

ALASKA HOUSING FINANCE CORPORATION  
BOARD OF DIRECTORS

REGULAR MEETING

June 28, 2017

10:00 a.m.

Anchorage/Juneau/Fairbanks

The Board of Directors of Alaska Housing Finance Corporation met June 28, 2017 in the AHFC board room, 4300 Boniface Parkway in Anchorage, AK at 10:00 a.m. Board members present were:

**BRENT LEVALLEY**  
Anchorage

**CHAIRMAN**  
Member of the Board

**ALAN WILSON**  
Via teleconference

**VICE CHAIRMAN**  
Member of the Board

**CAROL GORE**  
Via teleconference

**Member of the Board**

**HAVEN HARRIS**  
Anchorage

**Member of the Board**

**JERRY BURNETT**  
Via teleconference

**Designee for Commissioner**  
Department of Revenue  
Member of the Board

**RANDALL BURNS**  
Anchorage

**Designee for Commissioner**  
Department of Health  
& Social Services  
Member of the Board

**CHRIS HLADICK**  
Anchorage

**Commissioner**  
Department of Commerce,  
Community & Economic  
Development

- I. **ROLL CALL.** A quorum was declared present and the meeting was duly and properly convened for the transaction of business.
- II. **APPROVAL OF AGENDA.** CHAIR LEVALLEY proposed the agenda be approved as presented. Seeing and hearing no objections, the agenda was approved as presented.
- III. **MINUTES OF MAY 31, 2017.** CHAIR LEVALLEY asked for revisions or acceptance of the minutes. Seeing and hearing no objection, the minutes were approved as presented.

IV. **PUBLIC COMMENTS.** In Anchorage: Jeff Judd with Cook Inlet Housing gave an update on current Cook Inlet projects and the Grasscreek agenda item being presented today. In Fairbanks: no public were present. In Juneau: no public were present.

V. **OLD BUSINESS.** No Old Business to discuss with the Board.

VI. A. **CONSIDERATION OF A RESOLUTION FOR LONG TERM FINANCING IN THE AMOUNT OF \$1,920,000 FOR THE ACQUISITION OF AN UNNAMED 30 UNIT MULTIFAMILY COMPLEX LOCATED AT 3700 AND 3720 WEST 86<sup>TH</sup> AVENUE IN ANCHORAGE, ALASKA.** BRYAN BUTCHER introduced the item and ERIC HAVELOCK presented. Mr. Havelock stated that MB Properties, LLC is requesting term loan financing for the acquisition of a 30-unit multi-family apartment complex to be located at 3700 & 3720 West 86<sup>th</sup> Avenue in Anchorage Alaska. The request comes from Alaska USA Mortgage Company on behalf of the borrowers. Staff recommends approval of this loan based upon the subject's excellent cash flow of 1.46 debt coverage, loan-to-value of 80% and subject to the conditions discussed in the board packet. Discussion followed. HAVEN HARRIS made a motion to approve Resolution 2017-13. CHRIS HLADICK seconded the motion. The resolution was unanimously approved. (7-0)

**RESOLUTION #2017-13**

**RESOLUTION APPROVING TERM FINANCING FOR AMULTI-FAMILY HOUSING PROJECT TO MB PROPERTIES, LLC MARTIN V. MOLYNEUX AND DAVID R. BROWN.**

