

California Debt Limit Allocation Committee

Jesse Unruh Building
Room 587
915 Capitol Mall
Sacramento, CA 95814
March 20, 2019
Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

Jovan Agee called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 1:31 p.m.

Members Present: Jovan Agee for State Treasurer Fiona Ma, CPA
Jolie Onodera for Gavin Newsom, Governor
Anthony Sertich for Betty T. Yee, State Controller

Advisory Members Present: Carr Kunze for the California Housing Finance Agency (CalHFA)
Mark Stivers for the Department of Housing and Community Development (HCD)

2. Approval of the Minutes of the December 12, 2018 and the January 16, 2019 Meetings (Action Item)

Jolie Onodera moved approval, with a revision noted by Ms. Onodera to the December 12, 2018 minutes, and full approval of the January 16, 2019 minutes. Upon a second by Jovan Agee, the motion passed 2-1-0 with the following votes: Jolie Onodera: Aye; Jovan Agee: Aye; Anthony Sertich: Abstain.

3. Executive Director's Report (Informational Item)

Vince Brown reported that the Treasurer's housing vision is aligned with the Governor's proposed housing initiatives. A Request for Proposal (RFP) has been issued to look at both CDLAC and the California Tax Credit Allocation Committee (TCAC) to make sure both Committees are aligned and efficient, to the extent possible, with the Governor's initiatives.

The first draft of the RFP may be available in October for the Board to review with a final draft in November.

Mr. Agee inquired as to the full scope of the deliverables.

Mr. Brown stated that the RFP will look at both Committees' statutes and regulations, federal and state, as well as any program deficiencies. There will be discussions with members of both staffs, as well as the stakeholders to receive input. After all of the information is gathered, a strategic plan

will be developed that could recommend the merging of the two entities, or keeping the entities separate with some efficiency, regulatory and statutory changes occurring.

It is a comprehensive review that will be undertaken in the next several months.

Mr. Sertich asked if there would be with any other regulation changes or anything that was recommended by staff or the Board.

Mr. Brown replied that that would be contemplated but his understanding based on the timeline is that implementation would likely occur if there are any necessary budget changes in the 2021 budget year and regulatory changes probably within that timeframe as well.

Mr. Sertich stated that the Controller is really interested in improving the efficiency of the tax credit and CDLAC allocations and wants to make sure that we move the process forward as quickly as possible.

Mr. Brown replied that the Treasurer also wants to move as fast as possible.

Mr. Sertich thanked Mr. Brown.

Mr. Brown reported that we have our General Counsel, Mark Paxson, who will be providing legal services for both CDLAC and TCAC. Obviously, given the importance of the housing program to the State Treasurer, we want to make sure that Legal is engaged in a much more expansive fashion than perhaps previously; particularly as we go through the regulatory and statutory review as we deal with appeals and things of that nature. I am glad that Mr. Paxson will be joining us and I think he will provide a valuable asset for the Committee as we go forward.

Mr. Sertich agreed.

Mr. Brown stated that, and either the Chair or Counsel can chime in as well, we have begun reviewing the Governor's proposed trailer bill relative to his \$500 million tax credit initiative.

Staff will be providing input to ensure that we can implement it from an operational standpoint, but also provide advice from a program and policy standpoint.

Staff is going to work very closely with the Administration to ensure that we are aligned going forward.

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

Posada de Colores Apartments	17-316
800 Block Apartments	17-385
Step Up On Second Apartments	17-417
Viridis Fuels, LLC	18-018
North Fork Community Power, LLC	18-025
Hope on Alvarado	18-327

Evan Kass reported that staff recommended approval of a Waiver of the Forfeiture of the Performance Deposit for six (6) projects: Posada De Colores Apartments, 800 Block Apartments,

Step Up on Second Apartments, Viridis Fuels, (an exempt facility), North Fork Community Power, (an exempt facility), and Hope on Alvarado.

Common reasons involved issues with financing, delays involving local authorities and changes among third-party relationships. Staff believes these situations were unforeseen and beyond the sponsor or developer's control; therefore, staff is requesting Board approval to waive the Forfeiture of Deposit for these six (6) projects.

RECOMMENDATION:

Staff recommended approval of the Requests for a Waiver of the Forfeiture of Performance Deposit for Various Projects.

Mr. Sertich moved approval of staff's recommendation. Upon a second by Jolie Onodera, the motion passed 3-0 with the following votes: Anthony Sertich: Aye; Jolie Onodera: Aye; Jovan Agee: 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*

Ruben Barcelo stated that there were no appeals.

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

Ruben Barcelo reported that the Committee received two (2) applications for the Mortgage Credit Certificate (MCC) Program. The first one is from the Sacramento Housing and Redevelopment Agency on behalf of the County of Sacramento. Another application was received from the County of Santa Clara.

