

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Minutes of the October 16, 2013 Meeting

1. Roll Call.

Michael Papanian for State Treasurer Bill Lockyer chaired the meeting of the Tax Credit Allocation Committee (TCAC). Mr. Papanian called the meeting to order at 11:00 a.m. Also present: Alan Gordon for State Controller John Chiang; Eraina Ortega for the Department of Finance Director Michael Cohen; Timothy Hsu for California Housing Finance Agency Executive Director Claudia Cappio; Department of Housing and Community Development Representative Laura Whittall-Scherfee; City Representative Lucas Frerichs; and County Representative Lois Starr.

2. Approval of the minutes of the September 25, 2013 Committee meeting.

MOTION: Mr. Gordon moved to adopt the minutes of the September 25, 2013 meeting. Ms. Ortega seconded and the motion passed unanimously by a roll call vote.

3. Executive Director's Report.

Mr. Pavão reported staff had been contacted by a number of project sponsors who received First Round 2013 awards in June and were facing a 180-day readiness deadline of December 9th. He explained that the sponsors were required to close their construction period financing before the deadline. Mr. Pavão reported that sponsors who received federal funding commitments were experiencing delays due to the federal administrative shutdown, then in its 3rd week. The sponsors requested that TCAC extend the readiness deadline. Mr. Pavão stated that the readiness deadline was embedded in the regulations and he did not have the administrative latitude to extend the deadline at the staff level. He reported that staff had contemplated a proposed regulation change that would grant a 45-day extension to sponsors with federal funding commitments, thus extending their readiness deadline to mid-January 2014. Mr. Pavão explained that staff proposed a 45-day extension in anticipation that the sponsors would have difficulty conducting business during the holidays. He announced that staff would exercise its authority under statute to recommend adoption of the readiness deadline extension in the form of an emergency regulation at the November TCAC meeting.

Mr. Pavão reported that staff was close to finishing the proposed regulation changes for 2014. He explained that each year in the fall staff posted the proposed regulation changes for public view and held public hearings to gather feedback.

Mr. Papanian reported that he was informed by counsel that Agenda Item 6 was currently the subject of pending litigation. He stated that TCAC did not include a closed session item on that day's agenda to discuss the pending litigation. He requested that Item 6 be removed from the agenda if none of other board members objected.

Ms. Ortega stated that she was comfortable with continuing discussion of Item 6. She asked that staff include the item on the next meeting Agenda as a closed session item if the other board members did not wish to discuss it that day.

Mr. Gordon stated he agreed with removing Item 6 from that day's Agenda and including it on the next meeting Agenda as a closed session item.

Mr. Paparian confirmed that Item 6 would be removed from that day's Agenda. In addition, the item would be included on the next meeting Agenda as a closed session item.

4. Discussion and consideration of the 2013 Second Round Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs).

Mr. Pavão reported that the Committee approved awards for several 9% applicants at the October 16th TCAC meeting. And after hearing comments regarding Crenshaw Family Apartments (CA-13-135) and Turner Apartments (CA-13-168), the Committee decided to postpone voting on the two projects until the next meeting. He summarized that the projects were being recommended again for consideration by the Committee.

Mr. Paparian invited Keith Stanley to comment.

Mr. Stanley stated that he was not sure what to expect from the discussion. He stated that he did not know what position the Los Angeles Housing Department (LAHD) would be taking. He stated that the Committee may decide to fund CA-13-135 and CA-13-168 in accordance with staff recommendations or it may choose to fund the project LAHD supported, Playa Senior Affordable Housing (CA-13-105), with a 2014 forward allocation. Mr. Stanley stated that he would not oppose either possible decision.

Mr. Gordon suggested it would be helpful if he made a motion and then hear public responses to the motion. He made a motion to fund CA-13-135 and CA-13-168, as staff recommended, with a 2013 allocation and CA-13-105 with a forward-commitment of 2014 credits..

Ms. Ortega seconded the motion.

Mr. Paparian summarized the motion to fund CA-13-135 and CA-13-168 with 2013 credits and fund CA-13-105 with 2014 credits from the City of Los Angeles regional apportionment.

Mr. Stanley stated that he had no further comments after hearing the motion.

Mr. Paparian invited Ben Lingo to comment.

