



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** October 12, 2022  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 22-31  
Authorizing an Exemption from the Prosper Portland Green Building Policy and Approving a Loan to Dos Hermanos Bakery

### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolution Nos. 7467 and 7468

These two actions by the Prosper Portland Board of Commissioners (Board) will i.) authorize an exception to the Prosper Portland Green Building Policy for an existing \$410,000 Business Incentive Fund loan to Lardo Bakery, LLC DBA Dos Hermanos (Dos Hermanos), and ii.) approve a new \$470,000 Economic Development Administration loan to Dos Hermanos that will increase Prosper Portland's total commitment to Dos Hermanos to \$880,000, exceeding the executive director's signature authority and requiring Prosper Portland Board action. If approved, these actions will support the expansion of a local Latino-owned bakery into a new facility located at 1005 SE Stark Street within the Central Eastside tax increment financing district (see a Project Map in Attachment A) and grow from 57 to an estimated 98 employees over the next three years.

### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

These actions will deliver on Prosper Portland's Strategic Plan objective to foster wealth creation within communities of color.

### **BACKGROUND AND CONTEXT**

In August 2022, Prosper Portland extended a \$410,000 Business Incentive Fund loan (BIF Loan) to Dos Hermanos for tenant improvements on a new 5,500 square foot bakery location at 1005 SE Stark Street. The landlord of the new location has provided \$450,000 for improvements and the Prosper Portland BIF Loan will provide the remaining funding to complete the build-out.

The Prosper Portland Green Building Policy, approved by the Prosper Portland Board through Resolution No. 7113 on May 13, 2015, applies to tenant improvement projects receiving \$200,000 or more in Prosper Portland financial assistance, and for tenant improvements in commercial buildings greater than or equal to 5,000 square feet, requires that the improvements qualify for LEED Silver certification. While the amount of the BIF Loan and size of tenant improvement work triggers the Prosper Portland Green Building Policy, by the time Dos Hermanos approached Prosper Portland for a loan, design had already been completed and redesigning to comply with the policy would impact the schedule of the project and add additional cost burdens. Therefore, staff is seeking authorization from the Prosper Portland Board

to exempt the project from having to achieve LEED Silver Certification. Instead, the project will include green building practices using the City of Portland’s Green Tenant Improvement Guide requirements.

In September 2022, after staff executed the BIF Loan, Dos Hermanos approached Prosper Portland seeking an Economic Development Administration loan for \$470,000 to fund equipment purchases for the new location. As noted, the second loan would increase the agency’s commitment to Dos Hermanos to \$880,000, requiring Prosper Portland Board approval.

### **EQUITY IMPACT**

This project will create commercial opportunities to serve an underserved community and promote the continued development, ownership, and wealth creation of a locally owned small business. The new location will allow for Dos Hermanos to take on additional business and, as noted, it is projected that 41 new jobs will be created as a result.

### **COMMUNITY PARTICIPATION AND FEEDBACK**

There has been no public participation related to this proposed action.

### **BUDGET AND FINANCIAL INFORMATION**

Since there are insufficient resources in the Prosper Portland EDA loan fund for this action (see Attachment B), staff will seek Prosper Portland Board approval to increase total appropriations and decrease and fund contingency as part of the Revised 1 Budget scheduled for Board approval in December 2022.

