

**PROSPER PORTLAND**

Portland, Oregon

**RESOLUTION NO. 7405**

**AUTHORIZING TEMPORARY MODIFICATION OF ECONOMIC  
DEVELOPMENT ADMINISTRATION LOAN PROGRAM TERMS**

**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 authorizing an agreement between the City and Prosper Portland for administration of these grants;

**WHEREAS**, Prosper Portland utilizes EDA funds to make loans to support eligible Portland businesses (“EDA Loan Program”) pursuant to an EDA Merged Program Loan Fund Management & Administrative Plan dated June 15, 2015 (“Administrative Plan”);

**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**, On August 12, 2020, through Resolution No. 7384 (“August 2020 Resolution”), the Prosper Portland Board authorized the acceptance of the Grant award of \$1,480,000 from the EDA and approved temporary changes in practices and loan terms and conditions relative to those described in the Administrative Plan, which the EDA approved as an addendum (“Addendum”) to the Administrative Plan; and

**WHEREAS**, the EDA and Prosper Portland have continued to collaboratively explore and evaluate whether additional flexibility in Prosper Portland’s ability to offer loans is warranted in light of the COVID-19 pandemic, and the EDA has agreed in principle with Prosper Portland’s proposal regarding modified loan terms, as set forth in the EDA Loan Program Overview attached as Exhibit A (“Overview”).

**NOW, THEREFORE, BE IT RESOLVED**, that the Prosper Portland Board authorizes loans consistent with the terms set forth in the Overview, without limiting Prosper Portland’s ability to continue to make loans otherwise consistent with the Administrative Plan;

**BE IT FURTHER RESOLVED**, that the changes made to the EDA Loan Program Terms and Conditions, as described in the 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 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 Administrative Plan that was in effect prior to this Resolution or the August 2020 Resolution will govern;

**BE IT FURTHER RESOLVED**, that this resolution does not limit the ability of the Executive Director or the Executive Director's designees to approve exceptions to guidelines set forth in the Administrative Plan or the Addendum, so long as the Administrative Plan, or other authority duly delegated by the Prosper Portland Board, permits such exceptions; and

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

Adopted by the Prosper Portland Commission on December 16, 2020



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Pam Feigenbutz, Recording Secretary



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

### New or Revised Items:

- Allowable Lending Activities: Funds may be used for working capital, equipment purchases and other appropriate business needs.
- Minimum Time in Business: None, start-ups are eligible.
- Interest Rate for Loan Repayment: Minimum starting interest rate will be the lesser of 4% or 75% of Wall Street Journal Prime, increasing by up to 3% every three – four years to a maximum of 12% (starting interest rate and amount of interest rate adjustment depends on risk rating of loan request during underwriting and loan adjustment period depends on term of loan). Increases in interest rate can be waived if technical assistance is completed or equity and inclusion related goals are reached according to guidelines below.

### Unchanged Items:

- 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
- 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 equity and inclusion related goals are reached by the end of adjustment period as determined by term of loan, the initial interest rate will stay in place for an additional period, depending on term of loan. If a total of 30 hours of technical assistance or equity and inclusion related goals have been completed by the end of period determined by loan term, the rate will stay at initial rate for the balance of the loan term. Otherwise, the rate will adjust by 3-4% 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.

### Temporary Terms Approved in April 2020, Extended for Duration of Economic Downturn:

- Waived the requirement that borrowers provide evidence that credit is not otherwise available
- Prosper Portland's RLF provided for loan fees up to 2% and Prosper Portland asked for the flexibility to waive the loan fee.
- 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).

- 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.
- 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.
- 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

**RESOLUTION NO. 7405**

**RESOLUTION TITLE:**

AUTHORIZING TEMPORARY MODIFICATION OF ECONOMIC DEVELOPMENT  
ADMINISTRATION LOAN PROGRAM TERMS


Adopted by the Prosper Portland Commission on December 16, 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"/> <b>Consent Agenda</b> <span style="margin-left: 200px;"><input type="checkbox"/> <b>Regular Agenda</b></span>				

**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><b>Date:</b></p> <p>December 18, 2020</p>
<p><b>Pam Feigenbutz, Recording Secretary</b></p>	