

# California Debt Limit Allocation Committee

Jesse Unruh Building  
Room 587  
915 Capitol Mall  
Sacramento, CA 95814  
**May 17, 2017**  
Meeting Minutes

## OPEN SESSION

### 1. Call to Order and Roll Call

Jeree Glasser, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 1:03 pm.

Members Present: Jeree Glasser-Hedrick for John Chiang, State Treasurer  
Eraina Ortega for Edmund G. Brown, Jr., Governor  
Alan LoFaso for Betty T. Yee, State Controller

Advisory Members Present: Tia Boatman-Patterson for the California Housing Finance Agency (CalHFA)  
John Hiber for the Department of Housing and Community Development (HCD)

### 2. Approval of the Minutes of the March 15, 2017 Meeting (Action Item)

Eraina Ortega moved approval of the minutes, as amended by Alan LoFaso, for the March 15, 2017 meeting. Upon a second by Alan LoFaso, the minutes passed 3-0 with the following votes: Eraina Ortega: Aye; Alan LoFaso: Aye; Jeree Glasser-Hedrick: Aye

### 3. Executive Director's Report (Informational Item)

Mr. Geoff Palmertree reported that he was appointed as Acting Executive Director of CDLAC while the vetting process for a permanent replacement was occurring.

Mr. Palmertree stated that there were some revisions to the Agenda packet which Misti Armstrong will report.

Ms. Armstrong stated that the revision to Item 5 was printed on the pink sheet. There was a reporting error in the Staff comments section which should have stated all "pre-2000" QRRP projects instead of all "pre-2001" QRRP projects.

Ms. Armstrong further reported that the green sheets reflected the necessary revisions to eight (8) staff reports. Agenda Item 9.1 had a typing error on the first page narrative; on items 9.2 and 9.3, staff added clarification to the private placement purchaser; on item 9.8, staff added additional language to the narrative to reflect one (1) market rate tenant unit at the property; on item 9.9,

staff expanded the project financing narrative on the first page to provide clarity as to whether there was a public sale involved; on item 9.23, staff added additional language to reflect one (1) unrestricted rental unit; on item 9.24, staff adjusted the unit count to accurately reflect the number of affordable units; lastly, item 9.25 had the most significant change. Initially, the application reflected a private placement purchaser along with the public sale information, when, in fact, this project for the tax-exempt bond portion of the financing will be public sale only.

**4. Consideration of the Adoption of a Resolution Authorizing the Acting Executive Director, the Committee Chair and his or her Designee to Execute Documents on Behalf of the Committee (Action Item)**

Mr. Palmertree reported that Item 4 introduced him as the Acting Executive Director as well as provided him with the authorization to execute documents on half of the Committee. The Resolution also authorizes the Committee Chair and/or his or her designee to act on behalf of the Executive Director in his or her absence.

Ms. Glasser-Hedrick stated that the Community is anxious for the above approval to take place.

Mr. Palmertree stated that he would be signing several documents, upon approval by the Committee, immediately after the adjournment of this meeting.

**RECOMMENDATION:**

Staff recommended approval of the attached Resolution authorizing Geoff Palmertree, the Acting Executive Director, the Committee Chair and/or his or her designee, to execute all California Debt Limit Allocation Committee related documents, including but not limited to contracts, Resolutions, Resolution Amendments, and tax certificates. This Resolution will remain in effect until the Committee revokes this Resolution.

Alan LoFaso moved approval of staff's recommendation. Upon a second by Eraina Ortega, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Eraina Ortega: Aye; Jeree Glasser-Hedrick: Aye.

**5. Resolution to Change Reporting Status of QRRP and Non-QRRP Projects (Action Item)**

Misti Armstrong reported that Item 5 is a resolution to change the compliance reporting status of projects for certain Qualified Residential Rental Project Programs (QRRP) and Non-QRRP Programs.

In December 9, 2011, the Office of Administrative Law approved an Issuer reporting requirement, the Annual Applicant Public Benefits and Ongoing Compliance Self Certification ("Self-Certification") form which would provide confirmation that the applicable initial and ongoing public benefits of not only QRRP projects, but that all CDLAC projects and programs were being adequately tracked and accounted for by the Issuer annually.

CDLAC has sought legal counsel regarding ways in which it could compel compliance. It has been determined by CDLAC's legal counsel that for projects which received allocation prior to the implementation of the 2012 reporting requirement, CDLAC has no ability to enforce requirements beyond those incorporated into the resolution granting allocation for the projects. Requirements that are only present in the staff summaries are not enforceable as they are not part of the documentation that precedes with the deal.

