California Debt Limit Allocation Committee

Jesse Unruh Building
Room 587
915 Capitol Mall
Sacramento, CA 95814
December 12, 2018
Meeting Minutes

OPEN SESSION

1. **Call to Order and Roll Call**

   Steve Juarez, Chairperson, called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 11:00 a.m.

Members Present:	Steve Juarez for State Treasurer John Chiang Jacqueline Wong-Hernandez for Edmund G. Brown Jr., Governor Alan LoFaso for Betty T. Yee, State Controller
Advisory Members Present:	Lisa Bates for the Department of Housing and Community Development (HCD)

2. **Approval of the Minutes of the July 18, 2018 Meeting** (Action Item)

   Alan LoFaso moved approval of the minutes for the July 18, 2018 meeting. Upon a second by Jacqueline Wong-Hernandez, the minutes passed 3-0 with the following votes: Alan LoFaso: Aye; Jacqueline Wong-Hernandez Aye; Steve Juarez: Aye

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

   Laura Whittall-Scherfee stated that she wanted to take this opportunity to introduce two (2) of CDLACs new staff members. Leisa Hood is the new Office Technician and staff is very happy to have her on board. Raymond Wolfe is a Retired Annuitant who is helping staff with database-type work. With their two (2) arrivals, CDLAC is fully staffed.

   Steve Juarez replied excellent.

   Ms. Whittall-Scherfee reported that, through October, 106 projects had been approved which was approximately 13,000 units not including any of the projects on today's agenda.

   Staff received 53 applications in December. That amount of work was somewhat overwhelming for staff. After speaking with several of the issuers, staff had 15 projects that either transferred to

January or March, or for whatever reason were withdrawn, which reduced the total volume by about $450 million for today's committee meeting.

Staff had the January submission deadline occur and the Board can expect 21 projects in January totaling approximately $550 million. The Board has one (1) MCC single-family project, two (2) rural projects and 18 general QRRP multifamily projects. There are no exempt facility projects.

Staff, also, since the last Board meeting had the demand survey results come in. Thankfully, issuers and project sponsors were very responsive this year. It looks like 2019 will be a pretty robust year. Staff has approximately 104 projects, possible, probable or a sure thing totaling about $4.2 billion, based on what is known right now. Staff had 18 different QRRP respondents in terms of issuers and project sponsors. There are about nine (9) projects that are both single family or exempt facility projects. It does not look like CDLAC will not have any Industrial Development Bond (IDB) projects, and it looks like 2019 will likely be a repeat of 2018.

Evan Kass will be addressing the carry forward requests since staff has about $1.2 billion that has been identified in 2018 carry forward that we do not want to lose. Staff wants to move it forward to 2019. We do know that we will have over a billion dollars in carryforward. Staff opened it up to all of the different programs and we are allocating it on a proportional basis across those programs.

Staff is also submitting a package to the Office of Administrative Law (OAL). It will not be coming to the Committee for approval as it is non-material changes. For instance, it eliminates references within the CDLAC regulations to the CA Industrial Development Financing Advisory Commission (CIDFAC) in accordance with the passage of AB 1547. It also standardizes applications so that it does not have the name of the executive director and the names of officials having name changes with new administrations.

The package also eliminates the Qualified Energy Conservation Bond Program (QECB). Staff confirmed with the federal government that that program no longer exists, so we are removing it from our regulations.

The submission deadline for the Difficult Development Areas (DDA) is December 14, 2018. In January, staff will probably be reporting back to the Board on how many DDA applications were received. That concludes my remarks.

Steve Juarez asked if the regulatory changes are permanent after going through the process

Ms. Whittall-Scherfee replied yes; however, the changes do not have to come to the Committee or go out for public comment because it is not material.

Steve Juarez replied understood.

4. **Consideration of Signing Authority in the Executive Director's Absence** (Action Item)

Ms. Whittall-Scherfee reported that one of the things that CDLAC does not have right now is the authority to have letters and contracts signed in the Executive Director's absence. Staff is requesting that the Committee approve signing authority to the Chair, or a designee that the Chair or the Treasurer's Office appoints in the absence of the Executive Director. Staff would like that to occur immediately and we are requesting Board approval.

RECOMMENDATION:
Staff recommended approval of signing authority in the Executive Director's absence be provided to the Chairperson or the Designee that the Chair or the Treasurer's Office appoints.

