The October 23, 2014 work session was called to order at 11:00 a.m. by Karen Miller. In attendance were Commissioners Gabe Spencer, Pam Tietz, and Randy Robinson.

Kim Herman gave an overview of the Washington Public Records and Open Public Meetings statutes. Mr. Herman had attended a training program presented by the Attorney General’s Office and distributed materials prepared by the Attorney General.

Margret Graham presented the revised Communications Strategy.

Mr. Herman gave an overview of changes to the Program Investment Fund Policies (PIF) and the Succession Plan.

Mr. Herman gave his Executive Director’s Report.

Commissioners Spencer, Miller and Robinson gave reports on their activities this past month.

The work session was adjourned at 12:00 p.m.
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 Gabe Spencer, Pam Tietz, Ellen Evans, Dan McConnon and Randy Robinson.

The minutes of the September 25, 2014 Commission meeting were approved as mailed.

Executive Director Kim Herman stated that there are several types of Employee Recognition Awards: Length of Service and peer chosen Employee of the Third Quarter were to be given this month.

**Two Years**
Ashley James
Jacob Richardson

**Twenty Five Years**
Jama Hawk

**Employee of the Third Quarter – Jacob Richardson**

“This employee comes across as a mild mannered individual. What he really is, is a focused, dedicated and detail oriented employee. Always ready to assist in any area that needs attention. He does this with a smile and humble attitude.

He has many responsibilities that are very time sensitive. He handles this stress well. He is even better at managing the back office bond issuance process with
an air of "I got this" in an exemplary manner. He works closely with our Senior Development Analysts on all types of bond issuance processes and insures they have all the information details needed to move through the process.

He insures that our Quarterly Reports are completed on time and performs most of these duties with limited assistance. Jacob was also involved this quarter with the task of compiling data for the Annual Report.

His tasks put him in regular contact with not only Commission staff, but our bond counsel and the Governor's Office. This can be nerve racking as he has to arrange for time sensitive documents to be signed and returned in short order on many occasions. This is not easy when the Governor is traveling or just plain busy. Somehow he finds him and wrestles a signature so a project can proceed.

In spite of all these required duties he also volunteers to assist on staff projects at the Commission. Most recently this included working on the Lunchroom Committee. He has been an active member of this group that is coming up with a plan to improve an area in the office that has seen its best days.

If you haven’t guessed, Jacob Richardson is our Employee of the Third Quarter! Congratulations.

A public hearing was opened on OID No. 14-97A, Amara Building at 1:04 p.m. David Clifton, Assistant Director of the Multifamily Housing and Community Facilities Division, stated that this is a hearing for the proposed issuance of nonprofit revenue bonds to pay a portion of the costs for the acquisition and rehabilitation of an existing facility at 5907 Martin Luther King Way South in Seattle, WA owned by Amara Parenting & Adoption Services, a Washington 501(c)(3) non-profit corporation. Bond proceeds are also expected to be used to refinance existing debt. The estimated bond amount is not expected to exceed $5,300,000. Mr. Clifton introduced John Morse, Executive Director at Amara.
Mr. Morse stated that Amara was formerly known as Medina Children’s Services. Amara is committed to finding permanent homes for infants, children and youth. Amara handles a range of adoption services. They have helped over 100 children this year become adopted from foster care.

There were no more comments from members of the public and the hearing was closed at 1:08 p.m.

A public hearing was opened on OID No. 14-99A, Ridpath Club at 1:08 p.m.

Bob Peterson, Multifamily Housing and Community Facilities Division Manager, said that this is a hearing for the proposed issuance of multifamily revenue bonds to provide a portion of the financing for the acquisition and rehabilitation of a 206–unit multifamily housing facility at 515 West Sprague Avenue in Spokane, WA to be owned by Ridpath Club Apartments, LLC, a Washington limited liability company. Bond proceeds may also be used to pay a portion of the costs of issuance. The estimated bond amount is not expected to exceed $13,000,000. Mr. Peterson introduced Ron Wells representing Wells and Company.

Mr. Wells stated that they will be renovating this prominent, mid-century modern hotel as downtown apartments. He stated that 180 of the units will be at 60% area median income (AMI) and 26 of the units will be at market rates for a mixed income community. There are already 209 people on the waitlist for Ridpath Club Apartments, which is scheduled to open June in 2015.

There were no more comments from members of the public and the hearing was closed at 1:19 p.m.

A public hearing was opened on OID No. 14-100A, Polaris at Covington at 1:19 p.m.

Mr. Peterson said this is a proposed issuance of multifamily revenue bonds to provide a portion of the financing for the new construction of a 198–unit multifamily housing facility at 17110 and 17120 SE 276th Street in Covington,
WA to be owned by Polaris at Covington, LLC, a Washington limited liability company. The estimated bond amount is not expected to exceed $26,500,000. Mr. Peterson introduced Keith James representing Inland Group.

Mr. James stated that the proceeds of the bond will be used to provide a portion of the financing for the new construction of a 198-unit multifamily housing facility in the new Town Center in Covington.

There were no more comments from members of the public and the hearing was closed at 1:21 p.m.

A public hearing was opened on OID No. 14-101A, The Douglas at 1:23 p.m.

Mr. Peterson said this is a proposed issuance of multifamily revenue bonds to provide a portion of the financing for the acquisition and rehabilitation of a 62-unit multifamily housing facility at 6031 and 6039 208th Street SW in Lynnwood, WA to be owned by The Douglas, LP, a Washington limited partnership. The estimated bond amount is not expected to exceed $9,000,000. Mr. Peterson introduced Ryan Fuson, Managing Director at Redwood Housing Partners.

