

# WASHINGTON STATE HOUSING FINANCE COMMISSION

## WORK SESSION MINUTES

December 10, 2020

The December 10, 2020 work session was called to order at 11:00 a.m. by Bill Rumpf. In attendance were Commissioners Diane Klontz, Jason Richter, Rich Nafziger, Lowel Krueger, Wendy Lawrence, Ken Larsen and Alishia Topper.

Lisa DeBrock & Margret Graham presented the new Homeownership website.

Eli Lieberman gave us an overview of the new and current Sustainable Energy Trust (SET) programs.

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

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

**WASHINGTON STATE  
HOUSING FINANCE COMMISSION  
MINUTES**

**December 10, 2020**

The Commission meeting was called to order by Chair Bill Rumpf at 1:00 p.m. via conference call. Those Commissioners present were Diane Klontz, Albert Tripp (joined at 1:40 p.m.), Jason Richter, Duane Davidson (disconnected at 1:10 p.m.), Rich Nafziger (joined at 1:50 p.m.) Lowel Krueger, Wendy Lawrence, Ken Larsen (disconnected at 2:03 p.m.) and Alishia Topper.

**Approval of the  
Minutes**

The minutes of the November 19, 2020 special meeting were approved as mailed.

**Farewell to  
Treasurer Duane  
Davidson**

Ms. Topper made the following statement on behalf of the Commissioners and herself:

“Treasurer Davidson, I would like to take this opportunity to thank you for your dedicated service on the housing finance commission and most importantly for your distinguished career in public service. You have made an indelible mark on treasury management with your four terms as Benton County Treasurer and four years as our State Treasurer.

As a county treasurer myself, I’ve been fortunate to work directly with your office. Regardless of party affiliation your door was always open, and you gave freely of your time and talent. And your staff are professional, timely, and always willing to help. That is a direct reflection of you and your leadership.

You are honorable, respected, professional, knowledgeable, kind and fundamentally a good person. You’ve established a high mark for your successor to meet. I believe the State and all of us have benefited from your service.

I will miss serving with you but know you are only a phone call away. Thank you for all you’ve done and will continue to do in the future.”

Treasurer Davidson stated that he wanted to thank the Commission for their leadership among peers and staff dedication.

**Action Item:  
Resolution No. 20-83, The Maddux, OID # 18-139A**

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 bonds to finance a portion of the costs for the acquisition of land and the construction and equipping of a 203-unit low-income multifamily housing facility located at 2802 S McClellan Street and 2800 Martin Luther King Jr. Way South, Seattle, WA 98144, to be owned by Maddux MBH 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 \$50,000,000. The public hearing was held September 24, 2020.

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

**Action Item:  
Resolution No. 20-92, Reauthorization of Funding for the Beginning Farmer/Rancher Program**

Ms. Vatske said this is the annual resolution approving the issuance of up to \$2,000,000 in bonds to fund the Beginning Farmer/Rancher Loan Program.

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

**Action Item:  
Resolution No. 20-93, Carryforward of Private Activity Bond Cap**

Ms. Vatske said this is a resolution approving the carryforward of Private Activity Bond Cap. She also stated that the new carryforward funds will be designated to Multifamily and Community Facilities and Homeownership.

Mr. Richter stated that he believes all the funds will be used this year and is glad staff are managing these funds.

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

**Action Item:  
Approval of Single-  
Family Investment  
Banker**

Lisa DeBrock, Director of the Homeownership Division, stated that at least every 2 years, pursuant to the Revised Code of Washington, section 43.180.100 and the Washington Administrative Code section 262-01-070 Homeownership staff do a request for proposals for single family investment bankers.

Investment bankers develop and structure each bond issue and purchase the Commission's bonds for the House Key Opportunity program.

The RFP was posted in October and the Commission received 11 overall responses. Six firms applied with a preference to serve as Senior Manager including:

- Bank of America Securities
- Citigroup Global Markets Inc.
- Morgan Stanley
- Raymond James
- RBC Capital Markets
- Wells Fargo Securities

Five firms applied as co-manager only. These firms included:

- 280 Securities
- Academy Securities, Inc.
- Bancroft Capital
- Piper Sandler
- Robert W. Baird & Co. Incorporated

Ms. DeBrock thanked all the firms for their responses to our RFP.

The following criteria was considered:

- The experience and record of the applicant in selling bonds nationally or regionally to either institutional or retail investors.
- The successful participation of the applicant in a selling group on the Commission's bonds.
- The cost in fees and expenses.
- Reputation for services.
- Qualifications of the individuals assigned to represent the investment banking firm including their length of time in the

industry and at that firm as well as demonstrated technical competence, expertise, and innovative ability.

- Compatibility of the individuals assigned to work with the Commission and its staff.
- Accessibility of the underwriter's personnel to the Commission and its staff.

Applications were reviewed by Bob Cook, Debra Stephenson, Corinna Obar, and Ms. DeBrock, along with input from Steve Walker. Staff are recommending approval to keep the current team in place which includes RBC Capital Markets as senior manager since 2008, Wells Fargo Securities as co-manager since 2013, and the newest member to the Finance team, Morgan Stanley as a co-manager since 2019. The Commission is receiving outstanding service from the current team and despite some excellent proposals, found no compelling reason to change the Finance team members at this time.

