

PROSPER PORTLAND

Portland, Oregon

RESOLUTION No. 7524

**ADOPTING AN AMENDED AND RESTATED FINANCIAL
INVESTMENT POLICY**

WHEREAS, on October 27, 2010, through Resolution No. 6832, the Prosper Portland Board adopted a Financial Investment Policy (“FIP”) and established a process for internal review and approval of financial investments;

WHEREAS, on March 13, 2013, through Resolution No. 6993, the Prosper Portland Board adopted an updated and revised FIP, which resolution, pursuant to its terms, fully replaced Resolution No. 6832;

WHEREAS, on June 8, 2016, through Resolution No. 7194, the Prosper Portland Board adopted an updated and revised FIP, which resolution, pursuant to its terms, fully replaced Resolution No. 6993;

WHEREAS, on April 14, 2021, through Resolution No. 7412, the Prosper Portland Board adopted an updated and revised FIP to guide Prosper Portland’s real estate and financial investments and to ensure that proposed investments are appropriately reviewed to minimize risk, maximize public benefits, ensure the agency’s equity and other policies are being followed, and facilitate the repayment of public funds, and a financial return on investment in alignment with both the Prosper Portland Ten-Year Financial Sustainability Plan (“FSP”) and the agency’s Equity Policy (adopted August 14, 2019);

WHEREAS, on April 26, 2023, through Resolution 37617, Portland City Council adopted Advance Portland, a five-year strategic plan for the City of Portland (“City”) that calls for the promotion of inclusive economic growth, innovation, and wealth creation;

WHEREAS, on March 8, 2023, through Resolution No. 7477, the Prosper Portland Board adopted an update to the FSP and authorized an amendment to the FIP to create the Strategic Investment Fund and provide for its management and administration, resulting in the version of the FIP dated March 8, 2023, which by the terms of the resolution superseded the then-existing FIP;

WHEREAS, 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, intending to reduce the number of exceptions to program guidelines and create more transparency in the loan review and decision-making process;

WHEREAS, on March 13, 2024, through Resolution No. 7525, the Prosper Portland Board adopted new Commercial Property Loan Program Guidelines and new Small Business Loan Program Guidelines; and

WHEREAS, the Prosper Portland Board wishes to update the FIP in certain ways to help achieve the agency's strategic outcomes, to improve operational efficiencies and enhance clarity, and to appropriately implement the agency's new lending programs.

NOW, THEREFORE, BE IT RESOLVED, that the Prosper Portland Board hereby adopts the amended and restated Financial Investment Policy (the "Policy") attached to this Resolution as Exhibit A;

BE IT FURTHER RESOLVED, that the Policy supersedes the FIP dated March 8, 2023;

BE IT FURTHER RESOLVED, that the Executive Director has the authority to interpret the Policy in their reasonable discretion in any manner not inconsistent with this Resolution; and

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

Adopted by the Prosper Portland Commission on March 13, 2024



Pam Feigenbutz, Recording Secretary

Financial Investment Policy
Amended and Restated March 13, 2024

Approved By: Prosper Portland Board of Commissioners

Sponsor: Chief Financial Officer

Owner: Chief Financial Officer

This Financial Investment Policy ("Policy") was approved by the Prosper Portland Board of Commissioners ("Board") pursuant to Resolution No. 7524, adopted March 13, 2024.

This Policy is organized into five parts, which are:

PART ONE: Goals

PART TWO: Investment Principles

PART THREE: Committee for Accountability of Finance and Equity (CAFÉ)

PART FOUR: Applicability

PART FIVE: Authority of the Executive Director and Board

PART ONE: GOALS

The Board's goals in adopting this Policy are to ensure that proposed investments are appropriately reviewed to minimize risk, maximize public benefits, ensure that Prosper Portland's equity and other policies are followed, and facilitate the repayment of public funds and a financial return on investment. The Board further wishes to provide a level of review based on the size and risk profile of the applicable investment in order to ensure that internal processes are streamlined and efficient.

This Policy is informed by, and intended to further, the goals and principles of Prosper Portland's Equity Policy, established through Resolution No. 7335, adopted August 14, 2019 ("Equity Policy").

