

## California Debt Limit Allocation Committee

Jesse Unruh Building  
Room 587  
915 Capitol Mall  
Sacramento, CA 95814  
**December 20, 2017**  
Meeting Minutes

### OPEN SESSION

#### 1. Call to Order and Roll Call

Timothy Schaefer, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 1:07 pm.

Members Present: Timothy Schaefer for John Chiang, State Treasurer  
Eraina Ortega for Edmund G. Brown Jr., Governor  
Alan LoFaso for Betty T. Yee, State Controller

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

Alan LoFaso moved approval of the minutes for the November 15, 2017 meeting. Upon a second by Eraina Ortega, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Eraina Ortega: Aye; Timothy Schaefer: Aye

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

Laura Whittall-Scherfee reported that this meeting was intended to have thirty applications requesting over \$1,200,000,000 of allocation. Since private activity bonds were not impacted by the tax reform act, there is now one (1) supplemental request in the amount of \$1,600,000.

Ms. Whittall-Scherfee thanked CDLAC staff for all of their hard work in getting the Office of Administrative Law (OAL) to approve the emergency regulations, getting an application that would be acceptable for a three-day turnaround, and reviewing approximately 33 applications that were ready for approval had they not been withdrawn. It was a herculean effort by staff.

With the withdrawal of these applications, the carryforward amount for the 2017 state ceiling is now approximately \$1,350,000,000. This amount may change depending upon the bond issuance at year end.

One item that Ms. Whittall-Scherfee wanted to bring up was the lower corporate tax rates. Staff may see more supplemental requests early next year due to the fact that the price per tax credit may go down. She would like to propose feedback from the Board regarding delegated authority if there were a need for additional monies. If the Committee would allow the Executive Director a dollar amount or a percentage amount for each request instead of having to come before the Board for each case. Is the Board interested in discussing this today or, perhaps, at some future meeting?

On behalf of CDLAC staff, Ms. Whittall-Scherfee thanked Ms. Ortega for her service and her commitment to CDLAC.

Mr. Schaefer stated that the Board may not give Ms. Whittall-Scherfee direction on her request for delegation at this time. His suggestion was to bring it back with a very specific proposal and with some concrete suggestions for the Committee to consider. Perhaps citing other examples where this has previously occurred

Ms. Ortega asked what would be the magnitude of the delegation. She sits on other Boards and a contract of over a million dollars comes back before the Board for approval.

Ms. Whittall-Scherfee stated that when she was with the California Housing Finance Authority, (CalHFA), the Executive Director was given delegation authority for an increase up to 7% of the loan amount. She would be fully prepared to come back with a suggestion for feedback from the Board if this is something the Board would be interested in pursuing.

Mr. LoFaso asked that when Ms. Whittall-Scherfee is talking about supplemental allocation, is that a request for more bond authority because they need to fill the gap with lending, or is it to get more 4% credits they need to get bond allocation that they may not use. What is really happening with these supplementals?

Ms. Whittall-Scherfee replied that what is supposed to happen is that they need to meet the 50% test and in order to do that, they sometimes need more bond authority in order to meet that test.

Mr. LoFaso stated that it would be good to know the magnitude of the individual request.

Ms. Whittall-Scherfee stated that staff could include in the report a history from the last year or two as to the size of the supplemental and how much of the total was actually issued.

Mr. Schaefer asked that Ms. Whittall-Scherfee consider whether or not there is an appropriate maximum as a dollar amount for the Executive Director's delegated authority. He also suggested that she consider developing a semiannual or annual reporting mechanism so future Board members may look back and see what dollar amount that the Executive Director delegated and what consequences, if any, arose.

Ms. Whittall-Scherfee was amenable to Mr. Schaefer's suggestions as it gives all an opportunity to see how many requests are coming before the Committee and how many the Executive Director is delegating and whether the dollar amount or the percentage agreed upon is where it should be.

**4. 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 reported that there were no appeals.

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

Ms. Hom reported that the County of Contra Costa has requested a supplemental allocation in the amount of \$1,600,000 for the Riviera Family Apartments project.

Mr. LoFaso asked how this applicant survived the process. Ms. Hom reported that they were ready to close and wanted to close before year end.

Ms. Whittall-Scherfee stated that the applicant has requested a resolution by 3:00 pm today, subject to Board approval, in order to close.

**RECOMMENDATION:**

Staff recommended approval of the supplemental request in the amount of \$1,600,000 for the Riviera Family Apartments 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; Timothy Schaefer: Aye

4.24	17-071	RF	Contra Costa County	Riviera Family Apartments (Supplemental)	Walnut Creek	Contra Costa	\$1,600,000
------	--------	----	---------------------	--	--------------	--------------	-------------

**5. 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 nothing to report.

**6. Public Comment**

There was no public comment.

**7. Adjournment**

The Chairperson adjourned the meeting at 1:47 p.m.