

## MINUTES

December 3, 2008  
(Agenda Item 2)

California Debt Limit Allocation Committee  
Jesse Unruh Building  
915 Capitol Mall, Room 587  
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 1:32 p.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer  
David O'Toole for John Chiang, State Controller  
Thomas Sheehy for Arnold Schwarzenegger, Governor  
(Mr. Sheehy joined the meeting while in progress)

Members Absent: None

Advisory Members Present: Thomas Hughes, representing Theresa Parker,  
California Housing Finance Agency (CalHFA)  
  
Elliott Mandell, representing Lynn Jacobs,  
Department of Housing and Community Development (HCD)

Quorum: The Chairperson declared a quorum

### **Approval of the Minutes of the September 24, 2008 Meeting** (Agenda Item 2) (Action Item)

David O'Toole moved approval of the minutes from the September 24, 2008 meeting. Upon a second, the minutes passed 2-0 with the following vote: David O'Toole Aye; Bettina Redway Aye.

### **Approval of the Minutes of the October 3, 2008 Meeting** (Agenda Item 3) (Action Item)

David O'Toole moved approval of the minutes from the October 3, 2008 meeting. Upon a second, the minutes passed 2-0 with the following vote: David O'Toole Aye; Bettina Redway Aye.

**Executive Director's Report** (Agenda Item 4) (Informational Item)

Joanie Jones Kelly reported the following:

The primary focus of this meeting is to distribute the HR 3221 allocation the federal Bonus Allocation of \$1.144 billion. The Bonus Allocation can only be used for housing specifically, single family or multifamily projects. This Committee directed CDLAC staff at the September meeting to allocate 80% of the Bonus Allocation for single family housing projects and 20% for multifamily housing projects. Agenda item #10 will provide detail regarding the distribution of the Bonus Allocation.

Due to the instability of the financial markets CDLAC allowed Applicants that received 2008 allocation in May, July, or September to return their 2008 allocation with no penalty. The Applicants had the option to extend their allocation issuance date or to return the allocation to CDLAC and be placed on the December agenda without being required to submit a new application. The projects on the agenda labeled deferred are those 2008 projects that had been awarded allocation but, were unable to issue and returned their allocation to CDLAC prior to November 6th. The deferral date is the date of the Applicants' receipt of the original CDLAC allocation.

The December 3rd agenda is divided into two separate allocations; the 2008 allocation which includes Applicants deferred from the May, July or September allocation rounds and the HR 3221 Bonus Allocation of \$1.144.5 billion.

(Thomas Sheehy joined the meeting)

**Consideration and Adoption of the Qualified Residential Rental Program Non-Competitive Application Process and Minimum Thresholds Effective March 2009** (Agenda Item 5) (Action Item) – Staff – Crystal Alvarez

Staff recommends that the Committee approve an open application process for the 2009 Qualified Residential Rental Program (QRRP). This recommendation is made on the basis that the QRRP pool is expected to be non-competitive or evenly subscribed for the 2009 program year. If at any time during the year the open application process appears to become competitive, staff will return to the Committee with a recommendation to return to the competitive allocation round process.

The first open application round of 2009 will be held on March 25, 2009. The application deadline for the March 25th meeting will be January 23, 2009. Staff recommends point thresholds remain consistent with previously established open application thresholds. The Rental Project Pool has a minimum point threshold of 60 points in the Rural and General Pools and 50 points in the Mixed Income Pool any projects that fall below the minimum point threshold are not eligible to receive allocation.

RECOMMENDATION: Staff recommends approval of an open application process for the 2009 Qualified Residential Rental Program Pool. Staff also recommends an open application process minimum point threshold for the Qualified Residential Rental Program Pools.

David O'Toole moved approval of staff's recommendation. Upon a second, the item passed 3-0 with the following vote: Thomas Sheehy: Aye; David O'Toole: Aye; Bettina Redway: Aye.

