

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

July 23, 2015

The July 23, 2015 work session was called to order at 11:00 a.m. by Chair Karen Miller. In attendance were Commissioners Ken Larsen, Wendy Lawrence, Pam Tietz, Gabe Spencer, Steve Moss and Wolfgang Opitz.

Maureen Fife, CEO at Habitat Tacoma, Michelle Girardot, Chief Development Director of Habitat for Humanity Spokane and Bob Cook did a presentation on Habitat for Humanity's need for liquidity and a proposal to provide it through a pilot Program Investment Fund (PIF) loan secured by certain first mortgages from their portfolio

Lisa Vatske gave a briefing on the proposed re-programming of the \$750,000 Program Investment Fund (PIF) allocation to the Office of Rural and Farmworker Housing (ORFH) for the purpose of supporting a Purchase Assistance Loan Program (PAL) at the request of the Northwest Farm Credit Services.

Kim Herman gave his Executive Director's Report.

The work session was adjourned at 12:00 p.m.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

July 23, 2015

The Commission meeting was called to order by Chair Karen Miller at 1:00 p.m. in the Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington. Those Commissioners present were Ken Larsen, Wendy Lawrence, Pam Tietz, Gabe Spencer, Steve Moss, Beth Baum and Wolfgang Opitz.

Approval of the Minutes

The minutes of the June 25, 2015 Commission meeting were approved as mailed.

Employee Recognition

Two Years

Vic Mijares

Five Years

Jenni (Helm) Davidson

Ten Years

Matt Vickery

Twenty Years

Marji Johnson

Special Recognition – Matt Vickery

“Today we are giving a Special Recognition to Matt Vickery. The Commission recently converted its old Legacy system to HomeBase which has a Salesforce platform. This conversion started in May of 2014. On 9-29-14, Matt was named HomeBase Administrator and in the time since has had to learn how each Division works and how they use the data. He is there to assist everyone Crystal White in our Spokane office had this to say, “With the conversion to HomeBase, and especially here in Spokane, Matt offered to come and train me in t my own

space which made it easier to retain information. He is readily available anytime that I have questions or concerns about the new system and is very quick to figure out a solutions the problems. He is never rude, responds quickly and has a great attitude. He is a great people person with excellent knowledge of HomeBase”. Thank you Matt for all of your hard work and dedication and for making sure HomeBase works for everyone.”

Employee of the Second Quarter – Karen Carlson-Bunce

Ainsley Close stated “While I have only been at the commission for 1 year, I feel incredibly lucky to have had the pleasure of working with Karen Carlson-Bunce. From the moment I started working here Karen displayed tremendous energy, creativity, vision and simply exemplifies what it means to be a team player. This past year we have been working together closely to launch the new Energy Spark program which has been a true partnership between the Single Family Division and the Multifamily Housing and Community Facilities Division.

Karen has had to educate me from day one on the single family mortgage industry and has done so with a smile and no one ounce of annoyance about my lack of knowledge. Recently we traveled together around the state to conduct Lender Appreciation and Learning events. Karen not only organized the events, the logistics, the food, the materials, she went so far as to ensure that we would have cute artistic succulent displays on the table. This attention to detail and pride of work are simply inspirational and embody what it means to be an employee dedicated to the Housing Finance Commission.

Energy Spark would be no where without Karen’s energy and as I’m writing this the program has its first reservation which we are all tracking in trepidation. For these reasons Karen is our Employee of the Second Quarter 2015.”

Commissioner Recognition

Ms. Miller recognized Commissioners Mario Villanueva and M.A. Leonard whose board appointments have expired. Mr. Villanueva has been a very valuable member of the Commission giving us insight on issues in the farming community of the Yakima Valley and housing generally. Ms. Leonard has been

an exceptional authority in tax credits, which has made her an extremely valuable resource to the Commission.

Ms. Miller presented recognition plaques to the Commissioners for their untiring efforts to improve housing and community facilities for the citizens of Washington (Mario was not in attendance).