Mr. Lingo stated that he had no comments after hearing the motion.

Mr. Paparian invited Gwendy Egnater to comment.

Ms. Egnater stated that she supported the motion and did not need to comment further.

Mr. Paparian invited Jon Lalanne to comment.

Mr. Lalanne stated that he was happy with the motion and thanked the Committee for their work.

Mr. Paparian invited Manuel Bernal to comment.

Mr. Bernal stated that he was the housing manager for the City of Los Angeles. He stated that his agency sent out a letter before the last meeting and another letter before that day's meeting. He offered to provide copies of the letters. Mr. Bernal stated that he wanted to share more information about the issues discussed at the last meeting. In addition, he wanted to discuss a long term solution to the situation as outlined in the letters.

Mr. Bernal stated that in March the City released a Notice of Funding Availability (NOFA) for projects that wanted to compete for Second Round tax credit funding. He stated that on March 15th everyone on the agency's mailing list was sent an email notice that the NOFA was posted to the agency website and there would be a bidding conference where applicants could learn about the NOFA. Mr. Bernal stated that the NOFA announcement was received by one of the applicants whom the Committee just motioned to fund. He commented that his agency made a good faith effort to notify everyone on its email list regarding the NOFA. Mr. Bernal reported that his agency held a bidder's conference on April 2nd during which sponsors were invited to ask questions. On April 3rd the agency sent another email to everyone on its mailing list announcing that the NOFA deadline was extended. Mr. Bernal stated that the email was sent to the same applicant whom the Committee just motioned to fund.

Mr. Bernal explained that sponsors were advised at the bidder's conference that they should apply through the NOFA process if they needed funding and/or support through the City's local review letter. He provided the Committee with copies of a report that listed developers who applied as part of supportive housing in order to compete in the special set asides and those who applied for competition in the City of Los Angeles general pool. Mr. Bernal explained that his agency had more applicants than it could recommend and noted that there was a limited amount of tax credits available, thus his agency recommended its top applicants. Mr. Bernal explained that the report showed applicants who applied for funding through the City's NOFA process, but were not selected. He stated that the projects not selected were still waiting to be funded. He noted that in the geographic set aside, 3 projects applied through the NOFA, not for money, but for City support. Mr. Bernal stated that the applicants not selected were asked to abstain from the TCAC competition because the City planned to recommend its high priority projects for TCAC funding.

Mr. Bernal stated that the 3 applicants not selected for recommendation through the NOFA process were Selma Community Housing, Paseo California, and Oak Glen Apartments. He stated that if the applicants had chosen to bypass the NOFA process, the projected tie-breaker would have been higher than that of CA-13-135. He noted that the applicants were being penalized for complying with the City's process by abstaining from the TCAC competition.

Mr. Bernal stated that the City supported CA-13-105 because the applicant complied with all of the City's policy objectives. He stated that the project scored 148 points and was located in a neighborhood that had not received funding before. Mr. Bernal passed out a report to the Committee members. He explained that the report showed many projects funded through the NOFA process throughout the city over the past 10 years. He brought the Committee's attention to a chart showing projects in Council Districts 8 and 11. He explained that CA-13-105 was located in District 11 and CA-13-135 and CA-13-168 were both in District 8. He explained that over the past ten years 18 affordable housing projects were funded in District 8, which accounted for approximately 1,400 units and leveraged approximately \$327 million. Mr. Bernal noted that his agency made a good faith effort to invest in District 8.

Mr. Bernal stated that only two projects were funded in District 11 during the past 10 years. He commented that although land was expensive in District 11, there was still a need for affordable housing and there were low-income families in that area trying to live beyond their means. Mr. Bernal stated that his agency wanted to bring more affordable housing to District 11, which was the main reason CA-13-105 was chosen for the TCAC competition. He stated that his agency did not get a chance to review CA-13-135 and CA-13-168 because they did not apply through the NOFA process.

Mr. Bernal stated that in addition to meeting the policy objectives set by the Committee through the scoring system, HCIDLA applied additional criteria, which helped the agency meet other needs. He stated that the City needed to make more efforts to diversify where the funding went.