**Consideration of Appeals and Applications for an Allocation of the 2008 State Ceiling on Qualified Private Activity Bonds for Exempt Facility Projects and Awards of Allocation** (Agenda Item 6)

(Action Item)  
Staff – Brady Hill

a. Consideration of appeals  
There are no appeals

b. Consideration of applications – See Exhibit A for a list of Applications\*\*  
The Committee received two Exempt Facility projects with a 2008 deferred allocation request. The first project is Microgy, Inc. submitted by the California Statewide Communities Development Authority (CSCDA). Microgy is a first-tier (small business) project under regulatory mandate. Microgy originally received allocation on July 16, 2008. The Applicant has requested their award of \$26,130,000 be deferred to the December meeting. The second project is Waste Management, Inc. submitted by California Municipal Finance Authority (CMFA). Waste Management is a non-first-tier project but under regulatory mandate. Waste Management originally received an allocation of \$30,000,000 on September 24, 2008. The Applicant requested the allocation be deferred to the December meeting.

RECOMMENDATION: Staff recommends approval of \$56,130,000 in tax exempt bond allocation for the two Exempt Facility projects.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
CSCDA (08-178)	Microgy Inc	\$26,130,000	\$26,130,000
CMFA (08-219)	Waste Management Inc	\$30,000,000	\$30,000,000

David O’Toole moved approval of staff’s recommendation. Upon a second, the item passed 3-0 with the following vote: Thomas Sheehy: Aye; David O’Toole: Aye; Bettina Redway: Aye.

**Consideration of Appeals and Application for an Allocation of the 2008 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 are no appeals

b. Consideration of applications – See Exhibit A for a list of Applications  
The Committee received three (3) applications requesting their Fair Share 2008 Single Family Housing allocation for the issuance of Mortgage Revenue Bonds. 1) The CRHMFA Homebuyers Fund requested a Fair Share allocation of \$21,009,298. 2) The California Housing Finance Agency (CalHFA) requested \$200,000,000 in allocation reserved by CDLAC in March for their REO/Foreclosure program. 3) The CalHFA requested their 2008 annual Fair Share allocation of \$250,000,000.

RECOMMENDATION: Staff recommends approval of a total 2008 Fair Share allocation of \$471,009,298 to issue Mortgage Revenue Bonds for the CRHMFA Homebuyers Fund and the California Housing

Finance Agency (CalHFA).

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
CRHMFA (08-223)	MRB Program	\$22,199,484	\$21,009,298
CalHFA (08-247)	MRB Program	\$200,000,000	\$200,000,000
CalHFA (08-248)	MRB Program	\$250,000,000	\$250,000,000

David O’Toole moved approval of staff’s recommendation. Upon a second, the item passed 3-0 with the following vote: Thomas Sheehy: Aye; David O’Toole: 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 – Richard Fischer

a. Consideration of appeals  
There are no appeals

b. Consideration of applications – See Exhibit A for a list of Applications\*\*

**The Rural Pool**

The Rural Pool received one (1) deferred 2008 application requesting an allocation of \$5,090,492.

RECOMMENDATION: Staff recommends approval of \$5,090,492 in bond allocation to fund all projects in the Rural Pool.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
CSCDA (08-167)	Cloverdale Gardens Apartments / Vineyard Manor Apartments	\$5,090,492	\$5,090,492

**The Mixed-Income Pool**

The Mixed Income Pool received one (1) deferred 2008 application for Crossing West apartments in San Bernardino County requesting an allocation of \$20,500,000.

RECOMMENDATION: Staff recommends approval of \$20,500,000 in bond allocation to fund the Crossing West apartments located in San Bernardino County.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
CSCDA (08-212)	Crossings West Apartments	\$20,500,000	\$20,500,000

**The General Pool**

The General Pool received twenty-three (23) deferred 2008 applications requesting a total allocation of \$257,841,712.

RECOMMENDATION: Staff recommends approval of \$257,841,712 in bond allocation to fund all projects in the General Pool.