**New
Commissioners**

Ms. Miller introduced and welcomed new Commissioners Wendy Lawrence and Ken Larsen. Ms. Lawrence serves in an at-large position and is the Housing Director at the Makah Tribe in Neah Bay. Mr. Larsen serves in an at-large position and is the Senior Vice President/Mortgage Banking Director at Banner Bank in Bellingham.

Both Commissioners commented that they are honored and proud to serve on the Commission.

**Public Hearing:
South Hill
Apartments, OID
#15-86A**

A public hearing was opened on OID No. 15-86A, South Hill Apartments, at 1:23 p.m.

Bob Peterson, Manager in the Multifamily Housing and Community Facilities Division, said that the hearing was for the proposed issuance of a revenue note to finance a portion of the costs of acquiring and constructing a multifamily housing facility in unincorporated Pierce County, to be owned by a to-be-formed Washington limited liability company. The total estimated aggregate note amount is not expected to exceed \$27,000,000. Mr. Peterson introduced Ryan Patterson from Vintage Housing Development.

Mr. Patterson stated that South Hill Apartments will be a newly constructed 216-unit multifamily housing facility in unincorporated Pierce County. He also stated that 100% of the units will be leased to individuals and families with incomes at or below 60% AMI (area median income).

South Hill Apartments is located close to a bus line and walking trails. The apartments will also have a business center and bike racks for the residents.

There was no further public comment and the hearing was closed at 1:26 p.m.

**Public Hearing:
The Bertschi
School, OID #15-
91A**

A public hearing was opened on OID No. 15-91A, The Bertschi School, at 1:27 p.m.

David Clifton, Assistant Director of Multifamily and Community Facilities, said that the hearing was for the proposed issuance of revenue bonds to finance and refinance facilities in Seattle, Washington, to be owned by The Bertschi School, a Washington 501(c)(3) nonprofit organization. The total estimated bond amount is not expected to exceed \$7,600,000. Mr. Clifton introduced Brigitte Bertschi, Founder and Mike Gardner, Chief Financial Officer, at Bertschi School.

Ms. Bertschi stated that this was the third financing from the Commission. She stated that Bertschi School's mission is to educate children to become compassionate, confident and creative learners in a global community.

Ms. Bertschi stated that the school community values integrity, inclusiveness, respect, diversity, and a commitment to sustainability. The students volunteer in the neighborhood twice a year, and 19% of the students receive some sort of financial aid.

Mr. Gardener detailed that this bond will be to refinance the existing loan from 2006 and to purchase the leased Annex building, which is used for the main office and one class room.

There was no further public comment and the hearing was closed at 1:39 p.m.

**Action Item: PIF
Request for
Purchase
Assistance Loan
(PAL)**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, requested the approval of the reallocation of \$750,000 of previously designated Program Investment Fund (PIF) funds from the Office of Rural and Farmworker Housing (ORFH) to a Purchase Assistance Loan (PAL) program with Northwest Farm Credit Services in support of Beginning Farmer and Rancher bond issues.

Ms. Vatske stated that a PAL must accompany a Commission bond loan, will amortize over 10 years, will be subordinate to the lien position of bond loan and will be underwritten based on the total loan amount and will not exceed 10% or \$50,000 of the bond amount, whichever is less.

Mr. Moss moved to approve the request to reallocate \$750,000 of PIF from the Office of Rural and Farmworker Housing (ORFH) to a Purchase Assistance Loan (PAL) program with Northwest Farm Credit Services in support of the Beginning Farmer and Rancher bond program. Ms. Tietz seconded the motion. The motion was unanimously approved.

**Action Item:
Critical Project
Program
Investment Fund
extension of the
term waiver**

Ms. Vatske requested the approval of an extension of the term for the previously approved Critical Project Program Investment Fund (PIF) loan of \$1.5 million for 3 years, to no longer than 18 years from the date of the loan closing. This is to accommodate lender, investor and project needs.

Mr. Spencer moved to approve the request. Ms. Lawrence seconded the motion. The motion was unanimously approved.

