



DATE: March 13, 2024
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 24-10
Adopting an Amended and Restated Financial Investment Policy

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7524

This action by the Prosper Portland Board of Commissioners (Board) will approve the adoption of an amended and restated version of Prosper Portland's Financial Investment Policy (Restated Policy).

STRATEGIC ALIGNMENT AND OUTCOMES

Although the updated Restated Policy has been comprehensively updated, following are the most meaningful changes:

- The scope and applicability of the Restated Policy has been clarified by creating more rigorous and objective definitions of "Covered Investments," including (among other things) all grants and loans to a non-governmental recipient over which Prosper Portland has meaningful discretion.
- A new investment principle has been added regarding loans, providing that loans will be evaluated and priced in part according to the loan's credit risk rating.
- The process of appointing members to the Committee for Accountability of Finance and Equity (CAFÉ, the committee responsible for reviewing and recommending actions related to Covered Investments to the Executive Director and the Prosper Portland Board) has been simplified.
- The decision-making criteria for CAFÉ members to apply when reviewing Covered Investments have been made clear.
- CAFÉ's oversight obligations related to the agency's overall portfolio performance and with respect to nonperforming Covered Investments have been made explicit.
- The Executive Director's authority to make loans exceeding \$500,000 that are consistent with Prosper Portland Board-adopted guidelines has been reaffirmed.

BACKGROUND AND CONTEXT

Prosper Portland staff have been making efforts to update the agency's lending programs to align loan products to support the Financial Sustainability Plan, Advance Portland, and Tax Increment Finance District Action Plan goals. That work is intended to reduce the number of exceptions to program guidelines and create more transparency in the loan review and decision-making process.

Staff have determined that Prosper Portland's current Financial Investment Policy requires updates to achieve these outcomes, as well as to improve operational efficiencies and enhance clarity. These changes will enable increased loan and grant production, with consistent and predictable risk-appropriate review and pricing.

EQUITY IMPACT

Prosper Portland's lending and grantmaking has direct impacts on the borrowers and grantees who receive the financing, as well as the individuals and small businesses who benefit from Prosper Portland's Construction Business and Workforce Equity and Green Building policies that apply to agency lending programs.

COMMUNITY PARTICIPATION AND FEEDBACK

Staff did not conduct public participation related to this action.

BUDGET AND FINANCIAL INFORMATION

This action will have no direct budgetary or financial impact but is expected to increase overall efficiency in the process of making investments, yielding greater staff productivity, and reducing the administrative burden on staff and commissioners. The Restated Policy's greater focus on performance of investments and portfolio health, and clearer review and approval standards, can also be expected to yield superior economic performance.

RISK ASSESSMENT

By defining Covered Investments in the Restated Policy and clarifying the roles and responsibilities of CAFÉ members, the Executive Director, and the Prosper Portland Board in the review and approval of Covered Investments, the Restated Policy will enhance public oversight and accountability over the process of making Covered Investments. The Restated Policy's greater focus on performance of investments and portfolio health, and clearer review and approval standards, can also be expected to reduce financial and legal downside risks to the agency.

ATTACHMENTS

None.