

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Minutes of the March 21, 2007 Committee Meeting

(Agenda Item 2)

Jesse Unruh Building
915 Capitol Mall, Room 587
Sacramento, CA 95814

OPEN SESSION

The meeting of the California Debt Limit Allocation Committee (Committee) was called to order at 1:33 p.m. by Bettina Redway, Deputy Treasurer.

Call to Order and Roll Call (Agenda Item 1)

Bill Lockyer, State Treasurer, represented by Bettina Redway, Deputy Treasurer; Arnold Schwarzenegger, Governor, represented by Anne Sheehan, Department of Finance; and John Chiang, State Controller, represented by Cindy Aronberg, Deputy Controller, were present resulting in a quorum.

Advisory members Theresa Parker, Executive Director of the California Housing Finance Agency, and Lynn Jacobs, Director of the Department of Housing and Community Development, were also present.

Approval of the Minutes of the February 21, 2007 Meeting (Agenda Item 2) (Action Item)

Anne Sheehan moved approval of the minutes from the February 21, 2007 meeting with the following amendment to Agenda Item 7 on Page 4. The Controller's Office abstained based on the fact that the background materials were not received in sufficient time to complete the legal review. Cindy Aronberg seconded the motion. The motion passed unanimously.

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

Joanie Jones Kelly stated the following:

- There are six Exempt Facility projects requesting allocation.
There are four Industrial Development Bond (IDBs) projects requesting allocation.
- In the Single Family Program Pool there are two projects requesting Mortgage Credit Certificates (MCCs) authority and one project requesting Mortgage Revenue Bond (MRBs) allocation.
- In the Qualified Residential Rental Pool there are a total of twenty-seven projects requesting allocation in the rural, mixed and general pool.
- For all CDLAC Program Pools on the March agenda there are a total of forty projects for a recommendation of \$872,384,332 in tax-exempt bond allocation.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Exempt Facility and Awards of Allocation (Agenda Item 4) (Action Item)

a. Consideration of Appeals

There were no appeals.

b. Announcement of pool deemed competitive

The Exempt Facility Pool received a total of \$511,925,000 in requests for allocation for 2007. The Exempt Facility Pool has an available allocation total of \$440,000,000. The Exempt Facility Pool is oversubscribed for calendar year 2007. Therefore, according to CDLAC Procedures the Exempt Facility Pool must be designated competitive. Based on the CDLAC competitive guidelines staff is recommending that subsequent to the March 2007 allocation meeting, the Exempt Facility allocation be limited to \$40 million for each allocation round, (May, July & September). If usage of allocation is less than anticipated in other program areas, the Exempt Facility projects may be considered for allocation in December 2007.

c. Consideration of Applications

Program Analyst Walter Akiyama stated the following:

- The Committee received six Exempt Facility applications; five applications were submitted from CPCFA and one from California Statewide Communities Development Authority (CSCDA).
- All six projects are First Tier (small business) projects. Four projects; The Ratto Group of Companies, Green Waste Recovery, Inc., CR&R Inc., and California Waste Solutions, Inc. are First Tier Projects under regulatory mandate. CalPlant I and Enertech Environmental California are First Tier projects Not under regulatory mandate.
- Staff Recommends approval of the (6) Exempt Facility applications for a total of \$321,425,000 in tax-exempt bond allocation.

Joanie Jones Kelly stated that the following Agenda Item would be presented as a separate item to the Committee. Cindy Aronberg left the meeting.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Pollution Control Financing Authority (07-030)	CalPlant 1	\$175,000,000	\$100,000,000

Anne Sheehan moved approval of staff's recommendation. Bettina Redway seconded the motion. The motion passed 2-0. The Controller's Office abstained from the vote and took no part in the consideration of the designated item in an abundance of caution. While the Controller's Office does not believe there is an actual conflict of interest, this action was taken due to an issue of previously earned income deriving from someone who is or may become a participant in the transaction.

Cindy Aronberg rejoined the meeting.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Pollution Control Financing Authority (07-026)	The Ratto Group of Companies	\$42,600,000	\$42,600,000
California Pollution Control Financing Authority (07-027)	Green Waste Recovery, Inc.	\$38,305,000	\$38,305,000
California Pollution Control Financing Authority (07-028)	CR&R Incorporated	\$34,615,000	\$34,615,000
California Pollution Control Financing Authority (07-031)	California Waste Solutions, Inc.	\$25,905,000	\$25,905,000
California Statewide Communities Development Authority (07-039)	EnerTech Environmental California, LLC	\$80,000,000	\$80,000,000

Cindy Aronberg moved approval of staff's recommendation on the five remaining projects. Anne Sheehan seconded the motion. The motion passed unanimously.

