



PROSPER
PORTLAND

September 17, 2020

Gustavo J. Cruz, Jr.
Chair

Francesca Gambetti
Commissioner

William Myers
Commissioner

Peter Platt
Commissioner

**Serena Wesley
Stoudamire**
Commissioner

Ted Wheeler
Mayor

Kimberly Branam
Executive Director

RE: Meeting Minutes PWG – September 16, 2020, 5:30 pm

Meeting desired outcome:

Voting on land ownership and nonprofit status. The Ownership subcommittee was tasked with examining and evaluating the various entity structures for the long-term ownership and management of the land and the oversight of the development of the project. *See attached memo below.

Meeting Minutes: On September 16, 2020 Dr. Holt opened the PWG public meeting via Zoom and the following is a brief outline of what was discussed.

1. **Discussion on the Pros and Cons of the nonprofit model:** Subcommittee gave an update to the committee regarding all the potential structured models highlighted in the memo.
2. **Members of the Subcommittee for nonprofit group:**
 - a. Michael Alexander
 - b. Charles Wilhoite
 - c. Bryson Davis
 - d. Sharon
 - e. Leslie Goodlow
 - f. Steven Green
3. **Dr. Holt opened the floor to Questions and Input:**
 - Lakesha asked a question about the funding structure and how it will be leveraged through ownership of the property. Bryson indicated that staffing and Pre-Construction operating expenses could be handled with grant funding and construction might require borrowing.
 - Jillian asked about the transfer of ownership to the developer and why a developer would want to have a stake in the project if it would be approached using a nonprofit entity to oversee the project/property. She also questioned the ability to use LIHTC funding in a nonprofit structure.
 - Group discussed the governance structure of the nonprofit and what the benefits would be for a developer.
 - Group discussed the long-term future of the nonprofit after the land is developed.

prosperportland.us

222 NW Fifth Avenue
Portland, OR
97209-3859

503-823-3200 Main
503-823-3368 Fax
503-823-3366 TTY



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Building an Equitable Economy

- Group discussed the funding for the nonprofit long term and trusting how it is funded and structured
- Group discussed structuring the nonprofit to partner with an existing nonprofit and what this would look like politically and the community ramifications of this.
- Group discussed the wealth creation portion of the project for the African American community and how dollars will go back into the community.
- Group discussed the benefit of choosing a land trust structure as opposed to a nonprofit
- There was concern expressed whether the information proposed in this meeting needed to be brought to the community prior to a vote.

4. Vote Results:

Tony H – YES

Jullian – NO

Justice – YES

Bryson -YES

Anthony – YES

Karis – YES

Michael – YES

Walter – YES

Shabree – YES

Laketha -NO

8 – YES / 2 – NO



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Building an Equitable Economy

Action Item Log	
1.	Subcommittee will meet to discuss mission, vision and governance of nonprofit
2.	UPDATE -Laketha and Bryson meeting with Albina Vision
3.	UPDATE -Meeting with Co-chairs, Legacy and Prosper on September 30, 2020 to address the extension of the time period for the work
4.	Address the “no” votes to make sure that all questions are answered to make sure the committee can get to a point where everyone is comfortable with the overall decision.
5.	Justice need for assistance with compiling older meeting notes and direction with community engagement.

***MEMO - Williams & Russell Project Working Group Ownership Subcommittee Entity Recommendation**

Task: The Ownership subcommittee was tasked with examining and evaluating the various entity structures for the long-term ownership and management of the land and the oversight of the development of the project.

Analysis: The Ownership Subcommittee looked at several ownership types and evaluated the merits, the potential and the drawbacks of each type.

- A. Forming a new nonprofit company. A new nonprofit company would be created to own the land and manage the development of the project. This would involve creating a new nonprofit from scratch, forming a board as well as writing the mission and the vision for the nonprofit and doing all of the necessary filings for formation and for IRS charity status.

Pros:

1. There are no private shareholders who would benefit financially from the ownership of the project.
2. The PWG can develop the charitable purpose of the nonprofit on formation to ensure that it follows the vision of the group.
3. Any money earned must be retained by the organization and used for its own expenses, operations, and charitable programs
4. The PWG could create the board criteria.
5. No current entity would be favored over other existing entities.

Cons:

1. It will be a new organization with no operational or financial history.

- B. Using a an already existing nonprofit company to own the land. A nonprofit company that already exists and serves the community would be chosen to take possession of the land and to manage the development of the nonprofit.

Pros:

1. There are no private shareholders who would benefit financially from the ownership of the project.
2. Any money earned must be retained by the organization and used for its own expenses, operations, and charitable programs
3. A new organization would not need to be formed
4. The chosen organization could have operational, financial and community engagement history that a new nonprofit would not have.

