



DATE: July 9, 2025
TO: Board of Commissioners
FROM: Lisa Abuaf, Interim Executive Director
SUBJECT: Report Number 25-23
Adopting a Comprehensive Financial & Real Estate Investment Policy

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7615

This action, if approved by the Prosper Portland Board of Commissioners (Board), will rescind the Financial Investment Policy, multiple property-specific leasing guidelines, and three real estate policies, and adopt a combined Financial Investment and Real Estate Policy (FINREP or Policy) that provides a single comprehensive approach to Prosper Portland's investment activities.

The goal of adopting this Policy is to provide a strategic, transparent, consistent, and risk-balanced framework to guide Prosper Portland's investment of public resources, and to ensure full compliance with local, state, and federal laws, Prosper Portland's Charter, relevant Tax Increment Finance (TIF) District Plans, and Prosper Portland's other Board-adopted policies. This Policy will guide Prosper Portland's (a) acquisition, ownership, operation, and disposition of real property; (b) lending and grant-making activities; (c) use of Program Income and other resources and assets; and (d) management of TIF District assets and income.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

This action advances agency goals of effective management and governance, as well as financial sustainability and stewardship.

BACKGROUND AND CONTEXT

Between 2010 and 2025, the Board approved a series of policies and guidelines that have served to govern the execution of the agency's real estate investing and lending activities. These guiding documents were crafted and adopted over a 15-year span of time and therefore lack a comprehensive and integrated approach to the agency's investing activities. The new Policy will directly address how the agency's investments should complement its grant and other economic support programs to successfully achieve its strategic and financial sustainability objectives.

When the Board adopted an update to Prosper Portland's Financial Sustainability Plan through Resolution No. 7477 in 2023, staff were directed to chart a path to operate a financially sustainable organization while creating widely shared economic prosperity for Portlanders. Recent financial planning and strategic discussions through the FY 2025-26 Budget process have placed an urgent emphasis on

balancing the agency's operating sustainability with its mission of supporting economic development. The Policy defines three categories of investment that better align with several new funds created to further this goal:

- High Impact, focused on public benefit outcomes in TIF/Action Plan areas
- Balanced Investment, which delivers public benefits in a financially neutral manner
- Income Generating, which seeks longer-term, risk-adjusted program income streams

Finally, the Policy facilitates a shared understanding of delegated authority at various levels of the organization, providing certainty for staff in their communication with external partners.

EQUITY IMPACT

The addition of new investment strategy categories provides staff with a framework to evaluate relative public benefits and equity impacts in relation to the potential financial sources and uses available for a given investment opportunity, as well as the agency's financial performance targets.

COMMUNITY PARTICIPATION AND FEEDBACK

As this is an internal guiding document created pursuant to Board direction, there was no specific community involvement in this action item. Investments continue to be informed by community-created TIF District Plans and Action Plans. The comprehensive Policy reflects the evolution of fifteen years of an enhanced community-driven approach, as reflected in the stated Investment Principles.

BUDGET AND FINANCIAL INFORMATION

The action has no immediate impact on project or program appropriations in the FY 2025-26 Adopted Budget. However, the Policy will guide how investments are made in the FY 2025-26 Adopted Budget and beyond to balance economic development goals and reach financial targets identified in the 2023 Financial Sustainability Plan.

The Policy will also guide the placement of final Program Income, meaning income from the sale, lease or operation of real property, interest or principal repayment on Loans, and other income such as fees generated from various programs, excluding TIF, as well as other assets in terminated TIF Districts (Airport Way, South Park Blocks, Downtown Waterfront, and Oregon Convention Center) and sunseting TIF Districts (Central Eastside, Lents Town Center, and Interstate Corridor). The Policy also guides use of Program Income in newer TIF Districts. The FY 2024-25 and FY 2025-26 budgets include transfers that align to the policy.

RISK ASSESSMENT

Risks of adopting this action are minimal, as it is primarily an administrative update. The only material change in the consolidated Policy enables the Executive Director to sign leases of 15 years of cumulative term, which is an increase from the 10-year term in the current policies.

This risk already exists in the form of individual, property-specific leasing guidelines previously approved by the Board that delegate the ability to sign leases of up to 15 years, and in the case of Lents Commons, 20 years.

ATTACHMENTS

A. None