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; Steve Juarez: Aye.

5. **Consideration of Staff's Recommendation to Transfer and Award Unused 2018 Allocation to Various Issuers** (Action Item)

Evan Kass stated that staff identified $1.2 billion in unused 2018 allocation to carry forward into 2019. Staff sent a survey to gauge possible usage of this carry forward.

Staff received a requested total of $3.5 billion with $1.2 billion to disperse. Staff went through the different responders and looked at the requested amounts, their 2019 pipeline and the demand survey results, and also their volume and usage in the past to figure out how to partition the $1.2 billion.

It was determined that anything in excess, any reversions between now and the end of the year, would be awarded to the California Municipal Finance Authority (CMFA). This decision was based on responses to the demand survey, looking at projections of probable and sure projects, and also the usage of carry forward in the past.

Mr. LoFaso asked if apropos to the 15 or so applications that were pushed over to January, how do you associate them with these Issuers in this item? Are they all associated with these Issuers or how does that work?

Mr. Kass replied part of that will be addressed in the next item when we talk about waivers. There is particularly one exempt facility that would be included in the partitioning of the allocation, the carry forward, so it is within these numbers.

Mr. LoFaso asked that if staff moved several applications to 2019, are they going to draw from these Issuers with the result that they will use 2018 Bond Cap that was carried over, or will they be different Issuers and have the draw on 2019 Bond Cap?

Mr. Kass replied that it stays with the Issuer. Those 2018 requests? That would be the 2018 carry over, the projects that are moving.

Ms. Whittall-Scherfee commented that most of those projects that carried over to January are from these Issuers.

Mr. LoFaso appreciated the clarification. Thank you.

Steve Juarez replied, just to follow-up, so that would be from the 2019 allocation in January?

Ms. Whittall-Scherfee replied no. Once we allocate carry forward, the first thing that gets used is the 2018 carry forward or if there is older carry forward like in 2016 or 2017.

Steve Juarez replied thank you.

Ms. Whittall-Scherfee stated that prior carryforward would be used first including for all of the Issuers that receive the carry forward today. Any Issuer that does not have carry forward uses the 2019 State Ceiling.

Steve Juarez replied that he is glad to get this information.

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; Steve Juarez: Aye

6. Consideration of Requests for a Waiver of the Forfeiture of Performance Deposit for Various Projects (Action Item)

SiONEER Stockton, LLC	18-020
Viridis Fuels, LLC	18-018
Sycamore Street Commons /La Playa Residential Apartments	17-402/18-008
San Pablo Hotel Apartments	18-340
Westlake Christian Terrace West Apartments	18-346
Kristen Court Apartments II	18-319
Cottages at Mission Trail	17-378
St. Anton ECR	18-351

Shirley Hom reported that staff received waiver requests for eight (8) projects. Five (5) projects requested 90-day extensions to the bond issuance expiration dates. These five (5) projects submitted reasons for the delay in the bond issuance. The reasons presented to staff met both requirements that the issues or events preventing the issuance were both unforeseen and outside of the control of the applicant and sponsor and development team.

There were three (3) projects that requested to return the full amount of allocation and have also requested a Waiver of the Performance Deposit Forfeiture. These three (3) projects also presented reasons for the non-issuance of the bonds.

There is one (1) Exempt Facility (EXF) project, Viridis Fuels, LLC that is included in this report. They have requested a 90-day extension to March 2019, and also authorization to carry forward the allocation, which was issued in July of 2018, to 2019. The original allocation was not a carry forward allocation.

Ms. Hom made a brief comment on Kristen Court Apartments II. One (1) contributing factor not emphasized in the report is that this is Phase 2 of a project in Live Oak. The cost estimates used were based on Phase I which was recently completed so the cost estimates were using a cost escalator. These costs have gone up recently and the project is redesigning aspects of the project to reduce its costs. We anticipate this project to reapply in January for a March allocation.

Staff is recommending approval of the requested Waiver of Forfeiture of Performance Deposit for the eight (8) projects listed in the staff report.

Steve Juarez thanked Shirley. Let us bring it back to the Board and see if there are questions or concerns. Let me ask just one question. When allocation is returned is it then available for future allocations?

Ms. Hom replied, yes, when it is returned, it is available for future allocations.

Steve Juarez asked if CDLAC is not losing anything by giving it back and not charging the fees?

