

California Debt Limit Allocation Committee (CDLAC)

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

December 15, 2010 Meeting Minutes

1. Call to Order and Roll Call

Bettina Redway, Chairperson, called the California Debt Limit Allocation Committee meeting to order at 1:07 p.m.

Members present were Jennifer Rockwell for Governor Arnold Schwarzenegger, Cindy Aronberg for State Controller John Chiang, and Bettina Redway for State Treasurer Bill Lockyer.

Advisory Members present were Bob Deaner for Cal-HFA and Elliott Mandell for HCD.

The chairperson declared a quorum.

2. Approval of the Minutes of the November 17, 2010, Meeting

Cindy Aronberg made a motion to approve the minutes of the November 17, 2010, meeting. Jennifer Rockwell seconded the motion. There were no objections and the November 17, 2010 minutes were approved by unanimous vote.

3. Executive Director's Report

CDLAC Executive Director, Sean L. Spear gave an overview of today's meeting agenda and then mentioned that shortly before Thanksgiving, the IRS issued a Notice specifying how they will treat the tax benefit associated with the interest on draw-down bonds. Mr. Spear stated that CDLAC sees draw-down bonds primarily associated with private placement transactions in the housing, IDB and exempt facility pools. He further stated that this guidance could affect the type of allocation CDLAC would provide to private placement deals going forward, as well as the issuance reporting information provided to us by the Issuers. Mr. Spear continued that an ad-hoc group of bond counsels and affected-lenders are reviewing the potential impacts of the Notice, and will share their conclusions and recommendations with CDLAC soon. At that point, CDLAC may need to consider some revisions to CDLAC's Regulations to accommodate the new IRS requirements. If needed, CDLAC will incorporate any proposed revisions into the draft emergency regulation package that is planned to be brought before the Committee at the next meeting. In addition, a notice will be posted to the CDLAC website asking project sponsors of private placement deals currently in the draw down process or about to issue to contact CDLAC immediately to make CDLAC aware of the sponsor's deal in process which may be affected by the Notice.

Mr. Spear continued on that the public comment period for CDLAC's Permanent Regulations is now open; with an end-date of January 18th. CDLAC is also preparing a set of revisions designed to incorporate changes being considered by TCAC; which will eventually be merged with the permanent package. CDLAC plans to bring this draft package to the Committee at the January meeting for their approval and eventual submission to OAL.

Mr. Spear concluded with advising that on the legislative front, there is not going to be an extension to the Build America Bond and Recovery Zone bond programs as it was not included in the framework negotiated between the Administration and the Congressional Republicans, and an amendment to extend these programs proposed by Senator Wyden was not heard for consideration. Mr. Spear stated that more than \$1.2 Billion dollars in allocation was deployed to infrastructure and development projects throughout California this year. CDLAC will present a summary report on the RZB and our other allocation programs at next month's meeting.

4. Consideration of and Approval of a Modification to Resolution ARRA-047 for the Santa Clara County Photovoltaic Project

Richard Fischer advised that on November 17th, 2010, the Committee awarded the County of Santa Clara \$24,366,000 in Qualified Energy Conservation Bond (QECB) Allocation. Subsequent to the award, the County discovered that the official QECB issuer for the County is the Santa Clara County Financing Authority (SCCFA). As a result, the County has agreed to relinquish their role as Issuer and requests and supports CDLAC's revision to CDLAC Resolution ARRA-047, which designates the SCCFA as the Issuer for the Project. No other elements of the project and the information provided in the associated CDLAC Application have changed since the original Committee approval.

Mr. Fischer reported that the Staff recommends a revision to CDLAC Resolution ARRA-047 for the purpose of designating Santa Clara County Financing Authority as the Issuer of the bonds for the Santa Clara County Photovoltaic Project (ARRA-078).

There were no questions or comments. Cindy Aronberg moved for approval of the recommendation. Jennifer Rockwell seconded the motion. The motion was unanimously approved to revise CDLAC Resolution ARRA-047 for the purpose of designating Santa Clara County Financing Authority as the Issuer of the bonds for the Santa Clara County Photovoltaic Project (ARRA-078).

