OREGON STATE HOUSING COUNCIL
TELEPHONE CONFERENCE
Minutes of Meeting

Oregon Housing & Community Services
Conference Room B322
725 Summer Street N.E., Suite B, Salem, OR 97301

3:00 p.m.

June 24, 2009

MEMBERS PRESENT
Scott Cooper
John Epstein
Maggie LaMont
Jeana Woolley

STAFF PRESENT
Victor Merced, Director
Rick Crager, Deputy Director
Roberto Franco, Director’s Office Liaison
Karen Clearwater, Regional Advisor to the Department
Roz Barnes, Loan Officer
Jo Rawlins, Recorder

MEMBERS ABSENT
Larry Medinger, Chair
Stuart Liebowitz
Francisco López

GUESTS
None

I. CALL TO ORDER: Vice-Chair Maggie LaMont calls the June 24, 2009 meeting to order at 3:10 p.m.

II. ROLL CALL: Vice-Chair LaMont asks for roll call. Present: Scott Cooper, John Epstein, Maggie LaMont, and Jeana Woolley. Absent: Chair Larry Medinger, Stuart Liebowitz, and Francisco López,

III. NEW BUSINESS:
A. Moving Forward, Approval of transfer of OHCS funding award from Interfaith Care Community to Rogue Retreat for the acquisition of eight units of housing in a project to be known now as Grape Street (Medford, OR). Roberto Franco, Director’s Office Liaison, gives an overview of the write-up he had previously provided Council, explaining that on May 29, 2009 Housing Council approved funding to the Interfaith Care Community to acquire eight new units to create permanent supportive housing for homeless people in Medford. Unfortunately, the sale did not go through during the process of closing the transaction and they have returned the award to the department. The Rogue Retreat in the Medford area has expressed an interest in assuming the grant with all of the conditions and requirements as originally awarded to Interfaith Care Community. The seller is willing to work with the
Woolley asks that he explain to Council why Interfaith Care Community (ICC) dropped out, and asks if he has received answers to the questions discussed at the May 29 meeting. Clearwater says yes, they did get the letter that Council requested from the Rogue Valley CDC stating that they were actually very happy to be working with Rogue Retreat. ICC backed out of the deal because they could not secure a $100,000 loan from their bank on a fixed rate. The bank that they went to wanted a floating rate loan for a 20-year term and they did not have enough other operating capital to pick up a balance of payments if the rate went too high or whatever else might happen, so they decided that at this point and time they needed to back out of the deal. Woolley asks if it is correct that originally when they came to Council they had a fixed rate loan and when they went back to consummate the loan the bank said that they were not willing to do the fixed rate and wanted a floating rate $100,000 loan. Clearwater says that is correct. Franco says that the original rate quoted was 6.88%, and now with the new terms, the bank was going to give them an 8.5% variable rate, which would be a financial risk that they did not want to take on. Woolley asks if in the letter they said they would sell at the same price. Clearwater says yes. Woolley asks if they said they would work with the department for whatever period of time it takes and under the same terms and conditions. Franco says yes, in their letter they say the terms of the agreement are exactly the same as it was with ICC. The letter states: “We believe that we have everything in place for the transaction to proceed successfully. We agreed to keep the same purchase price and terms in place through July 31, 2009, and with no changes.” The Rogue Retreat (the new interested applicant) has secured their own $100,000 loan that the other group was getting. It is not through a bank, but through connections in the community. They have talked with a local title and escrow company to set up an account. Clearwater adds that the seller has agreed to pay the closing costs. Woolley asks if they are confident that the deal can be closed by the 31st, which is only 30 days away. Franco says yes. He says that if Council approves the transfer of awards to the Rogue Retreat, the department will issue a letter of award, followed by the Grant Agreement that they would have to sign, and it will be reviewed by legal counsel, which will take about a week to turn around. Woolley says it makes her nervous because that is such a short time to accomplish everything. Franco says they honestly believe they can do it by that date. Woolley asks where the $100,000 is coming from. Clearwater says it is coming from a private party within the community for 40 years at 7%.

Roz Barnes says she has been working with the Rogue Retreat on another Housing PLUS project and they are doing a really great job. Even though they are pretty new to the department’s processes, they are very willing to do whatever it takes to adhere to our rules and regulations, and she has been very impressed with them. Lamont asks if they have the financial means to continue to handle this project as well. Clearwater says yes, she believes that they do. They will operate both projects very similarly and it will actually reduce the operating expenses that were originally budgeted on this project because they can get some economy of scale out of it. Woolley says she is supportive of this if everything can move forward without changing terms and conditions. They have already gone through a lot in getting the appraisal for these units to justify the purchase price, so if everybody is willing to stay in place and they have a more experienced operator that is willing to step in and take this on and provide the same type of housing so that the department is getting the capacity built in that community, she is supportive of the transfer of the award to the Rogue Retreat.
MOTION: Woolley moves that the Oregon State Housing Council approve the transfer of the Housing PLUS fund award of $720,000, $150,000 in Trust Fund for the acquisition, plus $208,000 for rental assistance and supportive services in Housing PLUS funds from Interfaith Care Community to Rogue Retreat for the acquisition of 8 units of housing in a project to be known now as Grape Street in Medford, Oregon. This approval for transferring and funding is contingent upon Rogue Retreat meeting all Housing PLUS and Trust Fund requirements and conditions of award.

VOTE: In a roll call vote the motion passed. Members Present: Scott Cooper, John Epstein, Maggie LaMont, and Jeana Woolley. Absent: Chair Larry Medinger, Stuart Liebowitz, and Francisco López.

Vice-Chair LaMont adjourns the meeting at 3:30 p.m.

/s/ Maggie LaMont 7/24/09  /s/ Victor Merced 7/24/09
Maggie LaMont, Vice-Chair DATE Victor Merced, Director DATE
Oregon State Housing Council Oregon Housing & Community Services.