Ms. Hom replied in the affirmative.

RECOMMENDATION:
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; Steve Juarez: Aye.

Steve Juarez replied congratulations on that item passing and to those people that were part of that transaction.

7. Consideration of Appeal of the Assessment of Negative Points (Action Item)

700 Block of K Apartments	14-309

Laura Whittall-Scherfee stated that Item 7 is a Consideration of the Appeal of the Assessment of Negative Points on the 700 Block of K Apartments.

As the Board probably remembers, in September this project came forward for a new allocation of bonds to the tune of approximately $22 million. At that time negative points had been assessed by CDLAC because the project did not use its original allocation as intended. CDLAC regulations say that negative points will be deducted for each failure to spend the proceeds of bonds issued pursuant to an allocation in full, or in accordance with terms and conditions of the Committee Resolution unless it can be demonstrated that the failure was unforeseen and entirely outside of the project sponsor's control, and that the amount not spent is material or the deviation from the terms and conditions of the Committee Resolution is not material.

In this project, they issued draw-down bonds in December of 2014. They were required to draw them down sufficiently to meet the 50% test no later than December 31 of 2017. That did not occur and the project was in danger of losing its tax credits.

CDLAC did recommend to the Board a new issuance of $22 million in bond allocation understanding that we were not getting new units and we were not getting rehabbed units. We were preserving the 84 affordable housing units and a total of 137 units without which $8.9 million in tax credit investor equity would not come into the project. That would essentially economically devastate the project. However, in accordance with our regulations we did assess negative points because we concluded that the project sponsor, 700 Block LP, was responsible for the timely disbursement of the bond proceeds and meeting the federal deadline to preserve the tax exempt status of the bonds. The failure to draw down on bonds sufficiently to meet the 50% test was entirely foreseeable and within the control of the project sponsor. The project sponsor has not contested whether or not the amount spent is material and whether it deviated from the terms and conditions.

For that reason the failure to draw down on the bonds by the project sponsor, staff continues to recommend that the Negative Point Assessment be upheld. Staff recommends a denial of the appeal of the negative points for 700 Block of K Apartments.

Steve Juarez thanked Laura for that information. Let us bring it back to the Board and see if there are comments or questions.

Mr. LoFaso asked if staff is anticipating hearing from the applicant.

Mr. Juarez asked if the applicant was here today. We can do so before we take any motion if that is more comfortable for us.

Ms. Whittall-Scherfee stated that it would be helpful to ask questions.

Steve Juarez asked if the applicant in question would come up and introduce themselves.

Pat Sabelhaus stated that he was here on behalf of CFY Development (CFY) which was the applicant and developer of 700 K Street. Cyrus Youssefi, on my left, is President of CFY Development. CFY appealed the negative points on the grounds that we laid out in our written request because of mitigating circumstances that surrounded this project.

Sacramento had terrible inclement weather during 2016 and 2017 that caused the construction to be delayed. Next was the beginning of the spike in construction costs that could not have been anticipated and were not within the control of the developer. Third, we had tax reform that hit in December of 2017 which caused everyone to basically go into a tizzy with regard to what was going to happen with the elimination of the tax-exempt bond program. Lastly, Ali Youssefi, who is the son of Cyrus Youssefi, was the lead developer on this project. He was diagnosed with cancer in June or July of 2017 and that caused enormous problems in terms of keeping up with the day-to-day activities on the 700 K Street Project. Then Ali Youssefi passed away in early 2018.

As a result of all of that we just mentioned, CFY did not focus sufficiently on the so-called three-year rule that says when you issue the bonds you have to draw them down within that three-year period. In December, as Ali was in his last days, we simply were focused more on that issue than on drawing down the bonds.

Mr. Sabelhaus stated that CFY Development did, ultimately, draw down the $22 million. $7 million of that $22 million was not drawn down by December 31, 2017 which ended up losing its tax-exempt status, as Ms. Whittall-Scherfee pointed out. This, in turn, caused CFY to be in trouble with saving the 4% tax credits that had been allocated to the project. CFY had no choice but to ask the CDLAC staff to reissue the bonds, as Laura explained, so that we could save the project.

It was completed in May. CFY got the Certificate of Occupancy on the project, and it has 84 units that are affordable tax-credit qualified units. Those rented up immediately within 30 to 40 days. The market rate units to make up the balance of the 137 total units were a little bit delayed in renting up but now they are 92 or 93% occupied.

