

WASHINGTON STATE HOUSING FINANCE COMMISSION

WORK SESSION MINUTES

January 28, 2021

The January 28, 2021 work session was called to order at 11:00 a.m. by the Chair, Bill Rumpf. In attendance were Commissioners Diane Klontz, Albert Tripp, Mike Pellicciotti, Lowel Krueger, Ken Larsen and Alishia Topper.

Lisa Vatske introduced Amy Lui, Joel Combs and Jane Broom from Microsoft and they gave a presentation on their partnership with the Commission.

Lisa Vatske and Claire Petersky gave an overview of financing 501(c)(3) charter schools.

Lisa Vatske and Melissa Donahue previewed the proposed new transfer policy and timeline for the public comment process.

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**

January 28, 2021

The Commission meeting was called to order by Chair Bill Rumpf at 1:00 p.m. via Zoom and conference call. Those Commissioners present were Diane Klontz, Albert Tripp, Mike Pellicciotti, Lowel Krueger, Ken Larsen and Alishia Topper.

Approval of the Minutes

The minutes of the December 10, 2020 special meeting were approved as mailed.

New State Treasurer

Mike Pellicciotti, Washington State Treasurer, introduced himself and stated he was excited to serve on the Board.

Remembering Randy Robinson

Steve Walker made the following statement regarding Commissioner Randy Robinson:

“I would now like to take a moment to recognize our friend and former board member, Randy Robinson, who sadly passed away just before Christmas from complications of diabetes. Randy joined this board in 2013 and we have benefitted immensely from his leadership. Randy was a very kind, very thoughtful soul, with a smile that filled the room.

Evidenced by his career at numerous banks, most recently Heritage Bank and his service on the Commission—the boards of HomeSight, WCRA, Impact Capital, and the Community Roots Housing Foundation- Randy was committed to affordable housing. I served with Randy on a few of these boards and admired his understated passion.

We will truly miss Randy on this board and know he will be grieved by many, many others whose lives he touched. We will be recognizing Randy with a posthumous award to acknowledge his years of service with the Commission.

Lastly, I encourage you all to visit his memorial page – it includes details about his life and many memories shared by people who knew and loved him including those in our housing world.”

Employee Recognition

Executive Director Steve Walker presented the following employee recognition awards:

Two Years

Mary Lightle

Leora Tyau

Eli Lieberman

Five Years

Bob Woodard

Rahim Samatar

Twenty Years

Michael Dill

Employee of the Fourth Quarter - Krystina Gillen

“This employee has been with the Commission for just over six years and has been a little ray of sunshine. Shortly after joining the Homeownership Division she was approached by our Director to see if she would be willing, along with Dietrich Schmidt, to take on some of the responsibilities of teaching a portion of the training of loan officers and real estate professionals on our Home Buyer Education Course. She accepted the challenge even though she was terrified of public speaking and she met this challenge with grace and a smile. She now does this on a regular schedule since Bill Conner’s retirement.

She is always the first person to respond to a request for filling in when someone is out of the office and takes on their duties. She works on the Banner Bank project, helping clean up files to ensure they meet CRA requirements.

She has a sunny and warm disposition and is a great team player. When there was a call for action for someone to take over the Combined Fund Drive (CFD) chair in 2015, she took on the challenge due to her personal passion. Over the years since, she has continued to assist the CFD with her strong passion to meet the challenges of such worthy causes. Her sunny disposition, her willingness to help, teach and be a good steward to her community is why Krystina Gillen is employee of the Fourth Quarter.”

Employee of the Year – Mike Gary

“In a time, such as this, where bustling city life has turned into a ghost town, where office floors once bubbling over with activity, are now filled with little more than whimpering office plants. In a time, such as this, where uncertainty reigns, there is one thing we can rest assured is certain. Mail on the 27th and 28th floor of the 1000 Building in downtown Seattle, will be delivered!

Despite the risks of a global pandemic in any given environment between home and the office, Mike Gary has consistently showed up on behalf of Commission, WHEFA, and TSA staff. This is a display of his generous commitment to Commission work.

In a year filled with uncertainty and loss, Mike has been the epitome of perseverance and professionalism. Mike’s positivity and commitment is always on display while serving staff and partners. He does this with great care, a smile, and maybe even a joke or two. He is selfless, present in the time of need, and willing to serve.

For all of these reasons and many more, Mike Gary is Employee of the Year 2020.”

**Public Hearing:
Spokane
International
Academy, OID #
21-30A**

The Chair opened a public hearing on OID # 21-30A Spokane International Academy, at 1:11 p.m.

