A RESOLUTION of the GOVERNING BOARD

Number 2

AUTHORIZING AN APPLICATION TO THE COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND FOR AN ALLOCATION OF NEW MARKETS TAX CREDITS

WHEREAS, on October 12, 2016, the Prosper Portland Board of Commissioners (Board) approved Resolution No. 7214 to proceed with formation of a Community Development Entity (CDE) for purposes of applying for and utilizing federal New Market Tax Credits (NMTC) to benefit projects in Portland’s low income communities;

WHEREAS, on January 19, 2017, Prosper Portland staff filed articles of incorporation with the Oregon Secretary of State forming a new Oregon Nonprofit Corporation with the name of Portland Community Investment Fund (PCIF);

WHEREAS, 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 (see meeting notes in Exhibit A);

WHEREAS, the PCIF will act as a CDE for purposes of seeking an allocation of NMTCs from the U.S. Department of Treasury’s Community Development Financial Institutions Fund (CDFI Fund), and to utilize such allocation to aid in the funding of projects in low income communities of Portland;

WHEREAS, Prosper Portland will act as the “Controlling Entity” of PCIF - defined within the NMTC program - but PCIF will remain a separate legal entity from Prosper Portland;

WHEREAS, the Prosper Portland Board, volunteering to act as the Governing Board for PCIF, will do so in their individual capacity and not as representatives of Prosper Portland;

WHEREAS, staff have worked with a seven-member PCIF Advisory Board to identify the type, location, and public benefits of potential projects that could be funded with a NMTC allocation award; and
WHEREAS, staff intends to submit an application to the CDFI by June 21, 2017 for an allocation of NMTC to invest in projects within the city of Portland that deliver on Prosper Portland 2015-2020 goals of widely-shared prosperity.

NOW, THEREFORE, BE IT RESOLVED, that the Governing Board of Directors of PCIF authorizes staff to submit an application to the CDFI similar in terms to those identified in Exhibit B; and

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately.
Organizational Meeting of the Portland Community Investment Fund Governing Board

February 8, 2017

This document represents the official meeting record of the February 8, 2017 Portland Community Investment Fund (PCIF) Governing Board of Directors (Governing Board) organizational meeting held at 222 NW 5th Ave., Portland, OR 97209. The full video recording of this meeting can be found at https://www.youtube.com/watch?v=lhPztzIJE

Portland Development Commission (PDC) Chair Tom Kelly adjourned the PDC meeting and convened the first meeting of the Governing Board of PCIF by inviting staff forward to present.

1. **PDC Commissioners were present, having responded to Roll Call from the regular PDC meeting.**

   Chair Tom Kelly
   Commissioner Gustavo Cruz
   Commissioner Mark Edlen
   Commissioner Alisha Moreland-Capuia
   Commissioner William Myers

2. **Staff Presentation**

   Justin Douglas, PDC Policy Manager, and Bob Betcone, PDC Associate General Counsel, were called to brief the Board on the background of the Community Development Entity (CDE) and the federal New Market Tax Credit (NMTC) Program.

   Mr. Douglas reviewed PDC’s long term business plan priorities and the PDC Board’s October 12th, 2016 direction to staff to create a CDE, now known as the Portland Community Investment Fund (PCIF). He then provided an overview of the NMTC Program, eligible projects, and a map of program-eligible census tracts in Portland.

   He introduced Colin Rowan of Malden Capital, hired as the consultant to draft the application for the NMTC allocation, and stated that staff would return to the PCIF Governing Board in the summer of 2017 to approve the application. Mr. Douglas discussed the role of the PCIF Advisory Board, who would be meeting over the next few months to identify a potential project pipeline for the application.

   The names of PCIF Advisory Members and the organizations they represent were introduced, as follows:

   - 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
   - Nathan Teske, Hacienda Community Development Corporation
Minutes of Meeting of the Governing Board of the Portland Community Investment Fund
February 8, 2017

Mr. Douglas noted that pipeline projects need to be within Low Income Communities, as defined by the CDFI Fund, primarily commercial and community serving, and likely to break ground in late 2018 or early 2019.