5. Consideration and Approval of an Issuance Date Extension for the following Qualified Energy Conservation Bond Program and Qualified Residential Rental Program Projects

Richard Fischer advised that the recently approved CDLAC Regulations state that if an Allocation was awarded during an Open Allocation Round, the Committee may extend the Project’s expiration date up to the next regularly scheduled meeting at which time the Committee may elect to grant an additional extension up to ninety (90) days.

Mr. Fischer continued that the following projects are requesting an extension to March 15, 2011: Salinas Street Garage/Permit Center and Waste Water Treatment Plant Project (ARRA-056); Salinas Municipal Buildings Energy Consumption Reduction Project (ARRA-074); Sonoma Farms to Fuel Project (ARRA-064); and the Movietown Plaza Apartments Project (10-048).

There were no questions or comments from the public. Cindy Aronberg moved for approval for the extension. Jennifer Rockwell seconded the motion. The motion was unanimously approved to extended the expiration date for March 15, 2011 for the following projects: Salinas Street Garage/Permit Center and Waste Water Treatment Plant Project (ARRA-056); Salinas Municipal Buildings Energy Consumption Reduction Project (ARRA-074); Sonoma Farms to Fuel Project (ARRA-064); and the Movietown Plaza Apartments Project (10-048).

6. Consideration of a Request for Waiver of Forfeited Performance Deposit for New Hope Homes Apartments (Application #'s 09-144 and 10-029) and Buckingham Senior Apartments (Application # 10-003)

Misti Armstrong reported that the Staff recommends the approval of the Waiver of Performance Deposit forfeiture for the New Hope Home Project Initial and supplemental awards (09-144 and 10-029, respectively) and Buckingham Senior Apartments (10-003). New Hope Home has experienced HUD processing delays and will not be able to issue bonds by December 31, 2010. Because the delays are unforeseen and outside the control of the developer, New Hope Home is requesting CDLAC waive the forfeited performance deposit penalty.

In addition, Ms. Armstrong reported Buckingham Senior has received a commitment for an award of Neighborhood Stabilization Program (NSP) funds from the CA Housing and Community Development Department (HCD). However, due to extended NSP processing delays, the Applicant has determined that the CDLAC allocation cannot be issued by the established CDLAC issuance deadline and that a reversion of the allocation is required in order to reapply for a new award of allocation in 2011. Because the NSP loan processing delay was unforeseen and wholly outside the control of the Developer, the Applicant is seeking a waiver of the performance deposit forfeiture penalty.

Ms. Armstrong advised that the Staff recommends the approval of the Waiver of Performance Deposit forfeiture for the New Hope Home Project Initial and supplemental awards (09-144 and 10-029, respectively) and Buckingham Senior Apartments (10-003).

There were no comments or questions. Jennifer Rockwell moved for approval of the waivers and Cindy Aronberg seconded the motion. The motion was unanimously approved to waive the Performance Deposit forfeiture requirement for the New Hope Home Project Initial and supplemental awards (09-144 and 10-029, respectively) and Buckingham Senior Apartments (10-003).

7. 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

Sarah Lester reported that there were two (2) applications for the Single Family Housing Program. One application was from the City and County of San Francisco requesting \$12,000,000 from the Bonus Pool. The second application was from CalHFA for \$225,000,000 which is their fair-share amount for 2010.

Ms. Lester advised that the Staff recommends approval of \$237,000,000 to fund the two (2) programs in the Single Family Housing Program.

There were no questions or comments. Jennifer Rockwell moved for approval of the recommendation and Cindy Aronberg seconded the motion. The motion was unanimously approved to allocate \$237,000,000 to fund the two (2) programs in the Single Family Housing Program.

10-092	City and County of San Francisco	MCC	\$12,000,000
10-102	CalHFA	MRB	\$225,000,000

8. 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

John Weir reported that no appeals were received. The Mixed Income Pool received one (1) complete application; the Rural Pool received one (1) application; and the General Pool received six (6) complete applications.

Mr. Weir continued that on November 3, 2010, the Village II Apartments Project (Resolution number 10-073) requested an increase to their original application request of \$11,867,000. Staff unintentionally transposed the amount of the requested allocation and recommended \$12,192,130 rather than requested \$12,192,300 at the November 17, 2010 allocation meeting. The award of \$170 will allow the Applicant to issue the intended amount of allocation by the established issuance deadline. No other elements of the project or award allocation have changed since the Committee approval last month.

