



DATE: June 17, 2026
TO: Board of Commissioners
FROM: Cornell Wesley, Executive Director
SUBJECT: Report Number 26-18

Authorizing Short-Term Interfund Operating Loans for the Period of July 1, 2026 to June 30, 2027, in a Total Amount not to Exceed \$5,600,000 from the Strategic Investment Fund to the Following Funds: Community Development Block Grant - Economic Opportunity Initiative Fund; Portland Clean Energy Fund; 82nd Avenue Tax Increment Finance Fund; Cully Tax Increment Finance Fund; and East 205 Tax Increment Finance Fund

Board action requested and brief description

Adopt Resolution No. 7649

This action by the Prosper Portland Board of Commissioners (Board) will authorize short-term interfund operating loans (Interfund Loans) pursuant to the provisions of Oregon Revised Statutes (ORS) 294.468, which states that:

- (1) It shall be lawful to loan money from any fund to any other fund of the municipal corporation whenever the loan is authorized by official resolution or ordinance of the governing body.
- (2) The resolution or ordinance authorizing any interfund loan permitted under this section shall: (a) State the fund from which the loan is to be made, the fund to which the loan is to be made, the purpose for which the loan is to be made and the principal amount of the loan.

The Interfund Loans are necessary to bridge the time between expenditure of funds to provide services under intergovernmental agreements (IGAs) with the City of Portland (City) Housing Bureau (PHB) and the City Bureau of Planning and Sustainability (BPS) and the date Prosper Portland is reimbursed for those services. PHB reimburses Prosper Portland's expenditures for the Community Development Block Grants –Economic Opportunity Initiative (CDBG-EOI) and BPS for the Portland Clean Energy Fund (PCEF).

Interfund Loans are also needed for three of the new tax increment financing (TIF) districts: 82nd Avenue, Cully, and East 205 to bridge the gap between the beginning of the fiscal year (FY) and the receipt of TIF du jour proceeds in the spring.

This action will authorize Interfund Loans not to exceed \$5,600,000 from the Strategic Investment Fund (Fund 411) to the following funds during FY 2026-27:

- CDBG-EOI Fund (Fund 213) in an amount not to exceed \$1,000,000
- PCEF (Fund 240) in an amount not to exceed \$2,800,000

- TIF Funds:
 - 82nd Avenue (Fund 351) in an amount not to exceed \$300,000
 - Cully (Fund 335) in an amount not to exceed \$600,000
 - East 205 (Fund 361) in an amount not to exceed \$900,000

Strategic alignment and outcomes

The action will meet Prosper Portland's strategic objective of safeguarding public resources and assets through strong internal controls, reliable and transparent financial information, and compliance with necessary policies and procedures.

Background and context

Negative balances in any budget fund represent de facto interfund borrowing that must be authorized by the Board. This authorization allows Prosper Portland staff to shift cash as needed, up to \$5,600,000 in aggregate, from the Strategic Investment Fund to the recipient funds. Absent the Interfund Loans, there would be a negative cash balance in the recipient funds at month-end representing that month's expenditures plus any unreimbursed prior month expenditures.

In previous years, the delay in reimbursements of City General Fund and Recreational Cannabis Tax funds from the City Budget Office required a transfer from the Business Management Fund to Prosper Portland's General Fund. However, this was remedied in FY 2025-26 with the transfer of Business Management Fund cash into Prosper Portland's General Fund, therefore covering the necessary monthly cash requirements.

Under the terms of an anticipated agreement between Prosper Portland and PHB, Prosper Portland will continue operating the CDBG-EOI program on behalf of the City and PHB during FY 2026-27. It is anticipated that the delay in reimbursement under this agreement would result in a negative cash balance in the CDBG-EOI Fund (Fund 213) absent interfund borrowing. Borrowing requirements based on outstanding receivable history in this fund are estimated to be no more than \$1,000,000 per month.

Under the terms of the agreements between Prosper Portland and BPS, Prosper Portland will continue operating PCEF programs during FY 2026-27. It is anticipated that the delay in reimbursement under this agreement would result in a negative cash balance in the PCEF Fund (Fund 240) absent interfund borrowing. Borrowing requirements based on projected expenditures in this fund are estimated to be no more than \$2,800,000 per month.

Funding in three of the new TIF districts will not be available until TIF debt proceeds are received. They are anticipated to be received no earlier than March 2027. The absence of these funds could result in a delay in current project activities within the districts or result in a negative cash balance in these funds. 82nd Avenue TIF District (Fund 351) is estimated to borrow up to \$300,000 per month. Cully TIF District (Fund 335) is estimated to borrow up to \$600,000 per month. East 205 TIF District (Fund 361) is estimated to borrow up to \$900,000 per month.

Accordingly, to ensure that adequate cash balances are maintained on a monthly basis for audit purposes and to comply with State of Oregon law and governmental accounting requirements, Prosper Portland staff requests the Board's authorization of Interfund Loans.

Equity impact

This action ensures that Prosper Portland has sufficient resources to make timely investments in the EOI, PCEF and TIF programs, which deliver critical services to neighborhood-based and culturally specific organizations.

Community Participation and Feedback

While there was no direct community participation related to this action, it will enable Prosper Portland to fund and operate programs authorized in the FY 2026-27 budget, whose development was informed by and subject to public feedback.

Budget and Financial Information

This action does not adversely affect Prosper Portland's budget but rather reallocates funds to keep in compliance with State budget law.

Risk Assessment

In absence of the proposed amendment to Interfund Loans, the programs would operate in a deficit position without Prosper Portland Board approval, which would conflict with State legal and governmental accounting rules.

Attachments

None.