

PROSPER PORTLAND

Portland, Oregon

RESOLUTION NO. 7403

**ADOPTING AN UPDATED FINANCIAL INVESTMENT POLICY AND
PROCESS FOR INTERNAL REVIEW AND APPROVAL OF FINANCIAL
INVESTMENTS**

WHEREAS, the Prosper Portland Board of Commissioners (“Board”) by separate actions, approves guidelines for the administration of a variety of financial assistance programs consistent with the mission and strategy of the agency;

WHEREAS, in making financial investments, it is prudent business practice to thoroughly review proposed projects to minimize risk, optimize public benefits, ensure the agency’s policies are being followed, and allow for the repayment of invested public funds and a financial return on that investment; and as such, the Prosper Portland Board desires to update the formal internal review process to assist the Prosper Portland Board and Executive Director in making financial investment decisions;

WHEREAS, on June 8, 2016, through Resolution No. 7194, the Prosper Portland Board adopted an Updated Financial Investment Policy and Process for Internal Review and Approval of Financial Investments in alignment with the draft Financial Sustainability Plan directing staff and the Financial Investment Committee (“FIC”) review and recommend financial transactions to the Executive Director, to more strongly balance long-term financial return considerations with mission-driven public benefits;

WHEREAS, on July 18, 2018, through Resolution No. 7281, the Prosper Portland Board adopted the Prosper Portland Ten-Year Financial Sustainability Plan (“FSP”), whose business plan was comprised of the following four objectives: i) optimize both public benefits and financial return of the remaining tax increment funds and existing real estate assets; ii) secure additional public funding to support economic and community development programs; iii) partner with public agencies to deliver real estate development activities that achieve public priorities; and iv) seek additional revenue for capital and operations by leveraging core expertise;

WHEREAS, on August 14, 2019, through Resolution No. 7335, the Prosper Portland Board adopted a new Equity Policy (“Equity Policy”), that directs the agency to manage “all programs and investments in a manner that explicitly considers beneficiaries, addresses disparities, and supports equitable outcomes,” further noting that investments should “optimize community benefits and financial returns” and, as applicable, “should ensure the delivery of community benefits that broaden economic opportunities and promote wealth creation to People of Color and historically underrepresented and disadvantaged Portlanders;” and

WHEREAS, in order to more effectively achieve FSP objectives while also placing greater emphasis on Equity Policy considerations as they related to the agency’s financial investments, staff believe that the FIC should be replaced with a new Committee for Accountability, Finance, and Equity (“CAFÉ”), which will be explicitly tasked with acknowledging the relationship between risk and reward when seeking a return, thereby advancing the right of the public to receive gains commensurate with risk, instead of privatizing all potential benefits.

NOW, THEREFORE, BE IT RESOLVED, that the Prosper Portland Board reconfirms the following financial investment principles:

1. When investing public resources to achieve its mission and strategy, Prosper Portland will apply sound financial guidelines and accountable and transparent processes.
2. In general, all investments should seek public benefits and result in asset ownership or a financial return of and on capital.
3. Investment should have a leverage target that maximizes the percentage of non-Prosper Portland resources in a project.
4. Grants and infrastructure expenditures should be limited to annual Prosper Portland-wide budgets that are consistent with Prosper Portland’s adopted Financial Sustainability Plan.
5. Any forgiveness of loan principal will be considered a grant and count against the current or following fiscal year budget established for grants;

BE IT FURTHER RESOLVED, that the Prosper Portland Board directs the Executive Director to establish CAFÉ which shall advise the Executive Director on defined financial investments and be comprised of a minimum of three members appointed by the Executive Director in consultation with the Prosper Portland Board Chair;

BE IT FURTHER RESOLVED, that CAFÉ shall have the following responsibilities to review for recommendation, but may develop minimum dollar thresholds or other refined guidelines for review in its Charter as deemed appropriate by the Executive Director:

1. Loans and grants for any financial assistance programs where approval has not been delegated by the Executive Director;
2. Loan modifications where approval has not been delegated by the Executive Director;
3. New and revised financial assistance guidelines;
4. Prosper Portland debt financings;
5. Acquisition, disposition, and long-term (greater than two years) leasing of real property (except where excluded by the Disposition and Leasing of Real Property Policy adopted on February 13, 2019, by the Prosper Portland Board through Resolution No. 7301);
6. Acquisition of real property collateral (by foreclosure, deed in lieu of foreclosure, or voluntary transfer); for purpose of future sale to apply against outstanding obligations;
7. Special authority grants where no formal grant program exists;
8. Additional responsibilities delegated by the Prosper Portland Board and/or the Executive Director.

BE IT FURTHER RESOLVED, that the Executive Director may approve any exception to adopted loan or grant guidelines, consistent with applicable law, except (1) for the maximum loan amount, and (2) any reduction in the repayment obligation of the borrower of more than \$500,000;

BE IT FURTHER RESOLVED, that CAFÉ shall consider the FSP, Equity Policy, and other applicable policies and procedures, as appropriate, in making recommendations to the Executive Director;

BE IT FURTHER RESOLVED, that prior to CAFÉ recommending approval of financial assistance that includes exceptions to adopted guidelines, CAFÉ will verify through appropriate due diligence that program objectives are not jeopardized, and any exception is necessary to meet agency objectives and goals;

BE IT FURTHER RESOLVED, that on a quarterly basis the Chief Financial Officer shall provide to the Prosper Portland Board a comprehensive report of all financial assistance requests approved by the Executive Director or other delegates during the quarter, including an explanation of all requests approved with exceptions to program guidelines;

BE IT FURTHER RESOLVED, that the Prosper Portland Board hereby delegates authority to the Executive Director to approve and update the CAFÉ Charter and CAFÉ Procedures as needed to implement the Financial Investment Policy and Process for Internal Review and Approval of Financial Investments, consistent with the principles articulated in this resolution;

BE IT FURTHER RESOLVED, that Resolution No. 7194 is hereby replaced in its entirety; and

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