

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

July 25, 2019

The July 25, 2019 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Alishia Topper, Diane Klontz, Wendy Lawrence, Jason Richter, Ken Larsen and Lowel Krueger.

Lisa Vatske gave a briefing on the proposed changes to the Bond/Tax credit program for the 2020 allocation round.

Margret Graham gave an overview and led a discussion on the 2019-2021 Communications Plan.

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**

July 25, 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 Alishia Topper, Diane Klontz, Wendy Lawrence, Jason Richter, Ken Larsen, Lowel Krueger.

**Approval of the
Minutes**

The minutes of the June 27, 2019 special meeting were approved as mailed.

**Employee
Recognition**

Two Years

Hilina Bereded

Five Years

Kam Stewart

Lisa Vatske

Ten Years

Lucas Loranger

Thirty-Five Years

Kim Herman

Retiring 7/31/2019

David Clifton - 26 years of service

Sharonn Meeks - 24 years of service

Employee of the Second Quarter

Rona Monillas

“The nomination for this employee was five pages long so I had to select some of the highlights from the nomination to talk about today.

This employee works very well under pressure. She can always be relied on to finish a task on time, often before it is due, and sometimes before the work has even been requested. She has many competing priorities and still never fails to meet a deadline, which is done with grace and efficiency.

She is very well organized and has excellent time management skills. With many new things to learn and many competing priorities, she remains focused and calm in her approach to her work. Nothing seems to ruffle her.

In addition, she is a quick learner and has many creative ideas about how to make processes more efficient and improve and enhance the perception of the affiliate agencies.

A prime example of her creativity, curiosity and persistence is the highly successful design and layout of the WA Higher Education Facilities Authority (WHEFA) 2018 annual report.

First, she taught herself how to use the publication software with very little outside assistance. Second, we saved thousands of dollars and received many compliments from board members and other stakeholders for the quality of the report.

She also designed the affiliate organization electronic greeting cards for 2018. For WHEFA she collaborated with an artist friend to develop caricatures of staff that were used for the greeting card, which were a big hit.

Last but not least in her accomplishments, she has reorganized the entire affiliate agency filing system. Not only are the agencies well organized, but the organization is a work of art.

As most of the staff have already figured out, Rona Monillas is our Employee of the Second Quarter. She always has a cheerful, positive and can-do attitude. She

works very well with staff, finance team members, board members and other stakeholders and is well liked and respected by all.

Congratulations Rona Monillas, our Employee of the Second Quarter”

**Public Hearing:
Pure Apartments,
OID # 19-96A
[Commission
Hearing]**

This item was pulled from the agenda.

**Public Hearing:
9% Low Income
Housing Tax
Credits from the
2019**

The Chair opened a public hearing on the recommended allocation of Low Income Housing Tax Credits at 1:18 p.m.

Mr. Peterson said that there would be one project to consider today:

**Second and Mercer Housing
\$2,076,997**

Mr. Peterson introduced Tim Parham, Director of Real Estate, Plymouth Housing Group. Mr. Parham stated that this project will be located near Seattle Center on lower Queen Anne Hill. In Spring, 2018, City of Seattle Office of Housing published an RFP for the rights to develop this parcel and Plymouth Housing was selected to be the developer. The RFP included several requirements that have been incorporated into the project design including art space on the ground floor, a set-aside for homeless individuals and a ground lease with the City of Seattle for the property. There is a 20% Homeless set-aside for individuals leaving homelessness. 80% of the units will utilize Plymouth’s “Moving On” program. The program is for single adults who have lived in a Plymouth or similar supportive housing property for at least one year and who have demonstrated a stable and successful tenancy and who now require less supportive services.

There were no comments from members of the public and the hearing was closed at 1:22 p.m.

**Public Hearing:
Bethany at Silver
Lake, OID # 19-
86A**

The Chair opened a public hearing on OID # 19-86A, Bethany at Silver Lake at 1:23 p.m.

Bob Peterson, Manager of Multifamily Housing and Community Facilities Division, said this is a proposed issuance of one or more series of tax-exempt revenue bonds to finance the construction, equipping and expansion of a nonprofit housing facility located at 2235 Lake Heights Drive, Everett, WA 98208, to move approximately 31 skilled nursing beds from another facility. The proposed facility will be owned by Bethany of the Northwest, a Washington 501(c)(3) nonprofit corporation. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$ 5,010,000. Mr. Peterson introduced Matthew Todd, CEO, Bethany of the Northwest.