- The total tax-exempt 2008 deferred bond allocation requested in all three QRRP (rural, mixed-income, general) pools is \$283,432,204.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
City of Los Angeles 08-006	Academy Hall Apartments	\$5,000,000	\$5,000,000
CalHFA 08-009	Salinas Gateway Apartments	\$12,190,000	\$12,190,000
San Francisco Redevelopment Agency 08-116	Armstrong Place Senior Apartments	\$24,000,000	\$21,670,000
CalHFA 08-131	Fourth Street Apartments	\$30,000,000	\$30,000,000
CSCDA 08-138	St. Marks Apartments	\$24,000,000	\$878,361,288
CalHFA 08-141	Montecito Village Apartments	\$5,950,000	\$5,950,000
CalHFA 08-142	Mission Gardens Apartments	\$4,620,000	\$4,620,000
Redevelopment Agency of the City of Suisun City 08-145	Continental Apartments	\$5,982,000	\$4,027,000
SHRA 08-154	Greystone Apartments	\$10,000,000	\$10,000,000

CSCDA 08-157	Northport Apartments	\$4,800,000	\$4,800,000
Housing Authority of the County of Sacramento 08-172	Summerset Apartments	\$9,430,712	\$9,430,712
CalHFA 08-174	Villa Mirage I and II Apartments	\$7,425,000	\$7,425,000
CSCDA 08-180	The Crossings at Morgan Hill Apartments	\$4,800,000	\$4,800,000
CMFA 08-187	Rose Gardens Apartments	\$13,000,000	\$13,000,000
CMFA 08-191	Gleason Park Apartments	\$18,000,000	\$18,000,000
Alameda County 08-192	Estabrook Senior Housing Apartments	\$13,055,000	\$13,055,000
City of Los Angeles 08-193	MacArthur Park Apartments, Phase A	\$20,000,000	\$20,000,000
City of Los Angeles 08-195	36 <sup>th</sup> St. & Broadway Apartments	\$5,700,000	\$5,700,000
CalHFA 08-201	Fairmount Apartments	\$7,175,000	\$7,175,000
CalHFA 08-202	Santa Clara Terrace Apartments	\$8,300,000	\$8,300,000
CalHFA 08-203	Rochdale Grange Apartments	\$8,850,000	\$8,850,000
Upland Housing Authority 08-206	Coy D. Estes Expansion Project Apartments	\$8,000,000	\$8,000,000
CMFA 08-209	Senior Manor Apartments	\$7,564,000	\$7,564,000

David O'Toole moved approval of staff's recommendation. Upon a second, the item passed 3-0 with the

following vote: Thomas Sheehy: Aye; David O'Toole: Aye; Bettina Redway: Aye.

**Consideration of Staff's Recommendation to Transfer and Award Unused 2008 Allocation to the California Pollution Control Financing Authority** (Agenda Item 9) (Action Item)

Staff – Misti Armstrong

Misti Armstrong stated the following:

Approve the transfer of all unused allocation remaining in the CDLAC program pools on December 31, 2008 to the California Pollution Control Financing Authority (CPCFA) for the Exempt Facility Program. After the December 3rd allocations have been made, there will be a 2008 volume cap balance of approximately \$700 million remaining, this amount is likely to increase as projects that have received bond allocation may issue only a portion of their allocation or fail to issue bonds entirely. In order to ensure that no amount of 2008 allocation is lost, staff is recommending that the remaining allocation be made available to the California Pollution Control Financing Authority (CPCFA) Exempt Facility Program. A preliminary demand survey indicates that CPCFA will utilize this substantial award of allocation over the course of the 2009 program year. As a result, staff does not anticipate the need to award any 2009 CDLAC Allocation to the Exempt Facility Program Pool. Instead staff will grant additional allocation to other program pools that have a demonstrated need.

RECOMMENDATION: Staff recommends that all allocation remaining as of December 31, 2008 be transferred to the Exempt Facility Program Pool and such balance be awarded to the California Pollution Control Financing Authority on a carryforward basis.

Public Comment: Paula Connors of California Enterprise Development Authority expressed concern that the allocation to CPCFA would limit the availability of allocation to other issuers. Thomas Sheehy asked for further clarification from staff as to whether this would be a change from how allocation was awarded in the beginning of 2008. Joanie Jones Kelly stated that nothing would be changing. The unused 2008 allocation awarded to CPCFA is anticipated to fully cover their needs of 2009 program year. CDLAC may not need to award allocation to exempt facilities projects, thereby granting additional allocations to the pools that demonstrate the greatest need. Joanie also confirmed that the members were not voting on whether or not to provide a 2009 allocation to the exempt facility program pool.

