

MINUTES

September 26, 2007

(Agenda Item 2)

California Debt Limit Allocation Committee
CALPERS Auditorium
400 P Street
Sacramento, CA 95814

OPEN SESSION

Call to Order and Roll Call (Agenda Item 1)

Bettina Redway, Chairperson, called the California Debt Limit Allocation Committee (Committee) meeting to order at 1:40 p.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Vince Brown for Arnold Schwarzenegger, Governor
Cindy Aronberg for John Chiang, State Controller

Advisory Members Present: Dennis Meidinger, representing Theresa Parker,
California Housing Finance Agency

Elliott Mandel, representing Lynn Jacobs,
Department of Housing and Community Development

Quorum: The Chairperson declared a quorum

Approval of the Minutes of the July 25, 2007 Meeting (Agenda Item 2) (Action Item)

Vince Brown moved approval of the minutes from the July 25, 2007 meeting. Upon a second, the minutes passed with the following vote: Bettina Redway: Aye; Vince Brown; Aye; Cindy Aronberg: Aye.

Executive Director's Report (Agenda Item 3) (Informational Item)

Joanie Jones Kelly reported the following:

The California Debt Limit Allocation Committee (CDLAC) staff is drafting technical changes and clean-up language to the existing CDLAC Procedures. Usually staff presents the Committee a marked up Procedure showing the existing language compared to the proposed change. This time CDLAC staff is going to allow the public an opportunity to "Preview" the proposed changes. In October CDLAC staff will post the proposed changes on the CDLAC website to allow public comment, The Committee members will receive a copy of the proposed changes prior to posting. At the November CDLAC meeting the proposed Procedure changes will be presented to the Committee in the Finalized format and if approved by the Committee the Procedures will be distributed for the official public comment period, in anticipation of final

approval in 2008.

- The proposed CDLAC Procedure changes will include:
 - The conformance of CDLAC Procedures with the Tax Credit Allocation Committee (CTAC) requirements where possible (CDLAC Procedures, Section 217).
 - Clarification of the Performance Deposit requirements and documentation requirements (CDLAC Procedures, Chapter I Article 7)
 - In the Single-Family Housing Program clarification of the role of the Joint Power Authority (JPA), (CDLAC Procedures, Section 107 & 51 & Section 6B)
 - CDLAC staff is developing a quantitative priority system for evaluating student loan projects. The priority system will utilize the evaluation tools identified in the existing Procedures based on a weighted average of the evaluation criteria (CDLAC Procedures, Chapter 10).

On Today's Agenda

- There is one Exempt Facility application requesting allocation of \$2,700,000 for a First Tier (Small Business) under regulatory mandate.
- There are four (4) Industrial Development Bond (IDBs) applications requesting allocation of \$24,475,000. This will be the last allocation round for IDBs for 2007 because Federal Tax Law does not allow IDBs to use carryforward allocation.
- In the Single Family Housing Pool there is one application requesting Mortgage Credit Certificate (MCC) authority. Staff is recommending a fair share allocation of \$2,022,879. There are two applications requesting Mortgage Revenue Bond (MRB) allocation. Staff is recommending a fair share allocation of \$20,822,960. A total Single-Family fair share allocation of \$22,845,839.
- In the Qualified Residential Rental Pool there are a total of twenty-six (26) applications requesting allocation. There are four (4) applications in the rural pool requesting an allocation of \$45,667,349 and twenty-two (22) applications in the general pool requesting an allocation of \$258,147,899.
- On the September Agenda there are a total of 34 applications, for all CDLAC Pools requesting \$353,813,208 in tax-exempt bond allocation.

Consideration and Approval of the 2008 CDLAC Meeting Schedule (Agenda Item 4) (Action Item) Staff—Misti Armstrong

At the July 25, 2007 Committee meeting CDLAC discussed how to maximize allocation in a competitive allocation environment. The major component of the proposal presented was to substitute a December allocation meeting for a January meeting. The rationale is that the carryforward allocation although it is designated for a specific project the allocation is assigned to the Issuer per Federal Tax Law. If the project is not completed the allocation is not returned to CDLAC but remains with the Issuer for up to three years. If the allocation is not used in the required time frame it is lost. This creates a problem for small Issuers who come to CDLAC every two to three years when they do not have other projects in the pipeline. When CDLAC controls the allocation, as with the regular allocation (other than carryforward), CDLAC can reallocate to another project with a different Issuer if needed, thus insuring that no allocation is lost or not utilized within the required time frame.

The revised meeting calendar for 2008 was posted on the CDLAC website after the July meeting, no negative comments were received. The only comment received was a concern allowing September to be the last allocation meeting of the year. If a project had to issue bonds prior to the end of the calendar year and missed the September cut-off., what options would be available to the applicant. It was recommended that CDLAC retain the flexibility to have a meeting in October or November (if needed) for those projects that could issue in a short time frame and needed to issue before year-end. CDLAC currently maintains that meeting flexibility and would continue to provide that option to applicants when needed.

