



## BOARD OF COMMISSIONERS SPECIAL MEETING

VIA CONFERENCE CALL  
DIAL-IN # 503.802.8550  
ACCESS CODE 0197570#

September 24, 2015 at 9:00 AM

### INTRODUCTION AND WELCOME

### PUBLIC COMMENT

General comments not pertaining to specific resolutions. Any public comment regarding a specific resolution will be heard when the resolution is considered.

### RESOLUTIONS

Following Resolutions:			
15-09	Topic	Presenter/POC	Phone #
09	Authorize Execution of Documents for Effectuation of the Acquisition, Redevelopment, and Refinance of the St. Francis Apartments	Molly Rogers Erik Olson	503.802.8462 503.802.8437

### ADJOURN



**MEMORANDUM**

To: Board of Commissioners  
Date: September 24, 2015

From: Molly Rogers, Director of Asset Management  
503.802.8462  
Subject: Authorize Execution of Documents for Effectuation of the Acquisition, Redevelopment, and Refinance of the St. Francis Apartments  
Resolution 15-09-09

Erik M. Olson, Asset Manager  
503.802.8437

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The Board of Commissioners is specifically requested to authorize the following actions necessary to complete the transfer of ownership of St. Francis Apartments to Saint Francis LLC and refinance the existing loan utilizing a HUD-insured 223(f) loan. This includes the following actions:

- Formation of the sole member LLC called Saint Francis LLC;
- Transfer title from St. Francis Limited Partnership to Saint Francis LLC;
- Execution and delivery of documents by Saint Francis LLC, and Home Forward on its own behalf and its capacity as sole member of the Saint Francis LLC to effectuate the acquisition, redevelopment, and refinancing of the St. Francis Apartments;
- The execution of any other documents deemed necessary by our counsel to effectuate this transfer and refinance.

This activity aligns with Strategic Operations Plan Goal 2: We will increase the number of housing units for our community through preservation, development and acquisition. It specifically addresses Priority Initiative 1: Evaluate and reposition existing projects, with an emphasis on preserving the public housing high rises.

## ISSUE

In 2002, Home Forward entered into a Low Income Housing Tax Credit (LIHTC) Limited Partnership called St. Francis Limited Partnership for the purpose of constructing the St. Francis Apartments, located at the corner of SW Main and SW 11th Avenue in downtown Portland.

On December 16, 2014, Resolution 14-12-03 and Resolution 14-12-04 was approved by the Home Forward Board to authorize the Executive Director to execute documents to acquire the Limited Partner's interest in St. Francis Limited Partnership, transfer the property ownership to Home Forward, and execute documents to refinance the existing loan. Positive progress is being made toward completing the exit of the Limited Partnership and closing the refinance of the HUD-insured 223(f) loan through PNC Bank. Upon advice from Home Forward legal counsel and a financing requirement by HUD, the property must be transferred into a single asset LLC with Home Forward being the sole member owning 100%.

The requirement is to provide Fannie Mae the protection against potential sponsor bankruptcy. By forming a single member LLC, Home Forward will retain complete control of the property and is a typical requirement by lenders. The request is a technicality that needs to be corrected since the previous approval of resolution 14-12-03 and 14-12-04 authorized the transfer of the property to Home Forward rather than Saint Francis LLC.

If approved, the action will prevent the need for loan closing extension fees if delayed and keep the project on track for an estimated closing date of October 1, 2015. This will result in better than expected debt savings due to lower interest rates at the time of interest rate lock and increased ADA accessibility in all studio units serving our residents.

There is no financial impact or risk to this request. It is a technical change to the ownership structure due to a requirement by HUD and recommended by Home Forward legal counsel. We locked the interest rate at 3.38% for 35 years which results in approximately \$78,000 annual debt service savings. These savings will be used to provide resident services, manage the capital needs into the future, and fund reserves to preserve the asset well into the future.



