

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

July 28, 2016

The July 28, 2016 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Steve Moss, Randy Robinson, Regina Stark, Gabe Spencer, Diane Klontz, Brian Bonlender and Beth Baum.

Lisa DeBrock and Dietrich Schmitz gave an update on the Energy Spark program.

Rachael Myers gave an update from the Washington Low Income Housing Alliance (WLIHA).

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 28, 2016

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, Randy Robinson, Regina Stark, Gabe Spencer, Diane Klontz, Brian Bonlender and Beth Baum.

Approval of the Minutes

The minutes of the June 23, 2016 meeting were approved as mailed.

Employee Recognition

Two Years

Kam Stewart

Lisa Vatske

Five Years

Marilyn Darnell

Ten Years

Bob Peterson

Twenty Year

Bob Cook

Employee of the Quarter - Dietrich Schmitz

“This person is not only a hardworking individual, but a team player as well, which is why he has showcased himself as a contender for Employee of the Second Quarter.

His diligent work ethic is apparent as he actively looks for ways to simplify procedures and tasks, while also correcting things that may have been amiss. He's a team player in every sense of the word, by being constantly available to take calls, and on many occasions, stepping up to the plate and help when his division is in a bind.

Despite working so hard, one of his most remarkable features is his positive, can-do attitude and always smiling face. Even on a day with 37 phone calls, a number that we did not make up, he will walk out of the office smiling and waving to every passerby, eliciting laughter and inspiring joy.

In his new position, he has been working hard through the nuances, improving what has been done, as well as implementing downpayment assistance programs. He has taken on this role without missing a beat. He has worked closely with our partners to better understand their needs.

He continues to investigate ways to improve the Energy Spark program by adding efficiency as well as surveying energy auditors. He has continued to offer training to our lenders and always takes the time to help a lender with a challenging situation. Both his efforts and friendly demeanor are unrelenting, dependable qualities, which is why Dietrich Schmitz is our Employee of the Second Quarter.”

**Public Hearing:
Seattle Academy of
Arts and Sciences,
OID# 16-109A**

Ms. Miller opened a public hearing on OID 16-109A, Seattle Academy of Arts and Sciences, at 1:06 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that this is a proposed issuance of one or more series of tax-exempt revenue bonds to finance the expansion of school facilities located at 1213 -1215 East Union Street, Seattle, WA 98122 owned by Seattle Academy of Art and Sciences, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds are expected to be used to provide a portion of the financing to (i) demolish two existing structures located at 1213 E Union St. and 1215 E Union St. and the

adjoining parking lot, (ii) construct on those parcels a 70,000 gross square foot addition to existing facilities, to include (a) a 5-story building to house educational and administrative facilities, (b) an attached 1-story gymnasium space with rooftop playfield, and (c) 40 below-grade parking spaces, and (iii) pay all or a portion of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$28,500,000. Mr. Peterson introduced Joe Puggelli, Head of School at Seattle Academy of Arts and Sciences.

Mr. Puggelli stated that this new construction will provide double the educational space of the current facility, which will have a dramatic impact on the learning experience. In response to a question regarding the composition of the student body, he stated that the 26.8% of the student body are students of color, more than 30% are students with learning disabilities and a significant number of students are low income.

There were no additional comments from members of the public and the hearing was closed at 1:18 p.m.

**Public Hearing:
Children's Institute
for Learning
Differences, OID#
16-119A**

Ms. Miller opened a public hearing on OID 16-119A, Children's Institute for Learning Differences, at 1:18 p.m.

Mr. Peterson said this is a proposed issuance of tax-exempt revenue bonds to finance and refinance school and administrative facilities located at 2640 Benson Road South, Renton, WA 98055, owned by Children's Institute for Learning Differences, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds are expected to be used to (i) refinance a taxable loan, proceeds of which financed the acquisition and renovation of an 18,469 square foot building used as a therapeutic day school; (ii) finance the construction and equipping of a 2,334 square foot administration building for the school; and (iii) pay all or a portion of the costs of issuing the bonds. The total estimate aggregate bond amount is not expected to exceed \$4,600,000. Mr. Peterson introduced Carrie Fannin, Executive Director of Children's Institute for Learning Differences (CHILD).