Cons:



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1. Most potential options are not well suited to immediately take on the task.
2. There are potential political issues that may arise if one organization is chosen and not another

C. Community Investment Trust (Mercy Corp Model). This would be a semi-public entity that is owned by local community members where those in the community who owned shares in the company would get a share of the profits. The amount that an individual could invest would be capped so that wealthier people could not buy all of the available shares.

Pros:

1. Entity would be owned by the community.
2. Potential opportunity to create wealth through investment
3. Investments would be backed so that there is no investment risk.

Cons:

1. Entity formation is very complex
2. The investment cap would likely limit the amount of total funding that the project could receive from investment.
3. The profits may be too small or take too long to materialize to provide a benefit over normal investing
4. Likely would still need to be paired with government or nonprofit ownership.

D. Government-owned Land Lease. The local government, such as prosper Portland, owns the land and leases the land to the project for nominal rent.

Pros:

1. No new entities need to be formed.
2. Prosper Portland and other government agencies have experience developing and managing property.

Cons:

1. Large trust deficit for government agencies in the community given historical inequities.
2. Has the potential to be seen as Prosper Portland taking over the project.
3. May result in conflict with Legacy given that the project arose from the city attempting to take the land back.

E. Government/Nonprofit Mix. Prosper Portland and one or multiple nonprofits share ownership of the land.

Pros:

1. Not only Prosper Portland owning the land
2. Prosper Portland and other government agencies have experience developing and managing property.

Cons:

1. Large trust deficit for government agencies in the community given historical inequities.
2. Has the potential to be seen as Prosper Portland taking over the project.
3. Has the potential to be seen as favoring participating nonprofits over others.

F. Community Land Trust. Nonprofit, community-based organization designed to ensure community stewardship of land.

Pros:

1. Can be used for many types of development including commercial and retail.
2. Could ensure long-term housing affordability

Cons:

1. Model distrusted in the community.
2. May be more difficult to set up than a new nonprofit.

Recommendation: Of the various ownership models, the Ownership Subcommittee recommend to the Project Working Group that a new nonprofit company is form specifically for the work of developing, managing and overseeing the project.

After discussion and evaluation of the various options, the Ownership Subcommittee determined that the formation of a new, purpose-built nonprofit would be the most effective ownership model with the fewest drawbacks. The Ownership Subcommittee determined that government ownership of the land would likely not be acceptable to the community and that the favoring of one existing entity over another would fuel existing disputes. A new nonprofit will still be able to benefit from the knowledge and expertise of city agencies and other nonprofits through the city's funding of the project and a board structure for the nonprofit that will include representation from various community nonprofits. The expertise and staffing of the new nonprofit could also be tailored specifically to doing the work of developing this project.

The new nonprofit structure allows for the Project Working Group to craft a charitable purpose specific to the work that the Project Working Group wishes to be accomplished through this project. It also provides for the project to be privately owned and thus continually managed by members of the community in a way to prevent developers, governments or other entities from corrupting the purpose and vision of the project.

Other structures such as the community investment trust were more complicated to set up and to administer long-term, and they may not be able to support a large enough project such as one that will fill the whole property. The Ownership Subcommittee did note that community investment trust may be appropriate for a small section of the project, such as a portion that involves commercial tenants and that option could be explored by the board and staff of the new nonprofit.

The subcommittee also discussed ways to minimize potential conflicts, prevent appearance issues and maximize community participation. Some solutions that were discussed centered around board composition such as 1) establishing a requirement for most board member seats to be held by a representative of another, established nonprofit charity that currently serves the community; 2) not tying any particular board seat to any particular organizations to allow for the rotation of representation; and 3) limiting the board representation by any one organization to one seat.

Next Steps: If the formation of a new nonprofit company is approved by the Project Working Group, there will be several additional steps to crafting the new entity that the Project Working Group will then take. Those next steps will be as follows:

1. The Project Working Group will need to determine the name of the new nonprofit company.
2. The Project Working Group will need to discuss and determine the full extent of the charitable purpose and mission of the new nonprofit company in order to focus the work of the nonprofit to the Project Working Group's vision for the project.
3. The Project Working Group will need to select the initial board members, whether they be temporary or for a full term and the Project Working Group will further need to determine the requirements, limitations and processes for determining future board membership.
4. After the Request for Proposal process is complete, the Project Working Group will need to vote to pass authority for the management and oversight of the project to the new nonprofit.
5. Over the next several months, the selected board for the new nonprofit will work to form the nonprofit entity under Oregon law, obtain IRS charity status, organize the land transfer, organize funding sources for the project, hire any needed staff members for the new nonprofit and work with the newly selected developer to begin the work on the project.