisory Board Roster
- B. Map of 2018 NMTC-eligible tracts in Portland

PCIF Advisory Board Roster

Name	Organization
Michael DeMarco	Our 42nd Avenue
Ian Galloway	Portland Branch of the Federal Reserve Bank of San Francisco
Damien Hall	Ball Janik
Arlene Kimura	East Portland Action Plan
Michele Reeves	Civilis
Carmen Rubio	Latino Network
Jeana Woolley	Black Investment Corporation for Economic Progress Inc. (BICEP)

2018 New Market Tax Credit Eligible Tracts