3. Approval of Organizational Matters

After review and discussion of the background related to the purposes, function and anticipated activities of the CDE, the following actions related to the organization of PCIF were unanimously adopted and approved:

A. Affirmed membership on the Governing Board of the PCIF
B. Elected a Governing Board Chair
C. Adopt Bylaws, including a Conflict of Interest Policy
D. Appointed Officers to serve PCIF
E. Appointed members of an initial Advisory Board and delegated to the PCIF President the authority to replace or add members of the Advisory Board
F. Approved an Agreement with PDC to Provide Professional Services
G. Authorized the PCIF President to execute all instruments necessary to further organize and support PCIF subject to a $300,000 aggregate expenditure, the majority of which will be for NMTC application consulting services, outside counsel legal fees, and staff time
H. Authorized application for 501(c)(3) status, application for CDE certification and creation of two limited liability companies

RESOLUTION 1 OF THE PORTLAND COMMUNITY INVESTMENT FUND

A. Affirmation of membership of the Governing Board of Directors of the Portland Community Investment Fund

Mr. Betcone introduced the matter of affirmation or confirmation of the willingness of each of the Commissioners to volunteer to serve as a member of the Governing Board of Directors of PCIF. The affirmation, noted for the record, was in their individual capacity and not as a representative of PDC. This point was made in part because the CDE, under the NMTC program, must be a separate corporation not a public agency. Mr. Gustavo Cruz, Mr. William Meyers, Mr. Tom Kelly, Mr. Mark Edlen and Dr. Alisha Moreland-Capuia were asked, in the collective, if each were willing to assume the duty of Director of the Governing Board of Portland Community Investment Fund.

All members in attendance affirmed their willingness to assume the role of Director of Portland Community Investment Fund.

B. Election of Chair of the Governing Board of Directors

Gustavo Cruz was nominated and all voted in the affirmative in favor of appointing Cruz as the Chair of PCIF.
Chair Cruz introduced the actions to consider as reflected in Resolution 1 of the Portland Community Investment Fund, noting that at the conclusion of Mr. Betcone’s presentation of all matters, they would vote on all the actions together.

C. Adopt Bylaws

The first action in Resolution 1 was the adoption of a set of Bylaws which the Board may amend from time to time. The Bylaws established the purpose of PCIF – which is primarily to seek NMTC to benefit low income communities of Portland. The Bylaws established the makeup of the entity in terms of Board and officers, its method of function and other administrative matters. Generally the Bylaws allow the Board to approve actions on a majority vote basis. This action also adopted a conflicts of interest policy, both a good practice and requirement under the program.

D. Appointment of Officers

Mr. Betcone noted that Kimberly Branam was willing to serve as the President, Faye Brown was willing to serve as the COO/CFO, and that he was willing to serve as Secretary/General Counsel.

E. Appointment of members of an initial Advisory Board and delegating to the PCIF President the authority to replace or add members of the Advisory Board

This action appointed the membership of the Advisory Board, as earlier introduced by Mr. Douglas.

F. Approval of a Professional Services Agreement with PDC and the delegation of authority to the President.

G. Authorizing the President to take actions necessary to advance the NMTC application with aggregate expenditure authority of up to $300,000.

Mr. Betcone explained that the professional services agreement is intended to obtain support for PCIF as it seeks a tax credit allocation and as it, hopefully, employs funds to projects. The PDC professional services agreement would secure from PDC the administrative support necessary to conduct functions such as general management, accounting, reporting, loan services and a number of other functions as needed. In particular, this contract will allow PDC staff to manage the application and the application consultant (Malden Capital). The cost to PCIF of this service is the actual and fully loaded cost to PDC. Reimbursement of PDC’s costs is to be deferred until the time that PCIF earns any fees under the NMTC program and is able to make repayment. The deferred cost will carry a charge of 5% per annum (simple compound). This professional services agreement and President’s expenditure authority are estimated to cover costs and activities up to the time of an allocation award.

H. Authorized application for 501(c)(3) status (tax exempt), application for CDE certification and creation of two limited liability companies all of which are necessary elements of or vehicles for deployment of NMTCs. The LLCs will only be utilized if and when PCIF receives a NMTC allocation and after further authority is granted by the Governing Board.
Mr. Betcone discussed the final part of the resolution which would authorize applications for federal non-profit status, CDE certification, and the creation of two LLCs. Non-profit status at the federal level will complement the CDE’s state non-profit status and complement the charitable focus of the new corporation. The authority to apply for CDE certification was described as the next step in the NMTC process. If a tax credit award is made to PCIF, then the NMTC program necessitates that funding of projects be through subsidiary LLCs. Project LLCs also must be certified by the program. So, creating several of these LLCs now will avoid a wait for program certification later, and so allow for the earlier funding of projects. These LLCs will not be given any authority to do anything before this Board further blesses a particular project or projects.

Mr. Betcone concluded his overview of the actions in Resolution 1.

Chair Cruz invited public comment on the potential actions before the Governing Board; there were no public comments.

Chair Cruz asked for a motion to adopt Resolution 1 of the Portland Community Investment Fund, which was unanimously approved with five votes.

There being no further business, Chair Cruz adjourned the first meeting of the Governing Board of the Portland Community Investment Fund at approximately 5 pm.