The project, as a result of the reissuance of the bonds, was salvaged. It has been saved, and it is serving the purpose for which it was intended. Given all of those mitigating circumstances, I would request that you grant our appeal and reconsider not issuing negative points which is a terribly punitive action.

I understand it, but I think it is overly aggressive the way that the regulations are written now where you get five (5) negative points over a period of three (3) years, which would mean that CFY Development, which is one of the most experienced developers of affordable housing in California, who has been doing it for 30 years, who has developed some 40 plus projects over that 30 year period of time throughout California and some 4,000 plus units, would be precluded from participating for the next three (3) years. This would be a tragedy not to allow CFY Development to continue to work with the 9% tax credit program. Given all of those mitigating circumstances, I would request that you grant our appeal. Thank you.

Mr. Juarez thanked Mr. Sabelhaus. Mr. Youssefi, do you care to make any comments?

Mr. Youssefi stated that two (2) seasons of extraordinary rain, which was documented, the number of days that rained as well as the days lost because of wet ground delays. He was only focusing on construction delays.

This project is a very, very complicated project. It had a rehabilitation of the commercial element and part of the rehabilitation was demolition of one-third of the back of the commercial space, so the new construction could go in that space. When the heavy equipment was used to do the demolition it caused two (2) of the commercial buildings on K Street, which were historical buildings, to become unstable. They had to be shored up because the construction was deemed to not be safe for the workers. This took another three (3) months.

Mr. Youssefi further stated that notwithstanding all other issues, these two (2) issues were a nine-month delay on the construction. What resulted was that rather than finishing the project in 2017, it ended up being completed in May 2018. I could not control either of those two elements, so here I am.

Steve Juarez thanked Mr. Youssefi and expressed his condolences on Mr. Youssefi's son's passing.

Mr. Youssefi thanked Mr. Juarez.

Ms. Wong-Hernandez asked the group if somebody would explain the layers of oversight over this project. How did we get to a situation in which they were not meeting the 50% test? Is there a rule for Bond Counsel? Does CDLAC have an oversight rule, as a body? I am trying to understand the mechanics of this piece, and I am is less clear on the spending of the bonds proceeds piece.

Ms. Whittall-Scherfee replied that CDLAC has no oversight rule in terms of draw-down bonds and how they get spent. I do want to let you know, Pat mentioned that there were five (5) negative points at stake, but our regulations clearly state ten (10) negative points. I just want to clarify that in case it has any impact on the Committee and also clarify that the applicant is the Housing Authority of the City of Sacramento. The applicant that Pat is talking about is more of the applicant for TCAC. CDLAC does not have oversight on the drawing down and the spending of the 50%, meeting the 50% test.

Ms. Wong-Hernandez stated that makes sense. In my head I was talking about TCAC and so maybe it is not even a fair question. I am just trying to figure out when we see a sort of perfect storm of delays and a lot of different things, where do we insert ourselves as one of the stakeholders? It seemed that everybody had an interest in seeing the 50% test being met. Also, just the projects being built, right? Aren't we all in this together in that sense; I am trying to understand the breakdown?

Mr. Sabelhaus replied that the three-year rule was introduced by IRS or Treasury three (3) years ago or so, and I do not know why that came along. Bond Counsel, or Orrick, Herrington & Sutcliffe, was certainly aware of it and began to build it into the bond documents to protect themselves in terms of making sure everyone understood how this worked.

I do not think it existed previously, so that you did not worry about that timeframe. You just worried about being able to complete the job at some point and to draw down the $22 million which is more than 50% of your total cost on the project. That is the 50% test. Usually your bonds are equal to 55% or 60% of your total development cost to make sure that you can meet that 50% test.

Here at $22 million we were not told by anyone at Chase Bank, which is the construction lender that bought the bonds, or from Orrick, Herrington & Sutcliffe, or from the Sacramento Housing Authority which was the issuer of the bonds. The three-year rule that IRS put out simply was not given any attention by any of the parties. We, as I said before in part, did not zero in on it, because of the other mitigating factors that I mentioned. These mitigating factors took our mind off of following that and tracking it the way you just described, Ms. Wong-Hernandez.