David O'Toole moved approval of staff's recommendation. Upon a second, the item passed 3-0 with the following vote: Thomas Sheehy: Aye; David O'Toole: Aye; Bettina Redway: Aye.

**Consideration of Appeals and Applications for an Allocation of the 2008 Housing Act Volume Cap (H.R 3221) for Single Family Housing Programs and Awards of Allocation** (Agenda Item 10)

Staff – Joanie Jones Kelly

a. Consideration of appeals

There are no appeals

b. Consideration of applications – See Exhibit A for a list of Applications\*\*

At the September 2008 CDLAC allocation meeting the Committee adopted three priority areas for distribution of the HR 3221 Bonus Allocation:

- Provide refinancing options that would enable qualifying Californians that currently have sub prime loans to stay in their homes (Single Family Housing Program).

- Revitalize communities by providing reduced interest rate mortgages to first time homebuyers to purchase REO/Foreclosure homes (Single Family Housing Program).
- Promote additional affordable housing and preserve and rehabilitate existing housing for families and individuals (Qualified Residential Rental Program).

Due to the short time frame from approval of the federal legislation HR 3221 (July 30th) and the CDLAC application cut off of October 3rd many local agencies did not have enough time to develop an HR 3221 sub prime financing program or REO/Foreclosure program; those local agencies that did not apply for allocation have opted to partner with CalHFA and enhance CalHFA's HR 3221 financing programs by providing additional financial assistance for homeowners or home purchasers.

To insure the issuing agencies that applied for HR 3221 Bonus Allocation meet CDLAC program requirements as outlined in the applications submitted, Applicants will be required to submit a status report to the Committee every six-months until their allocation has been depleted. If the issuing agency is unable to use the allocation for the purpose identified in the application CDLAC has the authority to reallocate the allocation to another issuing authority to insure the HR 3221 guidelines are met.

CDLAC received applications requesting both Mortgage Credit Certificate (MCC) authority and Mortgage Revenue Bond (MRB) authority for the HR 3221 Single Family Housing Program. The Committee received four (4) applications requesting Mortgage Credit Certificate (MCC) authority: 1) The San Diego Housing Commission requested their Fair Share allocation of \$16,166,966 to administer an REO/Foreclosure Program. 2) The Sacramento Housing and Redevelopment Agency requested their Fair Share allocation \$17,101,115 to administer an REO/Foreclosure Program. 3) The city and county of San Francisco requested their Fair Share allocation of \$9,832,311 to administer a sub prime refinancing program. 4) The Community Development Commission of Mendocino County requested their Fair Share allocation of \$1,097,578 to administer a sub prime refinancing program. The total Fair Share HR 3221 allocation requested for MCC's is \$44,147,970

The Committee received two (2) applications requesting Mortgage Revenue Bond (MRB) authority from the HR 3221 Single Family Housing Program: 1) Independent Cities Finance Agency on behalf of San Bernardino County requested their Fair Share allocation of \$24,652,535 to administer an REO/Foreclosure Program and sub prime refinancing program. 2) CalHFA requested their Fair Share allocation \$457,825,729 to administer and expand their REO/Foreclosure Program and to create a sub prime refinancing program. In addition to their Fair Share allocation CalHFA will also receive excess HR 3221 allocation of \$420,535,499. The total Fair Share HR 3221 allocation for MRB's is \$482,478,264.

RECOMMENDATION: Staff recommends approval of Mortgage Credit Certificate Fair Share allocation of \$44,147,970, approval of a Mortgage Revenue Bond Fair Share allocation of \$482,478,264 and approval to allocate excess HR 3221 allocation of \$420,535,499 to CalHFA.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
San Diego Housing Commission 08-230	MCC	\$25,000,000	\$16,116,966
Housing Authority of	MCC	\$20,000,000	\$17,101,115



the County of  
Sacramento  
08-233

City and County of San Francisco 08-235	MCC	\$10,115,243	\$9,832,311
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Community Development Commission of Mendocino County 08-236	MCC	\$1,097,578	\$1,097,578
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Independent Cities Finance Authority 08-234	MRB	\$24,652,535	\$24,652,535
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CalHFA 08-249	MRB	\$457,825,729	\$878,361,228
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David O’Toole moved approval of staff’s recommendation. Upon a second, the item passed 3-0 with the following vote: Thomas Sheehy: Aye; David O’Toole: Aye; Bettina Redway: Aye.