Mr. Weir advised that the Staff recommends approval of \$22,000,000 to fund the Mixed Income Pool application; approval of \$3,600,000 to fund the Rural Pool application; and approval of \$43,522,756 to fund the six (6) General Pool applications.

There were no questions or comments. Cindy Aronberg moved for approval of the applications. Jennifer Rockwell seconded the motion. The motion was unanimously approved for \$22,000,000 to fund the Mixed Income Pool; approval of \$3,600,000 to fund the Rural Pool; and approval of \$43,522,756 to fund the General Pool.

10-044	La Vida at Campus Pointe Apartments	\$22,000,000
10-097	Kearney Palms Senior Apartments, Phase III	\$3,600,000
10-022	El Centro Family Apartments	\$9,600,000
10-050	Village II Apartments (Supplemental Allocation)	\$170
10-096	Red Star Apartments	\$11,489,686
10-098	New Hope Apartments (Supplemental)	\$857,900
10-101	Belagio Apartments	\$14,975,000
10-103	Forestwood at Folsom Family Apartments	\$6,600,000

9. Consideration of Staff’s Recommendation to Transfer and Award Unused 2010 Allocation to Various Issuers

Sarah Lester reported that after the December 15, 2010 allocations have been made, there will be a 2010 volume cap balance of approximately \$2,683,399,808 remaining. This amount is likely to increase as projects that have received CDLAC-approved bond authority may issue only a portion of their allocation or fail to issue bonds entirely. Staff surveyed the 12 most active issuers that were contacted for the 2009 lump sum carryforward analysis. Five of these issuers responded with interest in receiving a lump sum 2010 carryforward allocation. In order to ensure that no amount of 2010 allocation is lost, staff is recommending that the remaining allocation as of December 15, 2010 be made available to the following issuers in the following amounts:

NAME OF ISSUER	RECOMMENDED TRANSFER AMOUNT
California Statewide Communities Development Authority	\$600,000,000*
California Municipal Finance Authority	\$300,000,000*
CRA of the City of Los Angeles	\$50,000,000*
California Housing Finance Agency	\$800,000,000*
ABAG Finance Authority for Nonprofit Corporations	\$75,000,000*
CPCFA	\$858,399,808

Ms. Lester advised that this carryforward allocation will be applied to future individual QRRP requests for allocation made by the issuer to the Committee until the amounts are exhausted.

Ms. Lester continued that the Staff recommends that \$1,825,000,000 of the remaining \$2,683,399,808 December 15, 2010, allocation be transferred to the five aforementioned issuers of multifamily housing projects for the Qualified Residential Rental Project Program, and all allocation remaining thereafter be transferred to the California Pollution Control Financing Authority for the Exempt Facility Program all on a carryforward basis.

There were no comments or questions. Cindy Aronberg moved for approval of the recommendation. Jennifer Rockwell seconded the motion. The motion was unanimously approved to transfer unused 2010 allocation to the recommended issuers.

10. Consideration of Appeals and Applications for a Re-Allocation of American Recovery and Reinvestment Act - Recovery Zone Facility Bonds and Awards of Allocation

Crystal Alvarez reported that there were no appeals. Ms. Alvarez continued that the Recovery Zone Facility Bond (RZFB) Program received two (2) complete applications for projects requesting a total allocation of \$21,325,000.

Ms. Alvarez stated that the Staff recommends approval of \$21,325,000 in reallocated American Recovery and Reinvestment Act – Recovery Zone Facility Bond authority to fund two (2) projects.

There were no comments or questions. Jennifer Rockwell moved for approval of the applications. Cindy Aronberg seconded the motion. The motion was unanimously approved for \$21,325,000 in reallocated American Recovery and Reinvestment Act – Recovery Zone Facility Bond authority to fund two (2) projects.

ARRA-073	Golden West Trading Project	Vernon	Los Angeles	\$10,000,000
ARRA-081	Troy-CSL Lighting, Inc. Project	City of Industry	Los Angeles	\$11,325,000

11. Public Comment

There were no public comments.

12. Adjournment

The meeting was adjourned at 1:26 p.m.