

MINUTES

May 27, 2009
(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 1:37 p.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Les Kleinberg for John Chiang, State Controller
Thomas Sheehy for Arnold Schwarzenegger, Governor

Members Absent: None

Advisory Members Present: Steven Spears, Executive Director
California Housing Finance Agency (CalHFA)

Lynn Jacobs, Executive Director
Department of Housing and Community Development (HCD)

Quorum: The Chairperson declared a quorum

Approval of the Minutes of the March 25, 2009 Meeting (Agenda Item 2) (Action Item)

Les Kleinberg moved approval of the minutes from the January 28, 2009 meeting. Upon a second, the minutes passed 2-0 with the following vote: Bettina Redway Aye; Les Kleinberg Aye;.

- Thomas Sheehy joined the meeting @ 1:50pm

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

Joanie Jones Kelly reported the following:

- HR 3221 update – All Applicants that received an HR 3221 allocation will report to CDLAC in June-2009, regarding the status of any unused allocation. Unlike regular CDLAC allocation CDLAC has the authority to reallocate any unused allocation to another Issuer.
- CalHFA HR 3221 update –Steve Spears, Acting Executive Director will report at the July 2009 meeting.
- CDLAC 2009 Allocation Update- After the May 27, 2009 CDLAC meeting, CDLAC allocation remaining:

A. 2009 Cap - Multifamily Housing Program (QRRP)

	Reservation	Allocated To Date	Amount Remaining
General	\$1,382,023,275	\$299,539,893	\$1,082,483,382
Rural	\$115,000,000	\$26,866,019	\$88,133,981
Mix'd Income	\$225,000,000	\$0	\$225,000,000

Due to uncertain market conditions in the first quarter of 2009, a large percentage of 2008 carryforward allocation awarded on December 3, 2008 was returned to the CDLAC. To ensure that no past year allocation is lost, CDLAC will award several May 27, 2009 QRRP projects unused carryforward allocation in lieu of current year allocation. Rural Pool projects will receive \$8,390,492 in carryforward allocation and General Pool projects will receive \$84,366,485 in carryforward allocation.

After the May 27 meeting, the following (substantial) unused 2007 & 2008 multi-family carryforward allocations will remain with Applicants:

- \$67.3 million – CalHFA (2008)
- \$51.5 million - County of Contra Costa (2008)
- \$67.3 million – ABAG (2007)

Thomas Sheehy: I want to acknowledge and thank Ms. Kelly and CDLAC staff for this report that I'd asked for specifically at the last meeting. Do the dates after here indicate the year that the carryforward allocation was given to them?

Joanie Jones Kelly: That is correct.

Thomas Sheehy: And so if we add two years, is that when it would sunset? Are the 2008 dates good until 2010?

Joanie Jones Kelly: It is three years, until 2011

B. Single Family Housing Program (2009 Cap)

	Reservation	Allocated To Date	Amount Remaining
CalHFA/CalVet	\$250,000,000	\$0	\$250,000,000
Locals	\$250,000,000	\$79,260,182	\$170,739,818

C. Industrial Development Bond Program (2009 Cap)

In January 2009, CDLAC awarded \$150 million to the California Industrial Development Financing Advisory Commission (CIDFAC) for the IDB program. To date, CIDFAC has awarded \$14 million in allocation to various IDB projects.

D. Exempt Facility Program (2008 Cap)

In December 2008, California Pollution Control Financing Authority (CPCFA) was assigned all unused 2008 allocation in the amount of \$788,318,045 on a carryforward basis (to be used through December 31, 2011). No allocation has been issued to date.

E. Student Loan Program (2009 Cap)

No Student Loan allocation has been awarded to date.

Reservation	Allocated To Date	Amount Remaining
\$225,000,000	\$0	\$225,000,000

F. Undesignated Reserve Pool (2009 Cap)

No Reserve Pool allocation has been awarded to date.

Reservation	Allocated To Date	Amount Remaining
\$711,076,665	\$0	\$711,076,665

Thomas Sheehy: We'd touched on this at a different meeting, about CPCFA. I see we have this undesignated reserve remaining. I see a pattern here and have a feeling that we're going to have a lot of volume cap remaining at the beginning of the 3rd and 4th quarters this year. I just want to make sure that if other entities come forward to CDLAC with good projects, particularly in the exempt facility area, that we be prepared to consider those applications and projects even if it didn't fit the model that we adopted at the end of last year. Does anyone want to comment on that?

Bettina Redway: I think that we are open to all applications. That is our general rule. I am hopeful though that housing will pick up a little bit.

Steven Spears: Housing may pick up. The problem will be whether the bond market will function properly, so we can issue bonds to come up with a rate that makes sense in the marketplace. That is why you're going to see a lot of these loans slow on utilization. In fact, the question I have for Ms. Kelly is that under "Section B: Single Family Housing" the utilization there by locals today, 73.9 million, that's mostly MCC's right? I can't imagine its bond sales.