Mr. Bernal requested that the Committee fund CA-13-105 and not fund CA-13-135 and CA-13-168. He explained that in granting the City's request the Committee would show respect to the Los Angeles developers, specifically those who did not apply for tax credits at the City's request. Mr. Bernal stated that developers worked hard to assemble multiple resources with different time lines without the guarantee that they would receive a tax credit allocation.

Mr. Bernal stated that he understood the Committee had a difficult decision to make. He explained that his letter encouraged the Committee to seek ways to affirmatively support the collaborative efforts taking place at the local level while meeting its policy objectives. Mr. Bernal proposed that if a project scored a perfect 148 points at the tie-breaker level and met TCAC requirements, the project could default to a local priority scheme that the City developed publically. He also proposed assigning points to the current local review letter.

Mr. Paparian commented that he understood Mr. Bernal's position. He asked Mr. Bernal if he preferred the 2014 forward commitment for CA-13-105 or no commitment for the project at that time.

Mr. Bernal requested to answer Mr. Paparian's question after the other speakers made their comments.

Mr. Paparian thanked Mr. Bernal for his constructive suggestions. He encouraged HCIDLA to work with developers to ensure they were educated and to avoid

encountering the same issues in the future. He suggested HCIDLA submit to TCAC its suggestions steps the Committee should take in making policy changes.

Ms. Ortega stated that it was her understanding that funding CA-13-105 with a 2014 forward commitment would lower the amount of credits available in 2014. She asked Mr. Bernal if he had any concerns about the viability of the project.

Mr. Bernal stated that Andrew Gross from Thomas Safran and Associates could probably address the question better, but from a credit usage perspective, the forward commitment would push the City's pipeline back by one project. He predicted that there may be critical timing issues related to CA-13-105, which could require funding the project in 2013. Mr. Bernal stated that the City's decision to prioritize CA-13-105 was based on a multitude of elements including timing.

Ms. Ortega stated that Mr. Bernal made a compelling case for CA-13-105, which was the reason she supported the motion to fund it, however she disagreed with his request to deny funding for CA-13-135 and CA-13-168 because the regulations allowed the sponsors to apply directly to TCAC. Ms. Ortega commented that she hoped the same issues did not come up again in the future. She explained that she did not feel comfortable granting Mr. Bernal's recommendation to deny funding for CA-13-135 and CA-13-168 when the project developers applied in good faith and according to the regulations.

Mr. Gordon stated that an issue about credit value was raised with regard to the lowering of the basis during the application process to qualify. He asked if the Committee could take action to move the basis back up to the actual basis at that day's meeting. He asked if such action had to be noticed on a future meeting Agenda.

Mr. Pavão stated that it was not uncommon for staff to recommend a reservation of credits and for the Committee to approve the reservation based on a "plug" number or estimate of what the credit factor would be over time. Traditionally, a number ranging between 7.3 and 7.6 was the multiplier built into the application. Mr. Pavão stated that what the "floating number" turned out to be was subject to a variety of factors over time. He explained that the reservation was built on the assumption that if the project had adequate actual basis beyond its requested basis and that number declined, traditionally staff would continue to reserve and award the full credit amount based on the actual basis.

Mr. Gordon asked Mr. Pavão if the Committee had the ability to make the 2014 commitment that day using the actual basis.

Mr. Pavão confirmed that the Committee could fund the project that day with 2014 credits using the actual basis. He explained that CA-13-105 voluntarily abandoned a large amount of actual basis and its requested basis amount was quite lower than the actual basis. He concluded that the project had adequate basis to warrant the reservation of credits even with the smaller credit factor.

Mr. Gordon asked if the information Mr. Pavão shared must be part of the motion to fund CA-13-105. He asked if the project could be funded with 2014 credits without any additional action by the Committee.

Mr. Pavão confirmed that no additional action by the Committee would be necessary. He explained that the Committee incorporated within its motion the forward reservation of 2014 credits. He confirmed that CA-13-105 had adequate basis to warrant the reservation, even using the smaller credit factor.

Mr. Gordon stated that he somewhat associated himself with Ms. Ortega's remarks. He stated that he supported funding CA-13-105, but had an issue with the City's request to defund CA-13-135 and CA-13-168, which seemed to have gone through the traditional TCAC application process. Mr. Gordon stated that the developers spent a lot of money preparing their projects during the previous years only to find out last spring that the City planned to oppose the projects. He asked Mr. Bernal if he thought it was reasonable for the developers to conclude that since they were not requesting any funds they did not need to be part of the Notice of Funding (NOFA) process. He asked if it was reasonable for a developer who was not requesting any kind of funding from the City to conclude that the NOFA process did not pertain to that developer.

