

California Debt Limit Allocation Committee (CDLAC)

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

November 16, 2011 – Meeting Minutes

1. Call to Order and Roll Call

Bettina Redway, Chairperson, called the California Debt Limit Allocation Committee meeting to order at 11:02 a.m.

Members present were Alan Gordon for State Controller John Chiang, Pedro Reyes for Governor Edmund G. Brown, Jr., and Bettina Redway for State Treasurer Bill Lockyer.

Advisory Members present were Claudia Cappio for Cal-HFA and Russ Schmunk for HCD.

2. Approval of the Minutes of the September 28, 2011 Meeting

There were no comments or questions and Pedro Reyes moved for approval of the minutes of the September 28, 2011 meeting. Alan Gordon seconded the motion. The approval of the September 28, 2011 meeting minutes was unanimously approved.

3. Executive Director's Report

Sean Spear reported that there will be applications accepted for the January 18, 2012 meeting. The deadline for submission is November 18, 2011.

Mr. Spear also mentioned that the four State housing agencies have begun the process of an affordable housing Cost Study and that the TCAC Executive Director will provide more information during the TCAC Meeting to follow this one. CDLAC staff consider this an important effort, and will help inform future program policy and requirements decision-making by the Committee.

In reporting on the redevelopment agencies' lawsuit challenging the two laws that were passed at the end of June, Mr. Spear stated that the State Supreme Court heard oral arguments last Thursday, and is still expected to render a decision in January. Mr. Spear then mentioned that CDLAC wants to accommodate those RDA-supported QRRP projects that cannot proceed now because of the Court's Stay and must wait to learn the fate of RDA funding. Mr. Spear did publicly remind these RDA awardees and potential applicants that as previously stated on the CDLAC website, a loss of RDA financing resulting from any of the Court's decision will not be grounds for the waiver of the required performance deposit forfeiture.

Mr. Spear also stated that the Dunbar Hotel, a project that was awarded allocation back in May, had originally sought to use Historic Tax Credits to help finance the project. The project received one extra scoring point for that. However, the issuer recently informed CDLAC that the project will no longer pursue Historic Tax Credits, and CDLAC will need to revise the score and Resolution accordingly. The project still exceeds the minimum point threshold and was awarded in a non-competitive round. With no Committee objection, CDLAC Staff will make this change to the Resolution.

Lastly, Mr. Spear reported that the Emergency Regulations are expected to be approved by OAL by December 9th. Therefore, the 2012 March Round applications will be subject to the new requirements. Mr. Spear suggested that potential applicants familiarize themselves with the changes; the draft of which can be found on the CDLAC website.

There were no comments or questions.

4. Consideration and Approval of an Issuance Date Extension for Various Qualified Residential Rental Program Projects – Qualified Residential Rental Program

Crystal Alvarez reported on Issuance date extension requests for the following four (4) awards:

The Gateway Terrace Apartments Project (11-096) received an allocation award through the California Statewide Communities Development Authority (Applicant) on July 20, 2011, and is requesting an extension of the issuance date to December 27, 2011. The Project has been delayed due to the housing authority and HUD requiring more time to confirm the availability of Section 8. Each financing source has its own loan review process and the financing team has been working diligently to meet all necessary timelines.

The Market Park Apartments Project (11-024) received an allocation award through the California Statewide Communities Development Authority (CSCDA) on July 20, 2011, and is requesting an extension of the issuance date to December 27, 2011. CSCDA notified the Project Sponsor that on September 30, 2011 the Project had been allocated New Issue Bond Program allocation. In order for the Project Sponsor to comply with the CSCDA final issuance date of December 15, 2011, CSCDA and the Project Sponsor need additional time beyond the previously extended expiration date to allow this bond transaction to close.

The Avila Avenue Apartments Project (11-098) received an allocation award through the California Statewide Communities Development Authority on July 20, 2011, and is requesting an extension of the issuance date to December 31, 2011. The lender, Rabobank, is experiencing delays due to capacity issues. However, they are on track for approval and funding in December of this year.

The Samoa Avenue Apartments Project (11-042) received an allocation award through the City of Los Angeles on July 20, 2011, and is requesting an extension of the issuance date to February 14, 2012. The project sponsor of the Samoa Avenue Apartments Project has determined that the Project requires bond proceeds in excess of the \$11,000,000 of current CDLAC allocation for the Project. The City of Los Angeles is preparing to submit a supplemental application for additional allocation once all City approvals have been received.

Ms. Alvarez stated that the CDLAC Regulations state that if an Allocation was awarded during an Open Allocation Round, the Committee may extend a Project or Program'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. The Project is in full compliance and eligible for an extension under the CDLAC Regulations.

Mr. Spear commented that prior to the meeting CDLAC Staff received a few telephone calls and emails requesting the extension for the Samoa Avenue Apartments not be approved, as some local approvals have not yet been received for the project. Mr. Spear advised that if after an investigation by Staff, if the needed approvals are in-fact missing, Staff will request the Committee to rescind the allocation. However, Mr. Spear expressed Staff's concern that denying the extension today might prohibitively delay the project, so Staff was maintaining its recommendation to approve while they conducted their investigation. Mr. Spear committed to report back to the Committee at the December Meeting on the results of the Staff's investigation.