## RESOLUTION 15-09-09

RESOLUTION 15-09-09 AUTHORIZES THE EXECUTION AND DELIVERY OF DOCUMENTS BY SAINT FRANCIS LLC TO EFFECTUATE THE ACQUISITION, REDEVELOPMENT AND REFINANCING OF THE ST. FRANCIS, LOCATED AT 1024 SW MAIN STREET, PORTLAND, OR 97205

**WHEREAS**, Home Forward seeks to encourage the provisions of long-term housing for low-income persons residing in the City of Portland, Oregon (the “City”);

**WHEREAS**, ORS 456.120(18) authorizes Home Forward to finance, plan, undertake, construct, acquire and operate housing projects;

**WHEREAS**, ORS 456.065 defines “housing project” to include, among other things, “any work or undertaking... to provide decent, safe, sanitary urban or rural housings for persons or families of lower income”;

**WHEREAS**, Home Forward formed Saint Francis LLC, an Oregon limited liability company (hereafter, the “Company”), in order to have the Company acquire title to the project known as the St. Francis, located at 1024 SW Main Street, Portland, OR (the “Project”).

**WHEREAS**, Home Forward is the sole member of the Company.

**WHEREAS**, Home Forward, for itself and as sole member of the Company, will assist as sole member of the Company in the refinancing of the Project.

**WHEREAS**, the Company desires to refinance the existing loan on the Project with a new loan from PNC Bank, N.A., a national banking association (“Lender”), in an amount of up to Three Million Nine Hundred Sixty Five Thousand Five Hundred and 00/100 dollars (\$3,906,500.00) (the “Loan”). The U.S. Department of Housing and Urban Development (“HUD”) has issued a firm commitment dated June 17, 2015, as may be amended, to

insure the Loan under the provisions of Section 207 pursuant to Section 223(f) of the National Housing Act, as amended.

**WHEREAS**, the Company will be required to execute numerous documents relating to the Loan.

**WHEREAS**, the undersigned sole member of the Company desires to unanimously consent to this transaction and execution of required or convenient loan documents, to grant authority to the sole member to execute documents on behalf of the Company, and to ratify certain actions pertaining to this transaction taken prior to the date of this resolution.

**WHEREAS**, the Board of Commissioners have previously passed Resolution Nos 14-12-03 and 14-12-04, which are hereby ratified and affirm, and modified by this Resolution.

**WHEREAS**, ORS 456.135 authorizes Home Forward and/or the Partnership to delegate to one or more of its agents and employees such powers as it deems proper.

It is therefore resolved by the Commissioners of Home Forward as follows:

#### **RESOLUTIONS**

**IT IS HEREBY RESOLVED**, that the above recitals are hereby incorporated into the Resolutions by this reference.

**RESOLVED FURTHER**, that the Company is hereby authorized to acquire title to the Project in exchange for the assumption of any and all existing debt and regulatory agreements currently existing with Network for Affordable Oregon Housing (“NOAH”), Oregon Housing and Community Services (“OHCS”) and the City of Portland, acting by and through the Portland Housing Bureau (“PHB”).

**RESOLVED FURTHER**, that the Company is hereby authorized to execute and deliver any and all documents necessary to assume the obligations with OHCS and PHB.

**RESOLVED FURTHER**, that the Company is hereby authorized to execute and deliver any and all documents necessary or convenient to close the Loan, including but not limited to a mortgage or deed of trust granting Lender a security interest in the Project, a security agreement, financing statements, promissory note, and regulatory agreement (together with any other documents required by Lender or HUD to close the Loan, the “Loan

Documents”), including, but not limited to the following Loan documents and any amendments or riders thereto:

- a. Deed of Trust Note
- b. Deed of Trust encumbering the Project
- c. HUD Regulatory Agreement
- d. Subordination Agreements
- e. Mortgagor’s Certificate
- f. Agreement and Certification
- g. Incumbency Certificate
- h. Closing Statement
- i. Borrower’s Oath
- j. Firm Commitment, and any amendments
- k. Rate Lock/Loan Commitment
- l. Property Management Agreement. and any amendments
- m. Escrow Instructions
- n. Borrower’s Opinion Certification
- o. Previous Participation Certification (HUD-2530)
- p. Repair Escrow (in connection with repairs and rehabilitation to be completed in connection with the Loan).