Mr. Bernal stated that the City reviewed projects submitted by applicants who did not need City funding, but understood the process of getting City support. He stated that developers understood the mechanism the City used to give a positive local review letter. Mr. Bernal stated that the process was explained at the bidder's conferences and to developers in the City. He asked that the Committee hear comments from Mr. Alan Greenly. Mr. Bernal stated that everybody else understood the City's process and though some did not like it, they understood that by participating they brought certainty to developers who applied and were allowed to move forward. Mr. Bernal stated that certainty was priceless because developers did not want to spend millions of dollars not knowing if they would get a tax credit allocation.

Mr. Bernal stated that he traveled around during the last year speaking to the development community about how to structure the City's review process. He noted that a top concern was certainty. He stated that developers wanted to be told that the City would support them. He explained that certainty must translate into a mechanism for ultimately being funded by TCAC.

Mr. Gordon asked Mr. Bernal if he thought the developers were unreasonable in concluding that because they did not request City funding that they did not need to be part of the City's process. He asked Mr. Bernal to confirm that the developers' conclusion was an unreasonable one.

Mr. Bernal confirmed that the developers' conclusion was unreasonable.

Mr. Paparian invited Andrew Gross to comment.

Mr. Gross stated that he represented Thomas Safran and Associates. He stated that CA-13-105 provided deep affordability in a highly desirable area. He stated that when the City of Los Angeles was awarded its allocation, his firm clearly understood that it needed to go through the City's process for tax credits. Mr. Gross stated that he supported the motion and agreed that it would produce a feasible project. He commented that it would be productive for future rounds to close the loop hole so there would be certainty for the Los Angeles applicants.

Mr. Paparian invited Charles Brumbaugh.

Mr. Brumbaugh stated that if the motion moved forward, he did not need to comment further.

Mr. Paparian invited Alan Greenly to comment.

Mr. Greenly stated that he was the executive director of the Southern California Association of Nonprofit Housing (SCANPH), which was made up of over 450 member organizations devoted to the development and operations of affordable housing in the southern California region, including the County and City of Los Angeles. He commented that he appreciated the integrity and seriousness of HCIDLA, TCAC staff, and the Committee in going through the deliberative process. Mr. Greenly stated that he was not available to articulate an organizational position on the motion because he had not yet shared the information with his members in order to arrive at an answer.

Mr. Greenly stated that he had 4 points to make, which were described in a his firm submitted to TCAC. He stated that the SCANPH membership endorsed the Los Angeles apportionment, with the idea that the geographic set aside provided the clarity and certainty Mr. Bernal described. Mr. Greenly stated that certainty was a key piece of the financial strength and ability of organizations to do their work. He commented that the ability of organizations to operate allowed them to be constructive and vital partners.

Mr. Greenly stated that the City did a fantastic job making sure the NOFA was an inclusive process as it structured its rules regarding allocation of credits and gaining City support. He commented that the process was well publicized and understood. He reiterated Mr. Bernal's comment that a number of organizations held back their projects before they applied in order to meet the City's goals and comply with the housing community's efforts to align underneath the City allocation. Mr. Greenly pointed out that developer's actions were not insignificant. He stated that timing had an impact on cost. To the financial detriment of their projects, developers held back from the competition in the spirit of collaboration and the hope of moving toward greater clarity and certainty.

Mr. Greenly stated that his firm understood the City's process was a work in progress. He stated that his firm was committed to working with the City and the State to make sure the process became clear and applicants understood how to line up in the queue to acquire limited resources. He suggested that the City allocation process could improve over time. Mr. Greenly stated that the allocation process did not work as smoothly it could have as evidenced by the current discussion. He stated that his firm was committed to working with the City and the State to make sure the process worked more productively in the future.

Mr. Greenly stated that the Qualified Allocation Plan (QAP) needed some adjustments as evidenced by the issues related to the 3 projects under consideration that day. He stated that he appreciated the opportunity to part of the effort to craft solutions that would allow the City allocation to be truly governed and operated by the City through its recommendation.