**Consideration of Appeals and Applications for an Allocation of the 2008 Housing Act Volume Cap (H.R 3221) for Qualified Residential Rental Projects and Awards of Allocation** (Agenda Item 11)

(Action Item)

Staff – Misti Armstrong

a. Consideration of appeals  
There are no appeals

b. Consideration of applications – See Exhibit A for a list of Applications\*\*  
The Rural Pool (HR 3221)

The Rural Pool received four (4) applications requesting a total of \$16,155,000 in Bonus Allocation.

RECOMMENDATION: Staff recommends approval of \$16,155,000 in bond allocation to fund all projects in the Rural Pool.

<b><u>ISSUER</u></b>	<b><u>PROJECT</u></b>	<b><u>AMOUNT REQUESTED</u></b>	<b><u>AMOUNT RECOMMENDED</u></b>
CSCDA 08-213	Shannon Bay Apartments	\$4,215,000	\$4,215,000
CSCDA 08-215	Bella Vista Apartments	\$4,550,000	\$4,550,000

CSCDA 08-241	Sunnyslope Apartments	\$2,000,000	\$2,000,000
CSCDA 08-243	Placerville Apartments	\$5,390,000	\$5,390,000

The Mixed-Income Pool (HR 3221)

The Mixed-Income Pool received one (1) application requesting a total of \$51,520,000 in Bonus Allocation. The Committee received applications from Contra Costa County for Highlands Point Apartments for \$51,520,000.

The Highlands Point apartments from Contra Costa County exceeds the \$30 million project cap per project imposed by Section 17.IV of the CDLAC Procedures.

RECOMMENDATION: Staff recommends the Committee waive the maximum allocation amount for Application 08-232 Highlands Point Apartments 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 in the current round.

RECOMMENDATION: Staff recommends the approval of the award of allocation of \$51,520,000 for the one HR 3221 Mixed-Income project.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
County of Contra Costa 08-232	Highlands Point Apartments	\$21,520,000	\$21,520,000

The General Pool (HR 3221)

The General Pool received ten (10) applications requesting \$144,280,591 in Bonus Allocation.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
Alameda County 08-105	Ashland Village Apartments	\$23,512,591	\$23,512,591
City of Los Angeles 08-229	Taylor Terrace Apartments	\$10,000,000	\$10,000,000
City of Oceanside 08-237	Shadow Way Apartments	\$15,000,000	\$15,000,000
RDA of the City and County of San Francisco	Nihonmachi Terrace Apartments	\$26,000,000	\$26,000,000

08-238

Housing Authority of the City of Oakland 08-239	Tassafaronga Village Phase I Apartments	\$1,308,000	\$1,308,000
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Brea Redevelopment Agency 08-240	Tonner Hills Apartments	\$21,000,000	\$21,000,000
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CSCDA 08-244	Whitney Ranch Apartments	\$15,570,000	\$15,570,000
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Housing Authority of the County of Sacramento 08-245	Shiloh Arms Apartments	\$6,450,000	\$6,450,000
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CSCDA 08-250	Mountain View Apartments	\$11,265,000	\$11,265,000
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CSCDA 08-251	Desert Palms Apartments	\$14,175,000	\$14,175,000
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RECOMMENDATION: Staff recommends approval of \$144,280,591 in HR 3221 bond allocation to fund all projects in the General Pool.

- The total HR 3221 tax-exempt bond allocation requested in all three QRRP (rural, mixed-income, general) Pools is \$211,955,591.

Thomas Sheehy moved approval of staff's recommendation. Upon a second, the item passed 3-0 with the following vote: Thomas Sheehy: Aye; David O'Toole: Aye; Bettina Redway: Aye.

**Public Comment** (Agenda Item 12) (Action Item)

No public comment.

**Adjournment** (Agenda Item 13)

The meeting adjourned at 2:11 pm.