



PROSPER
PORTLAND
Building an Equitable Economy

DATE: December 16, 2020
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 20-52
Authorizing Temporary Modification of Economic Development
Administration Loan Program Terms

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7405

This action by the Prosper Portland Board of Commissioners (Board) will authorize Prosper Portland to modify the terms of loans funded by the Coronavirus Aid, Relief, and Economic Security (CARES) Act Revolving Loan Fund Supplemental Disaster Recovery and Resiliency Grant (Grant) award from the United States Economic Development Administration (EDA).

On August 12, 2020, through Resolution No. 7384, the Prosper Portland Board authorized the acceptance of the Grant award of \$1,480,000 from the EDA, which was awarded based on EDA's finding that the COVID-19 pandemic constitutes a situation of unusual and compelling urgency and that it was in the public interest to make noncompetitive awards to existing grantees that have the ability to respond to the pandemic quickly. The resolution authorizing this action included approval of the temporary terms and conditions of the Grant. Additionally, the EDA provided clarity on businesses eligible to receive loans funded by this program and those changes need to be revised in the Prosper Portland Board resolution. This action by the Prosper Portland Board will authorize Prosper Portland to modify the terms and conditions of the loan program to reflect what was previously approved by the Executive Director.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This action aligns with Prosper Portland's Strategic Plan by securing growing family-wage jobs, advancing opportunities for prosperity, collaborating with partners for an equitable city, creating vibrant neighborhoods and communities, and creating a financially sustainable agency.

BACKGROUND AND CONTEXT

The EDA's Revolving Loan Fund (RLF) is a United States Department of Commerce program designed to provide financial assistance to small and startup businesses that expand and create high quality employment opportunities, especially in distressed neighborhoods. Prosper Portland has administered these funds on behalf of the City of Portland since 1979.

The EDA requested that Prosper Portland apply for the additional CARES Act funds and an application was submitted on June 5, 2020. The financing provided through the EDA RLF (both current and new grants) will offer much needed capital to cluster industry businesses and other small businesses, many of which are struggling because of the economic impact of the COVID-19 pandemic. Providing working

capital to cluster industry firms and businesses owned by underserved populations will allow for businesses to pay back rent and utilities; purchase inventory or personal protective equipment; meet payroll costs; set up or improve online sales/e-commerce infrastructure for pivoting the business to address COVID-19 social distancing requirements; provide needed technological support to employees for pandemic required teleworking environments and other business stabilization and recovery needs.

EQUITY IMPACT

Prosper Portland strives to improve access to capital for small businesses, with a focus on those owned by women, people of color, and entrepreneurs from low-income neighborhoods. Many of these businesses fall within four target cluster industries (Athletic & Outdoor, Metals & Machinery, Green Cities, and Technology & Media) that receive supporting services from Prosper Portland. As these cluster industries generally create living wage jobs, ensuring their survival is a priority and access to capital and other resources can improve their chances to recover from the downturn. The proposed equity feature will be developed to encourage businesses to engage in culture change work to create a more diverse and inclusive workplace.

COMMUNITY PARTICIPATION AND FEEDBACK

There has been no specific community participated related to this proposed action.

BUDGET AND FINANCIAL INFORMATION

There are no budgetary or financial impacts from this proposed action.

RISK ASSESSMENT

Waiving the three years in business requirement removes a criterion in the underwriting process that could lead to lessened ability to evaluate borrowers' track records. However, broadening borrower criteria could also assist Prosper Portland in reinvesting loans and avoiding the risk of having to return unloaned funding to EDA by spring 2022. In addition, staff believes that this risk is justified by the increased ability to provide financial resources to businesses in a critically important time.

ATTACHMENTS

None