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Small-Issue Industrial Development Bond Projects and Awards of Allocation
(Agenda Item 5 (Action Item))

1. Consideration of Appeals

There were no appeals.

2. Consideration of Applications

Misti Armstrong stated that the Committee received four Industrial Development Bond (IDB) projects requesting allocation. Staff recommended approval of \$30,800,000 in allocation for the four IDB projects.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Enterprise Development Authority (07-011)	Tri Tool Inc., Project	\$10,000,000	\$10,000,000
Industrial Development Authority of Alameda County (07-015)	Caravan Trading Company	\$3,300,000	\$3,300,000

California Municipal Finance Authority (07-024)	Edelbrock Permanent Mold, LLC Project	\$7,500,000	\$7,500,000
California Statewide Communities Development Authority (07-038)	Western Milling	\$10,000,000	\$10,000,000

Anne Sheehan moved approval of staff’s recommendations. Cindy Aronberg seconded the motion. The motion passed unanimously.

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 6)
(Action Item)

1. Consideration of appeals

There were no appeals.

2. Consideration of applications

Misti Armstrong stated that the Committee received two applications requesting Mortgage Credit Certificate (MCC) Authority. The fair share allocation recommendations are the City of San Diego for \$4,935,354 and the County of Alameda for \$5,664,060 for a total allocation recommendation of \$10,599,414.

The Committee received one application requesting Mortgage Revenue Bond allocation from the California Department of Veterans Affairs. Staff recommended \$140,000,000 in allocation for the CalVet program.

Staff recommended approval of the award of allocation sufficient to fund the MCC program for \$10,599,414 and the Veteran Mortgage Revenue bond program for \$140,000,000 for a combined total of \$150,599,414.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
Housing Authority of the City of San Diego (07-008)	MCC Program	\$25,000,000	\$4,935,354
County of Alameda (07-054)	MCC Program	\$8,000,000	\$5,664,060
California Department of Veterans Affairs (07-019)	MRB Program	\$300,000,000	\$140,000,000

Anne Sheehan moved approval of staff’s recommendation. Cindy Aronberg seconded the motion. The motion passed unanimously.

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 7)
(Action Item)

1. Consideration of Appeals

There were no appeals.

2. Consideration of Applications

Joanie Kelly stated that the following items would be presented to the Committee at this time.

Cindy Aronberg stated that while the Controller’s Office does not believe that there is an actual conflict of interest on these particular items, out of an abundance of caution, she will not participate. Ms. Aronberg left the meeting.

Ms. Kelly stated that the San Pedro Apartments project (07-046) is requesting an exception to the \$30 million project cap per project imposed by Section 17.IV of the CDLAC Procedures.

Staff recommended that the Committee waive the maximum allocation amount for the San Pedro Apartments project (07-046) based on the fact that 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.

Anne Sheehan moved approval of staff’s recommendation. Bettina Redway seconded the motion. The motion passed 2-0.

Staff recommended approval of \$78,600,000 in bond allocation to fund all three applications as requested.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
California Municipal Finance Authority (07-022)	Oak Ridge Senior Apartments	\$4,000,000	\$4,000,000
California Statewide Communities Development Authority (07-051)	San Pedro Apartments	\$70,000,000	\$70,000,000
California Statewide Communities Development Authority (07-042)	Vida Nueva Apartments	\$4,600,000	\$4,600,000

Anne Sheehan moved approval of staff’s recommendation. Bettina Redway seconded the motion. The motion passed 2-0.

Cindy Aronberg rejoined the meeting.

The Rural Pool

Ms. Kelly stated that there are four projects remaining in the Rural Pool requesting a total of \$22,088,000 in allocation.

Staff recommended approval of \$22,088,000 in bond allocation to fund all four applications as requested.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
City of Santa Paula (07-007)	Santa Paulan Apartments	\$10,000,000	\$10,000,000
California Housing Finance Agency (07-034)	Eureka Family Housing Apartments	\$4,525,000	\$4,525,000
Mendocino County Community Development Commission (07-040)	Holly Ranch Village Apartments	\$4,500,000	Withdrawn
California Statewide Communities Development Authority (07-043)	The Highlands Apartments	\$4,737,000	\$4,737,000
California Statewide Communities Development Authority (07-045)	Ukiah Terrace I Apartments	\$2,826,000	\$2,826,000

Cindy Aronberg moved approval of staff’s recommendation. Anne Sheehan seconded the motion. The motion passed unanimously.