VI. B. **CONSIDERATION OF A RESOLUTION FOR THE LONG TERM REFINANCING IN THE AMOUNT OF \$1,750,000 FOR A 73 UNIT AFFORDABLE APARTMENT COMPLEX KNOWN AS "ADELAIDE APARTMENTS" AND LOCATED IN ANCHORAGE, ALASKA.** BRYAN BUTCHER introduced the item and ERIC HAVELOCK presented. Mr. Havelock stated that Adelaide, LLC is requesting term loan financing for the refinance with rehabilitation of an affordable multifamily apartment complex consisting of 73 units named "The Adelaide Apartments" and located at 201 East 9<sup>th</sup> Avenue in Anchorage, Alaska. Anchorage Neighborhood Housing Services Inc. dba NeighborWorks Alaska has presented the corporation with an opportunity to assist in the rehabilitation of the subject property allowing them to continue to provide additional safe and needed affordable housing in the Anchorage area. The request falls within the parameters of the Multi-Family Housing Loan Program; it is reasonable to expect that the loans will be repaid; and it is considered to be an acceptable risk; therefore, staff recommends approval of the request subject to the conditions noted. Discussion followed. RANDALL BURNS made a motion to approve Resolution 2017-14. CAROL GORE seconded the motion. The resolution was unanimously approved. (7-0)

**RESOLUTION #2017-14**

**RESOLUTION APPROVING TERM FINANCING FOR A  
MULTI-FAMILY HOUSING PROJECT TO ADELAIDE, LLC.**

VI. C. CONSIDERATION OF A RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING THE ISSUANCE OF UP TO \$160,000,000 STATE CAPITAL PROJECT BONDS II, 2017 SERIES A. BRYAN BUTCHER introduced the item and MIKE STRAND presented. Mr. Strand stated that staff is proposing the issuance of up to \$160 million State Capital Project Bonds II, 2017 Series A, to refund certain outstanding obligations of the Corporation and to reimburse the Corporation for certain governmental purpose expenditures. They would be issued as tax-exempt, fixed-rate bonds that would save approximately 10% or \$9 million (NPV) in debt service payments at current spreads and also enable the Corporation to replenish low cost general fund liquidity which can be used for future mortgage purchases or optional bond redemptions. Staff worked together with our financial advisor, Hilltop Securities, to determine the most appropriate method-of-sale and concluded that a negotiated sale would achieve the optimal financing structure and lowest borrowing costs because of the timing flexibility in a volatile market, the ability to change the bond structure based on investor preferences and the decreased risks because of targeted marketing to specific buyers. In addition, an RFP ensures a competitive process that guarantees underwriting fees and pricing spreads are kept to a minimum by current market standards. Staff sent out an RFP in April to choose the most qualified underwriter and received ten proposals. The responses were evaluated based on bond structure, pricing spreads, total costs, banking firm and AHFC relationship. Jefferies received the highest overall score and was chosen as senior book-running manager. Raymond James, Bank of America Merrill Lynch, JP Morgan, RBC, and Wells Fargo were recommended to fill out the syndicate as co-managers to help support the deal. The results of the committee's evaluation are summarized in the chart provided. In accordance with our Fiscal Policies and subject to the Board's concurrence with the above findings, this Bond Resolution approves the various financing documents and authorizes the sale of the bonds by a negotiated method-of-sale with Jefferies as senior book-running manager. Discussion followed. JERRY BURNETT made a motion to approve Resolution 2017-15. HAVEN HARRIS seconded the motion. The resolution was approved. (7-0)

**RESOLUTION #2017-15**

**RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$160,000,000 STATE CAPITAL PROJECT BONDS II, IN ONE OR MORE SERIES; AUTHORIZING THE EXECUTION AND DELIVERY OF A SERIES SUPPLEMENTAL INDENTURE TO SECURE EACH SUCH SERIES; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT RELATING TO THE SALE OF EACH SUCH SERIES; A CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE SALE OF EACH SUCH SERIES; APPROVING THE FORM OF THE PRELIMINARY OFFICIAL STATEMENT WITH RESPECT TO THE BONDS AND THE DISTRIBUTION OF A FINAL OFFICIAL STATEMENT WITH RESPECT TO THE BONDS; AND AUTHORIZING AND APPROVING RELATED MATTERS.**