Mr. Greenly stated that SCANPH's position was to recommend that the Committee accept the City of Los Angeles' request regarding the 2013 Second Round reservations. He commented that as director of SCANPH, he was focused on the idea of building as many affordable homes as possible in his region and he supported in that respect; however he strongly urged the Committee to consider the impact of the motion on sponsors who had projects ready to apply for credits but held them back in the interest of the housing community aligning under the notion of an efficient, clear, and certain process regarding tax credit allocations.

Mr. Gordon stated that he completely agreed with the City and supported its allocations. He stated that in the future the development community needs to go through the City's process. He reiterated Mr. Greenly's comment that the process was a work in progress. Mr. Gordon stated that he hoped the necessary regulatory changes would be made with help from TCAC staff so that the same issues did not come up again. He stated that the Committee would not entertain the type of request made by the Los Angeles developers in the future; however the State Controller's Office felt that the sponsors for CA-13-135 and CA-13-168 followed the rules for 2013 allocation and should be funded.

Mr. Paparian agreed that the Committee did not want to face current situation again in the future. He stated that he was comfortable with the Committee's short term solution, which addressed the situation regarding the 3 projects under consideration. He stated that he recognized the City's efforts to work with the development community and with staff to ensure the Committee made any necessary adjustments to its procedures.

Mr. Bernal reiterated his request for the Committee to fund CA-13-105 and not to fund CA-13-135 and CA-13-168. He explained that in funding CA-13-135 and CA-13-168 the Committee would reduce any certainty that the City built up for the developers themselves. In addition, collaborative efforts at the local level would be greatly damaged if the City could not provide some certainty with respect to funding. Mr. Bernal stated that the City collaborated with developers and different funding sources, including the Department of Health, the county, and the Housing Authority to make projects feasible. He reiterated that the local collaborative efforts would be damaged by funding CA-13-135 and CA-13-168. Mr. Bernal stated that such action would ridicule the 3 developers who held back their tax credit applications at the City's request. He stated that the projects could have defeated CA-13-135, but they did not compete because they respected the City's process. Mr. Bernal stated that the damage could be mitigated if the Committee converted the sentiments it expressed to create a long term solution into a motion to direct staff to add language to the upcoming QAP, which would solve the problem. He suggested that amending the proposed motion in the manner he described would mitigate some of the City's concerns over the long term.

Mr. Paparian stated that the proposed regulations were not being considered that day, but he understood Mr. Bernal's request that staff work with the City to develop recommendations for Committee consideration to help it avoid the same problems in the future. Mr. Paparian stated that the Committee wanted to make the changes necessary to avoid future situations in which applicants were operating on perceptions of different processes for applying to TCAC.

Mr. Gordon suggested the Committee members vote on the motion before them. He stated that he would offer a second motion in order to make the Committee decision more formal. He explained that the second motion was for staff to bring to the Committee, in a time certain, suggestions for maximizing the City's local efforts in the future.

Mr. Paparian recited the first motion to fund CA-13-135 and CA-13-168 with 2013 tax credits and fund CA-13-105 with a forward commitment of 2014 credits from the City of Los Angeles apportionment.

MOTION: Mr. Gordon moved approval to fund CA-13-135 and CA-13-168 with 2013 tax credits and fund CA-13-105 with a forward commitment of 2014 credits from the City of Los Angeles apportionment. Ms. Ortega seconded and the motion passed unanimously by a roll call vote.

Mr. Gordon moved that within 45 days TCAC staff consult with the City of Los Angeles and return to the Committee with recommendations as to how it should act in order to give the City's pipeline process maximum credence in the future.

Ms. Ortega requested a modification to the section of the motion about giving maximum credence to City's process. She commented that the motion should be more neutral with respect to where the conclusion might be. Ms. Ortega agreed that staff should provide the Committee with recommendations for preventing a similar dilemma in the future, but she did not want to pre-judge what staff recommendations would be.