Ms. Fannin stated that CHILD addresses the needs of children often denied access to local education programs due to challenges posed by severe sensory processing disorders, learning disabilities, attention deficit disorders, emotional-behavioral disabilities, autism, and extreme anxiety. Students are placed at CHILD by their parents or in partnership with school districts and most transition back to their home school districts within 1-3 years. She also mentioned that 10% of the students are eligible for free or reduced lunch.

There were no additional comments from members of the public and the hearing was closed at 1:27 p.m.

**Commission Hearing:
Vintage at Southside,
OID# 16-63A**

Ms. Miller opened a Commission hearing on OID 16-63A, Vintage at Southside, at 1:27 p.m.

Mr. Peterson said this is a proposed issuance of tax-exempt revenue notes to finance a portion of the acquisition and new construction of a multifamily housing development located at 11225 1st Avenue South, Seattle, WA 98168 to be owned by Vintage at Southside, LP, a Washington limited partnership. Proceeds of the notes may be used to provide a portion of the financing for the acquisition and new construction of a 298-unit multifamily housing facility and to pay a portion of the costs of issuing the notes. The total estimated aggregate note amount is not expected to exceed \$55,000,000. Mr. Peterson introduced Ryan Patterson, President for Vintage Housing Development.

Mr. Patterson stated that Vintage at Southside is a multifamily housing facility to be located in the White Center neighborhood and will include: an onsite business center, bicycle storage, and a playground. The development will be 100% at 60% area median income (AMI) and will set aside 20% of the units for households with disabilities and will include 18 live/work units and set aside 20% of the units for large households.

There were no additional comments from members of the public and the hearing was closed at 1:33 p.m.

**Public Hearing:
Copper Valley
Apartments, OID#
16-74A**

Ms. Miller opened a public hearing on OID 16-74A, Copper Valley Apartments, at 1:33 p.m.

Mr. Peterson said this is a proposed issuance of a tax-exempt revenue note to finance a portion of the costs for the acquisition and construction of a multifamily housing facility located at the SE corner of 104th Ave E. & 47th Ave SE, Puyallup, WA 98374 to be owned by Copper Valley Apartments, LLC, a Washington limited liability company. Proceeds of the note may be used to provide a portion of the financing for the acquisition of land and new construction and equipping of a 220-unit low-income multifamily housing facility and to pay a portion or all of the costs of issuing the note. The total estimated aggregate note amount is not expected to exceed \$25,050,000. Mr. Peterson introduced Scott Morris from the Inland Group.

Mr. Morris stated that this is a 100% at 60% AMI new construction project in unincorporated Pierce County near Puyallup. The property is located just south of the Mel Korum Family YMCA and will offer residents a fitness center, business center, movie theater, and game room. Outdoor amenities will include a pool, sport court, and playground.

Liz Tidyman, a private Washington State resident, asked if the residents of this facility would be protected under the RCW 59.18 Residential Landlord-Tenant Act. Mr. Herman confirmed they would be protected under the Act.

There were no additional comments from members of the public and the hearing was closed at 1:40 p.m.

**Public Hearing:
Copper Wood
Apartments, OID#
16-110A**

Ms. Miller opened a public hearing on OID 16-110A, Copper Wood Apartments, at 1:40 p.m.

Mr. Peterson said this is a proposed issuance of a tax-exempt revenue note to finance a portion of the cost of a multifamily housing facility located at 10244 E.