Ms. DeBrock noted that there is limited volume at the present time. The Commission has issued a total of \$76 million in single-family bonds for 2020 and expects similar levels of bond issuances next year. For comparison, in the past, we have issued approximately \$120 million in bonds. For our last fiscal year, we assisted 546 families under the House Key program as compared to 8,775 families under our Home Advantage program.

The House Key program remains a critical part of the Commission's mission as it mainly serves families at 80% and below of AMI. As prices continue to rise in Washington, the House Key program reaches underserved communities with below market interest rate and keeps homeownership within reach for families. Having a Finance Team who is deeply familiar with the Commission programs and the needs of Washington borrowers remains critical.

She would like the Commission's approval of the recommendations and authority for Mr. Walker to negotiate contract terms with the selected firms.

Mr. Larsen moved to approve the request. Mr. Kreuger seconded the motion.

The request was unanimously approved.

**Action Item:  
proposed 2021  
Legislative  
Agenda**

After a brief explanation of the 2021 Legislative Agenda (included in the meeting packet) by the Executive Director, the Commissioners discussed the fact that tax reform was in the agenda and how it can be directly related to key housing issues. Ms. Topper moved to approve the 2021 Legislative Agenda. Mr. Tripp seconded the motion. The agenda was approved with one abstention from Mr. Richter, who abstained because of the upcoming change in State Treasurer.

**Executive  
Director's Report**

Mr. Walker stated he wanted to highlight some bright spots in the Executive Director's Report that was included the Commissioners board meeting packets this month.

**Homeownership:** The Commission completed a third CRA sale to Banner Bank on December 2nd. Banner Bank purchased 128 second mortgages totaling \$957,360. These loans will help Banner receive CRA credit for their service area and allows the Commission to reinvest these funds back into our programs to help families.

The Homeownership Division's 2020 Series 2N bonds closed in the amount of \$38,835.00 on November 30. The bonds are for our House Key Opportunity program which assists families at or below 80% of Area Median Income.

In November, Homeownership had over \$253 million in new reservations assisting 805 families. The overall dollar amount is higher compared to last year and the number of families assisted is comparable to last year at this time.

**Finance:** The Single-Family portfolio the Commission manages with Idaho Housing Finance Association as servicer exceeded \$1.6 Billion in November, resulting in servicing remainder fees of \$230,000 for the month.

**Multifamily Housing Community Facilities (MHCF):** MHCF is coordinating with public funders on the 9% allocation decisions. The allocation list will be based on the commitment of the other public funders and release of the list will be coordinated with them. The expected release date is still to be determined but will be by year-end.

MHCF closed a Land Acquisition Program deal on November 30 for \$123,500 to the Housing Authority of the City of Yakima called Milroy Park. This will be an 8-unit single family development to transition families from Section 8 to Homeownership.

This month, the Commission will be closing its 17th Manufactured Housing Preservation program loan. The loan of \$596,454 will be made to the group of residents at the Hidden Gardens Green Acres Manufactured Housing Community in the town of Roy. The community consists of 23 homes and is the fifth manufactured housing community in Pierce County that this program has financed.

**Asset Management and Compliance (AMC):** AMC has been finishing up multiple transfer approvals this month, as is typically the case in December. Staff is currently working through 34 requests and will have them all completed by the end of December.

**Executive Director:** The Carpenter's Union has identified two additional Commissioner candidates. We are committed to advancing a diverse group of nominees to the Governor's Boards and Commissions Office.

The recruitment process is completed for the Senior Controller position and we are currently reviewing applications. We will be moving forward with interviews over the next few weeks. The recruitment for the Director of Asset Management and Compliance remains open and we are actively marketing the opportunity.

Our Racial Justice and Equity Team conducted an RFP and selected a consultant to support the development of a Charter and both a short term and long-term

work plan. We hope to bring a full update on our Racial Justice work to a work session in the coming months.

Steve participated in the NCSHA Annual Board meeting and the Executive Director's Forum this week. He continues to serve on the statewide COVID-19 Housing and Homeless calls hosted by the Housing Alliance. He also attended the National Farmworker Annual Meeting, the Washington Higher Education Facilities Authority Board Meeting, a Bond Cap Allocation Program Discussion Group, a meeting with legislative staff regarding the Tobacco Settlement Authority, an AHAB meeting, and the Washington Low Income Housing Alliance Annual Meeting to name a few.

**Commissioners' Reports**

Ms. Topper stated that she wanted to acknowledge Lisa DeBrock's efforts to coordinate with Clark County to get People of Color into homeownership.

She also wanted to point out that a high percentage of allocated projects from the 4% MHCFs program are located in King County. She wanted to make a formal statement to make others aware of this. Mr. Krueger stated that the 4% allocations conversations will continue especially due to the lack of Federal help to give State agencies more authority.

**Consent Agenda**

The consent agenda was approved as mailed.

**Executive Session**

At 2:03 p.m., Mr. Rumpf called an executive session as permitted by RCW 42.30.110 to discuss personnel and litigation issues.

**Adjournment**

The Commission reconvened at 2:35 p.m. No action was taken. The meeting was adjourned at 2:35 p.m.

**Signature**

\_\_\_\_\_