

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

March 28, 2019

The March 28, 2019 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Jason Richter, Wendy Lawrence, Lowel Krueger, Beth Baum, Randy Robinson, Alishia Topper, and Diane Klontz.

Lisa DeBrock & Aaron Hoard gave a presentation on the University of Washington Pilot Downpayment Assistance Program.

Lisa Vatske and Eli Lieberman gave a PowerPoint presentation on the Commission's Energy Program.

Diane Klontz gave her Informational Report on Department of Commerce activities.

Kim Herman gave his Executive Director's Report.

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

**WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES**

March 28, 2019

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 Jason Richter, Wendy Lawrence, Lowel Krueger, Beth Baum, Randy Robinson, Alishia Topper, and Diane Klontz.

**Approval of the
Minutes**

The minutes of the February 28, 2019 special meeting were approved as mailed.

**Commission
Hearing: Camp
Korey – Skagit OID
#19-41A**

The Chair opened a Commission hearing on OID # 19-41A, Camp Korey – Skagit at 1:00 p.m.

Bob Peterson, Manager of Multifamily Housing and Community Facilities Division, said this is a Commission hearing regarding the proposed issuance of one or more series of tax-exempt revenue bonds to refinance and rehabilitate an existing nonprofit facility located at 24880 Brotherhood Road, Mount Vernon, WA 98274, owned by Camp Korey, a Washington 501(c)(3) nonprofit corporation. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$3,519,000. Mr. Peterson introduced Jay Henningsen, CEO and Executive Director of Camp Korey.

Mr. Henningsen stated that their mission is to honor the courage, strength and determination of children and their families living with life-altering medical conditions by providing them with a transformational experience in a fun, safe camp environment with specialized medical support. The camps key programs include:

Family Day Adventures – At camp and to local destinations throughout the region with staff and volunteers.

Family Weekends – A weekend of renewal and fun for 12-13 families connected through a shared experience.

Weekend Camp – Campers (7-16 years old) spend the weekend exploring camp and meeting campers with similar medical conditions. Children attend camp on their own and sleep overnight on camp property. The camp holds about 35 kids per weekend sessions.

Residential Summer Camp – a weeklong sessions of fun, friendship and adventure for campers ages 7-16.

BLOCK – Provides alumni campers with an opportunity to enhance their skill development in areas that are important for future success.

Mr. Henningsen mentioned that they would like to host about 120 kids per session in the future.

There were no other comments from members of the public and the hearing was closed at 1:04 p.m.

**Public Hearing:
Coronado Springs
Cottages OID # 18-
116A**

The Chair opened a public hearing on OID # 18-116A, Coronado Springs at 1:04 p.m.

Mr. Peterson said this is a public hearing regarding the proposed issuance of one or more series of tax-exempt revenue bonds to finance a portion of the costs for the acquisition and rehabilitation of a 148-unit multifamily housing facility located at 1400 SW 107th Street, Seattle, WA 98146, to be owned by Coronado Springs Cottages LLLP, a Washington limited liability limited partnership. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$29,700,000. Mr. Peterson introduced Alison Lorig, Pacific Northwest Senior Vice President at BRIDGE Housing.

Ms. Lorig stated that this rehabilitation project was originally built in 1966 and last rehabilitated in 2003, the scope of work includes new kitchens, roof replacement, new flooring, new water heaters and more.

The Chair asked if current residents will be displaced. Ms. Lorig stated that they have a 24 day displacement plan for the current residents.

There were no other comments from members of the public and the hearing was closed at 1:09 p.m.

**Public Hearing:
Encore
Apartments, OID #
18-120A**

The Chair opened a public hearing on OID # 18-120A, Encore Apartments, at 1:09 p.m.

Mr. Peterson said this is a public hearing regarding the proposed issuance of one or more series of tax-exempt revenue notes to finance a portion of the costs for the new construction and equipping of a 60-unit multifamily housing facility located at 3010 First Avenue, Seattle, WA 98121, to be owned by Encore Housing LLLP, a Washington limited liability limited partnership. 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 \$13,500,000. Mr. Peterson introduced Emily Thompson, Project Manager at GMD Development.

Ms. Thompson stated that this is an expedited project that will close in May. The project has thirteen studio units and 47 one-bedroom units that are located in South Lake Union area in Seattle with a rooftop deck and bike storage.

There were no other comments from members of the public and the hearing was closed at 1:12 p.m.

**Public Hearing:
The Farm by
Vintage, OID # 18-
111A**

The Chair opened a public hearing on OID # 18-111A, The Farm by Vintage at 1:12 p.m.

Mr. Peterson said this is a public hearing regarding the proposed issuance one or more series of tax-exempt revenue notes to finance a portion of the costs for the acquisition of land and new construction and equipping of a 354-unit low income multifamily housing facility located at 4008 132nd Street SE, Mill Creek, WA 98012, to be owned by The Farm by Vintage, LP, a Washington limited partnership. 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

\$85,000,000. Mr. Peterson introduced Ryan Patterson, President of Vintage Housing Development.

