

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

November 16, 2017

The November 16, 2017 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Beth Baum, Ken Larson, Wendy Lawrence, Duane Davidson, Randy Robinson and Lowell Krueger.

Kim Herman and Rich Zwicker give an update on the 2018—2019 Housing Finance Plan.

Kim Herman and Rich Zwicker gave a briefing on 2018 legislative issues of interest to the Commission and a draft legislative agenda.

Rich Zwicker and Kate Held gave overview of the Commission's Combined Fund Drive efforts this year.

Kim Herman gave the Executive Director's report.

The work session was adjourned at 12:10 p.m.

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

November 16, 2017

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 Beth Baum, Ken Larson, Wendy Lawrence, Duane Davidson, Randy Robinson and Lowell Krueger.

**Approval of the
Minutes**

The minutes of the October 28, 2017 special meeting were approved as mailed.

**Public Hearing:
Briggs Community
YMCA, OID # 17-
191A**

The Chair opened a Commission public hearing on OID # 17-191A, Briggs Community YMCA at 1:00 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said that this was a proposed issuance of one or more series of tax-exempt nonprofit revenue bonds to: (i) pay and redeem the principal of, interest on, and premium related to an existing tax-exempt bond which refinanced the Briggs Community YMCA; (ii) finance the renovation and equipping of and capital improvements to: (a) Briggs Community YMCA, located at 1530 Yelm Highway SE, Olympia, WA 98501 and (b) Plum Street YMCA located at 505 Plum Street SE, Olympia, WA 98501; and (iii) pay all or a portion of the costs of issuing the Bonds. The facilities are owned by South Sound Young Men's Christian Association, a Washington nonprofit 501(c)(3) corporation. The total estimated aggregate bond amount is not expected to exceed \$3,500,000. Mr. Peterson introduced Kyle Cronk, President and CEO of the South Sound YMCA.

Mr. Cronk stated that the Downtown YMCA on Franklin Street has served the community and members well for over 100 years. Because of its age, lack of parking, and the amount of work that needs to be done, the effectiveness of the

current Downtown YMCA is diminished. It is so far beyond its useful life that a new solution is necessary. The facility has admirably served the community and especially its children for over a century.

An implementation plan is underway, and the new facility will become part of the South Sound YMCA in spring of 2018, as the Plum Street YMCA.

In addition to activities and programs to improve health for people of all ages and backgrounds, the YMCA has achievement gap programs, enriching after school child care, summer camp, teen leadership, youth sports, volunteer activities, and more.

There were no comments from members of the public and the hearing was closed at 1:06 p.m.

**Public Hearing:
Watermark, OID #
17-147A**

The Chair opened a Commission public hearing on OID # 17-147A, Watermark at 1:07 p.m.

Mr. Peterson said that this was a proposed issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition of land and new construction of a 221-unit low income multifamily housing facility located at 31815 Military Road South, Auburn, WA 98001, to be owned by Watermark 320 LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$49,500,000 (a portion of which may be taxable). Mr. Peterson introduced Jack Hunden, President of DevCo.

Mr. Hunden stated that this project is located in unincorporated King County and is agreeing to pay school impact fees to support school facilities. The target population households will be 100% at or below 60% of the area median income. Twenty percent of the units will be set aside each for persons with disabilities, as well as twenty percent for large households. The amenities include onsite community garden, onsite fitness center, onsite business center, onsite media

center, onsite playground or fitness trail, and covered and secured bicycle storage.

There were no comments from members of the public and the hearing was closed at 1:14 p.m.

**Action Item:
Resolution No. 17-
201, Crossroads
Senior Living, OID
17-110A**

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said this is a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the new construction of a 185-unit multifamily housing facility for seniors located at 1390 158th Place NE, Bellevue, WA 98008, to be owned by Crossroads Senior Living Associates (2017), LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$30,500,000. The public hearing was held October 26, 2017.

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

**Action Item:
Resolution No. 17-
202, Gateway by
Vintage
Apartments, OID #
17-156A**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition and new construction of a 216-unit low income multifamily housing facility located on Mountain Hwy E., between Field Road E. and 9th Avenue E., Spanaway, WA 98387, to be owned by Gateway by Vintage, LP, a Washington limited partnership. Proceeds of the notes may also be used to pay a portion or all of the costs of issuing the notes. The total estimated note amount is not expected to exceed \$32,000,000. The public hearing was held October 26, 2017.

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

**Action Item:
Resolution No. 17-
203, Homestead
North & South,
OID # 17-159A-B**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition and rehabilitation of two multifamily housing facilities in King County, Washington (Homestead North located at 20615-21 108th Avenue SE, Kent, WA

98031 and Homestead South located at 1501 31st Street SE, Auburn, WA 98002). Both facilities will be owned by Homestead Apartments, LP, a Washington limited partnership. Proceeds of the notes are expected to be used to provide a portion of the financing to acquire and rehabilitate the 26-unit Homestead North and the 40-unit Homestead South. Proceeds of the notes may also be used to pay a portion or all of the costs of issuing the notes. The total estimated aggregate note amount is not expected to exceed \$15,000,000. The public hearing was held October 26, 2017.

Mr. Larsen moved to approve the resolution. Mr. Krueger seconded the motion. The resolution was unanimously approved.

**Action Item:
Resolution No. 17-
205, Spokane
Portfolio, OID # 17-
101A-B**

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 for the acquisition and rehabilitation of two multifamily housing facilities, Coventry Court Apartments located at 1600 W. Pacific Avenue, Spokane, WA 99201 and St. Andrews Court Apartments located at 802 W. Nora, 1815 N. Post and 811 W. Indiana Avenue, Spokane, WA 99205. Both facilities will be owned by Spokane 2 Preservation Limited Partnership, a Washington limited partnership. Proceeds of the bonds may be used to provide a portion or all of the costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$12,500,000. The public hearing was held September 28, 2017.

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

**Bond Counsel
Message**

Faith Pettis, the Commission's General Counsel, stated that due to the possible elimination of for private activity bonds (PABs) that the Commission will be asked to expedite their usual bond approval process for the Commission's December meetings. At the December meeting the Commission will hold hearings on a number of projects and will also be asked to consider resolutions for those projects. Unlike the typical bond issue, not all of the final approvals for the project will be in place prior to the resolution, although each borrower will have a purchase and sale agreement for the property and will have a lender. The

proceeds of the bonds and notes will be held in escrow until the lender has completed its due diligence and the borrower is prepared to purchase the property.

**Commissioners’
Reports**

Ms. Baum 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, 2017.

Moss Adams presented its required communications to the audit committee, reminding the committee 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.

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.

Mr. Krueger stated that Yakima Housing Authority is working hard on outreach regarding the proposed tax reform bill.

Consent Agenda

The Consent Agenda was approved as mailed.

Adjournment

The meeting was adjourned at 1:44 p.m.

Signature
