

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

November 19, 2015

The November 19, 2015 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Steve Moss, Pam Tietz, Gabe Spencer and Ken Larsen, Wendy Lawrence, Regina Stark, Randy Robinson and Cary Retlin.

Bob Cook and Lisa DeBrock gave a briefing on a request to establish more short-term liquidity for purchasing loans in the Home Advantage program.

Val Pate and Rich Zwicker gave a briefing on the preservation discussions from the May 2015 Commission Planning Session.

Kim Herman gave his Executive Director's Report.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

November 19, 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 Steve Moss, Pam Tietz, Gabe Spencer and Ken Larsen, Wendy Lawrence, Regina Stark, Randy Robinson and Commerce Designee, Cary Retlin.

Approval of the Minutes

The minutes of the October 22, 2015 Commission meeting were approved as mailed.

Commissioner Recognition

Mario Villanueva – Commissioner Service

The Chair presented Mr. Villanueva with a clock for his tireless efforts to improve housing and community facilities for the citizens of Washington and his service on the Washington Housing Finance Commission Board from July 1, 2007 through June 30, 2015.

**Public Hearing:
Celebration Senior Living West, OID# 12-95A**

Ms. Miller opened a public hearing on OID 12-95A, Celebration Senior Living West at 1:08 p.m.

Bob Peterson, Manager, Multifamily and Community Facilities, said this hearing was for the proposed issuance of a tax-exempt revenue obligation (the "Note") to finance a portion of the costs for the acquisition and new construction of a senior housing facility located at 1316 South 328th Street, in Federal Way, WA, 98003, to be owned by Celebration Senior Living West Associates Limited Partnership, a Washington limited partnership. Proceeds of the Bonds will provide a portion of the financing for the acquisition of land and new construction and equipping

of a 189-unit senior housing facility in Federal Way, Washington, and to pay a portion of the costs of issuing the Note. The total estimated aggregate Note amount is not expected to exceed \$23,000,000. Mr. Peterson introduced Brian Park and Jay Woolford representing Celebration Senior Living West.

Mr. Park stated that there will be 112 one-bedroom units and 77 two-bedroom units spread over six story buildings, and with set-asides of 30% at 50% AMI and 70% at 60% AMI. He also mentioned that Celebration Senior Living West is located next to a bike trail, has a fitness center, an internet café, and spaces for arts and crafts.

Mr. Woolford mentioned that they are very invested in the community of Federal Way and are working with residence to improve sustainability in the community.

Commissioner Moss asked how they define “Seniors.” Mr. Park stated that it is a hybrid of state and federal rules – 61 or 55 or with a disability.

There was no further public comment and the hearing was closed at 1:20 p.m.

**Public Hearing:
The Estates at
Hillside Gardens,
OID# 15-64A**

Ms. Miller opened a public hearing on OID 15-64A, The Estates at Hillside Gardens at 1:20 p.m.

Mr. Peterson said this hearing was for the proposed issuance of a tax-exempt revenue obligation (the "Note") to finance a portion of the costs for the acquisition and construction of a senior housing facility located at 1919 Howard Road in Auburn, Washington, 98002, to be owned by Hillside Gardens Partners, LP, a Washington limited partnership. Proceeds of the Note will provide a portion of the financing for the acquisition of land and new construction and equipping of a 127-unit senior housing facility in Auburn, Washington, and to pay a portion of the costs of issuing the Note. The total estimated aggregate Note amount is not expected to exceed \$17,000,000. Mr. Peterson introduced Sean McKenna and Greg McKenna representing the Estates at Hillside Gardens.

Sean McKenna stated that this is the seventh affordable project in partnership with the Commission.

The Estates at Hillside Gardens is a 127 unit senior single building project close to a number of services. The project includes a community room, library, a fitness room, storage rooms and a theatre. One hundred percent of the units are affordable at 60% AMI with ten percent set-aside for persons with disabilities.

Commissioner Moss asked how they define "Seniors." Mr. McKenna stated that it is a hybrid of state and federal rules – 61 or 55, or with a disability.

