

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7384

**AUTHORIZING THE ACCEPTANCE OF AN A \$1,480,000 GRANT FROM
THE UNITED STATES ECONOMIC DEVELOPMENT ADMINISTRATION**

WHEREAS, on October 31, 1979, the Portland City Council through Ordinance 148698 authorized Prosper Portland to administer United States Economic Development Administration (“EDA”) Title IX grants on behalf of the City of Portland (“City”), and on November 13, 1979 the Prosper Portland Board of Commissioners (“Board”) adopted Resolution No. 2790 to authorize an agreement between the City and Prosper Portland for administration of these grants;

WHEREAS, Prosper Portland was invited by the EDA to apply for additional grant funds through the Coronavirus Aid, Relief, and Economic Security Act Revolving Loan Fund (“RLF”) Supplemental Disaster Recovery and Resiliency Awards (“Grant”), and the Prosper Portland Board authorized such application through Resolution No. 7377, adopted June 10, 2020;

WHEREAS, the Grant will be an addendum to Prosper Portland’s current EDA RLF and will modify Prosper Portland’s Administrative Plan for the EDA RLF;

WHEREAS, the Grant will finance working capital for traded sector firms and businesses owned by underserved populations experiencing hardships due to the COVID-19 pandemic; and

WHEREAS, Prosper Portland applied for and was awarded a grant for \$1,480,000.

NOW, THEREFORE, BE IT RESOLVED, that the Prosper Portland Board authorizes the acceptance of the EDA grant award for a \$1,480,000;

BE IT FURTHER RESOLVED, that temporary changes made to the EDA RLF Administrative Plan in April 2020, as described in the EDA Loan Program Overview attached hereto as Exhibit A (“Overview”), shall be effective through the duration of the economic downturn resulting from the COVID-19 pandemic, the cessation of which will be determined in the reasonable discretion of the Executive Director;

BE IT FURTHER RESOLVED, that upon the EDA’s approval of the temporary and proposed new loan terms for the EDA Revolving Loan Fund Administrative Plan, as described in the Overview, the said terms will be incorporated into the Administrative Plan by way of Addendum, which will be provided by the EDA;

BE IT FURTHER RESOLVED, that as and when the Executive Director determines that the current economic downturn has ceased, the terms described in the Overview and incorporated into the

Administrative Plan by way of Addendum will expire and the former RLF Administrative Plan, without modification by the Addendum and as approved by the EDA and Prosper Portland Board, will govern; and

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

Adopted by the Prosper Portland Commission on

August 12, 2020



Pam Feigenbutz, Recording Secretary

Prosper Portland Economic Development Administration Loan Program Overview General Terms & Conditions

- Allowable Lending Activities: Funds may be used for payroll costs, paying back rent and other appropriate business stabilization and recovery needs.
- Loan Amount: Minimum of \$25,000 and maximum of \$250,000.
- Loan Term: Up to 10 years, plus up to two years of no payment/interest only period
- Minimum Time in Business: Three years
- Interest Rate for Loan Repayment: Starting rate of the lesser of 4% or 75% of Wall Street Journal Prime, increasing by 4% every three years to a maximum of 12%. Increases in interest rate can be waived if technical assistance or equity work completed according to guidelines below.
- Payments: Payments will be based on structure selected during underwriting process. Possible payment structures will include:
 - No payments, no interest for six months, followed by six months of interest-only payments, then regular principal and interest payments
 - No payments, no interest for 12 months, followed by principal and interest payments
 - Interest only payments for 12 months, followed by principal and interest payments
 - Principal and interest payments during entire loan term
 - Other appropriate repayment structured determined during underwriting
- Interest Rate Lock Feature: If a business has completed at least 15 hours of technical assistance or TBD hours of equity work by the end of year four (first year not included in calculation), the initial interest rate will stay in place for an additional three years. If a total of 30 hours of technical assistance or TBD hours of equity work has been completed by the end of year seven, the rate will stay at initial rate for the balance of the loan term. Otherwise, the rate will adjust by 4% at the end of each of those periods.
- Debt Service Coverage Guideline – Loan to business can be approved if 2020 and projected 2021 DSCR is less than 1.00 but business will be required to provide its plan for stabilization and growth, along with other information that may be required from loan officer.
- Waived the requirement that borrowers provide evidence that credit is not otherwise available

Temporary Term Approved in April 2020, Extended for Duration of Economic Downturn

1. Prosper Portland's RLF provided for loan fees up to 2% and Prosper Portland asked for the flexibility to waive the loan fee.
2. EDA required a 2:1 match for loans on a portfolio wide basis and Prosper Portland asked EDA to waive this requirement for the duration of the RLF Administrative Plan (June 2020).

3. EDA required that positive cash flow should be demonstrated over a 3-year projection period with at least an average Debt Service Coverage Ratio (DSCR) of 1.0x. Due to the still unfolding impact of COVID-19 on the business community, Prosper Portland asked for flexibility to waive this requirement, which would allow Prosper Portland to fund businesses that might not meet the minimum DSCR during the initial 12-month period based on projections.
4. EDA guidelines allowed for up to two years of interest only payments or capitalized interest for the initial two years, if the average DSCR for the projected initial three years is above 1.0x. Prosper Portland asked EDA to waive this requirement, in line with the change asked for above.
5. Prosper Portland's 2015-20 RLF plan required that loan requests are first recommended to the Asset & Investment Manager, then to Development and Investment Director, after which it would be submitted to Financial Investment Committee (FIC) for consideration and then the Executive Director for final approval. In order to provide maximum flexibility and the ability to get funding to businesses as quickly as possible, Prosper Portland asked for approval of an expedited process. As long as loan requests meet current and proposed changes to EDA loan program guidelines, Prosper Portland proposed that loan requests can be approved by the Asset & Investment Manager, up to their respective spending approval limit and those that exceed that level can be approved by the Development & Investment Director, up to their respective spending approval limit. Any loan requests exceeding those spending limits will be presented to FIC for consideration and to the Executive Director for final approval.



**PROSPER
PORTLAND**
Building an Equitable Economy

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RESOLUTION TITLE:

AUTHORIZING THE ACCEPTANCE OF AN A \$1,480,000 GRANT FROM THE UNITED STATES ECONOMIC DEVELOPMENT ADMINISTRATION


Adopted by the Prosper Portland Commission on August 12, 2020

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 Francesca Gambetti	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Peter Platt	<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 checked="" type="checkbox"/>	Commissioner William Myers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/> Consent Agenda <input 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.

	<p>Date:</p> <p>August 17, 2020</p>
<p>Pam Feigenbutz, Recording Secretary</p>	