

## California Debt Limit Allocation Committee

Jesse Unruh Building  
Room 587  
915 Capitol Mall  
Sacramento, CA 95814  
**October 17, 2018**  
Meeting Minutes

### OPEN SESSION

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

Vincent P. Brown, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 1:34 p.m.

Members Present: Vincent P. Brown for John Chiang, State Treasurer  
Jacqueline Wong-Hernandez 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)  
Lisa Bates for the Department of Housing and Community Development (HCD)

#### 2. Approval of the Minutes of the June 20, 2018 Meeting (Action Item)

Jacqueline Wong-Hernandez moved approval of Staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Vincent P. Brown: Aye.

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

Laura Whittall-Scherfee introduced a new employee. Evan Kass started back on August 23, but this is the first meeting he has been able to join us. He replaced Misti Armstrong. He is CDLAC's new Staff Services Manager II and I wanted to make sure to introduce him to all of you and welcome him aboard.

Mr. Brown welcomed Evan.

Ms. Whittall-Scherfee stated that staff is putting him right to work. Mr. Kass will be talking about CDLAC's Committee meeting schedule which is item number four.

Ms. Whittall-Scherfee wanted to let the Board know where we are with the Allocation. Assuming everything is approved today, staff will have allocated approximately \$3.7 billion this year. Much of that is carry forward from previous years, about \$1.5 billion and \$2.2 billion is a statewide ceiling from this year. That would leave CDLAC with about \$1.9 billion in state ceiling and carry forward.

Staff had a huge application round closing on Friday receiving 51 applications. I think it is probably the most applications we have received in CDLAC history. The total is almost \$1.4 billion in allocation or application requests. Out of those 51 potential deals, two (2) are exempt facility deals; two (2) are single family MCCs; two (2) are requests for supplemental allocation and 45 are general QRRP deals. They are not all joint applications, in fact about 30% are non-joint applications. Staff has twelve (12) that are stand-alone applications and 33 that came in as joint applications.

Assuming these projects all stay, CDLAC will end up with about \$700 million; probably closer to about \$750 million in allocation that staff will need to carry forward. I will be coming back in December with recommendations on how to carry forward that 2018 state ceiling into 2019.

The Demand Survey for 2019 is expected to be released at the end of this week on October 19. Staff will be going out in mid-November asking for interest amongst the bigger issuers with the carry forward that will remain.

In addition, you do have two (2) pink sheets. These are replacement staff reports for the exempt facility deal and the industrial development bond deal. Staff has the first Industrial Development Bond Project that is coming to CDLAC. The Governor did sign AB 1547 in late September, midway through our allocation round. Both of these projects are being presented to you and Richard Fischer will be explaining the changes on those pink sheets.

With that, if there are any questions I am happy to answer them. Otherwise, we will ask Evan to talk about the next item.

#### **4. CDLAC Committee Meeting Schedule for 2019 (Action Item)**

Evan Kass stated that before the Board is the proposed CDLAC meeting schedule for 2019. Staff adjusted the schedule to be more in line with TCAC since the majority of our business is in the QRRP 4% projects. For example, the January round, which is where staff sets the State Ceiling, staff is also opening that up to allocation as TCAC is also processing those applications.

The September meeting will be a non-QRRP meeting to align with TCAC who does not have the 4% deals at their meeting in September.

Staff made the October meeting a permanent meeting, so there is a total of seven meetings that we are proposing for next year. With that we are requesting approval of the 2019 calendar.

#### **RECOMMENDATION:**

Staff recommended approval of the Committee Meeting Schedule for 2019.

Jacqueline Wong-Hernandez moved approval of Staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Vincent P. Brown: Aye.

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

Maple and Main Apartments	17-373
Step Up On Second Apartments	17-417
Truckee Artist Lofts Apartments	17-427
Hunter Street Apartments	17-431
Blue Mountain Terrace Apartments	18-330
LA 78 Apartments	18-331

Shirley Hom reported six (6) projects have requested 90-day extensions to the bond issuance expiration dates. These six (6) projects submitted reasons for the delay: that the issues or events preventing the issuance on time were both unforeseen and outside of the control of the applicant and sponsor.