Commissioner Moss also asked how many units are disabled persons-ready. Mr. McKenna stated that 5% are ADA compliant but the remaining 5% will be adapted for physical disabilities as needed.

There was no further public comment and the hearing was closed at 1:24 p.m.

**Public Hearing:
Gateway
Apartments,
OID#15-112A**

Ms. Miller opened a public hearing on OID 15-112A, Gateway Apartments at 1:24 p.m.

Mr. Peterson said this hearing was for the proposed issuance of a tax-exempt revenue obligation (the "Note") to finance a portion of the costs for the acquisition and construction of a multifamily housing facility located at 13000 21st Dr. SE in Everett, WA, 98208, to be owned by Gateway, LLC, a Washington limited liability company. Proceeds of the Note will provide a portion of the financing for the acquisition of land and new construction and equipping of a 177-unit multifamily housing facility in unincorporated Snohomish County, Washington, and to pay a portion of the costs of issuing the Note. The total estimated aggregate Note amount is not expected to exceed \$37,000,000. Mr. Peterson introduced Jack Hunden, representing the Gateway Apartments.

Mr. Hunden stated that this 177 unit apartment facility will have two to five-bedroom units. One hundred percent of the units will be affordable and will be aimed at households in Snohomish County earning no more than 60% of the area

median income. Twenty percent of the units will be set aside for disabled residents and 20% for large households. The project will offer a swimming pool, spa, fitness center, lounge, indoor basketball court, computer/business center, outdoor play area and meeting rooms.

Mr. Hunden stated that they are using the Transfer of Development Rights (TDR) Program for 20 units in Gateway Apartments. He stated they are purchasing development rights for rural and forest sites for rural Snohomish County at a price equal to \$8,000 per unit.

Commissioner Moss asked how many projects Mr. Hunden has in the pipeline at one time. Mr. Hunden stated that he usually has no more than six projects under construction at once.

There was no further public comment and the hearing was closed at 1:34 p.m.

**Public Hearing:
Madison Way
Apartments,
OID#15-115A**

Ms. Miller opened a public hearing on OID 15-115A, Madison Way Apartments at 1:35 p.m.

Mr. Peterson said this hearing was for the proposed issuance of a tax-exempt revenue obligation (the "Note") to finance a portion of the costs for the acquisition and construction of a multifamily housing facility located at 14709 Madison Way in Lynnwood, Washington, 98087, to be owned by Madison Way Apartments, LLC, a Washington limited liability company. Proceeds of the Note will be used to provide a portion of the financing for the acquisition of land and new construction and equipping of a 180-unit multifamily housing facility in unincorporated Snohomish County, Washington, and to pay a portion of the costs of issuing the Note. The total estimated aggregate Note amount is not expected to exceed \$35,000,000. Mr. Peterson introduced Jack Hunden, representing the Madison Way Apartments.

Mr. Hunden stated that one hundred percent of the units will be affordable and will be aimed at households in South Snohomish County earning no more than

60% of the area median income. Twenty percent of the units will be set aside for disabled residents and another 20% for large households.

The project is configured around wetlands in a single family neighborhood but residents will not have to drive through the residential neighborhood since there will be an interior road for residents that will be owned and maintained by the owner.

There was no further public comment and the hearing was closed at 1:42 p.m.

**Action Item:
Approval to
establish more
short-term liquidity
for the purchase of
loans in the Home
Advantage
program**

Bob Cook, Senior Director of Finance requested authority for the following until June 30, 2016, for use in the purchase of Commission-originated Home Advantage loans from the originating lenders and retention of such loans until securitized into mortgage-backed securities, which are sold and the proceeds used by the Commission to recoup its funds and interest:

- 1) The use of up to \$35 million of excess PIF liquidity, representing an increase in authority from the \$20 million previously approved on August 27, 2015; and
- 2) The use of up to \$20 million in short-term borrowing from the Federal Home Loan Bank of Des Moines under the Commission's approved, non-member borrower status; and
- 3) To authorize the Executive Director to pledge the Commission's reserve investments to be held as collateral for the borrowings in item 2, and to take any other action necessary to implement this approval.