Respectfully submitted,

[Signature]

Robert Betcone, Secretary
PORTLAND COMMUNITY INVESTMENT FUND
2017 NMTC ALLOCATION APPLICATION SUMMARY

Portland Community Investment Fund is submitting a Round 14 New Markets Tax Credit Allocation Application. This document provides a summary of the key points that are detailed in our NMTC application.

SUMMARY DETAILS
NMTC Allocation Request: $60 million
NMTC Service Area: Portland, Oregon
Financing Activity: Real Estate
Financial Products: Debt (Senior and Subordinate)

NMTC STRATEGY
Portland Community Investment Fund (PCIF) was created to provide capital and technical assistance to projects that deliver critical goods, services and community impacts to low-income people throughout the City of Portland, Oregon. PCIF’s NMTC financing will be used in support of Prosper Portland’s five-year plan aimed at fostering widely shared prosperity among all Portland residents. Based on this plan, we will direct the requested $60 million NMTC allocation to priority projects that deliver measurable impacts to low-income people and align with the following three strategic priorities that address identified needs in Portland’s low-income communities:

1) Jobs: Stimulating economic growth and job creation through direct business development, support for key industry clusters and entrepreneurship.

2) Prosperity: Supporting community-economic development initiatives that involve community capacity building, small business technical assistance, workforce development and equitable contracting practices.

3) Neighborhoods: Developing healthy, connected neighborhoods through public-private partnerships designed to foster and support economic opportunities, infrastructure improvements and commercial redevelopment financing.

PROJECT PIPELINE DEVELOPMENT AND SUMMARY
Staff has worked with our internal team, Advisory Board, Governing Board and network of partners throughout Portland to develop a strong pipeline of projects that could benefit from NMTC financing. The current NMTC pipeline consists of 28 projects with over $2 billion of project costs.

From this broader NMTC pipeline, staff has selected six projects that closely align with our NMTC strategy and can only move forward with NMTC financing. Using the requested $60 million allocation, PCIF will offer NMTC-enhanced debt products that will provide the economic benefit required to make these projects financially feasible. As is the case with all of Prosper Portland’s financing activity, each NMTC financing will be paired with technical assistance offerings designed to help make borrowers successful and fulfill the mission of building an equitable economy.
PRIORITY PIPELINE PROJECTS

PCIF’s “Priority Pipeline Projects” have been selected from the broader pipeline to serve as representative projects that will be highlighted in the NMTC application. If PCIF receives a NMTC award, staff will work with our Advisory Board and Governing to review all of the projects in the pipeline and to identify the projects that PCIF would commit allocation to.

Gateway Human Solutions
The Gateway Human Solutions project will include: headquarters for Human Solutions, a non-profit that helps low-income and homeless families and individuals gain self-sufficiency by providing affordable housing, family support services, job readiness training and economic development opportunities; a full-service grocery store and other retail; and 75 units of affordable housing with 40 units affordable at or below 60% and 35 units affordable at or below 80-100% MFI.

-Project Size: $21.0 million
-PCIF QEI: $10.0 million
-Project Address: 10630 NE Halsey
-NMTC Qualification: 17.0% poverty; 64.6% MFI; 0.9 times national unemployment; USDA Food Desert; Gateway Regional Center Urban Renewal Area; East Portland Enterprise-Zone.
-Community Support: Prosper Portland, Portland Housing Bureau, Gateway Area Business Association, Halsey/Weider Group.

Living Cully Revitalization Project
Living Cully Plaza will be a mixed-use, mixed-income commercial and housing development that transforms a former strip club and neighborhood blight into a site of community activities, quality jobs for low-income community residents and celebration of the diverse cultures present in the Cully neighborhood. The project will result in 13,000 square feet of commercial space that will provide community-serving retail options, along with nonprofit offices, community event and meeting space, and other commercial uses.

Using non-NMTC financing, the project will also create up to 130 units of housing, with a mix of affordable and market rate units, in a multi-story structure. The Oak Leaf Manufactured Home Park is an initiative of Living Cully and partner St Vincent DePaul to completely redevelop a manufactured home park and preserve it for low-income residents.