Claire Petersky, Manager of Multifamily Housing and Community Facilities Division (MHCF) said this is a proposed issuance of one or more series of tax-exempt and taxable revenue bonds to: (1) finance and refinance the acquisition, construction, improvement, furnishing, equipping and rehabilitation of certain land and the Facilities; (2) fund any required reserves; (3) fund capitalized interest and/or related working capital with respect to the Bonds, if necessary; and (4) pay certain expenses incurred in connection with the issuance of the Bonds. The project is located at 777 E. Magnesium Road, Spokane, WA 99208, to be owned by Spokane International Academy Foundation, a Washington 501(c)(3) nonprofit corporation. The total estimated bond amount is not expected to exceed \$20,000,000. Ms. Petersky introduced Travis Franklin, Chief Executive Officer of Spokane International Academy.

Mr. Franklin stated that their charter school mission is to empower their students with the academic skills, habits of mind and global competence necessary to complete advanced courses in high school and a college degree in order to become leaders who can powerfully transform their communities. Since opening in 2015 they currently serve about 600 students grades kindergarten– 8th grade and in the next five year that number will go up to about 950 serving K-12th grade.

Our high school programs support students in Running Start or Skill Centers, so all students graduate with a 2-year degree or a post-secondary certificate allowing students to enter the workforce immediately after graduation and all students study Spanish.

Faith Pettis, General Counsel, stated that a five-year term is a standard limit for charter schools in Washington. This bond's term is expected to be 30 years and the financing is priced accordingly to this five-year risk.

There were no other comments from members of the public and the hearing was closed at 1:18 p.m.

**Public Hearing:
Georgetown
Community
Development
Authority Projects,
OID # 20-97A**

This item was pulled from the agenda.

**Public Hearing:
Tax Credit
Program
Allocation,
Mountainview
Housing
Development,
OID # 20-18**

The Chair opened a public hearing on OID # 20-18 Mountainview Housing Development Tax Credit Program Allocation, at 1:19 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division, said this is a request to increase the 9% Low Income Housing Tax Credits (LIHTC) by \$119,895 from \$1,477,682 to \$1,597,577 for Mountainview Housing Development using the 2020 LIHTC Allocation, to be owned by Mountainview Housing LLC, a limited liability company. The project is located at on Olin Street in Entiat, Washington. The total estimated project cost is not expected to exceed \$19,398,919.

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division, said in a joint effort to coordinate, align resources and fill gaps from the 2020 allocation round, both the Commission and Commerce are proposing to invest additional resources to ensure three rural projects continue to move forward. The gaps in these three projects were jointly reviewed, discussed and a strategy to fund is being proposed. Commerce will fully fund the third project, not described here, the Skagit County Permanent Supportive Housing project adding an additional \$1.2 million to the budget. Staff is proposing to jointly fund the Mountainview Housing Development project and then fully fund the Housing Authority of Skagit County's (HASC) project, enabling a total of 185 affordable units to continue to move forward.

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

**Public Hearing:
Tax Credit
Program
Allocation, HASC
Family Housing,
OID # 20-20**

The Chair opened a public hearing on OID # 20-20 HASC Family Housing Development Tax Credit Program Allocation, at 1:22 p.m.

Mr. Peterson said this is a request to increase the 9% Low Income Housing Tax Credits (LIHTC) by \$153,994 from \$1,228,877 to \$1,382,871 for HASC Family Housing using the 2020 LIHTC Allocation, to be owned by the Housing Authority of Skagit County Mount Vernon Farmworker LLLP, a limited liability limited partnership. The project is located at 4100 East College Way, Mount Vernon, WA 98273. The total estimated project cost is not expected to exceed \$15,424,061.

There were no other comments from members of the public and the hearing was closed at 1:24 p.m.

**Action Item:
Resolution No. 21-
31, Tax Credit
Program
Allocation,
Mountainview
Housing
Development, OID
20-18**

Ms. Vatske said this a request for approval to increase the 9% Low Income Housing Tax Credits (LIHTC) by 119,895 from \$1,477,682 to \$1,597,577 for Mountainview Housing Development using the 2020 LIHTC Allocation, to be owned by Mountainview Housing LLC, a limited liability corporation. The project is located at TBD Olin Street, Entiat, WA 98822. The total estimated project cost is not expected to exceed \$19,398,919.

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

**Action Item:
Resolution No. 21-
32, Tax Credit
Program
Allocation, HASC
Family
Housing, OID # 20-
20**

Ms. Vatske said this a request for approval to increase the 9% LIHTC by \$153,994 from \$1,228,877 to \$1,382,871 for HASC Family Housing using the 2020 LIHTC Allocation, to be owned by Housing Authority of Skagit County Mount Vernon Farmworker LLLP, a limited liability limited partnership. The project is located at 4100 East College Way, Mount Vernon, WA 98273. The total estimated project cost is not expected to exceed \$15,424,061.

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

**Executive
Director's Report**

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

Homeownership:

The Commission has won its case against the National Homebuyers Fund, Inc. (NHF) and they cannot operate in Washington State. The deadline for NHF to file a petition for review to the Washington Supreme Court has passed and nothing was filed. They will not be seeking further review, and the summary judgment order, and Court of Appeals decision, stand.