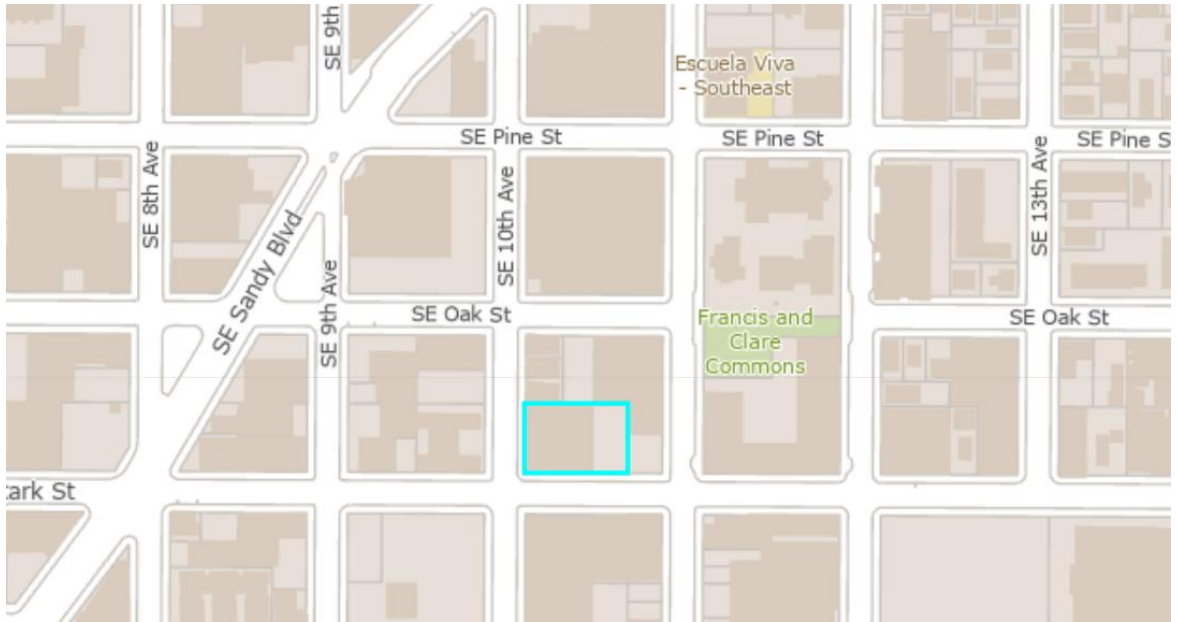
### **RISK ASSESMENT**

To minimize lending risk, staff has reviewed updated financial information, including personal and business tax returns, personal financial statements, business projections, and a letter of interest. The financial analysis reveals that Dos Hermanos has the ability to service the proposed debt.

### **ATTACHMENTS**

- A. Project Map
- B. Financial Summary

**PROJECT MAP**



1015 SE Stark Street

**FINANCIAL SUMMARY**

**Financial Summary  
 Five-Year Forecast**

Other Federal Grants	Revised 2 FY 2021-22	Adopted FY 2022-23	Forecast FY 2023-24	Forecast FY 2024-25	Forecast FY 2025-26	Forecast FY 2026-27
<b>Resources</b>						
Beginning Fund Balance	1,982,629	1,371,265	1,173,470	966,170	759,118	526,302
<b>Revenue</b>						
Grants - Federal except HCD	1,052,923	60,790	-	-	-	-
Interest on Investments	5,174	-	-	-	-	-
Loan Collections	109,358	127,738	119,730	120,405	97,492	97,955
<b>Total Revenue</b>	<b>1,167,455</b>	<b>188,528</b>	<b>119,730</b>	<b>120,405</b>	<b>97,492</b>	<b>97,955</b>
<b>Total Resources</b>	<b>3,150,084</b>	<b>1,559,793</b>	<b>1,293,200</b>	<b>1,086,575</b>	<b>856,610</b>	<b>624,257</b>
<b>Requirements</b>						
<b>Economic Development</b>						
<b>Community Economic Development</b>						
A00658-USDA Grant	137,245	35,490	-	-	-	-
<b>Business Lending</b>						
A00215-EDA-General	500,250	250,250	250,250	250,250	250,250	250,250
A00651-EDA RLF 2020	943,466	-	-	-	-	-
<b>Economic Development Total</b>	<b>1,580,961</b>	<b>285,740</b>	<b>250,250</b>	<b>250,250</b>	<b>250,250</b>	<b>250,250</b>
<b>Total Program Expenditures</b>	<b>1,580,961</b>	<b>285,740</b>	<b>250,250</b>	<b>250,250</b>	<b>250,250</b>	<b>250,250</b>
Personnel Services	197,858	100,583	29,268	27,794	28,669	29,407
<b>Total Fund Expenditures</b>	<b>1,778,819</b>	<b>386,323</b>	<b>279,518</b>	<b>278,044</b>	<b>278,919</b>	<b>279,657</b>
Interfund Transfers - Indirect Charges	0	-	47,512	49,413	51,389	53,445
Contingency	1,371,265	1,173,470	966,170	759,118	526,302	291,155
<b>Total Fund Requirements</b>	<b>3,150,084</b>	<b>1,559,793</b>	<b>1,293,200</b>	<b>1,086,575</b>	<b>856,610</b>	<b>624,257</b>