Martin Way, Olympia, WA 98516 to be owned by Copper Wood Apartments, LLC, a Washington limited liability company. Proceeds of the note may be used to provide a portion of the financing for acquisition of land and construction and equipping of a 228-unit low-income multifamily housing facility and to pay a portion of the costs of issuing the note. The total estimated aggregate note amount is not expected to exceed \$24,220,000. Mr. Peterson introduced Scott Morris from the Inland Group.

Mr. Morris stated that the units will be restricted to households earning less than 60% of the AMI. He also mentioned this project will offer a fitness center, business center, movie theater, and game room. Outdoor amenities will include a seasonal pool and playground.

Mr. Bonlender asked if they would consider solar energy to offset energy cost. Mr. Morris stated that Inland Group develops supplemental solar energy in their projects in California but would consider this in their Washington state projects.

There were no additional comments from members of the public and the hearing was closed at 1:44 p.m.

**Public Hearing:
Wesley Homes
Bradley Park OID#
16-117A**

Ms. Miller opened a public hearing on OID 16-117A, Wesley Homes Bradley Park, at 1:44 p.m.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue bonds to finance the construction and equipping of new continuing care retirement facilities located at 707 39th Avenue SE, Puyallup, WA 98373 to be owned by Wesley Homes, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds may be used to construct and equip a continuing care retirement community consisting of 131 independent living units, 50 assisted living units, 17 memory care units and community amenities, to fund a debt service reserve fund for the bonds and to pay all or a portion of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$82,000,000. Mr. Peterson introduced Christine Tremain, Vice President of Marketing and Development at Wesley Homes.

Ms. Tremain stated that Wesley Homes Bradley Park will offer a full continuum of care for older adults and feature a contemporary design with an extensive variety of apartment styles for independent living and memory care. The facility is close to South Hill Mall and a multi-care hospital. She also mentioned they target middle income residents.

Liz Tidyman, a private Washington State resident, asked if the residents of this facility would be protected by under the RCW 59.18 Residential Landlord-Tenant Act and if the debt from this facility would affect the debt on other Wesley Home facilities. Faith Pettis, the Commission's bond counsel, stated that as part of their three financings, Wesley Homes was unwinding the master trust indenture structure so that the facilities would each stand alone. Mr. Herman said he would get back to Ms. Tidyman regarding the Landlord Tenant Act.

There were no additional comments from members of the public and the hearing was closed at 1:54 p.m.

**Public Hearing:
Wesley Homes Des
Moines, OID# 16-
116A**

Ms. Miller opened a public hearing on OID 16-116A, Wesley Homes Des Moines, at 1:54 p.m.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue bonds to finance the demolition of existing facilities and the construction, equipping and expansion of new portions of a continuing care retirement community located at 815 S. 216th Street, Des Moines, WA 98198 owned by Wesley Homes, a Washington nonprofit 501(c)(3) corporation. Proceeds of the bonds may be used to replace and redevelop 31 cottage-style independent living units and to construct a new 24-unit independent living building, to fund a debt service reserve fund for the bonds, and to pay all or a portion of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$25,000,000. Mr. Peterson introduced Christine Tremain, Vice President of Marketing and Development at Wesley Homes.

Ms. Tremain stated that Wesley Homes Des Moines is another middle income facility. They are determined to keep residents in place or carefully relocate them during the heavy construction.

There were no additional comments from members of the public and the hearing was closed at 1:59 p.m.