Recommendation: Staff recommends approval of the revised 2008 meeting schedule.

_____ moved approval of staff's recommendation. _____

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Exempt Facility Projects and Awards of Allocation (Agenda Item 5) (Action Item)

Staff – Walter Akiyama

a. Consideration of Appeals

There were no appeals.

b. Consideration of Applications

Program Analyst Walter Akiyama stated the following:

The Committee received one Exempt Facility application from the California Pollution Control Authority (CPCFA) for the Raisch Company which is a First Tier (small business) project under regulatory mandate. The Company is requesting \$2,700,000 in allocation.

Staff recommends approval of \$2,700,000 in tax-exempt bond allocation for Raisch Company.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Pollution Communities Development Authority (07-171)	Raisch Company	\$2,700,000	\$2,700,000

_____ ?????? moved approval of staff's recommendation. Upon a second, the item passed 3-0 with the following vote: Anne Sheehan: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Small Industrial Development Development Bond Projects and Awards of Allocation (Agenda Item 6) (Action Item) Staff – Richard Fischer

LISTEN TO TAPE....TAKEN IN TWO PARTS....CA ABSTAINED ON 07-113

a. Consideration of appeals

There were no appeals.

b. Consideration of applications

The Committee received four (4) Industrial Development Bond (IDBs) applications requesting allocation. The applicants are; Applied Aerospace Structures, Corp. in Stockton, San Joaquin County from the California Infrastructure Bank for \$6,500,000, La Pafe, Inc. in Montebello, Los Angeles County from California Enterprise Development Authority (CEDA) for \$7,300,000, Community Fuels Biodiesel Plant in

Stockton, San Joaquin County from California Statewide Communities Development Authority (CSCDA) for \$8,000,000, and Unique Elevator Interiors, Inc. in Alameda, Alameda County from the Industrial Development Authority of the County of Alameda for \$2,675,000.

Staff recommends approval of \$24,475,000 in allocation for all four Industrial Development Bond projects.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Enterprise Development Authority (07-113)	La Pafe, Inc. Project	\$7,300,000	\$7,300,000

The Committee voted on this item. _____ moved approval of staff's recommendation. Upon a second, the item passed 2-0 with the following vote: Vince Brown: Aye; Bettina Redway: Aye; Cindy Aronberg: Abstained.

California Statewide Communities Development Authority (07-150)	Community Fuels Biodiesel Plant	\$8,000,000	\$8,000,000
California Infrastructure and Economic Authority (07-173)	Applied Aerospace Structures, Corp.	\$6,500,000	\$6,500,000
Industrial Development Authority of Alameda County (07-174)	Unique Elevator Interiors, Inc.	\$2,675,000	\$2,675,000

The Committee voted on these items. _____ moved approval of staff's recommendation. Upon a second, the item passed 3-0 with the following vote: Vince Brown: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Single Family Housing Programs and Awards of Allocation (Agenda Item 7)
(Action Item) Staff – Sarah Lester

a. Consideration of appeals

There were no appeals.

b. Consideration of applications

Program Analyst Sarah Lester stated the following:

The Committee received one application for Mortgage Credit Certificate (MCC) authority from Alameda County. The Fair Share recommendation from the Bonus Pool is \$2,022,879. The Bonus Pool was developed because of the Veterans Allocation that was awarded in 2007 which reduced the Fair Share allocation for local governments. The Bonus Pool provides allocation for local government agencies that have utilized their Fair Share allocation and need additional allocation to maintain their local housing programs.

The Committee received two applications requesting Mortgage Revenue Bond (MRB) allocation. The Fair Share recommendations are; CRHMFA Homebuyers Fund for \$9,292,656 and Southern California Home Finance Agency for Orange County for \$11,530,304. A total MRB allocation request of \$20,822,960.

Staff recommends award of allocation sufficient to fund the MRB program for \$20,822,960 and the MCC program for \$2,022,879 a combined total allocation of \$22,845,839.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
CRHMFA (07-167)	MRB Program	\$21,845,009	\$21,845,009
Southern California Home Financing Authority (07-170)	MRB Program	\$11,530,304	\$11,530,304

_____ moved approval of staff’s recommendation. Upon a second, the motion passed unanimously with the following vote: Vince Brown: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects and Awards of Allocation (Agenda Item 8)
(Action Item) Staff – Joanie Jones Kelly

1. Consideration of appeals

There were no appeals.

2. Consideration of applications

Joanie Jones Kelly stated the following:

The Rural Pool

The Rural Pool received five (4) applications a total of \$45,667,349.