Staff recommended approval of the requested Waiver of Forfeiture of the Performance Deposits and/or Negative Points for the six (6) projects: Maple and Main Apartments, Step-Up On Second Apartments, Truckee Artist Lofts Apartments, Hunter Street Apartments, Blue Mountain Terrace Apartments and LA 78 Apartments.

**RECOMMENDATION:**

Staff recommended approval of the Waiver of Forfeiture of the Performance Deposits and/or Negative Points for the six (6) projects noted above.

Jacqueline Wong-Hernandez moved approval of Staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Vincent P. Brown: Aye.

**6. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Exempt Facility Programs and Awards 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\*\***

Richard Fischer reported that staff is considering the Appeals and Applications for Allocation of the State Ceiling on Qualified Private Activity Bonds for an Exempt Facility Project. There is a pink sheet in front of you. The changes on the pink sheet reflect the break out of sources and uses. Under the sources, it was requested that we break out the other sources and it should reflect the Cal Recycle grant of \$2.4 million.

**RECOMMENDATION:**

Staff recommended approval of \$21 million in bond allocation to CPCFA for the SiONEER Stockton, LLC Project.

Jacqueline Wong-Hernandez moved approval of staff's recommendation. Upon a second by Alan LoFaso, the motion passed 3-0 with the following votes: Jacqueline Wong-Hernandez: Aye; Alan LoFaso: Aye; Vincent P. Brown: Aye.

18-020	RF	California Pollution Control Financing Authority	Sioneer Stockton , LLC	Stockton	San Joaquin	\$21,000,000
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**7. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for the Industrial Development Bond Program and Awards 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) project in the Industrial Development Pool requesting allocation in the amount of \$7,600,000. Changes to the pink sheet in front of you were the "Total Points Available" column on the final page. The point total was changed to 142 to reflect the correct availability of the points. The Project's Total Points did not change. It is still 37. Those were the changes that were made.

The application for C.A. Guy LLC/Exhaust Center is a request for financing, so it can increase its manufacturing capacity and expand the business. The financing will cover the cost to construct two (2) new buildings for additional manufacturing space as well as installing a new powder coating line.

Staff recommends approval of \$7.6 million in bond allocation to the California Enterprise Development Authority for the C.A. Guy LLC/Exhaust Center, Incorporated project.

Mr. LoFaso thanked Mr. Fischer for the revised staff report. Mr. LoFaso commented on the three (3) new point categories and 42 additional potential points.

Mr. Fischer: Correct. Staff had to dust off the program changes that were updated prior by CIDFAC. We needed to update our records to reflect the correct point total available.

Mr. LoFaso: I appreciate that. I understand from Ms. Whittall-Scherfee that the point system is competitive, so what 37 means is relative in an environment where there are no other competing projects to relate it to. I came in just trying to understand what the goals of the program are and how the point system reflects this. What I see is that the project is middling on job creation and retention, not great on the income and the poverty rate of the area. That is the opportunity's rate.

Mr. Fischer: It is 115% of the state.

Mr. LoFaso: It is really good on employee benefits and wages and not much else. You cannot give me a composite of what that point system means in terms of the project's relationship to the goals of the program?

Mr. Fischer: I am not really responsible for policy issues. I believe the whole effort is to make sure that the program reflects that the company is trying to provide a benefit for the public and also by providing jobs which is a key factor. That is always a plus in an area that has 115% unemployment compared with the state unemployment rate. In order to gauge what you are asking, I think we have to have some sort of way of putting a numeral to it and make the points available to a certain

extent, so that when the program, at some future time becomes competitive, there is such a numeric gauge for comparison.

Mr. LoFaso: There was an implication in the staff report that the grant allows Exhaust Center to retain its plant in Upland. The implication I took from that sentence was without this additional investment the plant for some reason would not be able to stay there. Either the plant would be forced to move or it would be forced to shut down. Did I get that implication accurately?

Mr. Fischer: In the City of Upland, they were willing to work with the client by providing relatively good financing for the project's land for the building. These were incentives that were provided by the locals in order to incentivize them to stay in place. They are not moving anywhere out of the city.

Mr. LoFaso: Thank you.

Mr. Brown asked if there were any other questions.

Ms. Wong-Hernandez: I have a small one; it was about this project, but it was specifically about the area of its location. It says that it is located in an area in which the poverty rate is 115% of the statewide rate you mentioned. What are we defining that area as? Is that a census tract or is that the City of Upland or San Bernardino County?