**VI. D. REVIEW AND APPROVAL OF THE FY2018 OPERATING BUDGET DETAILS FOR THE LOW-RENT ASSET MANAGEMENT DEVELOPMENTS (AMPS) AND THE CENTRAL OFFICE COST CENTER (COCC).** BRYAN BUTCHER introduced the item and LES CAMPBELL presented. Mr. Campbell Mr. Campbell gave an overview of the highlights and changes being presented for the FY2018 Operating Budgets Discussion followed. HAVEN HARRIS made a motion to approve Resolution 2017-16. RANDALL BURNS seconded the motion. The resolution was unanimously approved. (7-0)

**RESOLUTION #2017-16**

**PHA BOARD RESOLUTION APPROVING OPERATING BUDGET**

**VI. E. CONSIDERATION OF A RESOLUTION FOR THE LONG TERM FINANCING IN THE AMOUNT OF \$2,911,750 FOR THE DEVELOPMENT OF A 45 UNIT AFFORDABLE APARTMENT COMPLEX TO BE KNOWN AS "GRASS CREEK NORTH II" AND LOCATED IN ANCHORAGE, ALASKA.** BRYAN BUTCHER introduced the item and ERIC HAVELOCK presented. Mr. Havelock stated that Grass Creek North II Limited Partnership has requested term loan financing for the development of an affordable multi-family housing complex consisting of 45 units to be named Grass Creek North II and located in Anchorage, Alaska. Grass Creek North II Limited Partnership has presented the corporation with an opportunity to assist in the development of the subject property, allowing it to provide additional safe and needed affordable housing in the Anchorage area. The request falls within the parameters of the Multi-Family Housing Lending Program, it is reasonable to expect the loan will be repaid and it is considered to be an acceptable risk. Therefore, Staff recommends

approval of the request subject to the conditions noted. Discussion followed. ALAN WILSON made a motion to approve Resolution 2017-17. HAVEN HARRIS seconded the motion. The resolution was unanimously approved. (6-0)

*\* Carol Gore did not participate or vote in items E & F due to conflict of interest.*

#### **RESOLUTION #2017-17**

##### **RESOLUTION APPROVING TERM FINANCING FOR A MULTI-FAMILY HOUSING PROJECT TO GRASS CREEK NORTH I LIMITED PARTNERSHIP.**

Mr. Havelock stated that Mr. Havelock stated that the Corporation is requesting adopting this Resolution 16-20 to satisfy the "official intent" requirements of Section 1.150-2 of the regulations adopted under the authority of the Internal Revenue Code of 1986, as amended, (the "Code") with respect to Grass Creek North II Limited Partnership. For this purpose, Exhibit A includes a general description of the Project and a statement of the maximum principal amount of bonds the Corporation reasonably expects to issue to finance costs of the Project (the "Bonds"). The Corporation intends to use the proceeds of the Bonds to make a loan (or to reimburse the Corporation for making a loan) to finance costs of the Project, and certain other costs, which are eligible under the Code for financing with proceeds of tax-exempt bonds (the "Eligible Costs"). This Resolution is adopted on the date set forth below, and the Eligible Costs incurred up to 60 days before that date will be eligible for reimbursement with proceeds of the Bonds. As of the date set forth below, the Corporation reasonably expects that it will issue the Bonds and use the proceeds of the Bonds as described in this section. Discussion followed. RANDALL BURNS made a motion to approve Resolution 2017-18. HAVEN HARRIS seconded the motion. The resolution was unanimously approved. (6-0)

#### **RESOLUTION #2017-18**

##### **RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION EXPRESSING OFFICIAL INTENT TO ISSUE BONDS TO FINANCE THE FACILITIES DESCRIBED HEREIN AND DETERMINING RELATED MATTERS.**