Mr. Fuson stated that a portion of this bond will be used to rehabilitate a 62-unit multifamily housing facility. The project is currently covered by a Section 8 Housing Assistance Payment contract and this will be extended by the new owners.

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

Ms. Miller stated that the proposed revisions to the Program Investment Fund (PIF) were discussed in detail during the September and November Commission meeting work sessions.

Ms. Teitz moved to approve the revised PIF. Mr. Robinson seconded the motion. The revised PIF was unanimously approved.
Ms. Miller stated that the proposed revisions to the Succession Plan were discussed in detail during the September and October Commission meeting work sessions.

Mr. McConnon moved to approve the revised Succession Plan. Mr. Spencer seconded the motion. The revised Succession Plan was unanimously approved as amended.

Ms. Miller stated that the proposed Communication Strategy was discussed in detail during the September and October Commission work sessions.

Mr. Robinson moved to approve the Communications Strategy. Mr. Tietz seconded the motion. The Communication Strategy was unanimously approved.

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said this is a resolution approving the issuance of a bond by the Commission in the principal amount of not to exceed $1,160,000 to finance the rehabilitation of an existing 48-unit multifamily housing complex and ancillary facilities at 1411 East Hartson Ave. in Spokane, WA. The project is owned by Proclaim Liberty, Inc., a Washington 501(c)(3) non-profit organization. The public hearing for this project was held on September 25, 2014.

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

Ms. Vatske said this is a resolution approving the issuance of a bond by the Commission in the principal amount not to exceed $11,600,000 to finance and refinance a portion of the costs of the acquisition and new construction of 120 units of multifamily housing in Spokane, WA, and to pay a portion of the costs of issuing the bond. The project will be owned by Summit Ridge LLC, a Washington limited liability company. The public hearing for this project was held on March 27, 2014.
Mr. Robinson moved to approve the resolution. Mr. McConnon seconded the motion. The resolution was unanimously approved.

Ms. Vatske said this is a resolution approving the issuance of a bond by the Commission in the principal amount of not to exceed $10,190,000 to finance the acquisition and rehabilitation and equipping of a 125–unit senior housing facility in Tacoma, WA, and to pay a portion of the cost of issuing the bonds. The project will be owned by Reliant – Market Street, LLC, a Washington limited liability company or other affiliate or successor of such entity and controlled by Gung Ho Partners, LLC. The public hearing for this project was held on September 25, 2014.

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

Mr. McConnon stated that the Housing Trust Fund has been open for the 2015 round of applications.

He stated that Commerce has submitted a clear priority on housing in its operating budget. Commerce has requested new monies for housing and submitted a 15% budget cut proposal as requested by OFM.

The highest priority includes a $15 million request for homeless youth and families – both literally homeless and those without permanent residence. The lowest on priority included cutting essential needs, which serves disabled individuals.

Ellen Evans stated that the Treasurer’s Office is making room for housing in the budget by cutting portions of the budget that go to debt service. The Treasurer’s Office has managed to save $175 million in debt service from the refinancing of one billion dollars of debt.

The Consent Agenda was approved as mailed.

October 23, 2014
Liz Tidyman, a private citizen stated that she has followed the work of the Commission for years through the materials posted online. She wanted to make a public statement.

“On September 25, 2014, the Department of Health published its decision to issue a Certificate of Need for a 36-bed nursing home on the Wesley Homes Lea Hill campus in Auburn. The Certificate of Need decision and evaluation document is published on the Department of Health website (#14-27).

The Department of Health document quotes the Certificate of Need application as saying bond financing had been rejected in favor of bank financing. My written comments contain the excerpt of this Department of Health writing as well as the link to the decision document.

Quoting from the Certificate of Need Decision Document, page 3:

The capital expenditure associated with this project is $10,020,000. Information in the application stated, “While Seattle University is the applicant, all cost of the project will be borne by Wesley Homes. In addition to bank financing, Wesley Homes considered HUD financing and bond financing, and funding the project from its own reserves. The first two financing options were rejected given the restrictions of HUD and the cost of issuance for bond financing with this size of a project. Funding of this project from Wesley Homes’ current reserves is doable, but would reduce Wesley’s number of days of cash. Currently investment returns are greater than the cost of borrowing money. Given the varying cost, complexity, and timeframes related to the options, it was determined that bank financing would be the most timely and cost effective...Repayment of any debt will come from the rent received from Seattle University for use of the skilled nursing facility”. [Source: Application, page 35]
Also on September 25, this Commission may have acted on a resolution to approve bond financing for the project.

I offer the opinion that institutionalized silo-ism is harming the public interest. In particular I am concerned about the lack of transparency by CCRC operators with elderly and vulnerable individuals whose refundable entrance fees are used as security and collateral for bonds issued by this Commission.

Long term care resident rights laws and regulations require long term care licensees to promote and protect the rights of residents to exercise all rights, including the right to review and comment on bond applications and certificate of need applications, and including the right to obtain independent counsel on the risks represented by the changing financial structure.

I am pleased that the Commission is invited to a meeting among “stakeholders” on the subject of silo-ism and solutions. I will be interested to learn in the future if any CCRC resident-financiers were invited to the meeting.

I am pleased that the Commission has hired a well-qualified policy analyst for projects in senior living. I look forward to a future opportunity to provide some input to the Commission’s efforts to implement practical steps to reduce silo-ism. I believe that two or three questions added to applications would provide important insights about what has been disclosed to resident-financiers of CCRCs.”

Adjournment

The meeting was adjourned at 1:51 p.m.

Signature

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