The Mixed Income Pool

Ms. Kelly stated that there is one project remaining in the Mixed Income Pool requesting \$12,452,000 in tax exempt bond allocation.

Staff recommended that the Committee award the allocation as requested.

California Statewide Communities Development Authority (07-051)	Vineyard Creek Apartments	\$12,452,000	\$12,452,000
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Anne Sheehan moved approval of staff’s recommendation. Cindy Aronberg seconded the motion. The motion passed unanimously.

The General Pool

Ms. Kelly stated that there are nineteen applications remaining in the General Pool requesting \$256,419,918 in allocation.

Two projects in the General Pool are requesting an exception to the \$30 million project cap per project imposed by Section 17.IV of the CDLAC Procedures.

- Staff recommended that the Committee waive the maximum allocation amount for the two projects, 16th & Market Apartments [\$40,000,000] (07-010) and Crescent Park Apartments [\$55,000,000] (07-012). Based on the demand for rental projects is such that the maximum allocation amount is not warranted due to lack of competition there will be excess allocation for the current round.

Cindy Aronberg moved approval to waive the maximum allocation amount for the two projects. Anne Sheehan seconded the motion. The motion passed unanimously.

Staff also recommended that the Committee award allocation sufficient to fund all demand for allocation in the General Pool for a total of \$256,419,918 with the exception of the Vida Nueva apartments project.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
CRA of the City of Los Angeles (07-002)	Central Avenue Villas Apartments	\$2,400,000	\$2,400,000
City of Los Angeles (07-003)	Charles Cobb Apartments	\$13,500,000	Withdrawn
City of Los Angeles (07-004)	Vista Monterey Apartments	\$750,000	\$750,000
City of Los Angeles (07-005)	Mariposa Place Apartments	\$15,181,000	\$15,181,000
Housing Authority of the City of San Diego (07-010)	16 th & Market Apartments	\$40,000,000	\$40,000,000
City of Richmond (07-012)	Crescent Park Apartments	\$55,000,000	\$55,000,000
County of Orange (07-013)	Granite Court Apartments	\$19,000,000	\$19,000,000
City of Santa Rosa (07-014)	Alderbrook Heights Apartments	\$3,620,000	\$3,620,000

Housing Authority of the City of Santa Ana (07-017)	Wilshire/Minnie Apartments	\$15,258,022	\$15,258,022
City of San Jose (07-018)	Casa Feliz Studios Apartments	\$11,000,000	\$11,000,000
Housing Authority of the County of Sacramento (07-020)	Breckenridge Village Apartments	\$10,800,000	\$10,800,000
California Statewide Communities Development Authority (07-021)	The Shadows Apartments	\$21,600,000	\$21,600,000
City of Santa Rosa (07-025)	Colgan Meadows Apartments	\$17,191,696	\$17,191,696
California Statewide Communities Development Authority (07-033)	Coventry Place Apartments	\$6,000,000	\$6,000,000
California Housing Finance Agency (07-035)	Las Flores Apartments (Supplemental)	\$300,000	\$300,000
California Housing Finance Agency (07-036)	Diamond Aisle Apartments	\$5,400,000	\$5,400,000
California Statewide Communities Development Authority (07-041)	Lexington Green Apartments	\$17,879,200	\$17,879,200
California Statewide Communities Development Authority (07-047)	Tanager Springs Apartments	\$15,210,200	Withdrawn
California Statewide Communities Development Authority (07-048)	La Mision Village Apartments (supplemental)	\$1,350,000	\$1,350,000
California Statewide Communities Development Authority (07-049)	Springbrook Grove Apartments	\$10,190,000	\$10,190,000

California Statewide Communities Development Authority (07-050)	Cape Cod Senior Villas Apartments	\$3,500,000	\$3,500,000
California Statewide Communities Development Authority (07-053)	Bristol Apartments	\$3,190,000	Withdrawn

Cindy Aronberg moved approval of staff's recommendation. Anne Sheehan seconded the motion. The motion passed unanimously.

Public Comment (Agenda Item 8)

There was no public comment.

Adjournment (Agenda Item 9)

The meeting adjourned at 1:50 pm.