

PROSPER PORTLAND
Portland, Oregon

RESOLUTION NO. 7518

APPROVING THE TERMS OF A COMMERCIAL PROPERTY REDEVELOPMENT LOAN AND A THRIVING SMALL BUSINESS LOAN TO CREATIVE HOMIES, LLC, IN AN AGGREGATE AMOUNT NOT TO EXCEED \$700,000, TO FINANCE CONSTRUCTION OF, AND WORKING CAPITAL NEEDS OF, A REDEVELOPMENT PROJECT LOCATED AT 433 NW 4TH AVENUE IN THE DOWNTOWN WATERFRONT TAX INCREMENT FINANCE DISTRICT

WHEREAS, Prosper Portland has undertaken to implement the Downtown Waterfront Urban Renewal Plan, adopted April 23, 1974 (as amended, the “Plan”);

WHEREAS, the Old Town/Chinatown Action Plan, accepted by Portland City Council by the passage of City Ordinance 186744, enacted on August 6, 2014, and reauthorized on September 4, 2019, established a strategic approach to revitalizing Old Town/Chinatown including promoting development of vacant properties, and promoting business vitality by increasing employment and retail activity;

WHEREAS, the Commercial Property Redevelopment Loan Program (“CPRL Program”) was established through Resolution No. 6442, adopted by the Prosper Portland Board of Commissioners (“Board”) on February 28, 2007, and revised guidelines for the CPRL Program were subsequently adopted via Resolution No. 6863, adopted April 13, 2011 (the “Program Guidelines”);

WHEREAS, the CPRL Program has provided critical investments implementing the City of Portland’s economic development strategies and is now under review for adjustments, updates, and new loan products for Prosper Portland investments to remain current and fill identified gaps in the market, particularly within historically underserved communities and in furtherance of the Prosper Portland’s Financial Sustainability Plan;

WHEREAS, on May 12, 2021, Prosper Portland’s Thriving Small Business Loan Program (“TSB Program”) was made permanent by the Prosper Portland Board by Resolution No. 7414, which recited that the TSB Program was intended to, among other things, further Prosper Portland’s interest in supporting entrepreneurs whose backgrounds, in the face of systemic barriers, did not afford them equal access to capital;

WHEREAS, on April 26, 2023, through Resolution 37617, City Council adopted Advance Portland: A Call to Action for Inclusive Economic Growth (“Advance Portland”) as a framework for inclusive growth through interventions that advance competitiveness, racial equity, and climate action and Advance Portland’s Objective 2 is to promote equitable wealth creation;

WHEREAS, Creative Homies, LLC purchased and owns the Enterprise Building (located at the corner of NW 4th Avenue and Glisan St. in the Downtown Waterfront Tax Increment Finance District),

and has taken significant steps and made significant investments with the goal of rehabilitating the building as a curated creative hub that will provide, among other things: support for Portland's BIPOC (Black and Indigenous People Of Color) community, including artists and creators; unique neighborhood amenities, including a postmodern music lounge; a ground floor coffee shop and wine bar with an adjacent gallery and retail space; and two upper stories of full production studio space, equipment rental, and creative space (collectively, the "Project");

WHEREAS, the financing, construction, build-out, and operation of the Project requires significant capital, and Creative Homies, LLC approached Prosper Portland seeking to borrow a portion of the funding necessary for the Project;

WHEREAS, Prosper Portland staff have determined that a certain CPRL Program loan to Creative Homies, LLC, in the approximate amount of \$147,395, for TIF-eligible construction purposes, on materially the terms described in the attached Exhibit A (the "Proposed CPRL Loan"); and a TSB Program loan to Creative Homies, LLC, in the approximate amount of \$552,605, for working capital needs including SBA loan closing costs and to purchase and place fixtures, furniture, and equipment, on materially the terms described in the attached Exhibit A (the "Proposed TSB Loan"); would serve to facilitate the Project by closing an important financing gap;

WHEREAS, the Proposed CPRL Loan to Creative Homies, LLC would be inconsistent with CPRL Program guidelines including because: it would be made at a fixed interest rate of 7.00% per annum instead of a rate equal to the Prime Rate plus 3%; it would have a term to maturity longer than 12 years; the equity contribution by the borrower toward the Project would be less than 0.5% of Project costs, which is less than the required 10% of the Project costs; the loan-to-value ratio would exceed 100%; and the borrower's debt service coverage ratio would be less than 1.15;