Mr. Todd stated that originally Bethania College, “Bethany Home for the Aged” was established in 1901 by a group of Lutherans who believed there was a need for a Christian “Old People’s Home” in the Everett area. Today, Bethany is the fourth largest not-for-profit long-term care provider in the State of Washington. In three Everett locations, it provides 231 beds for skilled and sub-acute nursing, and 54 apartments for assisted living. With a staff of more than 400, and a dedicated corps of volunteers, people continue to look to Bethany to provide residents with a life of independence, dignity, and purpose.

He also mentioned this project will be moving approximately 31 skilled nursing beds from their Silver Lake facility.

There were no comments from members of the public and the hearing was closed at 1:26 p.m.

**Public Hearing:
Rockwood at
Whitworth, OID #
19-87A**

The Chair opened a public hearing on OID # 19-87A, Rockwood at Whitworth at 1:27 p.m.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue bonds to finance the first phase of the replacement and expansion of an

existing nonprofit continuing care retirement community, including the demolition of a portion of an existing facility, the construction and equipping of a health center with 24 memory care units and 48 assisted living apartments, located at 101 E. Hawthorne Road, Spokane, WA 99218, owned by Spokane United Methodist Homes d/b/a/ Rockwood Retirement Communities, a Washington 501(c)(3) nonprofit corporation. Proceeds of the bonds may also be used to fund a debt service reserve and pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$45,000,000. Mr. Peterson introduced Jim Maxwell, CFO, Rockwood Retirement Communities.

Mr. Maxwell stated that this first phase of development includes a three-story health care building 24 memory care units and 48 assisted living units. Rockwood at Whitworth residents will experience the best in senior living lifestyles while benefitting from intergenerational relationships and cultural enrichment available only on a vibrant college campus.

There were no comments from members of the public and the hearing was closed at 1:31 p.m.

**Public Hearing:
Kent YMCA, OID
19-93A**

The Chair opened a public hearing on OID # 19-93A, Kent YMCA at 1:32 p.m.

Mr. Peterson said this is a proposed issuance of one or more series of tax-exempt revenue bonds to finance the new construction and equipping of an approximately 50,000 square foot nonprofit community facility located at 10878 SE 248th Street, Kent, WA 98030, operated, owned by The Young Men's Christian Association of Greater Seattle, a Washington 501(c)(3) nonprofit corporation. Proceeds of the bonds may also be used to pay all or a portion of the costs of issuing the bonds. The total estimated bond amount is not expected to exceed \$8,000,000. Mr. Peterson introduced John Lamb, CFO, YMCA of Greater Seattle.

Mr. Lamb stated that the site for this project will be located in Morrill Meadows Park which was owned by the City of Kent and was donated to this project. The

YMCA estimates that 30 different languages will be spoken in this facility due to the diverse community. They estimate they will have 10,000 members by the end of 2020. The expected opening date is September 12, 2019.

There were no comments from members of the public and the hearing was closed at 1:36 p.m.

**Public Hearing:
Tax Credit
Program
Allocation, DESC
22nd Avenue PSH,
OID # 19-89**

The Chair opened a public hearing on OID # 19-89A, DESC 22nd Ave Permanent Supportive Housing (PSH) for Tax Credit Allocations at 1:37 p.m.

Mr. Peterson requested to increase the 9% Low Income Housing Tax Credit (LIHTC) allocation for DESC 22nd Avenue PSH, to be owned by DESC 22nd LLLP, a limited liability limited partnership, by \$ 32,959 from \$1,748,386 to \$1,781,345. The project is located at 1911 22nd Avenue S., Seattle, WA 98144. The total estimated project cost is not expected to exceed \$29,307,277.

There were no comments from members of the public and the hearing was closed at 1:38 p.m.