Mr. Fischer: It is regional. The information that we are provided by the Census is regional information. I do not have my records in front of me, I am sorry. I can get back to you on that.

Ms. Wong-Hernandez: Okay. I would love to follow-up, because it is something that we say about different projects. I like to get a sense of how big those areas are when we say it is located in an area.

Mr. Brown: Good point, okay. It is the only one of these projects we have seen this year, since I have been chairing this most of the year. Ms. Whittall-Scherfee stated that there were none last year.

**RECOMMENDATION:**

Staff recommended approval of \$7,600,000 to fund one (1) project in the Industrial Development Pool.

Alan LoFaso moved approval of staff's recommendation. Upon a second by Jacqueline Wong-Hernandez, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Jacqueline Wong-Hernandez: Aye; Vincent P. Brown: Aye

18-021	RF	California Enterprise Development Authority	Exhaust Center, Inc.	Upland	San Bernardino	\$7,600,000
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**8. 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 staff is recommending approval of one (1) mixed income pool project in the amount of \$80,000,000 and 17 general pool projects totaling \$433,430,160 for a total amount of \$513,430,160 for all 18 QRRP projects.

**RECOMMENDATION:**

Staff recommended approval of \$80,000,000 to fund one (1) project in the Mixed Income Pool and \$433,430,160 to fund 17 projects in the General Pool for an aggregate total of \$513,430,160 to fund all 18 QRRP projects.

Alan LoFaso moved approval of staff’s recommendation. Upon a second by Jacqueline Wong-Hernandez, the motion passed 3-0 with the following votes: Alan LoFaso: Aye; Jacqueline Wong-Hernandez: Aye; Vincent P. Brown: Aye

18-428	SL	California Statewide Communities Development Authority	The Sands Apartments	Palm Desert	Riverside	\$80,000,000
18-373	RB	City of Los Angeles	Gramercy Place Apartments	Los Angeles	Los Angeles	\$22,810,000
18-411	SL	City of Los Angeles	Broadway Apartments	Los Angeles	Los Angeles	\$7,000,000
18-412	FW	California Statewide Communities Development Authority	Cascade Sunrise Apartments	Fontana	San Bernardino	\$10,500,000
18-413	RB	Golden State Finance Authority	Placer Village Apartments	Placerville	El Dorado	\$8,495,000
18-414	RF	Golden State Finance Authority	Solano Vista Senior Apartments	Vallejo	Solano	\$5,768,000
18-415	SL	California Municipal Finance Authority	Vista Estero Apartments	Oakland	Alameda	\$42,823,442
18-416	FW	City of Ontario	Ontario Townhouses Apartments	Ontario	San Bernardino	\$25,200,000
18-417	RB	California Municipal Finance Authority	Dino Papavero Senior Centre Apartments	Fontana	San Bernardino	\$18,700,000
18-418	RF	California Municipal Finance Authority	Arroyo Green Apartments	Redwood City	San Mateo	\$48,770,000
18-420	FW	Housing Authority of the City of Sacramento	Imperial Tower Apartments	Sacramento	Sacramento	\$35,000,000
18-423	SL	California Housing Finance Agency	Metamorphosis on Foothill Apartments	Los Angeles	Los Angeles	\$15,000,000
18-424	SL	County of Alameda	Faith-Tennyson Apartments	Hayward	Alameda	\$59,149,000
18-425	FW	City of Ontario	Virginia/Holt Multifamily Affordable Housing Project Apartments	Ontario	San Bernardino	\$23,000,000
18-426	RB	California Municipal Finance Authority	Las Ventanas Apartments	Long Beach	Los Angeles	\$38,073,606

18-427	RB	California Municipal Finance Authority	Heritage Apartments	Chula Vista	San Diego	\$37,500,000
18-429	CTY	California Statewide Communities Development Authority	Aqua Apartments	Santa Ana	Orange	\$17,641,112
18-430	CTY	City and County of San Francisco	Market Heights Apartments	San Francisco	San Francisco	\$18,000,000

**9. Public Comment**

There was no public comment.

**11. Adjournment**

The Chairperson adjourned the meeting at 1:50 p.m.