

**PORTLAND DEVELOPMENT COMMISSION**  
Portland, Oregon

**RESOLUTION NO. 6724**

**AUTHORIZE \$19,000,000 LOAN TO NURTURE 247 LIMITED PARTNERSHIP FOR DEVELOPMENT OF THE PEARL FAMILY HOUSING PROJECT IN THE RIVER DISTRICT URBAN RENEWAL AREA, OF WHICH \$7,000,000 IS SUBJECT TO APPROPRIATION BY THE COMMISSION IN ITS FISCAL YEAR 2010-11 BUDGET**

**WHEREAS**, according to PDC Financial Assistance Guidelines for Housing Development Finance Program Products approved by the Board on March 29, 2007 (Resolution No. 6444), any Loan from PDC in excess of \$10,000,000 requires specific Board approval;

**WHEREAS**, Nurture 247 Limited Partnership has a loan from PDC for the Pearl Family Housing development (the "Project") in an amount of \$19,000,000;

**WHEREAS**, the Project meets all requirements of the applicable Financial Assistance Guidelines, except as noted below;

**WHEREAS**, the Project supports PDC's Strategic Plan to "contribute to Portland's livability by facilitating the development of housing opportunities for residents of all income levels." This Project helps close the gap revealed in the 2006 Housing Implementation Strategy Report, for the 50-80% MFI demographic in this URA;

**WHEREAS**, funding for the Project was contained in the previously adopted 2008-09 budget (\$12,000,000) and the 2009-10 budget forecast (\$7,000,000) and is now contained in the adopted 2009-10 budget (\$12,000,000) and in the 2010-11 budget forecast (\$7,000,000); and

**WHEREAS**, this Project delivers affordable family sized housing to the North Pearl District.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Commissioners hereby approves a loan to Nurture 247 Limited Partnership, or an affiliated entity, for development of the Project in a principal amount not to exceed \$19,000,000 (of which \$7,000,000 is subject to appropriation by the Commission in its fiscal year 2010-11 budget), on the terms and conditions set forth in Exhibit A attached hereto, and otherwise in accordance with the applicable Financial Assistance Guidelines, except as set forth below (the "Loan");

**BE IT FURTHER RESOLVED** that the following exceptions to the applicable Financial Assistance Guidelines are approved for this Loan:

**Exceptions to Guidelines:**

1. Loan term may exceed 30 years;
2. PDC pay in is more rapid than pari passu;

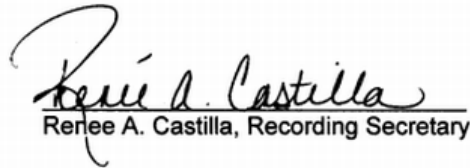
3. Sponsor is requesting forward commitment of FY 2010-11 funding as requirement by bond issuer/buyer, subject to appropriation; and
4. LTV of 1.83:1 exceeds 1:1.

**BE IT FURTHER RESOLVED** that the Executive Director may approve changes to the terms and conditions of the Loan provided the changes are reviewed by the PDC Loan Review Committee and are consistent with the applicable Financial Assistance Guidelines, as such Guidelines have been modified for this Loan by the exceptions set forth above;

**BE IT FURTHER RESOLVED** that the Executive Director is hereby authorized to execute such agreements and documents as are necessary or desirable to provide the Loan; and

**BE IT FURTHER RESOLVED** that this resolution shall become effective thirty days from the date of its adoption.

**Adopted by the Portland Development Commission July 22, 2009.**



Renee A. Castilla  
Renee A. Castilla, Recording Secretary

**Terms and Conditions**

**Terms:**

Borrower: Nurture 247 Limited Partnership (or affiliated entity)  
Project: Pearl Family Housing Mixed Use Development with 138 units of rental housing at NW 1350 Raleigh in the River District Urban Renewal Area

Type: HDSL fixed payment with additional cash flow feature  
Amount: \$19,000,000  
Term: 60 years  
Amortization: a. Year 1 - 5, no payment, then  
b. Year 6-15 –fixed payment \$43,005 plus 50% excess cash flow, then  
c. Year 16-60 -fixed payment \$243,005 plus 50% excess cash flow

Repayment/Interest Rate: a. Year 1-15 - 0%  
b. Year 16-30 - 0.50%  
c. Year 31-60 – 1%

Guarantor: None  
Collateral: Subordinate deed of trust  
Funding Source: River District URA – TIF  
a. FY 2009-10 = \$12,000,000  
b. FY 2010-11 = \$ 7,000,000

Disbursement: PDC will disburse in a front-loaded manner with a 5% retainage of the contractor’s contract amount held back until no later than 75 days after construction lien waivers or releases

Project Cost Savings:		Hard costs	Soft Costs
	Borrower	75%	-
	PDC	25%	100%

Priority Payments: In order of priority  
a. Investor services fee – beginning at \$6,900 and escalating at 10% every five years thereafter  
b. Deferred developer fee –  
c. Partnership Management fee – beginning at \$30,000 and escalating at 10% every five years thereafter

Recourse: Full recourse during construction, non-recourse thereafter

**Closing Conditions:**

1. Receipt of tax abatement for a minimum of the fifteen year tax credit compliance period.
2. Borrower must provide all requested due diligence documentation including but not limited to final budgets, final plans and specifications, and any service agreements prior to closing.
3. Final GMP construction contract acceptable to PDC prior to closing.
4. All conditions for the issuance of required permits met prior to closing.
5. Borrower agrees to execute PDC replacement cost and capital improvement reserve and asset management agreements prior to occupancy.
6. Evidence of commitment of remaining funding sources except for grant sources which require evidence only of application, such as BETC.
7. Receipt of final partnership agreement, reviewed and agreed to by PDC, by closing.
8. Allow for a non-profit exit from the tax credit partnership (debt plus taxes) so that a non-profit does not have to pay market rate to acquire the property. If investor approval of this is withheld, require this as a condition of PDC's approval to transfer to a subsequent owner.
9. Executed lease agreement for the Portland Public schools community space at closing.

**Other Conditions:**

1. BOLI commercial rates are the prevailing wage rate for the project.
2. The project will comply with MW/ESB requirements
3. Executed lease agreements for the remainder of the community space at conversion to permanent financing.
4. Develop a plan, a timeline, and a budget for the limited equity co-operative prior to conversion to permanent financing.

# PDC

PORTLAND DEVELOPMENT COMMISSION

## Resolution Number 6724

Title:

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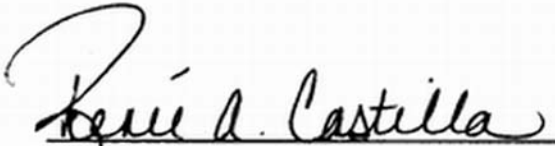
Adopted by the Portland Development Commission on July 22, 2009.

PRESENT FOR VOTE	COMMISSIONERS	VOTE		
		Yea	Nay	Abstain
<input checked="" type="checkbox"/>	Chair Scott Andrews	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Bertha Ferrán	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner John Mohlis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Steven Straus	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input checked="" type="checkbox"/>	Commissioner Charles Wilhoite	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Consent Agenda		<input checked="" type="checkbox"/> Regular Agenda		

### Certification

The undersigned hereby certifies that:

*The attached resolution is a true and correct copy of the resolution as finally adopted at a Board Meeting of the Portland Development Commission and duly recorded in the official minutes of the meeting.*

  
Renee A. Castilla, Recording Secretary

Date: August 20, 2009