

**MEETING OF THE  
PRIVATE ACTIVITY BOND COMMITTEE**

**January 28, 2013  
Office of the State Treasurer  
Columbia Conference Room  
350 Winter Street NE, Suite 100  
Salem, OR 97301**

Members Present: Laura Lockwood-McCall, State Treasurer's Office, Chair  
David Glennie, Public Member  
Jack Kenny, Department of Administrative Services

Staff Present: Matthew Harris, State Treasurer's Office  
Jennifer Harding, State Treasurer's Office

Attendees: Bob Powers, Sound Community Ventures  
Ron Lehr, Wedbush Morgan Securities  
Ben Loftus, Home Forward  
Teresa Auld, Home Forward  
Trell Anderson, Housing Authority of Clackamas County  
Andrea Sanchez, Housing Authority of Clackamas County  
Margaret Van Vliet, Oregon Housing & Community Services  
Bob Larson, Oregon Housing & Community Services  
Carol Kowash, Oregon Housing & Community Services  
Jenna Graham, Oregon Housing & Community Services  
Julie Cody, Oregon Housing & Community Services  
Andy Wilch, Salem Housing Authority

Chair Lockwood-McCall called the meeting to order at 9:45 a.m.

The first agenda item was approval of the July 17, 2012 and January 8, 2013 minutes. Redlined versions of each set of minutes were presented, with changes suggested by Mr. Kenny. Mr. Glennie moved for approval of the minutes for the July 17<sup>th</sup> meeting as amended and Mr. Kenny seconded. The motion carried unanimously. Mr. Glennie then moved to approve the minutes of the January 8<sup>th</sup> meeting and Mr. Kenny seconded the motion. The motion carried unanimously.

Chair Lockwood-McCall introduced Mr. Harris and asked that he provide a brief update on changes in carry forward status since the January 8<sup>th</sup> meeting. Mr. Harris said the Salem Housing Authority is considering a request for \$8 million in 2013 allocation. He also said Home Forward has informed him of the potential for additional projects which may require approximately \$27 million of 2013 current year allocation or 2013 carry forward, which is dependent upon when the projects are ready to begin construction. Mr. Harris reported the total amount of 2012 PAB volume cap available to the Committee for allocation as carry forward is \$365,826,605.

### **Housing Authority of Clackamas County, Easton Ridge Project, \$24,000,000**

Chair Lockwood-McCall said that since the January 8<sup>th</sup> meeting, the Housing Authority of Clackamas County (HACC) has submitted the additional application requested to the committee. She also stated the record would need to be supplemented with the second appraisal which Oregon Housing and Community Services Department (OHCSO) submitted shortly before the meeting. Ms. Andrea Sanchez said the difference between the two appraisals is approximately \$3 million and she explained how the budget would be adjusted to balance. Ms. Sanchez said the scope of work will remain the same, despite the reduction in tax credit equity. Ms. Lockwood-McCall asked if the additional resources contributed to the project by HACC is reserve money or future revenues. Mr. Anderson confirmed it is money that is currently held in reserve. Mr. Glennie asked what the facility will be worth once construction is complete, and to provide reasons for a public investment. Mr. Anderson explained the different scenarios HACC considered; they ultimately decided it was most economically feasible to rehabilitate the existing units. Discussion ensued.

Mr. Glennie expressed concerns about how drastically the project has changed from when it was originally approved for PAB allocation back in July. Mr. Kenny asked HACC to detail the proposed developer fee to be assessed. Ms. Sanchez explained that OHCSO requires a 15% contingency on the project and that there are specific allowed uses of the developer reserves. Ms. Sanchez further explained that if the money isn't used, then it will be moved to a second holdback account at project stabilization. At that time, there will be another \$567,765 added to the account to be held back during a six year period to ensure that the replacement reserve plan will be funded. The developer fee will be returned to HACC once they demonstrate to OHCSO that at least 1/6<sup>th</sup> of the bathrooms have been completed.

Mr. Glennie inquired about the size of HACC's annual budget. Mr. Anderson said HACC's annual budget is approximately \$15 million with about \$11 million designated to rent assistance. He continued on to say HACC has 545 units of public housing which HUD provides operating support. Mr. Anderson explained HACC also has their local project portfolio which includes Easton Ridge as well as a 24 farm unit portfolio in Molalla, a 20 unit mental health facility and other miscellaneous group homes.