-Project Size: $7.0 million
-PCIF QEI: $6.5 million
-Project Address: 6723 NE Killingsworth
-NMTC Qualification: 35.1% poverty; 68.9% MFI; 1.3 times national unemployment; USDA Food Desert; Neighborhood Prosperity Initiative.
-Community Support: Prosper Portland; Cully Boulevard Alliance NPI; Portland Housing Bureau.
PCC Workforce Training Center
The Portland Community College (PCC) Workforce Training Center will result in the redevelopment of PCC’s existing workforce training facility, a publicly accessible employment resource center that aims to expand programming for job placement and workforce readiness for low-income community members. PCC’s current workforce training site will be expanded from 30,111 square feet to 100,000 square feet, will have upgraded technology infrastructure and expanded classroom and office space. The project will allow PCC to expand both its workforce training and community educational programming, increasing the number of clients served annually from 2,000 to 6,000. Expansion of this facility would allow for the servicing of 2,500 annual clients, in addition to hosting industry-specific trainings that cannot currently be housed on-site.

- Project Size: $28.4 million
- PCIF QEI: $15.0 million
- Project Address: 4261 NE Killingsworth
- NMTC Qualification: 22.1% poverty; 69.7% MFI; 1.2 times national unemployment; USDA Food Desert; Neighborhood Prosperity Initiative; East Portland E-Zone.
- Community Support: Prosper Portland; Our 42nd Avenue NPI; Oregon Department of Human Services.

Walnut Park Health & Prosperity Initiative
The Walnut Park Health & Prosperity Initiative is a 173,000 square foot mixed-use project that includes: a food and vendor market showcasing minority food makers and vendors; retail space for small, locally-owned neighborhood businesses; co-working and shared workspace that will support entrepreneurs; Multnomah County health and dental clinics; Urban League Senior Service Center; and a Meals on Wheels distribution kitchen.

The vision for the Walnut Park Health & Prosperity Initiative was born out of the Black Investment Consortium for Economic Progress’ 2016 SOUL District Survey, which surveyed black business owners and entrepreneurs, community influencers and North/Northeast Portland community members. The purpose of the survey was to gather feedback to inform the development and implementation of the SOUL District concept - a series of development nodes with the character of a connected place that will serve as an economic base where African-American and other small, minority, and like-minded businesses can locate, be showcased and prosper. There was broad support for the creation of the SOUL District in North/Northeast Portland. Participants viewed this effort as a unique opportunity for Portland to address a long history of unequal rights and opportunities for black businesses and the black community in general, and to create a more inclusive, robust, and sustainable economic future for black Portlanders. The Walnut Park Health & Prosperity Initiative is a critical component of the broader SOUL District concept.

- Project Size: $67.3 million
- PCIF QEI: $12.5 million
- Project Address: 5329 NE Martin Luther King Jr Boulevard
- NMTC Qualification: 34.3% poverty; 44.5% MFI; 0.9 times national unemployment; USDA Food Desert; Urban Renewal Area – Interstate Corridor.
De La Salle High School
Development of a new 60,000 square foot high school that will allow De La Salle to expand from 330 to 400 students. The new facility will include 14 classrooms, a student commons and a gymnasium. De La Salle currently leases a 48,000 square foot building from Portland Public Schools. The lease expires in summer 2021 and the school must have a new location ready for occupancy by July 1st 2021.

Founded in 2001, De La Salle provides a rigorous, faith-based, college preparatory high school education to underserved students from the Portland area. De La Salle’s goal is to develop tomorrow’s community leaders by making high-quality education accessible to motivated young people in a learning environment that values cultural, spiritual, and ethnic diversity. De La Salle’s educational approach provides each student with the opportunity to succeed through small classes, high expectations, and active participation in a Corporate Work Study Program. More than 95 percent of graduating seniors earn acceptance to college each year. De La Salle does not turn away any capable, motivated or interested student because they cannot afford our tuition. De La Salle has a family income standard; generally, families earn 75% or less of Portland’s median family income.

-Community Support: Prosper Portland; Multnomah County; North/Northeast Community Development Initiative; Black Investment Consortium for Economic Progress.

Harvey Rice Heritage Center – Sabin CDC
The Harvey Rice Heritage Center is a mixed-use development that will result in 22 units of affordable housing and supportive services, a Sabin CDC satellite office and community programs developed in partnership with the Vernon Neighborhood Association. Community programming will focus on using art as a means of bringing tenants and neighbors together. The affordable housing units will ensure that low-income residents remain in their community. Sabin CDC’s tenant base is currently 76% African-American and many of these residents have lived in the community all of their lives. Providing affordable housing is critical to supporting low-income residents’ effort to remain in their community where housing rental rates continue to escalate at rates that are well in excess of what is affordable to low-income residents.

-Project Size: $6.0 million
-PCIF QEI: $2.0 million
-Project Address: 5421 NE 14th Avenue
-NMTC Qualification: 31.8% poverty; 44.4% MFI; 0.5 times national unemployment; USDA Food Desert; Interstate Corridor Urban Renewal Area.
-Community Support: Prosper Portland; Vernon Neighborhood Association.
### TOTAL PROJECT PIPELINE

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