Finance:

The Finance Division is finalizing plans for the fiscal year 2022 budget process. We will present the resulting budget at the Commission's May Planning session and then will seek final Commission approval at the June meeting.

Multifamily Housing and Community Facilities:

The 4% tax credit "fix" was included as part of the year-end package at the Federal level. The 4% percent rate had reached an all-time low of 3.07% which was impacting the amount of equity that bond/4% projects could attract. This change will permanently fix the rate at 4% for projects starting in 2021, or projects that floated the rate at the time of closing. This was a long time in the making and an important change at the national level. It remains to be seen how the fixed rate will impact Washington State given our competitive and oversubscribed bond cap.

Additional IRS Guidance and extensions: The IRS issued Notice 2021-12, which among other things provides extensions until September 30, 2021, for the 10 percent test deadline and 24-month minimum rehabilitation expenditure period, and an extension to December 31, 2021, for the placed in-service deadline. The Notice also provides a moratorium on compliance monitoring through September, states that closed common areas will not reduce eligible basis and allows for QAP hearings to take place by phone.

January 2021 Bond Allocation round: The Commission received 30 applications, totaling \$971,547,205 in requests and 5,689 units – we have \$230 million to allocate. Staff is in the process of reviewing the points and projects. A list is expected to be released in a few more weeks and we will provide a briefing to the Commission regarding the results in February or March.

Asset Management & Compliance:

Our Portfolio Analysts finished reviewing all 997 inspections in the 2019 tax credit annual reports as of 12/31/2020.

Steve Walker:

The Boards and Commissions office in Olympia is still reviewing three applications for the vacant Labor Representative seat on the Commission and we hope for some good news very soon. However, with the legislative session in full swing it may be delayed.

The recruitment process is completed for the Senior Controller position and we have hired Lucas Loranger. Lucas has been with the Commission for over 12 years after starting as an intern in the summer of 2008. The following year he joined us as our Finance

Administrative Assistant, became a Bond Analyst, and finally the Program Investment & Grants Management Analyst. His tour of many aspects of the division has prepared him well to take on this new role.

Commission Office Lease - The Commission's current five-year office lease expires on June 30, 2021. This past December, the office lease was renewed for a three-year period, until June 30, 2024, with very favorable terms. Due to the uncertainty of office space needs because of COVID-19, it was determined that a three-year lease would be preferable to another five-year lease. Our three-year lease has a two or five-year renewal option.

This was all thanks to Paul Edwards, Jama Hawk and Vicente Mijares. Additionally, tenant improvement were negotiated as well. In the area of

COVID-19 safety measures, the landlord will provide, at its sole cost, new touchless fixtures, including faucets, soap dispensers, hand dryers, toilets, etc., in the bathrooms on the 27th and 28th floors. These improvements will be completed prior to February 26, 2021. A tenant improvement allowance is also included to allow the Commission to make additional office space improvements.

Mr. Walker participated in the following events and discussions:

- Evergreen Impact Housing Fund - Advisory Group Meeting;
- NCSHA Executive Director calls;
- Appropriations Act of 2021 –Implementing Housing Credit Provisions;
- Senate Ways and Means Committee Meeting; TSA Financial Advisors RFP process;
- Commerce Rent Assistance – New Programs;
- Housing Washington 2020 & 2021 discussions;
- Capital Budget Committee Meeting;
- several Local Government Committee Meetings;
- Meeting with Senator Kuderer;
- Meeting with Senator Cantwell’s office;
- TSA Board Meeting; and
- NCSHA Housing Credit Year 15 discussion.

Additionally, Steve gave a short Legislative Update.

The Commissioners had a robust discussion about SB5188, the state bank bill. There were concerns expressed about the efficacy of the proposed state cooperative bank, questions about the function and scale of involvement of the Commission staff, and questions about how public infrastructure is currently financed. Commission Topper stated that County treasurers have a lot of concerns about the bill and that County treasurers currently invest at scale. Several Commissioners suggested funding the Public Works Trust Fund. The Commissioners were primarily concerned about the Commission staff involvement and impact on the Commission’s core mission and purpose.

Consent Agenda

The Consent Agenda was approved as mailed.

Public Comment

Marty Miller, Executive Director of the Office of Rural and Farmworker Housing, made a public comment regarding Mountainview Housing in Entiat, Washington. He thanked the Commission and Commerce for their efforts in helping address the cost gap for this project. He also stated that affordable housing can make a very strong impact especially in rural communities.

Executive Session

At 2:22 p.m., Mr. Rumpf called an executive session as permitted by RCW 42.30.110 to discuss litigation.

Adjournment

The Commission reconvened at 2:41 p.m. No action was taken. The meeting was adjourned at 2:42 p.m.

Signature