Staff recommended approval of allocation to the Sacramento Housing and Redevelopment Agency on behalf of the County of Sacramento in the amount of \$10,160,133 as well as allocation to the County of Santa Clara in the amount of \$12,951,459 for an aggregate amount of \$23,111,592.

Each of these amounts, incidentally, represent the entirety of each of these entities' 2019 Fair Share Allotment.

RECOMMENDATION:

Staff recommended approval 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.

Ms. Onodera moved approval of staff's recommendation. Upon a second by Anthony Sertich, the motion passed 3-0 with the following votes: Jolie Onodera: Aye; Anthony Sertich: Aye; Jovan Agee: Aye.

5.1	19-005	SL	Sacramento Housing and Redev Agency on behalf of County of Sacramento			Sacramento	\$10,160,133
5.2	19-008	SL	County of Santa Clara			Santa Clara	\$12,951,459

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*

Ricard Fischer stated that there were no appeals.

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

Richard Fischer reported that staff recommended approval of one (1) rural income pool project in the amount of \$5,500,000, and 17 general pool projects totaling \$389,303,731 for a total of 18 projects with an aggregate amount of \$394,480,731.

Mr. Sertich stated that there were a couple of projects that were a higher cost than we would like to see generally; however, he had no objections.

RECOMMENDATION:

Staff recommended approval of the 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

Ms. Onodera moved approval of staff’s recommendation. Upon a second by Anthony Sertich, the motion passed 3-0 with the following votes: Jolie Onodera: Aye; Anthony Sertich: Aye; Jovan Agee: Aye.

6.1	19-446	SL	California Municipal Finance Authority	Kristen Court Apartments II	Live Oak	Sutter	\$5,500,000	
6.2	19-006	RB	County of Los Angeles	Florence Apartments (Suppl)	Los Angeles	Los Angeles	\$1,216,365	\$1,216,365
6.3	19-007	SL	City of Los Angeles	Florence Morehouse Apartments (Suppl)	Los Angeles	Los Angeles	\$4,246,179	
6.5	19-435	RB	California Municipal Finance Authority	Heavenly Vision	Los Angeles	Los Angeles	\$5,000,000	
6.6	19-436	FW/RB	California Municipal Finance Authority	Cornerstone Apartments	Santa Ana	Orange	\$17,250,000	
6.7	19-437	RB	Housing Authority of the City of Chula Vista/City of Chula Vista	St. Regis Park Apartments	Chula Vista	San Diego	\$21,400,000	\$21,200,000
6.8	19-438	SL	California Municipal Finance Authority	Imperial VI (Scattered Site)	Various	Imperial	\$11,675,000	
6.10	19-440	CTY	California Statewide Communities Development Authority	Magnet Senior Housing	Irvine	Orange	\$30,746,187	\$30,746,187
6.12	19-442	CTY	California Statewide Communities Development Authority	Glen Haven Apartments	Fremont	Alameda	\$17,000,000	\$6,010,024

6.13	19-444	RB	California Housing Finance Agency	Park Florin Apartments	Sacramento	Sacramento	\$12,500,000	
6.14	19-445	RB	Housing Authority of the City of San Luis Obispo	RAD 175 (Scattered Site)	San Luis Obispo	San Luis Obispo	\$57,000,000	\$57,000,000
6.15	19-447	FW/RF	Housing Authority of the City of Sacramento	Cascade Village Apartments	Sacramento	Sacramento	\$23,500,000	\$23,500,000
6.16	19-448	RF	City of Los Angeles	Simpson Arbor Apartments	Los Angeles	Los Angeles	\$20,000,000	
6.17	19-449	RF	California Housing Finance Agency	Walnut Windmere Apartments (Scattered Site)	Davis	Yolo	\$17,750,000	\$14,610,323
6.18	19-450	RF	City and County of San Francisco	Eastern Park Apartments	San Francisco	San Francisco	\$84,840,000	\$84,840,000
6.19	19-451	FW/RF	California Municipal Finance Authority	Salerno Apartments	Irvine	Orange	\$25,400,000	
6.20	19-452	FW/RB	California Public Finance Authority	Leisure Terrace Apartments	Hayward	Alameda	\$14,980,000	\$14,980,000
6.21	19-453	FW/RB	California Public Finance Authority	Villa Medanos	Antioch	Contra Costa	\$23,170,000	\$23,170,000
6.22	19-454	RB	California Public Finance Authority	Willow Glen Apartments	Hercules	Contra Costa	\$18,630,000	\$16,943,313

7. Public Comment

There was no public comment.

8. Adjournment

The Chairperson adjourned the meeting at 1:42 p.m.