PART TWO: INVESTMENT PRINCIPLES

Prosper Portland must abide by the following principles when investing Prosper Portland resources:

- When investing public resources to achieve its mission and strategy, Prosper Portland will apply sound financial guidelines and accountable and transparent processes.
- In alignment with the Financial Sustainability Plan, investments should result in asset ownership or a financial return of and on capital whenever feasible.
- The agency will maintain a "Strategic Investment Fund" as follows:
 - Uncommitted program income will be transferred into this fund.
 - Operating properties, when stabilized, will be transferred into this fund.

- Fund balances will be used for income generating activities, operational, and capital needs only.
- Grants and infrastructure are not allowable uses for this fund.
- The fund shall be managed and administered to address community and small business needs through the following citywide activities and in alignment with the agency's charter and mission:
 - Business and commercial property lending;
 - Commercial, mixed-use, and industrial real estate acquisitions; and
 - Renovation and improvement to existing revenue generating properties to improve service to community and responsibly manage public assets.
- In alignment with the Equity Policy, investments should seek public benefits and be managed in a manner that explicitly considers beneficiaries, addresses disparities, and supports equitable outcomes.
- Investment should have a leverage target that maximizes the percentage of non-Prosper Portland resources in a project.
- Loans will be evaluated and priced in part according to the loan's credit risk rating, to be assigned based on a reasonable risk rating system.
- Any forgiveness of Loan principal will be considered a Grant and count against the current or following fiscal year budget established for grants.
- Grants and infrastructure expenditures should be limited to annual Prosper Portland-wide budgets that are consistent with Prosper Portland's Financial Sustainability Plan Update.

PART THREE: COMMITTEE FOR ACCOUNTABILITY OF FINANCE AND EQUITY (CAFÉ)

3.1 CAFÉ. The Executive Director must maintain a Committee for Accountability of Finance and Equity ("CAFÉ"). CAFÉ must have three or more members (each, a "Member"). Each Member must be a Prosper Portland employee or commissioner, but CAFÉ may invite the non-voting participation in its deliberations of any person lacking a conflict of interest in the matter before CAFÉ (including, but not limited to, officials, qualified experts, and other persons who may be approved by the Board Chair). The Executive Director will appoint all Members, and may appoint them either as individuals, or by providing in the Charter (defined in Section 3.2) that whoever has a certain role (e.g., a particular job) is therefore automatically a Member. The Executive Director will consult with the Board Chair before acting to add or remove a Member, but personnel changes that automatically result in the addition or removal of a Member do not require consultation.

3.2. Charter. The Executive Director must adopt and maintain a charter for CAFÉ (the "Charter") setting forth, among other things that the Executive Director may wish to set forth: the Members and their roles and responsibilities; how CAFÉ is to conduct business and vote; applicable policies and Guidelines

expected to frequently recur in the review of Covered Investments (defined below in Part Four); and any delegations permitted under Section 3.5 of this Policy.

3.3. Responsibilities of CAFÉ.

- 3.3.1.** Members must: review all Covered Investments; meet regularly; and vote in committee whether to recommend (to the Executive Director or the Board, as the case may be) that Prosper Portland should make a Covered Investment. The Charter may delegate the foregoing duties to particular Members as provided in Section 3.5 below.
- 3.3.2.** From time to time, CAFÉ will review and recommend (to the Executive Director or the Board, as the case may be) that the agency adopt new Guidelines (defined below in Part Four), or that it modify existing Guidelines. The Charter may delegate the foregoing duties to particular Members as provided in Section 3.5 below.
- 3.3.3.** CAFÉ will sit as the agency's default committee with respect to Covered Investments and will recommend appropriate actions to agency staff, the General Counsel, the Executive Director, and the Board with respect to non-performing Covered Investments.
- 3.3.4.** CAFÉ will, from time to time as directed by the Executive Director, make a report to the Board regarding the performance and state of the agency's Covered Investments portfolio.

3.4. Review Requirements.

- 3.4.1.** Members must review each Covered Investment for consistency with all applicable Prosper Portland policies and procedures. For example, Members must consider, among other things, the Equity Policy, this Financial Investment Policy, and applicable Guidelines.
- 3.4.2.** A Member may not support a recommendation to make a Covered Investment unless the Member reasonably believes that making the Covered Investment would be materially consistent with law and with all applicable policies and procedures.
- 3.4.3.** Notwithstanding Subsection 3.2.2 above, a Member may support a recommendation to make a Covered Investment that is inconsistent¹, in one or more ways, with applicable policies and procedures (each such inconsistency, an "Exception"), but only if the Member reasonably believes that: (1) making the Covered Investment would be lawful despite the Exception; (2) making the Covered Investment would be within the power and authority of the Executive Director (or the Board, as the case may be); (3) making the Covered Investment would advance,