Alan Gordon moved for approval. Bettina Redway seconded the motion. Alan Gordon and Bettina Redway voted aye; Pedro Reyes abstained and the motion to approve the issuance date extensions was approved for the following:

11-096 Gateway Terrace Apartments	December 27, 2011
11-024 Market Park Apartments	December 27, 2011
11-098 Avila Avenue Apartments	December 31, 2011
11-042 Samoa Avenue Apartments	February 14, 2012

5. Consideration and Approval of an Award Revision to Various Qualified Residential Rental Project Resolutions

Richard Fischer reported that projects often encounter justifiable reasons for issuing bonds in amounts slightly less than the original awarded allocation amounts from CDLAC. To avoid a forfeit, staff recommends revising the current CDLAC Resolutions for the Projects, listed below, to reflect the actual amount used.

Mr. Fischer advised that CDLAC Staff recommends approval of a revision to the CDLAC Resolutions for all eight (8) projects listed below:

<u>Reso. #</u>	<u>App.#</u>	<u>Project Name</u>	<u>Original Award</u>	<u>Revised Award</u>
11-32	11-078	Yucaipa Senior Terrace Apartments	\$6,500,000	\$6,100,000
11-45	11-025	Fountain and La Brea Apartments	\$62,000,000	\$54,535,000
11-129	11-044	Keller Plaza Apartments	\$17,310,508	\$15,883,000
11-80	11-082	Taylor Oaks Apartments	\$7,000,000	\$6,300,000
11-93	11-099	Hemlock Family Apartments	\$9,510,497	\$8,858,497
11-87	11-092	Pinole Grove Senior Housing Apts.	\$4,800,000	\$4,300,000
11-89	11-095	Lakeside Village Apartments	\$100,000,000	\$91,000,000
11-70	11-084	Valley Commons East Apartments	\$3,500,000	\$3,250,000

Pedro Reyes moved for approval. Alan Gordon seconded the motion. The request for revision to the CDLAC resolutions of the projects above was unanimously approved.

6. 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

Sarah Lester reported that the Rural Pool received two (2) applications for projects requesting a total allocation of \$6,867,515; the Mixed Income Pool received one (1) application for a project requesting a total allocation of \$86,200,000; the General Pool received eight (8) complete applications for projects requesting a total allocation of \$100,257,772.

Ms. Lester advised that Staff recommends approval for the eleven (11) projects for a total of \$193,325,287.

Alan Gordon moved for approval of projects requesting over the \$30,000,000 limit. Bettina Redway seconded the motion. The request to allow projects requesting over the \$30,000,000 limit was approved with Alan Gordon and Bettina Redway voting aye and Pedro Reyes abstaining.

Pedro Reyes moved to proceed to split the vote for approval of the project applications with the exception of 11-144, 11-145, 11-153, 11-154, 11-156. Chair Bettina Redway accepted Mr. Reyes request to split the voting of the applications.

Alan Gordon moved for approval of applications except the ones previously mentioned by Mr. Reyes and Pedro Reyes seconded. The motion to approve the mentioned projects was unanimously approved.

Alan Gordon moved for approval of the remaining project applications 11-144, 11-145, 11-153, 11-154, 11-156. Bettina Redway seconded the motion. The motion to approve the mentioned projects was approved with Alan Gordon and Bettina Redway voting aye and Pedro Reyes abstaining.

11-123	Shady Lane Apartments	Anderson	\$1,967,515
11-152	Wasco Arms Apartments	Wasco	\$4,900,000
11-144	One Santa Fe Apartments	Los Angeles	\$86,200,000
11-141	Trans Pacific Gardens II Apartments	Chico	\$12,765,000
11-145	Natoma Family Apartments	San Francisco	\$17,260,000
11-148	Crossing at North Loop Apartments	Antelope	\$11,000,000
11-149	Palmdalia Family Apartments	Palmdale	\$5,389,000
11-151	Mono Hilltop Apartments	Fresno	\$4,100,000
11-153	Portola Terrace Apartments	Temecula	\$7,393,772
11-154	Colonial House Apartments	Oxnard	\$9,150,000
11-156	Woolf Housie I and II	San Francisco	\$33,200,000

7. Consideration and Adoption of the Qualified Residential Rental Program Non-Competitive Application Process for 2011 Program Year

Annie Ong reported that the Staff recommends that the Committee approve and maintain an open application process for the 2012 Qualified Residential Rental Program (QRRP) year. The recommendation is made on the basis that the QRRP pool continues to be non-competitive in 2011 and is expected to be non-competitive for the 2012 program year. Ms. Ong continued that if at any time during the open application process the QRRP pool appears to become competitive, Staff will return to the Committee with a recommendation to close the open application process and return to a competitive allocation round process. In addition, Staff recommends the approval of a 60 point minimum threshold for the General and Rural Pools and 50 points for the Mixed Income Pool. Ms. Ong advised that the Staff recommends approval of an open application process for the Qualified Residential Rental Program for 2012.

Pedro Reyes moved for approval and Alan Gordon seconded. The request for an open application process for the Qualified Residential Rental Program for 2012 was unanimously approved.

8. Public Comment

There were no comments or questions from the public.

9. Adjournment

Bettina Redway, Chairperson, adjourned the meeting at 11:23 a.m.