Mr. Patterson stated that the project would target families with incomes at or below 60% of area median income. Twenty percent of the units will be set-aside for large households. The amenities will include a community garden, fitness center, business learning center, media room, playground, and covered secured bicycle storage.

There were no other comments from members of the public and the hearing was closed at 1:20 p.m.

**Action Item:
Resolution No. 19-42, Camp Korey – Skagit, OID # 19-41**

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt revenue bonds to refinance and rehabilitate an existing nonprofit facility located at 24880 Brotherhood Road, Mount Vernon, WA 98274, owned by Camp Korey, a Washington 501(c)(3) nonprofit corporation. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$3,519,000. The public hearing was held March 18, 2019.

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

**Action Item:
Resolution No. 19-22, Possession Sound Properties, OID # 18-58A-C**

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 three multifamily housing facilities in Snohomish County: Beachwood Apartments located at 1027 Beach Avenue, Marysville, WA 98270; Lervick Family Village located at 8321 272nd Street NW, Stanwood, WA 98292; and Oakes Commons located at 3125 Oakes Avenue, Everett, WA 98201. All facilities will be owned by Possession Sound Properties LLC, a Washington limited liability company. Proceeds of the bonds are expected to be used to provide a portion of the financing to acquire and rehabilitate the 25-unit Beachwood Apartments, the 13-unit Lervick Family Village and the 20-unit Oakes Commons. Proceeds of the bonds may also be used to pay a portion of the

costs of issuing the bonds. The total estimated aggregate bond amount is not expected to exceed \$10,000,000. The public hearing was held January 23, 2019.

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

**Action Item:
Resolution No. 19-
43, The Frye, OID
18-115A**

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 a 234-unit multifamily housing facility located at 223 Yesler Way, Seattle, WA 98104, to be owned by 223 Yesler LLLP, a Washington limited liability limited partnership. Proceeds of the bonds may also be used to pay a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$39,000,000. The public hearing was held December 13, 2018.

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

**Action Item:
Resolution No. 19-
40, Traditions at
Federal Way, OID
18-117A**

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 of land and new construction and equipping of a 200-unit low income multifamily housing facility located at 31701 Pete von Reichbauer Way S., Federal Way, WA 98003, to be owned by Traditions at Federal Way, 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 \$39,000,000 a portion of which may be taxable. The public hearing was held January 24, 2019.

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

**Action Item: PRI
Request- University
of Washington Pilot
Downpayment
Assistance Program**

Lisa DeBrock, Director of Homeownership, stated that the UW Downpayment Assistance (DPA) Pilot Program is an employer assisted housing program that does not utilize any Commission funds. The Commission is using Program-Related Investment (PRI) as a way to account for the funds and simultaneously help the needs of the University. The Commission will be administering the funds through our systems to help with a housing need in the community to increase housing access.

The cost of homes in and around the Seattle area, where the University is located, has increased due to strong economic growth and has resulted in the requirement that substantial amount of funds be saved and utilized in order to purchase a home within a reasonable distance of the University. The University wishes to attract the best talent to work and live in the area. Due to the expensive cost of housing, the University is having challenges meeting this goal and wishes to work with the expertise provided at the Commission regarding our knowledge of DPA assistance to help them recruit and retain employees.

Subject to the terms and conditions of an Agreement with the University of Washington and specific terms enumerated in a Program Manual created for this program, the University of Washington shall fund qualified Second Mortgages for down payment and closing costs assistance for Eligible Homebuyers for a total amount of up to \$1,000,000. Homebuyers may receive up to \$90,000.

This is expected to be an ongoing program with additional investments over time. No additional approval for accepting additional investments will be required from the Commission.

Mr. DeBrock said she is excited to ask the Commission for a PRI Request approval and within that motion a request to allow for the executive director to approve waivers to the Home Advantage program to help facilitate the needs of the University of Washington. The PRI request can be found in your packet. This proposal will also go forward to their Board of Regents for approval in April. This is a very unique program in that if approved will be the very first Employer Assisted Downpayment Assistance Program offered at the

Commission. Not only that, it will be the first PRI request that asks for zero dollars from PRI. The Commission is using PRI as a way to account for the funds and simultaneously help the needs of the University. The Commission will be administering the funds through our systems to help with a housing need in the community to increase housing access. Aaron Hoard also explained to the Board this morning the realm of offerings currently underway to help the entire spectrum of employee needs at the University ranging from their relationship with HomeStreet Bank in their Hometown lending program, their partnership with Seattle Children's to build 39 rental units at 65 - 85% of AMI, and with the Seattle Housing Authority to build 150 units at 60% of AMI to name a few. There is a copy of his handout referencing their affordable housing efforts in the Commissioners folders. The University has also graciously offered to help spread the word about the Commission's homeownership programs on a broader basis to their employees and I look forward to further discussion on this piece.