Given that CDLAC has no ability to enforce requirements beyond those incorporated into the resolution, staff recommends removing all pre-2000 QRRP projects from reporting status. Additionally, given that the Issuer reporting requirement was established in CDLAC regulation December 9, 2011 and CDLAC does not have the ability to enforce requirements in a retroactive manner unless a regulatory or compliance period was incorporated into the original resolution, Staff recommends removing all pre-2012 non-QRRP projects from an active status in the CDLAC Compliance Reporting System. A CDLAC resolution will memorialize this action and a copy of the resolution will be placed in the permanent file of all effected projects.

**RECOMMENDATION:**

Staff recommended approval of a resolution to change the compliance reporting status of projects for certain Qualified Residential Rental Projects (QRRP) and certain Non-QRRP Programs as noted above.

Eraina Ortega moved approval of staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Eraina Ortega: Aye; Alan LoFaso: Aye; Jeree Glasser-Hedrick: Aye.

**6. Compliance update for 2017 (Informational Item)**

Misti Armstrong reported that the On-line Compliance System is directly tied to the CDLAC database of projects and supporting data. Historically, the data within the database was not updated after the issuance of bonds.

In February of 2017, it was discovered in a system-generated report that CDLAC's project portfolio, as captured in the CDLAC database, was significantly incomplete.

CDLAC has established the following plan of action to improve database integrity and resolve the balance of the On-line Compliance System issues: Staff will work with the STO PFD staff to align its QRRP project portfolio with that of TCAC. Staff will also work with CDIAC to ensure all Non-QRRP transactions that issued bonds are accurately reflected in the CDLAC database.

CDLAC staff acknowledges that there is still significant work to be done to ensure the quality of the data in the CDLAC database. CDLAC has established the following plan of action to improve database integrity and resolve the balance of the On-line Compliance System issues:

1. Staff will work with the STO Public Finance Division staff to align its Qualified Residential Rental Program (QRRP) project portfolio with that of the CA Tax Credit Allocation Committee (TCAC). Because most CDLAC QRRP projects also seek 4% tax credits, CDLAC staff believes that using TCAC data is both an accurate and reliable way to determine if any CDLAC projects are missing from the CDLAC database. This will ensure that all projects that receive TCAC financing are included in the CDLAC database as well.
2. Staff will work with data from California Debt & Investment Advisory Commission (CDIAC) to ensure all Non-QRRP transactions that issued bonds are accurately reflected in the CDLAC database.
3. As noted in the earlier agenda action item, staff will remove all projects from compliance reporting status where CDLAC has no legal ability to enforce the reporting requirement.

4. Staff will continue to work with STO IT to create the appropriate system rules in the On-line Compliance System that will automatically remove projects from the On-line Compliance System when the project's applicable reporting period has lapsed.
5. To maintain the integrity of the CDLAC data in the database and On-line Compliance System, staff will run data quality reports on a regular basis to ensure that data entering the CDLAC database is both accurate and complete.

**7. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for an Exempt Facility Program and Award of Allocation (Action Item)**

**a. Consideration of appeals\***

Richard Fischer stated that there were no appeals.

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

Mr. Fischer reported that there was one (1) Exempt Facility project requesting a total allocation of \$4,000,000.

**RECOMMENDATION:**

Staff recommended approval of \$4,000,000 to fund one (1) previously reviewed Exempt Facility application for the Escondido Bioenergy Facility Project.

Eraina Ortega moved approval of staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Eraina Ortega: Aye; Alan LoFaso: Aye; Jeree Glasser-Hedrick: Aye.

17-004	RF	California Municipal Finance Authority	Escondido Bioenergy Facility	Escondido	San Diego	\$4,000,000
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**8. 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 (Action Item)**

**a. Consideration of appeals\***

Sarah Lester stated that there were no appeals.

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

Ms. Lester reported that the Committee received two (2) applications for single family awards. The applications received from the City of San Diego and the City and County of San Francisco requested a total of \$14,381,660 of Single Family Housing Allocation for the issuance of Mortgage Credit Certificates under the single-family homeownership programs.

**RECOMMEDATION:**

Staff recommended approval of \$14,381,660 to fund two (2) previously reviewed projects in the Single Family Housing Program.

Eraina Ortega moved approval of staff’s recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Eraina Ortega: Aye; Alan LoFaso: Aye; Jeree Glasser-Hedrick: Aye.

8.1	17-006	SL	Housing Authority of the City of San Diego	MCC Program	San Diego	San Diego	\$8,862,850
8.2	17-008	SL	City and County of San Francisco	MCC Program	San Francisco	San Francisco	\$5,518,810

**9. 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 (Action Item)**

**a. Consideration of appeals\***

Shirley Hom stated that there were no appeals.