VI. F. CONSIDERATION OF A RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING THE ISSUANCE OF UP TO \$8,200,000 PRIVATELY PLACED CONDUIT DEBT FOR THE GRASS CREEK NORTH II AFFORDABLE HOUSING PROJECT. BRYAN BUTCHER introduced the item and MIKE STRAND presented. Mr. Strand stated that funding for the Grass Creek North II Housing Project, a 45-unit multi-family rental housing facility for low income tenants in Anchorage, Alaska, includes 4% low-income housing tax credits, which require that 50% of the project costs be funded with tax-exempt bonds. The proposed conduit revenue bond issuance satisfies that IRS requirement and provides the necessary funding to complete this project. The proposed bonds will be sold directly to the construction lender and serviced by the borrower, so we will act only as an administrator and no AHFC funds will be used. The borrower will use project revenues to pay off the bonds, similar to the Muldoon Garden project in 2016. Since the borrower, Grass Creek North II LP, is using Northrim Bank as their construction lender, staff is recommending this transaction be done as a private placement to Northrim Bank instead of a public sale. Discussion followed. CHRIS HLADICK made a motion to approve Resolution 2017-19. HAVEN HARRIS seconded the motion. The resolution was unanimously approved. (6-0)

**RESOLUTION #2017-19**

**RESOLUTION OF THE ALASKA HOUSING FINANCE CORPORATION AUTHORIZING THE ISSUANCE AND SALE OF A NOT TO EXCEED \$8,200,000 REVENUE BOND, 2017 (GRASS CREEK NORTH II PROJECT); AUTHORIZING AN AGREEMENT TO ISSUE BONDS AND ASSIGNMENT TO SECURE SAID BOND; AUTHORIZING A BOND PURCHASE AGREEMENT RELATING TO THE SALE OF SAID BOND; AND AUTHORIZING AND APPROVING RELATED MATTERS.**

VII. REPORT OF THE CHAIR. CHAIR LEVALLEY stated that the next AHFC Audit Committee and the AHFC Board of Directors meeting will be July 26, 2017 in Anchorage.

VIII. BOARD COMMITTEE REPORTS. There were no Committee reports to present to the Board.

IX. REPORT OF THE EXECUTIVE DIRECTOR. BRYAN BUTCHER reported on: 1.) Operating budget passed. Fully Funded. Prep included questions about health insurance, leave cash in and listing vital employees in shutdown. Capital budget still needed; 2.) AO 281 updates, Everett Ross, Procurement, Accounting, IT; 3.) Atwood Building, 20 years, Lot 102; 4.) Fairbanks Housing Summit Mark/Jan F-35s Eielson (Tues, 6/6); 5.) Neighborworks Alaska Meeting Jim Nordlund (Thurs. 6/22); 6.) AHFC Retirements:

Genie Borgford, PHD Regional Manager II, 30.6 years (6/30/17), Ana Poulivaati, Accounting Assistant II, 26 years (6/30/17) and James Wright, R2D2 Special Asst-Research/Rural Development, 29 years (6/30/17). 7.) August 23<sup>rd</sup> Annual AHFC BOD Meeting will be in Fairbanks held at the Fountainhead Hotel, Wedgewood Resort.

X. **OTHER MATTERS.** CHAIR LEVALLEY asked if there were any other matters to properly come before the board.

1. **Monthly Loan Reports.** Finance, Mortgage, and Public Housing reports were presented for discussion and review.

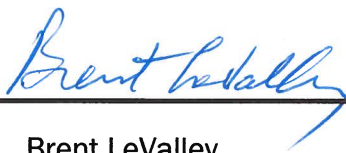
2. **Schedule of Board Meetings:**

AHFC Audit Committee Meeting	July 26, 2017	8:30am	Anchorage
AHFC BOD Meeting	July 26, 2017	10:00am	Anchorage

XI. **EXECUTIVE SESSION: CORPORATION'S OPERATIONAL MATTERS THAT MAY HAVE AN IMPACT ON THE CORPORATION.** No Executive Session was required today.

XII. **OTHER MATTERS.** CHAIR LEVALLEY asked if there were any other matters to properly come before the board. HAVEN HARRIS made a motion to adjourn. Seeing and hearing no objections, the meeting was adjourned at 11:08 a.m.

ATTESTED:



Brent LeValley  
Board Chair



Bryan Butcher  
CEO/Executive Director