Mr. Pavão stated that regardless of the motion, his staff understood the Committee's request. He stated that the minutes would reflect the Committee's request for staff to work with the City of Los Angeles to amend the QAP with the intention of avoiding the current circumstances in the future. He noted that City representatives included a rather specific proposal in their letter, which he felt had merit. Mr. Pavão also noted that TCAC had a rule-making process in place. He explained that staff solicited public comments and considered them carefully. Mr. Pavão reported that staff intended to release the 2014 proposed regulation changes by the end of the month. He predicted that staff would be able to include recommendations, as the Committee requested, with the 2014 proposed regulation changes. Mr. Pavão announced that the next TCAC was scheduled for November 13th.

Mr. Paparian stated that he felt the staff understood the Committee's request. He asked the other board members if they still wished to create a motion.

Mr. Gordon asked Mr. Bernal if he wanted the Committee to continue with a motion.

Mr. Bernal stated that he preferred the Committee proceed with a motion.

MOTION: Mr. Gordon made a motion to direct staff to bring to the Committee, at the November 2013 meeting, its recommendations on how to incorporate the regulations with the process being undertaken in Los Angeles. Ms. Ortega seconded the motion.

Mr. Pavão noted that the Committee may or may not adhere to the staff recommendations.

Mr. Paparian stated that he appreciated that the Committee was not overly directive in terms of the nature of the recommendations. He invited John Lalanne to comment.

Mr. Lalanne stated that he was currently helping Keith Stanley at Horizon Development with project CA-13-168. He stated that it was his understanding that the 2014 forward commitment would be deducted from the full State allocation of approximately \$74 million and that the full allocation for CA-13-105 would not come from the City of Los Angeles apportionment.

Mr. Paparian explained that the motion provided funding for CA-13-105 from the 2014 allocation for the Los Angeles apportionment.

Mr. Lalanne stated that he had no problem with the City of Los Angeles having control of its area; however he wanted it to be clear that the City must set a deadline when its criteria was determined and not change it. He stated that prior to Mr. Bernal joining the agency the NOFA was not a fair and open process. Mr. Lalanne stated that in 2009 LAHD published a NOFA for the First Round, which included scoring criteria. He stated that the agency had a set aside for preservation projects. He reported that his firm submitted 2 projects. Mr. Lalanne reported that LAHD decided not to follow the NOFA because doing so would require funding only preservation projects. Mr. Lalanne stated that LAHD could continue the NOFA process, but he wanted to make clear that the agency should establish guidelines and not change them after a certain date.

Mr. Paparian stated that he understood Mr. Lalanne's concern about how the City would handle its process in the future. He stated that Mr. Lalanne may have additional comments after the Committee received staff recommendations regarding changes to TCAC processes.

Mr. Lalanne stated that he opposed anything that would prevent preservation projects from being developed. He stated that the City's control of the region prevented the funding of 9% preservation projects, that would otherwise score well and have other funding sources.

Mr. Lalanne stated that he received the email announcing the NOFA. He predicted that City representatives would keep changing their minds up until a week before the TCAC application deadline, which was ultimately when they submitted their request to the City Council for approval. Mr. Lalanne stated that Council Member Parks has seen the work his firm did with preservation projects. He stated that his main concern was preservation projects and did not want them to be precluded from funding by LAHD.

Mr. Paparian summarized that a motion was made by Mr. Gordon and seconded by Ms. Ortega.

The Committee voted and the motion passed unanimously by a roll call vote.

5. Discussion and consideration of the 2013 Applications for Reservation of Federal Low Income Housing Tax Credits (LIHTCs) for Tax-Exempt Bond Financed Projects.

Mr. Pavão reported that 10 applications for 4% credits were recommended for approval.

TCAC development manager, Anthony Zeto, reported that one of the Project Staff Reports was recently amended. He brought the Committee's attention to the revised report printed on golden rod paper. He explained that staff revised the project's income targeting to conform to that of the California Debt Limit Allocation Committee (CDLAC).

MOTION: Mr. Gordon moved to adopt staff recommendations. Ms. Ortega seconded and the motion unanimously by a roll call vote.

6. Staff Report on availability of Federal Low Income Housing Tax Credits (LIHTCs) for the 2012 Application for the Crossings on Amigo (CA-12-203).

Item 6 was removed from the Agenda.

7. Discussion and consideration of a resolution authorizing the Executive Director of the California Tax Credit Allocation Committee to sign contracts and interagency agreements.