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

Ms. Hom reported that there was one (1) project for the Mixed Income Pool requesting an allocation of \$26,000,000, three (3) projects for the Rural Pool requesting an allocation of \$25,836,655 and twenty-one (21) projects in the General Pool requesting an allocation of \$517,526,556. The total allocation requested is for \$569,363,211 to fund a total of twenty-five (25) projects in the Mixed Income Pool, the Rural Pool and the General Pool.

**RECOMMEDATION:**

Staff recommended approval of \$26,000,000 to fund one (1) previously reviewed project in the Mixed Income Pool, \$25,836,655 to fund three (3) projects in the Rural Pool and \$517,526,556 to fund twenty-one (21) projects in the General Pool for an aggregate amount of \$569,123,211.

Eraina Ortega moved approval of staff’s recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Eraina Ortega: Aye; Alan LoFaso: Aye; Jeree Glasser-Hedrick: Aye.

17-336	LE	California Statewide Communities Development Authority	Ivy Hill Apartments	Walnut Creek	Contra Costa	\$26,000,000
17-005	RB	California Statewide Communities Development Authority	Sierra Village Apartments (formerly Dinuba Village) (Supplemental)	Dinuba	Tulare	\$3,823,747
17-328	RB	California Statewide Communities Development Authority	Lindsay Village Apartments	Lindsay	Tulare	\$12,012,908

17-331	SL	California Statewide Communities Development Authority	Sierra Heights Apartments	Oroville	Butte	\$10,000,000
17-007	LE	California Municipal Finance Authority	Monterey Pines Apartments (Supplemental)	Richmond	Contra Costa	\$5,500,000
17-301	LE	Housing Authority of the City of San Diego	Casa Puleta Apartments	San Diego	San Diego	\$5,400,000
17-325	RB	California Statewide Communities Development Authority	Sun Ridge Apartments	Concord	Contra Costa	\$33,930,907
17-326	LE	City and County of San Francisco	Alice Griffith Phase 4 Apartments	San Francisco	San Francisco	\$14,450,000
17-327	RF	California Statewide Communities Development Authority	Kings Canyon Apartments	Fresno	Fresno	\$25,000,000
17-330	RB	California Public Finance Authority	E. Boyd Esters Manor Apartments	Compton	Los Angeles	\$7,184,171
17-332	LE	Housing Authority of the City of San Diego	Coronado Terrace Apartments	San Diego	San Diego	\$95,870,000
17-333	RF	City of San Jose	Catalonia Apartments	San Jose	Santa Clara	\$17,713,027
17-335	RF	California Statewide Communities Development Authority	Magnolia City Lights and Harbor City Lights Apartments (Scattered Site)	Los Angeles	Los Angeles	\$15,000,000
17-337	LE	California Municipal Finance Authority	Bow Street Apartments II	Elk Grove	Sacramento	\$7,738,451
17-338	SL	California Municipal Finance Authority	Mission Court Senior Apartments	Fremont	Alameda	\$11,500,000
17-339	RB	Housing Authority of the City of San Diego	Luna at Pacific Highlands Ranch Apartments	San Diego	San Diego	\$24,000,000
17-341	RF	California Municipal Finance Authority	The Cannery Apartments	Gilroy	Santa Clara	\$34,300,000
17-342	SL	California Housing Finance Agency	North San Pedro Apartments	San Jose	Santa Clara	\$44,000,000

17-343	LE	California Municipal Finance Authority	Beachwood Apartments (Scattered Site)	Long Beach	Los Angeles	\$15,000,000
17-344	RB	California Housing Finance Agency	Verdes Del Oriente Apartments	San Pedro	Los Angeles	\$43,000,000
17-345	RB	County of Contra Costa	Carena Apartments (Scattered Site)	Concord/Bay Point	Contra Costa	\$19,500,000
17-347	RF	California Municipal Finance Authority	Los Robles Terrace Apartments	Paso Robles	San Luis Obispo	\$7,000,000
17-348	RF	California Municipal Finance Authority	Fruitvale Transit Village Phase II-A Apartments	Oakland	Alameda	\$41,000,000
17-349	SL	City and County of San Francisco	455 Fell Street Apartments	San Francisco	San Francisco	\$43,000,000
17-350	RF	California Municipal Finance Authority	Providence House Oakland Apartments	Oakland	Alameda	\$7,200,000

**~~10. CLOSED SESSION: Litigation (Government Code Section 11126(e)(2)(c)) – Discussion with Legal Counsel Regarding Pending Litigation (San Regis, LLC v. City of Los Angeles, et al., Los Angeles County Superior Ct. Case No. BC637630)~~**

**11. Public Comment**

There was no public comment.

**12. Adjournment**

The Chairperson adjourned the meeting at 1:21 p.m.