**Public Hearing:
Wesley Homes Lea
Hill, LLC
Refunding OID#
16-115A**

Ms. Miller opened a public hearing on OID 16-115A, Wesley Homes Lea Hill, LLC Refunding, at 1:59 p.m.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue bonds to (a) refinance an existing continuing care retirement community located at 32049 109th Place SE, Auburn, WA 98092, (b) refinance an existing continuing care retirement community located at 815 S. 216th Street, Des Moines, WA 98198 and (c) refinance the acquisition of property located 707 39th Avenue SE, Puyallup, WA 98373 all owned by Wesley Homes, a Washington nonprofit 501(c)(3) corporation. A portion of the proceeds of the bonds may be used to (i) refund the Commission's outstanding Nonprofit Refunding Revenue Bonds (Wesley Homes Project), Series 2007A, which refinanced the construction, improvement and equipping of Wesley Homes Lea Hill and Wesley Homes Des Moines; (ii) refund the Commission's outstanding Nonprofit Revenue Bond (Wesley Homes at Lea Hill Project), Series 2014, which financed additional construction, improvement and equipping of Wesley Homes Lea Hill and (iii) refinance a taxable loan incurred to acquire the Wesley Homes Bradley Park property. Proceeds of the bonds are also expected to be used to fund a debt service reserve fund for the bonds and to pay all or a portion of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$60,000,000. Mr. Peterson introduced Jim Yamamoto, Controller at Wesley Homes.

Mr. Yamamoto stated that Wesley Homes will be refunding and refinancing their existing debt.

Liz Tidyman, a private Washington State resident, asked if the residents of Wesley Homes Communities were notified of the refinancing. Mr. Herman said staff would get back to her on this inquiry.

There were no additional comments from members of the public and the hearing was closed at 2:05 p.m.

**Public Hearing:
Linden Flats at
Bitter Lake, OID#
16-98A**

Ms. Miller opened a public hearing on OID 16-98A, Linden Flats at Bitter Lake, at 2:05 p.m.

Mr. Peterson said this is a proposed issuance of a tax-exempt revenue note to finance a portion of the cost of a multifamily housing facility located at 13280 Linden Avenue North, Seattle, WA 98133 to be owned by Linden Flats LLLP, a Washington limited liability limited partnership. Proceeds of the note may be used to provide a portion of the financing for the acquisition of land and construction and equipping of a 170-unit low-income multifamily housing facility and to pay a portion of the costs of issuing the note. The total estimated aggregate note amount is not expected to exceed \$34,000,000. Mr. Peterson introduced Greg Dunfield, Owner and Manager at GMD Development.

Mr. Dunfield stated that this development will be 100% at 60% AMI and with a set aside of 10% of the units for large households. Linden Flats at Bitter Lake will include a leasing office, mail room with secure package location, community room with kitchen facilities, media room, recreation room, fitness room, bike storage and service center room, storage, on-site parking, classroom space for work-shops and community based programs, outdoor elevated courtyard, and laundry in every unit.

There were no additional comments from members of the public and the hearing was closed at 2:16 p.m.

**Public Hearing:
Annual public
hearing for the
issuance of single-
family bonds**

Ms. Miller opened a public hearing on the annual authorization of Homeownership Bonds and related programs at 2:16 p.m.

Lisa DeBrock, Director of the Homeownership Division, noted that the hearing is a routine item that is done on an annual basis. Ms. DeBrock stated that this public hearing concerns the proposed issuance by the Commission of single family program bonds and homeownership program bonds in one or more series, in a total amount not to exceed \$500 million. The Bonds will be used to finance the acquisition of eligible single-family residences throughout the state.

Mortgage loans will be originated by lending institutions under standard FHA, VA, USDA, Freddie Mac and Fannie Mae guidelines, and sold to a master servicer. The master servicer will pool the mortgage loans and sell Ginnie Mae, Fannie Mae or Freddie Mac mortgage-backed securities that are secured by our loans to the Commission's bond trustee who will acquire the securities with the proceeds of the bonds.

A portion of the bonds may be short term notes which will be issued pending the establishment of mortgage rates through the issuance of long term bonds. The issuance of bonds and any remarketing or refunding of bonds is done pursuant to a plan of financing of the Commission.

The mortgage loans must meet the requirements of the originating lenders as well as Section 143 of the Internal Revenue Code of 1986, as amended, if the interest on the bonds is to be exempt from federal income taxes.