¹ For the elimination of doubt, to the extent a policy or procedure, including applicable Guidelines, expressly vests the Executive Director or any other person with authority or discretion to make a Covered Investment that would otherwise be inconsistent with such policy, procedure, or Guidelines, the exercise of such authority or discretion is consistent with that policy, procedure, or Guideline, and such Covered Investment therefore does not include an Exception.

and not jeopardize, Prosper Portland's strategic objectives and goals; and (4) the Member acts in accordance with this Policy.

3.5. Delegation of CAFÉ Responsibilities. Notwithstanding any other provision of this Policy, the Charter may provide that any two or more Members (or their delegate(s), who may be any agency employee under the supervision such Member(s)), rather than CAFÉ as a body, may review and recommend any: (1) Loans and Grants that are: (i) consistent with applicable Guidelines; and (ii) within the Executive Director's authority; and (2) modifications to Guidelines, if such modifications are not material, as determined by the General Counsel or their designee. Members will review and recommend such Covered Investments in accordance with the same standards set forth in Section 3.4 above.

PART FOUR: APPLICABILITY

4.1 Covered Investments. The following are "Covered Investments" for purposes of this Policy, unless excepted pursuant to Section 4.2 below:

- Loans made by Prosper Portland, and modifications to existing loans (for purposes of this Policy, each a "Loan").
- Grants made by Prosper Portland, and modifications to existing grants (for purposes of this Policy, each a "Grant").
- New sets of requirements or standards for programs involving the regular making of substantially similar Covered Investments (for purposes of this Policy, each such set of requirements or standards are referred to as "Guidelines"), and modifications to Guidelines.
- Acquisitions (including but not limited to acquisitions of collateral by foreclosure, deed in lieu of foreclosure, or voluntary transfer), dispositions, and leasing of real property (provided that, as set forth in the Disposition and Leasing of Real Property Policy, adopted by Resolution No. 7301 on February 13, 2019, leases, licenses, or permits of entry for real property with a term of less than two (2) years are not Covered Investments).

4.2 Exceptions. Notwithstanding Section 4.1, the following are not "Covered Investments" for purposes of this Policy:

- Intergovernmental agreements.
- Contracts for goods or services.
- Grants by Prosper Portland made with funding provided by another governmental entity for the purpose of Prosper Portland making such grants to grantees identified by the funding entity.

PART FIVE: AUTHORITY OF THE EXECUTIVE DIRECTOR AND BOARD

5.1 Generally. Nothing in this Policy is intended to limit the authority of the Executive Director under any other agency policy, Board resolution, other Board action, or otherwise. Nothing in this Policy

prevents the Executive Director from sub-delegating, or from providing rules for sub-delegation of, their authority to other Prosper Portland employees.

5.2 Authority of Executive Director. After review as provided in Part Three above, the Executive Director may, within the scope of their authority: (1) make any Covered Investment of \$500,000 or less, with or without Exceptions; (2) make any Loan of over \$500,000, but only if the Loan amount is less than or equal to a maximum loan amount stated in such Guidelines, and only if the Loan is free of all Exceptions except those that the Guidelines may expressly describe as not material; (3) adopt Guidelines, or modifications to Guidelines, so long as the resulting Guidelines do not purport to allow the Executive Director to make any Covered Investment in excess of their authority. In addition, the Executive Director is authorized to codify all policies and procedures related to Covered Investments into a programmatic manual in any reasonable manner.

5.3 Authority of Board. Only the Board may: (1) approve making of a Covered Investment that exceeds \$500,000, except for Loans exceeding \$500,000 that the Executive Director may also make as described in Section 5.2(2) above; (2) adopt or modify Guidelines, if such Guidelines would permit the Executive Director to make any Covered Investment that would otherwise require Board approval.



RESOLUTION NO. 7524

RESOLUTION TITLE:

ADOPTING AN AMENDED AND RESTATED FINANCIAL INVESTMENT POLICY


Adopted by the Prosper Portland Commission on March 13, 2024

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 type="checkbox"/>	Commissioner Marcelino J. Alvarez	<input 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: March 18, 2024
Pam Feigenbutz, Recording Secretary	