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

**Action Item:
Resolution No. 15-
125, The Reserve at
Lynnwood**

David Clifton, Assistant Director of the Multifamily and Community Facilities Division, said this a resolution approving the issuance of tax-exempt bonds in an amount not to exceed \$42,000,000 to finance a portion of the costs for the acquisition of land and new construction and equipping of a 295-unit

multifamily housing facility at 19815 Scriber Lake Road, in Lynnwood, Washington, 98036, to be owned by Reserve at Lynnwood Partners LLLP, a Washington limited liability limited partnership. The public hearing was held on September 24, 2015.

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

**Action Item:
Resolution No. 15-
130, Promenade
Apartments**

Mr. Clifton said this is a resolution approving the issuance of a tax-exempt note in an amount not to exceed \$55,000,000 to finance a portion of the costs for the acquisition of land and new construction and equipping of a 294-unit multifamily housing facility constituting the residential component of a mixed use development, which will include multiple buildings with residential and retail tenants, at 31021 129th Avenue SE, in Auburn, Washington, 98092, to be owned by Promenade Apartments, LLC, a Washington limited liability company. The public hearing was held on October 22, 2015.

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

**Action Item:
Resolution No. 15-
131, 13 West
Apartments**

Mr. Clifton said this is a resolution approving the issuance of a tax-exempt note in an amount not to exceed \$11,050,000 to finance a portion of the costs for the acquisition of land and new construction and equipping of a 92-unit multifamily housing facility, at West 13th Street and Columbia Street, in Vancouver, Washington, 98660, to be owned by 13 West LLC, a Washington limited liability company. The public hearing was held on November 10, 2015.

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

**Action Item:
Resolution No. 15-
132, Mercy Othello
Plaza East**

Mr. Clifton said this is a resolution approving the issuance of tax-exempt bonds in an amount not to exceed \$15,000,000 to finance a portion of the costs for the acquisition of land and new construction and equipping of an 68-unit multifamily

housing facility at 6940 Martin Luther King Jr. Way S, in Seattle, Washington, 98118 to be owned by MHNW 9 Othello East LP a Washington limited liability limited partnership. The public hearing was held on September 24, 2015.

Ms. Stark moved to approve the resolution. Mr. Robinson seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 15-
133, Park 16**

Mr. Clifton said this is a resolution approving the issuance of tax-exempt bonds in an amount not to exceed \$3,500,000 to finance a portion of the costs for the acquisition of land and new construction and equipping of an 293-unit multifamily housing facility at 35703 16th Avenue South, in Federal Way, Washington, 98003, to be owned by Park 16, LLC, a Washington limited liability company. The public hearing was held on November 3, 2015.

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

**Commissioners'
Reports**

Cary Retlin stated that Commerce is reviewing second stage applications for the Housing Trust Fund. The selected winners will be awarded in January 2016.

He also stated that Kim Justice was named Director of State Office of Homeless Youth Prevention and Protection starting November 2, 2015.

Mr. Spencer stated that the audit committee met this morning to hear a report from Moss Adams on the results of the Commission's independent audit for the fiscal year ended June 30, 2015.

Moss Adams presented its required communications to the audit committee, reminding us of their independence in relation to the Commission, that their performance of the audit is in accordance with generally accepted audit standards and in consideration of the Commission's internal controls over reporting, and to communicate findings that they judged to be relevant to us.

They reported that there were no:

- Difficulties encountered in performing the audit
- Disagreements with management
- Corrected or uncorrected audit adjustments
- Deficiencies in Internal Control that came to their attention
- Fraud or noncompliance with laws, regulations, grants and contracts

The Committee accepted their report.

Staff will provide a final copy of the audited financial statements to the Commissioners with the next meeting's packet.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 2:03 p.m.

Signature