**Action Item:
Resolution No. 19-
92, Tukwila Village
Phase 2 Senior
Living, OID # 18-
118A**

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 new construction and equipping of a 210-unit low income multifamily housing facility located at 14200 Tukwila International Boulevard and 4110 South 144th Street, Tukwila, WA 98168, to be owned by Tukwila Village Phase 2 Opportunity Fund, 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 \$48,000,000. The public hearing was held June 27, 2019.

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

**Action Item:
Resolution No. 19-
94, a Resolution for
the 2019 Allocation
of Credit for the
Housing Tax Credit
Program**

Ms. Vatske said this is a resolution authorizing the Executive Director to make reservations and/or allocations of 2019 Housing Tax Credits to the following project in the following amounts:

- Second and Mercer Housing - \$2,076,997

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

**Action Item:
Resolution No. 19-
95, Tax Credit
Program
Allocation, DESC
22nd Avenue PSH,
OID # 19-89**

Ms. Vatske said this is a resolution approving an increase in the 9% Low Income Housing Tax Credit (LIHTC) allocation for DESC 22nd Avenue PSH, to be owned by DESC 22nd LLLP, a limited liability limited partnership, by \$ 32,959 from \$1,748,386 to \$1,781,345 using 2019 LIHTC Allocation. The project is located at 1911 22nd Avenue S., Seattle, WA 98144. The total estimated project cost is not expected to exceed \$29,307,277.

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

**Action Item: 2019-
2021 WSHFC
Communications
Plan**

Margret Graham, Manager of Communications Division, requested approval of the Communications Plan with a minor change discussed in the morning work session.

Mr. Krueger moved to approve the Commission's 2019 - 2021 WSHFC Communications Plan. Ms. Klontz seconded the motion. The 2019 - 2021 Communications Plan was unanimously approved.

**Action Item:
revolving line of
credit with J.P.
Morgan to provide
additional liquidity
for the purchase of
Home Advantage
loans**

Bob Cook, Senior Director of the Finance Division, stated that Idaho Housing and Finance Association (IHFA) requires us to provide liquidity for the purchase of loans until they are pooled into mortgage-back securities (MBSs). The Commission is repaid when the loans are pooled into mortgage-backed securities, which are sold to Hilltop Securities.

With the Board's approval, over the past year the Commission has maximized the use of Commission funds to the extent possible to provide this liquidity. It is

a safe, short-term investment yielding a return of the interest earned on the mortgages for the period it owns the loans. Staff recognized, however that there would likely be occasions when additional liquidity would be needed. For such situations, the Commission authorized, and executed a mortgage warehouse loan agreement with Plains Capital Bank. Staff has periodically used this warehouse line throughout the past year.

As an additional resource, JPMorgan has offered to provide access to a similar warehouse line in addition to the one with Plains Capital Bank. They presented the Commission with a terms sheet, and staff has negotiated terms that it believes are reasonable and advantageous.

Mr. Cook is requesting to Commission to authorize:

1. Continued use of Commission general operating, Single-family bond program Commission Funds in the bond indentures and undeployed Program-Related Investment funds to purchase and hold participations in loans originated on the Commission's behalf and held by Idaho Housing and Finance Association until such loans are pooled into Mortgage-backed Securities and sold.
2. Extend the Plains Capital Bank mortgage warehouse loan of up to \$100 million to provide additional liquidity for the purpose outlined above.
3. Authorize the Executive Director to negotiate and execute a mortgage warehouse loan with JPMorgan of up to \$25 million to provide additional liquidity for the purpose outlined above.

Ms. Topper approved the resolution for a revolving line of credit with J.P. Morgan to provide additional liquidity for the purchase of Home Advantage loans. Mr. Krueger seconded the motion. The resolution was unanimously approved.

**Action Item:
Ratification of
Executive Search
Firm contract with
HCGA Consulting
Partners LLC to
assist with
Executive Director
search**

Mr. Herman requested the ratification of the Executive Search Firm contract with HCGA Consulting Partners LLC to assist with Executive Director search, with a slight amendment in the calendar to change the date of the arrival of the new Executive Director.

Mr. Richter moved to approve the ratification of the executive Search Firm contract with HCGA Consulting Partners LLC. Mr. Krueger seconded the motion. The request was unanimously approved.

Consent Agenda

The consent agenda was approved as mailed.

Adjournment

The meeting was adjourned at 1:53 p.m.

Signature
