

MINUTES

November 14, 2007

(Agenda Item 2)

California Debt Limit Allocation Committee
Jesse Unruh Building, Room 587
915 Capitol Mall
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 1:31 p.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Anne Sheehan for Arnold Schwarzenegger, Governor
Rick Chivaro for John Chiang, State Controller

Advisory Members Present: Elliott Mandel, representing Lynn Jacobs,
Department of Housing and Community Development

Quorum: The Chairperson declared a quorum

Approval of the Minutes of the September 26, 2007 Meeting (Agenda Item 2) (Action Item)

Anne Sheehan moved approval of the minutes from the September 26, 2007 meeting. Upon a second, the minutes passed with the following vote: Anne Sheehan; Aye; Rick Chivaro: Aye; Bettina Redway: Aye.

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

Joanie Jones Kelly reported the following:

According to the CDLAC Procedures Section 21(I)(E) for Exempt Facility Applicants other than CPCFA, the Committee will perform a formal policy review prior to award of allocation to new industries that apply for Exempt Facility bond allocation. The policy review insures that the "new technology" is a technology that the Committee is comfortable financing and meets the Committee's environmental concerns. Pacific Ethanol, an entity that changes corn to ethanol, that will be on the December CDLAC agenda is such a project. CDLAC has requested the assistance of CPCFA to conduct the policy review. The Committee will have an opportunity to review that policy memo prior to a vote on that item in December.

During calendar year 2007, CDLAC has received several Exempt Facility applications from Issuers other than CPCFA which has forced CDLAC to review environmental policy in addition to its primary function

the distribution of private activity bond allocation. The policy reviews are beyond the scope of CDLAC staff therefore CDLAC will bring forth a recommendation to the Committee in December as to how to address the Exempt Facility policy situation.

The California Debt Limit Allocation Committee (CDLAC) staff is drafting technical changes and clean-up language to the existing CDLAC Procedures. Attached is a summary of those proposed changes. The Draft Procedures will be posted on the CDLAC website after the November meeting for public comment. At the December meeting the comments will be reported to the Committee. If the CDLAC DRAFT Procedures are approved by the Committee in December, the Procedures will be released for the official 30-day public comment period.

Consideration and Approval of the Transfer of \$44,000,000 from the Qualified Residential Rental Program Pool to the Single Family Housing Program Pool (Agenda Item 4) (Action Item) Staff—Misti Armstrong

Misti Armstrong stated that staff is recommending a reduced amount of \$24 million from the QRRP be made available for the November 14th CalVet Single family housing request. This recommendation was established after determining that there would be sufficient allocation available to fund the total Qualified Residential Rental Program and the Single Family Housing Program demand for the final 2007 meeting on December 5th. There is currently a Single Family Housing Pool balance available of approximately \$26 million for the CalVet program to provide a total allocation of \$50 million.

Staff recommends the Committee approve the transfer of approximately \$24 million in tax-exempt bond allocation from the Qualified Residential Rental Program Pool to the Single Family Housing Program Pool.

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

Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for the California Department of Veterans Affairs Single Family Housing Program and Award of Allocation (Agenda Item 5) (Action Item) Staff – Sarah Lester

a. Consideration of Appeals

There were no appeals.

Sarah Lester stated that HR 6111 is a bill that amended the Internal Revenue Code, which includes a provision that waives the first time homebuyer eligibility requirement for California Veterans. It was approved on December 8, 2006 and allows California Veterans for calendar year 2007 and prior to January 1, 2008 expanded eligibility. During this one year window, California Veterans are not required to be first time homebuyers and program eligibility is expanded to include all California Veterans with war time service. Prior to this eligibility expansion California Veteran eligibility was limited to Veterans that had war time service prior to 1977.

The Committee approved an allocation of \$140 million for the CalVet single-family housing program on March 21, 2007. The CalVet single family housing program has exhausted the proceeds of that issuance. As a result, the applicant, the California Department of Veterans Affairs (CDVA) has returned to CDLAC for an additional allocation of \$50 million for the program. CDVA has assured CDLAC staff that the bond allocation will be issued prior to year-end as required under HR 6111 and that the proceeds of the issuance will be fully utilized in the coming months.

The target market for CalVet Home Loans is veterans. All veterans who desire to purchase a home in

California who have served a minimum of 90 days active duty and have received an honorable discharge or are currently serving honorably are eligible. According to the Applicant, although they do not use income as a restriction to eligibility, a significant portion of the veteran population falls into the low and moderate income definition that applies to Qualified Mortgage Bond funds. That would include veterans currently on active duty, retired military, and disabled veterans.

Staff recommends the Committee approve \$50,000,000 in 2007 tax-exempt allocation to the California Department of Veterans Affairs.

Anne Sheehan moved approval of staff's recommendation. Upon a second, the item passed 3-0 with the following votes: Anne Sheehan: Aye; Rick Chavaro: Aye; Bettina Redway: Aye.

Public Comment (Agenda Item 6)

There was no public comment.

Adjournment (Agenda Item 7)

The meeting adjourned at 1:45 p.m.