Borrowers must be first-time homebuyers (unless the property is located in targeted areas as defined by the Code or the loan is made to a veteran as defined in 38 U.S.C. §101 and are subject to maximum income limits). Properties are subject to maximum purchase prices and must be owner-occupied. No other public hearing needs to be held for bonds issued within a one year period. No comments were received from the general public. The results of the hearing will be sent to the Governor for his approval prior to the issuance of bonds.

There were no additional comments from members of the public and the hearing was closed at 2:20 p.m.

**Action Item:
Resolution No. 16-
128, Gonzaga
Preparatory School**

Lisa Vatske, Director of the Multifamily and Community Facilities Division, said this is a resolution approving the issuance of a tax-exempt 501(c)(3) revenue bond to finance and refinance existing facilities located at 1224 E. Euclid, Spokane WA 99207 to be owned by The Gonzaga Preparatory School, Inc., a Washington nonprofit 501(c)(3) corporation. Proceeds of the bond are expected to refund all or a portion of an existing taxable loan which refinanced the renovation of existing school facilities, to finance a swap termination payment, and to pay all or a portion of the costs of issuing the bond. The total estimated bond amount is not expected to exceed \$8,000,000. The public hearing was held on June 23, 2016

Mr. Bonlender stated that he will be delegating his vote to Diane Klontz.

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

**Action Item:
Resolution No. 16-
126, Presbyterian
Retirement
Communities
Northwest**

Ms. Vatske said this is a resolution approving the issuance of tax-exempt 501(c)(3) nonprofit revenue bonds to finance and refinance capital improvements at Park Shore, 1630 43rd Ave E., Seattle, WA, a continuing care retirement community; to finance capital improvements at Fred Lind Manor, 1802 17th Ave E, Seattle, WA, an assisted living facility; and to refinance tax-exempt bonds previously issued by the Commission for the acquisition, construction and equipping of a continuing care retirement facility known as Skyline at First Hill, 725 9th Ave., Seattle, WA. Proceeds of the bonds are also expected to fund a debt service reserve fund and pay costs of issuance of the bonds. The facilities are each owned or to be owned by Presbyterian Retirement Communities Northwest ("PRCN") or Fred Lind Manor, each a Washington nonprofit 501(c)(3) corporation or by FH, LLC, a Washington limited liability company whose sole member is PRCN. The total estimated aggregate bond amount is not expected to exceed \$144,000,000. The public hearing was held on June 23, 2016.

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

**Action Item:
Resolution No. 16-94, SHAG
Affordable Senior
Living
Communities**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs of the acquisition and rehabilitation of six senior living communities. The communities to be financed with estimated bond amounts are: Conservatory Place I and II Apartments; OID#s 16-87A and B, a 39-unit and 49-unit senior housing facility respectively located at 203 and 319 South G Street, Tacoma, WA, 98405 with estimated bond amounts of \$2,000,000 and \$1,900,000 respectively; Willamette Court Apartments, OID# 16-87C, a 98-unit senior housing facility located at 31580 23rd Avenue S., Federal Way, WA 98003, with an estimated bond amount of \$7,600,000; Gowe Court Apartments, OID# 16-87D, a 50-unit senior housing facility located at 627 West Titus Street, Kent, WA 98032, with an estimated bond amount of \$3,900,000; Titus Court Apartments, OID# 16-87E, a 99-unit senior housing facility located at 233 5th Avenue South, Kent, WA 98032, with an estimated bond amount of \$7,500,000; and Cedar River Court Apartments, OID# 16-87F, a 98-unit senior housing facility located at 130 and 131 Main Avenue South, Renton, WA 98057, estimated bond amount of \$7,300,000. All the communities are to be owned by SHAG Affordable Senior Living Associates (1) Limited Partnership, a Washington limited partnership. Proceeds of the bonds may be used to pay a portion of the costs of issuance. The total estimated aggregate amount of the bonds is not expected to exceed \$30,000,000. The public hearings for the facilities were held on May 20, 2016.