**FURTHER RESOLVED**, that the Company is hereby authorized to execute and deliver any and all documents necessary or convenient to release the existing financing on the Project with NOAH.

**FURTHER RESOLVED**, that the sole member of the Company is hereby authorized to do any acts necessary or desirable to accomplish closing of the Loan and continued operation of the Project, including to execute and deliver the Loan Documents, any release or other obligations or any other contract, instrument or writing, all on behalf of the Company, with such alterations, additions, amendments and deletions as the sole member in its absolute discretion may approve or consider necessary or desirable. The execution of the Loan Documents or any other such document by the sole member shall be conclusive evidence of the Company’s approval and authorization of the Company in the performance thereof;

**FURTHER RESOLVED**, that the Company is authorized to amend its organizational documents as is necessary or expedient to facilitate the closing of the Loan;

**FINALLY RESOLVED**, that the sole member of the Company hereby ratify any actions taken prior to the date of this resolution by it on behalf of the Company in regard to the transaction described herein.

**ADOPTED: SEPTEMBER 24, 2015**

**Attest:**

**Home Forward:**

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Michael Buonocore, Secretary

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Jim M. Smith, Vice Chair

**From:** Celia Strauss

**Sent:** Friday, September 18, 2015 4:53 PM

**To:** Abel, Steve ([steve.abel@stoel.com](mailto:steve.abel@stoel.com)); Benita Legarza; Brian Lessler; Charlene Mashia; Damien Hall; David Widmark; Jim Smith; Jorge Guzman; Miki Herman; Tiffany Hager

**Cc:** Michael Buonocore; Jill Smith; Peter Beyer; Rebecca Gabriel; Shelley Marchesi; Molly Rogers; Erik Olson

**Subject:** St. Francis Apartments Refinance

Good Afternoon Commissioners,

We have run into a snag related to the St. Francis Apartments refinance and a technicality required by HUD. You passed resolution 15-09-02 on Tuesday, but HUD is requiring another separate dedicated resolution, resolution 15-09-09. Because Michael will be signing closing documents next week, we are requesting an emergency conference call to satisfy the HUD requirement. Outlined below are the details regarding this new resolution:

As part of the due diligence and closing process, HUD recently required Home Forward Board approval for Resolution 15-09-02 to form a single asset LLC (Saint Francis LLC) where Home Forward is the sole member. Forming an LLC to hold one asset is typical in financing large projects and HUD wanted to see a dedicated resolution identifying this approval specifically and not have it blended with earlier resolutions approving the Limited Partnership exit and refinancing request.

It's agreed that Resolution 15-09-02 approved 9/15/15 gives Home Forward the ability "to act on its own behalf and in the capacity of the sole member of the Saint Francis LLC to complete the transaction. However, HUD is now stating that they want to see a separate Home Forward resolution that directly allows Saint Francis LLC (as opposed to Home Forward acting as a sole member) to execute documents to complete the refinance transaction. This is what the new resolution 15-09-09 is requesting.

As the attorneys on both sides of the table have stated, this is another HUD checklist requirement and it is less expensive to request the Home Forward Board to approve this second resolution rather than spend additional legal funds to negotiate with HUD and incur penalties associated with having to extend the interest rate lock.

We are asking that the Home Forward Board consider approving the attached resolution to satisfy the HUD requirement and allow for the completion of the transaction.

To that end, we would like to propose a conference call on Wednesday, 9/23 between 11:00 AM and Noon or Thursday, 9/24 between 9:00 AM and 10:00 AM. By providing with you the resolution and the background above, we anticipate this being a short call. One point to clarify is that this relates to our downtown property the St. Francis Apartments and not the St. Francis Park development project.

Lastly, we will need a quorum of five to approve this resolution. If you have questions specific to this resolution, Molly Rogers and Erik Olson would be happy to address them.

Please let me know at your earliest convenient your availability on 9/23 and 9/24. Thank you for working with us and have a lovely weekend.

Celia

**Celia Strauss**  
Executive Assistant