

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Minutes of the July 28, 2010 Meeting**

1. Roll Call.

Bettina Redway for State Treasurer Bill Lockyer chaired the meeting of the Tax Credit Allocation Committee (TCAC). Ms. Redway called the meeting to order at 2:10 p.m. Also present: Cindy Aronberg for State Controller John Chiang; Cynthia Bryant for the Department of Finance Director Ana Matosantos; Robert Deaner for the Executive Director of the California Housing Finance Agency Steven Spears; Department of Housing and Community Development Director Lynn Jacobs; and City Representative Christopher Armenta.

County Representative David Rutledge was absent.

2. Approval of the Minutes of the June 9, 2010 Meeting.

MOTION: Ms. Aronberg moved to adopt the minutes of the June 9, 2010 meeting. Ms. Bryant seconded and the motion passed unanimously.

3. Executive Director's Report.

Mr. Pavão provided a summary of the American Recovery and Reinvestment Act of 2009 (ARRA) funded projects. He stated that TCAC originated a total of 142 ARRA loans and grants. He reported that 87 projects closed escrow as of July 23<sup>rd</sup>.

Mr. Pavão announced that staff received 146 applications for Second Round 2010 9% tax credits. He estimated that 40 applications would be recommended for approval at the September 22<sup>nd</sup> TCAC meeting.

4. Discussion and Consideration of a Resolution to Adopt Proposed Emergency Regulations, Title 4 of the California Code of Regulations, Sections 10323(a) through (f), Accommodating Prospective Federal Exchange Authority and Other ARRA matters.

Mr. Pavão reminded that Committee that Congress proposed a bill that would extend the Section 1602 tax credit exchange program by one year. He explained that staff incorporated the terms of the proposed bill into the regulations in the event Congress approved extension of the exchange program.

Mr. Pavão stated that if TCAC received authority to extend the Section 1602 program, only 9% projects would be eligible to participate. In addition, TCAC would only provide cash in lieu of credit assistance. He explained that the exchange rate would be \$0.73 per dollar of tax credit. Mr. Pavão predicted that the types of projects likely to participate in the new exchange program were small and remote rural projects that had little or no equity investors.

Mr. Pavão stated that Section 1602 assistance would not be available to the First Round 2010 projects if Congress did not approve extension of the program by September 7th. He explained that First Round projects would be unable to meet performance deadlines if the exchange program became available any later than September 7<sup>th</sup>.

Mr. Pavão stated that TCAC was obligated to perform certain asset management functions under the Recovery Act. He explained that the proposed regulations described the system by which TCAC would charge asset management fees to ARRA funds recipients. He noted that the asset management fees would not exceed \$7,500 annually.

Ms. Bryant asked Mr. Pavão if he thought TCAC should wait until Congress adopted the new Section 1602 terms before adding them into the regulations. She explained that the state might experience unnecessary costs if Congress elected not to extend the program.

Mr. Pavão stated that certain provisions in the new Section 1602 terms would provide benefits to TCAC immediately. For example, TCAC could begin to collect asset management fees from ARRA recipients.

MOTION: Ms. Bryant moved to adopt staff recommendations. Ms. Aronberg seconded and the motion passed unanimously.

5. Discussion of and Action on 2010 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects and appeals filed under TCAC Regulation Section 10330.

Mr. Pavão summarized that the 4% tax credit projects on the Agenda were reviewed for feasibility and compliance with federal and state requirements. He recommended them for Committee approval.

MOTION: Ms. Bryant moved to adopt staff recommendations. Ms. Aronberg seconded and the motion passed unanimously.

6. Discussion of and Action to adopt a Resolution for a 2009 4% Financing Application for HCD Backfill using TCAP funds.

Mr. Pavão explained that the project sponsor was awarded ARRA funds at prior meetings but did not receive the full amount requested. He reported that TCAC received \$420,000 in returned ARRA funds and recommended augmenting the 220 Golden Gate Avenue award by the same amount.

Ms. Redway asked Mr. Pavão how much TCAC had awarded to the project as of that day.

Mr. Pavão estimated that TCAC awarded about \$43 million to the project.

MOTION: Ms. Bryant moved to adopt staff recommendations. Ms. Aronberg seconded and the motion passed unanimously.

7. Public Comment.

There were no public comments.

8. Adjournment.

The meeting adjourned at 2:30 p.m.