Mr. Sabelhaus stated that the CDLAC staff has never, in the 30 years that he has been doing this, has never focused on these kind of issues. There is no kind of interim reporting back to CDLAC. You are simply required to make sure you issue the bonds and expend the bond proceeds. Again, now it is within that three-year period. Before I do not think it was and so no one paid any attention to it.

Ms. Whittall-Scherfee responded that most of CDLACs Issuers are not doing draw-down bonds. They are just issuing the bonds in their totality when they originate. Just to let the Committee know, that rule took effect in 2011. It is IRS Service Notice 2011-63.

Steve Juarez thanked Ms. Whittall-Scherfee. Do you have any more questions?

Ms. Wong-Hernandez replied no. I appreciate everybody's information. I know that this does not necessarily seem strictly pertinent to this appeal. However, for me it is because this administration is very interested in seeing units get built and seeing affordable housing projects. It is serious for us to think about pulling out a major player in this space for three (3) years, which is functionally what we are talking about, in terms of what the punitive action would be.

Whatever happens today, I do not want to see this sort of thing happen in the future. What I am trying to figure out though, is there a role that the Board plays in being corrective? It sounds like maybe there is not and maybe this was just an unfortunate thing that happened, but that was where I was going with my line of questioning. I will let somebody else talk for a while before we get there.

Mr. LoFaso stated that he was just going to refine Ms. Wong-Hernandez's question. Ms. Whittall-Scherfee, do you think that CDLAC should have some kind of draw-down monitoring for draw-down bonds?

Ms. Whittall-Scherfee replied in the negative.

Mr. LoFaso asked Ms. Whittall-Scherfee to give him a reason.

Ms. Whittall-Scherfee stated that Issuers and Developers can choose how they want to take those bonds. It does just require oversight. If you are going to elect to make a draw-down bond process that would require staff to participate in construction draw meetings and such. CDLAC does not have the staffing or the expertise to do these things. Our responsibility is to allocate bond authority.

In my mind, how those bonds are treated once they are issued is more the responsibility of the Issuer and the Project Sponsor than it is ours.

Mr. LoFaso replied that was very helpful because of the way you underscored all of the interrelated activities of the various participants, including all the construction activity being relevant to the draw-down issue, I think that is very instructive. Just to underscore something we talked about in September, the negative points issue applies to both CDLAC applications and TCAC applications.

Ms. Whittall-Scherfee replied yes. The regulations as they are written are very specific. It says we will assess negative points. There is no discretion given to the Executive Director or the Committee. I mean the Committee can hear the appeal, but if you are going strictly on the regulations, no.

Mr. LoFaso stated that he will submit that the discretion is one's application of the facts.

Ms. Whittall-Scherfee replied yes.

Mr. LoFaso stated that the high-level perspective that Ms. Wong-Hernandez raised is well taken. Before I do anything else, did you have your question opportunity?

Steve Juarez commented that it appeared there was not a chance to address or mitigate what was going on. I am not sure, based on what you presented, that even had you known about the three-year rule or acknowledged it, that you could have done anything different to finish the units and the financing in time to meet the three-year rule. Is that correct?

Mr. Sabelhaus stated that the answer to that is yes; had we recognized the three-year period coming to an end, we could have drawn down the balance of the bonds, the $7 million, and escrowed it and continued to pay the tax exempt bond interest rate on the bonds. We could have salvaged that tax exempt bond authority.

It is a little like trickery in the sense that the IRS says you have got to do it, but they have a blind eye towards you just drawing down the money unnecessarily and escrowing it then drawing it down as you really need it.

Mr. Juarez asked if the net effect would not have produced units any quicker than what was produced.

Mr. Sabelhaus stated that it would not. I would also, Mr. LoFaso, speak to the issue of whether you do draw-down bonds or not. Most of the time you will do, in my opinion, draw-down bonds because if you draw down the entire amount on day one the interest carried is on that entire amount of money. You are paying triple in interest carry expenses on that kind of a bond as opposed to a draw down and that is why you usually do the draw down, because it can save $1 or $2 million.

Mr. Juarez stated that he understood that.

Let me just say, and I said from the outset that I am new to this, but I can at least put my arms around what the issues seem to be here. What I sense is that you have CDLAC staff, who very much is within their bounds to address the issue, look at it and see if, in fact, it meets the criteria for assessing the negative points. I think they have done what the law and what their regulations say they should do.