Chair Lockwood-McCall invited representatives from OHCSO to supplement HACC's testimony regarding Easton Ridge. Ms. Carol Kowash, Tax Credit Program Manager, Janie Graham, Loan Officer, and Julie Cody, Administrator for Program Delivery introduced themselves to the committee. Ms. Kowash explained that the biggest concern for OHCSO was involving the deferred maintenance and that once the construction was completed, there would not be funds to do further maintenance. She said the developer fee was implemented as an incentive for HACC to complete items agreed upon in their initial application. Ms. Kowash reported that the third party holding the reserve funds will likely be Enterprise or OHCSO. Ms. Graham reported the appraisal uses the market as is value for the acquisition credits and currently is not under an extended or restricted use agreement for tax credit compliance, but will be for sixty years. She also reported after completion, the restricted use value will be roughly the same as the market value of \$18,150,000. Ms. Kowash said when OHCSO received updated numbers, they checked for the ability to have eligible basis that would sufficiently provide the equity that was promised in HACC's application. She said OHCSO is supportive of the budget received from HACC and OHCSO has worked with HACC to ensure the safety of the tenants and hoped for a viable result when construction is complete.

### **Oregon Housing & Community Services, Qualifying IRS Section 142(a)(7) Projects, \$325,000,000**

Ms. Lockwood-McCall invited OHCSO to present their application for the committee. Ms. Margaret Van Vliet, Director of OHCSO introduced herself and Mr. Bob Larson, Debt Manager. She stated that OHCSO is requesting \$325 million of carry forward to fund qualified residential rental projects. Ms. Van Vliet said OHCSO provided the committee summaries for the single and multi-family programs. She reported OHCSO completed two bond issues totaling \$55 million in 2012 through the federal New Issuance Bond Program which expired at the end of 2012. She reported that for the multifamily program, four projects were funded in 2012 totaling \$40 million and provided 285 units of affordable housing. She stated OHCSO also completed a refunding transaction, which lowered the interest rates on four projects totaling \$36.7 million She further mentioned that OHCSO has plans for about \$200 million worth of potential projects.

Ms. Van Vliet mentioned potential changes that will be occurring at OHCSO over the next few years due to the Governor's plan to organize a new service delivery model for the housing finance and community services programs. Chair Lockwood-McCall stated the committee will send out the carry forward approval letter with wording that will be sensitive to the potential changes at OHCSO.

### **Upcoming 2013 Home Forward Request**

Chair Lockwood-McCall asked Ms. Teresa Auld and Mr. Ben Loftus from Home Forward to give a report of their upcoming 2013 current year allocation request. Ms. Auld gave an update on the Tower properties that are public housing properties. Ms. Auld explained some of the details of the upcoming project and said Home Forward will be requesting around \$50 million around July 2013.

Chair Lockwood-McCall asked Ms. Auld to briefly give some information about other potential future projects. Ms. Auld said Home Forward plans to issue \$17.5 million in bonds for a 185 unit new construction project located close to the Oregon Convention Center. The other potential project would partner with Northwest Housing Alternatives for the River North project which would provide 80 units of affordable housing. Mr. Loftus reported it will be located in the River District Urban Renewal area and would require around \$10 million of PAB allocation.

### **Upcoming 2013 Salem Housing Authority Request**

Mr. Andy Wilch, Executive Director of the Salem Housing Authority presented plans for the Parkway Village 124 unit project and the Robert Lindsay Tower, a 62 unit senior housing project. Mr. Wilch said the Parkway Village project will be broken out into two phases. The first phase will include 78 units with the most pressing needs. Those will be financed with the use of 9% tax credits. In Phase 2, the remaining 46 units will be bundled with the Robert Lindsey Tower and funded through 4% tax credits, a tax exempt bond, and an equity contribution from Salem Housing Authority. The Robert Lindsey Tower project was submitted into a HUD Rental Assistance Demonstration and the Salem Housing Authority is currently working with HUD to brainstorm the best way to approach the renovations. Mr. Glennie asked why the project has envelope problems, with the building being only 15 years old. Mr. Wilch explained that there are issues with onsite storm water management.

### **Motions for Carry Forward Allocations**

Mr. Glennie moved that HACC's PAB request be funded through carry forward allocation. Mr. Kenny seconded and the motion passed unanimously.

Mr. Glennie then moved that the remaining \$341,826,605 of carry forward be allocated to OHCSO for qualifying multi-family projects. Mr. Kenny seconded and the motion passed unanimously.

### **2013 Quarterly PAB Meeting Schedule**

Chair Lockwood-McCall asked the committee members if the proposed dates for the 2013 quarterly meetings are acceptable to post on the PAB website as tentative dates.

Mr. Kenny moved to adopt the tentative schedule for the 2013 quarterly PAB meetings. Mr. Glennie seconded and the motion passed unanimously.

With no further business, the meeting was adjourned at 10:50 a.m.