WHEREAS, the Proposed TSB Loan to Creative Homies, LLC would be inconsistent with TSB Program guidelines including because: the borrower's debt service coverage ratio would be less than 1.10; the loan-to-value ratio would exceed 100%; it would have a term to maturity longer than 11 years; the repayment schedule would include a 12-month deferred payment period; and the loan amount of approximately \$552,605 would exceed the program maximum loan amount of \$50,000;

WHEREAS, the Prosper Portland Board may approve the Proposed CPRL Loan and the Proposed TSB Loan on terms consistent with those described in Exhibit A notwithstanding the inconsistency of such terms with certain applicable program guidelines, and the Board may determine that the loans would further important strategic goals of Prosper Portland and the City;

NOW THEREFORE BE IT RESOLVED, that the Prosper Portland Board authorizes the Executive Director to make the Proposed CPRL Loan and the Proposed TSB Loan to Creative Homies, LLC (including, in her discretion, any affiliate, parent, or otherwise related entity co-borrowers), on terms materially in accordance with the terms outlined for such loan on Exhibit A, and to execute all documents and instruments necessary to make such loans;

BE IT FURTHER RESOLVED, that the Executive Director may approve changes to the loans' terms, if such changes do not materially increase Prosper Portland's obligations or risks, as determined by the Executive Director in consultation with Prosper Portland's General Counsel; and

BE IT FURTHER RESOLVED, that with the affirmative vote of no less than four Commissioners for this resolution, this resolution shall become effective immediately upon its adoption, and otherwise it will take effect thirty days after adoption.

Adopted by the Prosper Portland Commission on January 24, 2024

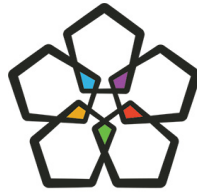


Pam Feigenbutz, Recording Secretary

TERM SHEET

This Term Sheet does not and will not constitute a binding agreement. The terms set forth herein and other provisions customary for a transaction of this sort must, to be binding, be incorporated in one or more agreements, including the Loan Documents mentioned below, between Prosper Portland and the Borrower named below. Resolutions approving this Term Sheet will also authorize the execution of all additional documents and instruments necessary to make the loan.

Loan Program:	Commercial Property Redevelopment Loan	Thriving Small Business Loan Program
Loan Amount:	\$147,395	\$552,605
Strategic Plan Alignment:	TIF District	TIF District
Purpose:	Construction	FFE, Working Capital
Loan Fee:	1% (\$1,474)	2% (\$11,052)
Interest Rate:	7.0%	8.0%
Loan Term & Amortization:	12 months of deferred payments; 24 months of interest-only payments followed by 12-year loan amortized over 25 years.	12 months of deferred payments; 12 months of interest-only payments followed by 10-year fully amortized loan
Interest-Only Payments (max):	\$919.99	\$3,979
Principal & Interest Payments:	\$1,124	\$7,241
Estimated First Payment Date:	Friday, March 1, 2024	Friday, March 1, 2024
Estimated Maturity Date:	Tuesday, February 1, 2039	Tuesday, February 1, 2028
Balloon Payment:	\$114,351	\$0
Disbursement Deadline:	December 31, 20025	December 31, 20025
Debt Coverage Ratio:	0.73	0.74
Collateral:	3rd position lien on real estate: 433 NW 4th Ave., Portland OR 97209 and UCC filing on business assets	3th position lien on real estate: 433 NW 4th Ave. Portland OR 97209 and UCC filing on business assets
Loan To Value (LTV):	206%	206%
Guarantors:	Adewale Agboola, Cyrus Coleman, Jessica Burke, Jonathan Cohen	Adewale Agboola, Cyrus Coleman, Jessica Burke, Jonathan Cohen



**PROSPER
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Building an Equitable Economy

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RESOLUTION TITLE:

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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 Marcelino J. Alvarez	<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"/>	Commissioner Michi Slick	<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 type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

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.

	Date: January 29, 2024
Pam Feigenbutz, Recording Secretary	