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

**Action Item:
Resolution No. 16-125, Vintage at Mill
Creek**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance an independent-living senior facility located at 4008 132nd St. SE, Mill Creek WA 98012 to be owned by Vintage at Mill Creek, LLC, a Washington limited liability company. Proceeds of the notes may be used to provide a portion of the financing for the construction and

equipping of a 216-unit senior housing facility and to pay all or a portion of the costs of financing the notes. The total estimated aggregate notes amount is not expected to exceed \$35,000,000. The public hearing was held on July 8, 2016.

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

**Action Item:
Resolution No. 16-
106 , Single-Family
Resolution**

Ms. DeBrock said this is a resolution authorizing the issuance and remarketing of Single Family Mortgage Revenue Bonds, Homeownership Program Bonds, and Single Family Special Program Bonds in one or more series, in a total amount not to exceed \$500,000,000; reauthorizing the Home Advantage Program, payment agreements and the sale of certificates without the issuance of bonds, to facilitate the financing of single family housing; and, to approve swap agreements and the selection of a swap counterparty for any payment agreement; all in accordance with the terms and conditions of the resolution.

This resolution includes both new money bonds and bonds that do not require volume cap (e.g. taxable bonds), as well as notes.

Resolution 16-106 is intended to cover all fixed rate single-family bonds issued through June 30, 2017 and the approval and sale of certificates for the same period of time.

This eliminates the need to come back before the Commission every time we issue fixed rate bonds during the year and it allows us to capitalize on any advantageous fluctuations we might see in the market. The resolution also confirms and continues approval of the Home Advantage program.

Mr. Robinson moved to approve the resolution. Mr. Moss seconded the motion. Resolution No. 16-106 was unanimously approved.

**Informational
Report on
Department of
Commerce
Activities**

Ms. Klontz stated that the Housing Trust Fund (HTF) Stage 2 Notice of funding availability was released on July 15, with applications due on September 15. Commerce will have approx. \$25 million in state HTF, and another \$5 million in HOME and National HTF to award in December 2016. Only Stage 1 applicants can apply in Stage 2.

She mentioned that Commerce awarded \$1 million in grants to four communities from the new Homeless Student Stability Program.

Office of Homeless Youth will be participating in a listening tour with the First Lady and A Way Home Washington to hear from various communities about the challenges and opportunities in meeting the needs of homeless youth. Tour dates will occur in August and September.

The Office of Homeless Youth is reviewing applications for several programs including:

- Additional secure and non-secure Crisis Residential Center beds.
- Additional HOPE beds
- Increased Street Youth Services funding
- New Young Adult Housing Program funding
- New Young Adult Shelter beds

Awards are scheduled to be made by the end of the month.

August 3rd is the Youth Leadership Summit. Youth advocates will present their policy recommendations to improve foster care and end youth homelessness to the Office of Homeless Youth and its Advisory Committee as well as the State Supreme Court Commission on Children and Foster Care.

Karen Lee, CEO of Pioneer Human Services, was appointed to represent housing providers on the Reentry Council. Commerce will be working with the Council to hire an executive director later this summer.

The first 100 Day Challenge was such a success that Commerce and DSHS have funded a second round that will focus on communities east of the Cascades. A request for letters of interest went out Monday, July 18th.

Consent Agenda

The Consent Agenda was approved as mailed.

Public Comment

Liz Tidyman, a private Washington State resident, wanted to bring up the recent approval of House Bill 2726 which addresses the regulation of continuing care retirement communities (CCRCs). The legislation will establish standards for CCRCs to register with the Department of Social and Health Services Department and specifies registration activities of the Department and also require CCRCs to provide prospective residents with a disclosure statement containing specified information about the CCRC but the disclosure requirements do not apply to current residents in CCRCs.

Adjournment

The meeting was adjourned at 2:38 p.m.

Signature