Mr. Pavão reported that Item 7 was a routine matter in which TCAC requested authority to enter into an agreement with the State Treasurer's Office for its various administrative and other supportive services.

MOTION: Mr. Gordon moved to approve the resolution. Ms. Ortega seconded and the motion unanimously by a roll call vote.

8. Discussion and consideration of a resolution authorizing the Executive Director of the California Tax Credit Allocation Committee to amend the contract with Boston Capital Asset Management, L.P. to extend the original two-year contract for one additional year and to increase the contract for an amount by \$415,000 making the total amount of the contract not to exceed \$1,315,000. This resolution will replace the prior resolution considered on July 17, 2013. The contract with Boston Capital Asset Management, L.P. is to provide professional asset management services related to compliance with TCAP and Section 1602 program requirements for projects awarded funds made available by the American Recovery and Reinvestment Act of 2009.

Deputy Director, Lisa Vergolini, explained that after TCAC received and awarded the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus funds; TCAC was required to perform asset management for the awarded projects. She stated that TCAC staff typically performed compliance tasks such as ensuring residents were income qualified and overseeing the physical nature of the projects. Ms. Vergolini stated that asset management was a more involved process so TCAC contracted with Boston Capital for 2 years to provide oversight of approximately 50 projects. She

reported that TCAC entered into cooperation agreements with sister agencies and syndicators for asset management of the remaining projects.

Ms. Vergolini stated that rather than soliciting a new contract staff decided to amend the existing contract with Boston Capital to add 1 year and 1 year of funding. She stated that the Committee approved a resolution to amend the contract in July; however the resolution was rejected by the Department of General Services because it did not state the overall total amount of the amended contract. Ms. Vergolini reported that the resolution before the Committee that day included more detail than the previous one. She noted that the amount to be added to the contract was reduced from \$472,000 to \$415,000 because TCAC was able to get cooperation agreements for several projects. She summarized that the new resolution extended the contract by 1 year and increased the total amount by \$415,000. She stated that the amended contract would expire at the end of 2014 and the grand total of the contract would be \$1,315,000.

MOTION: Mr. Gordon moved to approve the resolution. Ms. Ortega seconded and the motion unanimously by a roll call vote.

9. Public Comments.

Mr. Paparian invited Douglas Bigley to comment.

Mr. Bigley stated that his firm filed a notice of appeal because the last day to do so was yesterday. He stated that his firm encountered some timing and technical issues as it tried to find a resolution. Mr. Bigley stated that the main issue was whether or not his firm could use private funds under its old application to pay prevailing wages in downtown Los Angeles. He commented that he was impressed by the way everyone worked through the issues to arrive at a resolution. Mr. Bigley stated that his circumstances were similar because there was confusion regarding the application process; however staff was directed to clear things up and the projects under discussion that day did not suffer. Mr. Bigley stated that in his circumstance the problem was fixed in the application, but the project still suffered and there was a penalty for the sponsor's reliance upon the regulations. He stated that he would like to have a productive dialogue if possible. He asked Nate Holden if he would like to comment.

Mr. Holden stated that he became involved with the project through a friend. He stated that it was his understanding that the developer planned to pay prevailing wages. He commented that he was delighted to learn that a private developer intended to voluntarily pay prevailing wages without being forced to do so. Mr. Holden stated that it had always been the legislative intent, while he served on the Senate and City Council, that prevailing wages was what the unions and local government wanted, especially in blighted redevelopment areas. Mr. Holden stated that the project site in Reseda was blighted. He stated that he lived near Playa Vista, which was not blighted. He stated that it was decided that the project should have local funding. Mr. Holden stated that he asked his friends at the Council to assist the project if they wanted it in their district and believed there was a need for it. He stated that the Council made a motion to provide minimal funding in the amount of \$25,000. He stated that the Council voted unanimously to fund the project. Mr. Holden stated that Mr. Blumenfield was currently the Councilman for the district. He stated that the people of the community had needed the project for some time. Mr.

Holden stated that he believed the Committee had 30 days to reconsider the project. He stated that there was some discussion about resettlement even before the legal matter. He stated that he was told the matter should not be litigated and he agreed. Mr. Holden commented that the money was available and he hoped the matter could be resolved quickly at the next TCAC meeting.

10. Adjournment

The meeting adjourned at 12:06 p.m.