Having noted that, I do think that you have laid out a number of extenuating circumstances that might, at least, allow this Board to take into consideration an alternative action other than what the staff has recommended. I am not prejudging that, but I am just saying I see the tension. It is naturally behind the staff which is doing its job and rightfully so, versus by all accounts, an applicant who is trying to do the right thing in terms of affordable housing, and yet finds themselves in a position that they would be handicapped going forward, if these points remain.

Mr. LoFaso commented that the Chair laid out the Committee-Staff dynamic very, very well. With that acknowledgement, I move we grant the appeal.

RECOMMENDATION:
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; Steve Juarez: Aye

Steve Juarez congratulated Mr. Youssefi. The Board hopes that it does not ever have to see you here again under these same circumstances. You now know the rule and notwithstanding what other future mitigating circumstances there may be, it may not turn out this way in the future. That word should go out I think, to other Issuers as well, so that we have put forward the fact that staff has a job to do and they have done it. In this case, the Board feels that the circumstances were such that the Members have overturned staffs' decision

Mr. Sabelhaus and Mr. Youssefi thanked the Chair and the Board.

8. **Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Exempt Facilities 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 stated that staff is considering a Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Exempt Facilities and Awards of Allocation. The Committee received two (2) applications for the Exempt Facility Program from the California Pollution Control Financing Authority (CPCFA) requesting a total of $126,505,000. Staff recommends approval of the total $126,505,000 in bond allocation to CPCFA for the Rialto Bioenergy Facility, LLC and the North Fork Community Power, LLC projects. The allocation will be funded from the Exempt Facility Project Pool for CPCFA.

Steve Juarez asked if there was anybody who wanted to speak from either of the projects. Seeing none we will bring it back to the Board, any comments, questions for Richard or for anybody on staff? Seeing none, let me just then see if there are general comments.

RECOMMENDATION:
Staff recommended approval of the aggregate total of $126,505,000 in bond allocation to CPCFA for the Rialto Bioenergy Facility, LLC and the North Fork Community Power, LLC 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; Steve Juarez: Aye

18-024	RF	California Pollution Control Financing Authority	Rialto BioEnergy Facility, LLC	Rialto	San Bernardino	$117,200,000
18-025	RF	California Pollution Control Financing Authority	North Fork Community Power, LLC	North Fork	Madera	$9,305,000

9. **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**

Sarah Lester stated that the Committee received two (2) applications for the Mortgage Credit Certificate (MCC) Program requesting an aggregate amount of $15,182,224. The County of Contra Costa is requesting $7,182,224 and the County of Riverside is requesting $8 million for the MCC Program.

Staff recommends that the Committee approve the requested amounts.

RECOMMENDATION:
Staff recommended approval of the two (2) applications for an aggregate amount of $15,182,224.

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; Steve Juarez: Aye

18-026	SL	County of Contra Costa		Various	Contra Costa	$7,182,224
18-027	SL	County of Riverside		Various	Riverside	$8,000,000

10. **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**

Shirley Hom reported that there was one (1) minor change on page four of the Shorebreeze Expansion Apartments staff report. The page consisted of adjusting the leveraging points to 0 for total points of 55. This change has been incorporated into the records. There was one (1) withdrawal after the binders went out and that was Ashley Willowbrook, application #18-463.

Staff requested approval of one (1) mixed income pool project in the amount of $48,103,724 and 28 general pool projects totaling $710,149,808 for a total of 29 projects with an aggregate amount of $758,253,532. Staff recommended approval of these projects.

Steve Juarez thanked Ms. Hom.

RECOMMENDATION:
Staff recommended approval of one (1) mixed income pool project and 28 general pool projects for an aggregate total of $758,253,532.

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; Steve Juarez: Aye

18-447	RB	California Housing Finance Agency	1717 S Street	Sacramento	Sacramento	$48,103,724