In this initial pilot, the University of Washington is expected to contribute \$1 million of private funds, which will help approximately 10-12 households and to make additional investments over time. Today, we are asking the Commission to make a one-time approval to the program to allow funds to run through PRI and realize that the university's intention is to continue to add additional funds over time. The University of Washington would like to provide today up to \$90,000 in downpayment assistance per family. However, we would like flexibility built into this program to allow the University to increase or decrease this amount as needed to meet their needs. The borrower will be required to contribute some of their own funds. The University is responsible for identifying who will receive the assistance. As a new program, we do not know who will be coming through the door and so there may be a need for a waiver from time to time to the Home Advantage program guidelines. The University is anticipating offering the program to new, tenure-track Assistant Professors. Typically, their incomes fit our Home Advantage program. However, we do not know if there will be an income earning spouse or an occasional higher paid professor who the University wishes to target. There may be other types of waivers granted on a case by case basis, but until the program is up and running, we do not know the realm of

possibilities and want to leave flexibility built into this approval should the need arise.

Mr. Krueger moved to approve the request for approval of PRI request regarding the University of Washington Pilot Downpayment Assistance Program and to authorize the Executive Director to approve waivers to the Home Advantage Program if necessary for the implementation of the pilot program. Ms. Baum seconded the motion. The request was unanimously approved.

**Action Item:
Approval of
Financial Advisors
for the MHCF
Division**

Ms. Vatske said this is a request for approval of Financial Advisors for the Multifamily Housing and Community Facilities Division. Intermittently, the Commission engages financial advisors to examine and ascertain the risks of certain bond financing structures that are either complex, new to the Commission and are perceived to incur a higher risk to the Commission, borrower, or investors. The Commission also engages a financial advisor on negotiated sales to review sales documents and to be the extra set of eyes and control over the sale of the bonds in order to ensure market conformance. In nearly all these circumstances the financial advisor fees are borne by the project at no cost to the Commission. In the case of certain unrated bond structures or of a public sale of bonds, financial advisors are engaged according to Commission guidelines. At times, when the Commission is considering new programs and policies the Commission may hire, at its own expense, financial advisors to assist in its research and policy/program development.

Over the past 10 years the Commission has broadened the list of financial advisors with whom it contracts in order to ensure that the Commission and its clients have the expertise available for the particular financing being considered. The Commission's enabling legislation RCW 43.180.80 states that the Commission may "Employ, contract with, or engage engineers, architects, attorneys, financial advisors, bond underwriters..."

Although it is not required by legislation that the Commission maintain a Financial Advisor list for its conduit issuance programs, every two years the Commission submits a Request for Quotations/Qualifications ("RFQQ") with the

intent of awarding Personal Service Contracts. This is done for both convenience and expediency for project development and for better client service. The Commission reserves the right to request submittals at large for any special project.

The Commission also has a deep interest in working with Financial Advisors who are not affiliated with an Underwriter or a bank. The reasoning is that an independent house will not be persuaded in its analysis by the marketing wing of the organization. According to state requirements, an announcement of the RFQQ was posted on the Washington Electronic Business Solution (WEBS).

The Commission also e-mailed the RFQQ to firms it maintains on its list. The Commission received two responses: The PFM Group and CSG Advisors - both independent and nationally known and respected firms. The Commission had four contracts for the last biennium. Southwest Hilltop, which did not reapply, works mainly with single-family bonds and Springsted, which has gone through a management change, also did not apply.

The two firms that did apply are well known by staff and the Executive Director. Both have previously had multiple contracts with the Commission and the Review Committee made up of Kim Herman, Lisa Vatske, and David Clifton are recommending the Commission approve the contracts with each of these firms:

- CSG Advisors
- The PFM Group

Mr. Moss moved to approve the recommendation. Mr. Krueger seconded the motion. The request was unanimously approved.

Commissioners' Reports

Mr. Moss reported that the Audit Committee met this morning. They reviewed the committee charter and investment policy. Additionally, they discussed a staff proposal for some revisions to the SWAP policy which will come to the Commission for approval at the April 2019 Commission meeting.

Mr. Krueger stated that at LegCon this year he spoke with Rep. Newhouse and talked about supporting housing initiatives in the future.

Ms. Topper stated that the materials the staff produced were very well received.

Consent Agenda

The Consent Agenda was approved as mailed.

Public Comment

Ms. Robin Amadon of the Low Income Housing Institute wanted to thank the Commission for the passing of the Frye Project. The Frye will serve 234 chronically ill, with nine different funding sources and a difficult overall project could not have been completed without the grace, gut, inspiration and tenacity of the following institutions and individuals:

- Dan Schilling
- Jacob Richardson
- Faith Pettis
- Jon Jurich
- Diane Klontz, Corina Grigoras and the Department of Commerce
- Housing Trust Fund
- Keith Yates
- Jason Davidson
- NFS – Equity Investor
- Wells Fargo – Lender
- And more

Adjournment

The meeting was adjourned at 1:49 p.m.

Signature
