

California Debt Limit Allocation Committee

Jesse Unruh Building
Room 587
915 Capitol Mall
Sacramento, CA 95814
December 13, 2017
Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

Jeree Glasser-Hedrick, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 3:46 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 Member Present: Michael Carroll for the California Housing Finance Agency (CalHFA)

2. Approval of the Minutes of the September 20, 2017 Meeting (Action Item)

Alan LoFaso moved approval of the minutes for the September 20, 2017 meeting. 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

3. Executive Director's Report (Informational Item)

Laura Whittall-Scherfee reported that the CDLAC regulations were approved by the Office of Administrative Law (OAL) on December 1, 2017.

Ms. Whittall-Scherfee further reported that she had received many questions from issuers and sponsors regarding the possible effects of the tax reform bill. If there is no action on the bill, CDLAC will proceed with the December 20th meeting. If private activity bonds are preserved and there is a vote on the bill prior to the December 20th meeting, the meeting will be canceled. If private activity bonds are modified, CDLAC will proceed with the December 20th meeting.

There will be no closed door session today.

Jeree Glasser-Hedrick thanked Ms. Whittall-Scherfee and the CDLAC staff for the quick approval of the emergency regulations.

Ms. Whittall-Scherfee also thanked staff. Kudos for all of their efforts.

4. Consideration of Requests for a Waiver of the Forfeiture of Performance Deposit and/or Negative Points for Various Qualified Residential Rental Projects (QRRP) (Action Item)

Kings Canyon Apartments	17-327
Magnolia City Lights and Harbor City Lights	17-335
North San Pedro Apartments	17-342
Beachwood Apartments	17-343

Shirley Hom reported that three (3) applicants had requested approval of a waiver of the forfeiture of their performance deposits and/or negative points for four (4) projects: Kings Canyon Apartments (17-327), Magnolia City Lights and Harbor City Lights Apartments (17-335), North San Pedro Apartments (17-342) and Beachwood Apartments (17-343).

The Committee may grant a waiver upon a satisfactory showing that: (1) the issue or event that prevented the issuance of the bonds was unforeseen; and (2) the issue or event was wholly outside the control of the Applicant and Project Sponsor. A waiver must meet both parts of the test.

Ms. Hom stated that the four (4) projects met the requirements.

Ms. Whittall-Scherfee stated that there would be no negative points assessed for the North San Pedro Apartments project.

RECOMMENDATION:

In light of the circumstances, Staff recommended approval of the Waiver of Forfeiture of the Performance Deposit and/or Negative Points for the four (4) projects noted above.

Alan LoFaso moved approval of the Waiver of Forfeiture of the Performance Deposit and/or Negative Points. 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. 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 reported that there were no appeals.

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

Ms. Lester reported that there were two (2) project applications requesting allocation for single family awards. The applications received from the City of Los Angeles and the County of Marin requested an aggregate total of \$29,607,700 for the issuance of Mortgage Credit Certificates under the single-family homeownership programs.

RECOMMENDATION:

Staff recommended approval of \$29,607,700 to fund two (2) previously reviewed projects in the Single Family Housing Program.

Alan LoFaso moved approval. 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

5.1	17-037	SL	City of Los Angeles	MCC	Los Angeles	Los Angeles	\$25,607,700
5.2	17-039	SL	Housing Authority of the County of Marin	MCC		Marin	\$4,000,000

6. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects (QRRP) 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 in the Rural Pool requesting an allocation of \$4,300,000, one (1) project in the Mixed Income Pool requesting an allocation of \$80,000,000 and twenty-one (21) projects in the General Pool requesting an allocation of \$687,185,206 for an aggregate total of \$771,485,206 to fund a total of twenty-three (23) projects.