18-022	SL	California Municipal Finance Authority	Blue Mountain Terrace (Suppl)	Winters	Yolo	$2,000,000
18-023	SL	California Housing Finance Agency	Truckee Artist Lofts (Suppl)	Truckee	Nevada	$5,023,229
18-380	RB	California Statewide Communities Development Authority	Miramar Tower Apartments	Los Angeles	Los Angeles	$30,000,000
18-381	FW	California Statewide Communities Development Authority	La Mesa Springs Apartments	La Mesa	San Diego	$25,000,000
18-383	RF	City of Los Angeles	The Pointe on Vermont	Los Angeles	Los Angeles	$15,196,222
18-421	RB	Housing Authority of the City of San Diego	West Park Apartments	San Diego	San Diego	$9,000,000
18-422	RF	California Municipal Finance Authority	Shorebreeze Expansion Apartments	Mountain View	Santa Clara	$26,762,500
18-432	CTY	Housing Authority of the County of San Bernardino	Arrowhead Grove Phase 2	San Bernardino	San Bernardino	$55,000,000
18-433	RF	California Housing Finance Agency	Breezewood Village	La Mirada	Los Angeles	$17,000,000
18-434	RF	California Housing Finance Agency	Sky Parkway Apartments	Sacramento	Sacramento	$8,400,000
18-437	RF	California Municipal Finance Authority	Hotel Fresno Apartments	Fresno	Fresno	$15,500,000

18-438	RB	City of Los Angeles	Building 208	Los Angeles	Los Angeles	$19,000,000
18-440	RB	California Housing Finance Agency	Gravenstein Apartments	Sebastopol	Sonoma	$11,012,857
18-442	RB	California Housing Finance Agency	Citrus Grove Apartments	Fontana	San Bernardino	$19,800,000
18-448	RB	California Statewide Communities Development Authority	Corona Park Apartments	Corona	Riverside	$49,250,000
18-456	FW	California Municipal Finance Authority	Federation Tower Apartments	Long Beach	Los Angeles	$16,330,000
18-457	RB	California Municipal Finance Authority	Oak Grove North and Oak Grove South (Scattered Site)	Oakland	Alameda	$64,335,000
18-458	RF	Housing Authority of the County of Los Angeles	Whitfield Manor	Compton (unincorp. LA County)	Los Angeles	$8,600,000
18-459	RF	City and County of San Francisco	735 Davis	San Francisco	San Francisco	$21,885,000
18-460	RF	City and County of San Francisco	88 Broadway	San Francisco	San Francisco	$55,280,000
18-461	RB	City and County of San Francisco	Mission Bay South Block 6 West	San Francisco	San Francisco	$68,000,000
18-462	RB	City of Los Angeles	Building 205	Los Angeles	Los Angeles	$21,000,000
~~18-463~~	~~CTY~~	~~Housing Authority of the County of Los Angeles~~	~~Ashley Willowbrook~~	~~Los Angeles~~	~~Los Angeles~~	~~$9,300,000~~
18-465	FW	California Statewide Communities Development Authority	Morgan Tower	National City	San Diego	$48,700,000
18-466	FW	Housing Authority of the City of San Diego	Harbor View	San Diego	San Diego	$10,000,000
18-467	FW	Golden State Finance Authority	Windsor Veterans Village	Windsor	Sonoma	$22,200,000
18-468	FW	Golden State Finance Authority	Montevista Senior Apartments	San Pablo	Contra Costa	$13,200,000
18-469	FW	California Statewide Communities Development Authority	Kimball Tower	National City	San Diego	$37,500,000
18-470	FW	California Housing Finance Agency	Redwood Oaks Apartments	Redwood City	San Mateo	$15,175,000

11. Public Comment

Steve Juarez asked if there was anybody in the audience who cared to provide general comments before turning back the meeting to Laura for some comments of her own.

Ms. Whittall-Scherfee wanted to close this meeting and notify members of the Committee and the general public that this would be her last meeting as the Executive Director of CDLAC. She has really enjoyed her year and a half at CDLAC.

Laura Whittall-Scherfee wanted to take a moment to really thank staff. CDLAC staff really stepped up this year. It was a very demanding year and CDLAC had quite a few empty positions for a while. Staff also had a lot of projects come through. 2018 is only second to 2016 in terms of the volume. Staff had two extra rounds on top of a very busy end of 2017, so she just wanted to say thank you to the staff and thank you to the Committee for all of the support throughout the year and a half she had been here. She looks forward to working with a lot of you, hopefully, sometime in the future. Thank you.

Steve Juarez thanked Laura for the service that she has done for the State of California and in particular in the State Treasurer's Office and to CDLAC. It is much appreciated. Look at it this way, you are going to have some time now, at least initially to do things while everybody else is working. I will join you in that endeavor, not together, but individually.

Mr. LoFaso mirrored Mr. Juarez's comments. Thank you Laura.

8. Adjournment

The Chairperson adjourned the meeting at 11:48 a.m.