Joanie Jones Kelly: Yes, that's pretty much all MCC's.

Steven Spears: So I think you're going to have to see a less dysfunctional market.

Thomas Sheehy: How much do the rates have to change before you can issue bonds?

Steven Spears: With what the Treasurer has said recently, with the Build America bonds, and assuming the State's credit is fairly decent by municipal market standards, something in the 5's.

Bettina Redway: Around 4 3/4's.

Steven Spears: Yes 4 3/4's

Thomas Sheehy: For what type of loan?

Steven Spears: Fixed rate, 30 years.

Thomas Sheehy: You can get 4 and 3/4 right now on a 30 year fixed?

Steven Spears: Yes. I was just on the PERS website and they have a 4.6 percent 15 year fixed rate.

Bettina Redway: So in conclusion, I think there will be some traffic here in the future.

Joanie Jones Kelly: Which leads to my next point. We had the application cutoff last Friday for the July 22nd meeting, and have over 413.5 million in applications. So we are seeing an increase in the multi-family. In the single family we are seeing the MCC's, however we aren't seeing the MRB's being issued

Steven Spears: To be more complete for Mr. Sheehy, it has improved, just not enough yet. It's better than it was in March, which is better than it was in January.

Bettina Redway: In general this year is very different from last year. We were competitive last year. Yet we have a plentiful supply this year, and will entertain any and all applications for use.

Thomas Sheehy: That's great. I'm glad to hear we are open for business for other projects.

Joanie Jones Kelly: As a reminder CDLAC's last allocation meeting will be in December. So we are open for business.

Thomas Sheehy: Can we have an update on these numbers at our next meeting on July 27th?

Joanie Jones Kelly: I'd be happy to provide that.

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 4)

(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 2009 single-family housing allocation of \$10,100,659 for the issuance of Mortgage Credit Certificates (MCCs): 1) Sonoma County Community Development Commission requested their Fair Share allocation of \$3,183,159; 2) County of San Mateo requested their Fair Share allocation of \$4,858,604; and 3) County of Solano requested their Fair Share allocation of \$2,058,896.

RECOMMENDATION: Staff recommends approval of a total single family housing Fair Share allocation of \$10,100,659 to issue Mortgage Credit Certificates for the three projects listed above.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
Sonoma County	MCC Program	\$3,183,159	\$3,183,159

Community Development Commission 09-049			
County of Los Angeles 09-031	MCC Program	\$4,858,604	\$4,858,604
County of San Diego 09-032	MCC Program	\$2,058,896	\$2,058,896

Les Kleinberg moved approval of staff's recommendation. Upon a second, the recommendation passed 3-0 with the following vote: Bettina Redway Aye; Thomas Sheehy Aye; Les Kleinberg 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 5)
(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
The Rural Pool received three (3) applications requesting an allocation of \$7,195,000.

RECOMMENDATION: Staff recommends approval of \$7,195,000 in bond allocation to fund all three projects.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
CSCDA	San Jacinto Senior Apartments	\$2,030,000	\$326,508 (and \$1,700,492 in carryforward)
CSCDA	Hudson Park I & II	\$3,690,000	\$3,690,000 in carryforward
CSCDA	Desert View Apartments	\$1,475,000	\$1,475,000

The General Pool
The General Pool received ten (10) applications requesting a total allocation of \$148,978,343.

RECOMMENDATION: Staff recommends approval of \$148,978,343 to fund all projects in the General Pool.

<u>ISSUER</u>	<u>PROJECT</u>	<u>AMOUNT REQUESTED</u>	<u>AMOUNT RECOMMENDED</u>
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California Municipal Finance Authority	St. Joseph's Senior Apartments	\$27,700,000	\$27,700,000
CSCDA	San Sevaine Villas Apartments	\$30,000,000	\$30,000,000 in carryforward
Housing Authority of the City of San Diego	Village Green Apartments	\$9,664,172	\$6,810,000 (and \$2,810,000 in carryforward)
CSCDA	Orange Villas Apartments	\$2,808,171	\$2,808,171
Brea Redevelopment Agency	Tonner Hills	\$21,000,000	\$21,000,000 in carryforward
California Municipal Finance Authority	Lakeside Silver Sage Apartments	\$12,950,000	\$11,833,515 (and \$1,116,485 in carryforward)
CSCDA	St. Marks Apartments	\$14,000,000	\$11,000,000 (\$3,000,000 in carryforward)
CSCDA	Creekside Apartments	\$1,546,000	\$1,546,000
CSCDA	Desert Oak Apartments	\$1,810,000	\$1,810,000
CSCDA	Ridgeway Apartments	\$27,500,000	\$23,760,000 (and \$3,740,000 in carryforward)

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

Public Comment (Agenda Item 6) (Action Item)

No public comment.

Adjournment (Agenda Item 7)

The meeting adjourned at 1:56 pm.