Recommendation: Staff recommends approval of \$45,667,349 in bond allocation to fund all five applications as requested.

The General Pool

The General Pool received twenty-four (22) applications requesting \$258,147,899 in allocation. One project in the General Pool exceeds the \$30 million project cap per project imposed by Section 17.IV of the CDLAC Procedures. The project is 07-137 La Quinta Dune Palms Apts. Located in Riverside for \$50,500,000.

Staff recommends the Committee waive the maximum allocation amount for application 07-137 La Quinta Dune Palms Apts., based on the demand for rental projects is such that the maximum allocation amount is not warranted due to the lack of competition there will be excess allocation for the current round.

Staff recommends the award of allocation sufficient to fund all demand for allocation in the General Pool a

total of \$258,147,899.

Wells Fargo Deals: None

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
<u>Rural Projects</u>			
California Municipal Finance Authority (07-109)	Calipatria Family Apartments	\$8,000,000	\$8,000,000
Housing Authority of the County of Monterey (07-136)	Benito Street Affordable Housing Community	\$16,992,349	\$16,992,349
Redevelopment Agency of the City of Los (07-142)	Los Banos Family Apartments	\$18,000,000	\$18,000,000
California Statewide Communities Development Authority (07-154)	Twentynine Palms	\$2,675,000	\$2,675,000
California Statewide Communities (07-164)	Jose's Place Apartments	\$2,490,000	\$2,490,000
Housing Authority of the County of Fresno (07-111)	MCC Program	\$3,400,000	\$3,400,000
Southern California Home Financing Authority (07-108)	MRB Program	\$23,589,408	\$23,589,408
<u>General Pool Projects</u>			
City of Los Angeles (07-03)	Charles Cobb Apartments	\$12,600,000	\$12,600,000
Housing Authority of the City of San Diego (07-105)	Colina Park North Apartments	\$4,500,000	\$4,500,000
California Municipal Finance Authority (07-137)	La Quinta Dune Palms Apartments	\$50,500,000	\$50,500,000

ABAG Finance Authority for Nonprofit Corporations (07-138)	Tracy Garden Village Apartments	\$5,000,000	\$5,000,000
CSCDA (07-139)	Huron Plaza Apartments	\$4,300,000	\$4,300,000
Upland Housing Authority (07-140)	Coy D. Estes Senior Apartments II	\$8,500,000	\$8,500,000
Housing Authority of the County of Marin (07-141)	Drake's Way Apartments	\$9,500,000	\$9,500,000
California Municipal Finance Authority (07-144)	Glen Ridge Apartments	\$12,486,471	\$12,486,471
City of San Jose (07-145)	Curtner Studios	\$8,794,969	\$8,794,969
City of Los Angeles (07-146)	Burns Manor	\$7,300,000	\$7,300,000
City of Los Angeles (07-147)	MacArthur Park Tower Apartments	\$13,951,236	\$13,951,236
City of Los Angeles (07-148)	Harbor Tower Apartments	\$13,204,263	\$13,204,263
City of Los Angeles (07-149)	L.A. Colorado Terrace Apartments	\$1,592,500	\$1,592,500
Housing Authority Of the City of Sacramento (07-151)	Natomas Family Apartments	\$17,136,024	\$17,136,024
California Housing Finance Agency (07-152)	Casa De Las Hermanitas Apartments	\$5,525,000	\$5,525,000
CRA of the City of Los Angeles (07-155)	Van Nuys Apartments	\$25,000,000	\$25,000,000
California Housing Finance Agency (07-156)	La Vista Apartments	\$5,545,000	\$5,545,000
California Housing Finance Agency	La Loma Apartments	\$1,945,000	\$1,945,000

(07-157)

Housing Authority of the City of Chula Vista (07-158)	The Landings Apartments	\$16,947,436	\$16,947,436
California Statewide Communities Development Authority (07-162)	The Sienna Apartments	\$13,540,000	\$13,540,000
California Statewide Communities Development Authority (07-163)	Descanso Place Apartments	\$13,000,000	\$13,000,000
California Statewide Communities Development Authority (07-165)	Imperial Park Apartments	\$15,000,000	\$15,000,000
California Statewide Communities Development Authority (07-166)	525 Orange Apartments	\$2,700,000	\$2,700,000
California Housing Finance Agency (07-175)	Ridgewood Apartments	\$2,380,000	\$2,380,000

Vince Brown moved approval of staff's recommendation. Upon a second, the motion passed unanimously with the following vote: Vince Brown: Aye; Cindy Aronberg: Aye; Bettina Redway: Aye.

Public Comment (Agenda Item 9)

There was no public comment.

Adjournment (Agenda Item 10)

The meeting adjourned at 1:54 p.m.