RECOMMENDATION:

Staff recommended approval of \$771,485,206 to fund twenty-three (23) previously reviewed projects in the various pools

Eraina Ortega moved approval. 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

6.1	17-428	SL	California Housing Finance Agency	Susanville Garden Apartments	Susanville	Lassen	\$4,300,000
6.2	17-420	RB	City and County of San Francisco	2675 Folsom Street Apartments	San Francisco	San Francisco	\$80,000,000
6.3	17-038	RB	California Municipal Finance Authority	Ormond Beach Apartments (Supplemental)	Oxnard	Ventura	\$536,359
6.4	17-407	LE	City of Los Angeles	McCadden Plaza Youth Housing Apartments	Los Angeles	Los Angeles	\$7,000,000
6.5	17-408	LE	Housing Authority of the City of San Diego	San Ysidro Family TOD Apartments	San Diego	San Diego	\$30,000,000
6.6	17-409	LE	City of Los Angeles	RISE Apartments	Los Angeles	Los Angeles	\$13,059,364
6.7	17-410	RF	County of Contra Costa	Twenty One and Twenty Three Nevin Apartments	Richmond	Contra Costa	\$110,000,000
6.8	17-411	LE	City and County of San Francisco	One Church Street Apartments	San Francisco	San Francisco	\$29,500,000
6.9	17-412	RB	California Public Finance Authority	Water Street Apartments	Santa Cruz	Santa Cruz	\$13,000,000
6.10	17-413	RB	California Statewide Communities Development Authority	Cienega Gardens Apartments	Covina	Los Angeles	\$60,000,000
6.11	17-414	SL	Housing Authority of the City of San Diego	Civita II Family Apartments	San Diego	San Diego	\$62,000,000

allocation made on December 20, 2017 was expected to be approximately \$900 million; however, it was unlikely that all of the issuers receiving bond allocation at that meeting would issue prior to January 1, 2018. It was also likely that the outstanding 2017 state ceiling available as carryforward allocation would be small, potentially under \$500 million.

Staff surveyed twelve (12) multifamily issuers, those that are the most active issuers as well as issuers in areas that recently obtained voter approval in 2016 and 2017 to issue bonds to fund multifamily housing. In addition, staff surveyed eight (8) active issuers involved in single family housing and one (1) active issuer for exempt facilities. Staff received requests for carryforward allocation from each group: six (6) responses for multifamily housing, two (2) responses for single family housing and one (1) response for exempt facilities. Staff acknowledges that some of the anticipated 2018 demand identified by the issuers is based upon program volumes that may or may not ultimately come to fruition.

Given the small amount of 2017 state ceiling that is expected to be available as carryforward allocation effective December 31, 2017, staff recommended that the carryforward allocation be awarded only to QRRP issuers. The six (6) QRRP issuers provided staff with information on their expected pipeline and that pipeline is the basis for the calculation used to determine the amount of the recommended carryforward. In addition, since the amount of remaining state ceiling is currently unknown, staff recommended that the carryforward allocation to be awarded be stated as a percentage of the remaining 2017 state ceiling. The final amount available for carryforward allocation will likely increase, as Projects that have received bond authority may issue only a portion of their allocation or fail to issue bonds entirely. In order to ensure that no amount of 2017 allocation is lost, staff recommended that the remaining 2017 state ceiling, as of December 31, 2017, be made available to the following QRRP issuers in the percentages listed for immediate use: California Public Finance Authority (CalPFA) – 13%; California Housing Finance Agency (CalHFA) – 22%; California Statewide Communities Development Authority (CSCDA) – 17%; California Municipal Finance Authority (CMFA) – 35%; San Diego Housing Commission (SDHC) – 5% and City of Los Angeles – 8%.

Alan LoFaso inquired whether the requestor for the exempt facility responded in the affirmative.

CPCFA requested allocation in the amount of \$500 million on December 8, 2017 for exempt facility deals.

Laura Whittall-Scherfee stated that all of the carryforward would go to the multifamily program for the QRRP applications since there remains such a small carryforward.

Renee Webster-Hawkins stated that she would be remiss if she did not take the opportunity to educate the Committee on what CPCFA does. CPCFA holds monthly meetings and its stakeholders rely on the short time line this affords them. CPCFA would like to have direct allocation as a one-stop shop for all Exempt Facility deals. CPCFA held a meeting on December 12, 2017 during which approximately \$170 million of allocation was requested.

RECOMMENDATION:

Staff recommended approval that any unused state allocation effective December 31, 2017 be transferred to the six (6) aforementioned QRRP issuers in the percentages listed on a carryforward basis.

Eraina Ortega moved approval. 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

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

There was no closed session.

10. Public Comment

There was no public comment.

11. Adjournment

The Chairperson adjourned the meeting at 4:08 p.m.