**Action Item: PIF
Request for Habitat
for Humanity of
WA State**

Bob Cook, Senior Director of the Finance Division, stated that the Commission have been working with Habitat for Humanity of Washington and its local affiliates statewide for some time on developing a PIF program to assist in providing liquidity for the purchase of land, materials and other eligible costs of producing additional homes. The Commission now has a program designed that we would like to pilot and fund with an initial PIF investment of \$5 million. Security for the loan to Habitat Washington will be a pledge of performing first mortgages owned by the affiliates equal to no less than 125% of the Commission loan outstanding.

Ms. Tietz moved to approve the Program Investment Fund (PIF) request of \$5 million to create a pilot loan program with Habitat for Humanity of Washington State to provide liquidity for certain of its affiliates secured by the pledge of

Action Item: PIF transfer request for Home Advantage Program

otherwise unencumbered first mortgages. Mr. Moss seconded the motion. The motion was unanimously approved.

Mr. Cook mentioned in April the Commission approved a Mortgage Purchase and Sale Agreement with ServiSolutions, our Master Servicer. This agreement allows us to purchase single-family mortgages from originating lenders and hold them until they can be pooled, securitized in a mortgage-backed security and sold, at which time we will be repaid. During the time we own the loans, generally three to five weeks, we earn interest at the rate on the mortgage, which is significantly higher than we can otherwise attain. This funding mechanism is intended to supplement liquidity provided by our Master Servicer, ServiSolutions, and to ensure a steady pipeline of loan purchases from our lenders during times of unprecedented mortgage production.

The Commission is using funds in the Single-family Commission Fund (SFCF) in the open indenture to make these purchases. There is likely to be a greater demand for funds than is currently available in the Single-family Commission Fund. Mr. Cook requested approval to allocate an additional \$10 million of PIF resources into the SFCF, \$5 million from Undesignated PIF Funds and \$5 million redesignated from the House Key Plus downpayment assistance program. No new loans are being funded through that program, while existing loans are continuing to pay down, leaving an excess in that program.

Mr. Moss moved to approve the request to approve a \$10 million transfer of Program Investment Fund (PIF) funds to the Single-family Commission Fund in the Single Family Indenture to support the purchase of Home Advantage loans due to increased monthly volume. Ms. Baum second the motion. The motion was unanimously approved.

**Action Item:
Resolution No. 15-83, CAC 515
Preservation
Portfolio**

This item was pulled from the agenda.

**Action Item:
Resolution No. 15-
94, Marion Court
Preservation**

Ms. Vatske said this is a resolution approving the issuance of notes by the Commission in the principal amount not to exceed \$16,000,000 to finance the acquisition and rehabilitation of: a multifamily housing facility (Marion Court) in Bremerton; one multifamily housing facility (Marine Plaza) in Port Townsend; and one multifamily housing facility (The Olympian Senior) Olympia. The project will be owned by Marion Court Preservation Limited Partnership, a Washington limited partnership. The public hearing for this project was held on June 25, 2015.

Ms. Tietz moved to approve the resolution. Mr. Moss seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 15-
95, Ballard
Landmark Inn**

Ms. Vatske said this is a resolution approving the issuance of bonds by the Commission in an aggregate principal amount not to exceed \$45,300,000 to refinance existing Commission bonds previously refunded in 2011 and to reimburse developer costs for the acquisition, construction, and equipping of a 155-unit senior multifamily housing facility with 60 assisted living licenses located in Seattle, owned by Ballard Landmark Inn, LLC, a Washington limited liability company. The public hearing for this project was held on April 27, 2006.

Ms. Tietz moved to approve the resolution. Mr. Optiz seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 15-
96, Deer Run West**

Ms. Vatske said this is a resolution approving the reissuance of taxable and tax-exempt bonds previously issued by the Commission in an aggregate amount not to exceed \$6,575,000 that were used to fund the construction and equipping of 108 unit multifamily housing facility in Spokane, WA owned and operated by Deer Run West Limited Partnership. The public hearing for this project was held on August 26, 2004.

Ms. Tietz moved to approve the resolution. Ms. Baum seconded the motion. The resolution was unanimously approved.

**Action Item: Pacific
Tower project PIF
Request**

The PIF Request was pulled from the agenda.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:13 p.m.

Signature
