



California Debt Limit Allocation Committee

915 Capitol Mall, Board Room 121
Sacramento, CA 95814

March 3, 2026

CDLAC Committee Meeting Minutes

1. *Agenda Item: Call to Order and Roll Call*

The California Debt Limit Allocation Committee (CDLAC) meeting was called to order at 1:04 p.m. with the following Committee members present:

Voting Members:

Fiona Ma, CPA, State Treasurer, Chairperson
Evan Johnson for Malia M. Cohen, State Controller
Michele Perrault for Gavin Newsom, Governor

Advisory Members:

Gustavo Velasquez, Department of Housing and Community Development (HCD) Director
Tony Sertich, California Housing Finance Agency (CalHFA) Executive Director

2. *Agenda Item: Approval of the Minutes of the January 13, 2026, Meeting*

Chairperson Ma called for public comments:
None.

MOTION: Mr. Johnson motioned to approve the minutes of the January 13, 2026, meeting, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

3. *Agenda Item: Executive Director's Report*

Presented by: Marina Wiant

Marina Wiant, Interim Executive Director, commended the staff on the recent office move. She also said she would be speaking at the Housing California Annual Conference later this month. It is one of the state's largest conferences on affordable housing, and she looks forward to seeing many stakeholders there.

Chairperson Ma called for public comments:
None.

4. *Agenda Item: Request to Extend the Bond Allocation Issuance Deadline for Qualified Residential Rental Projects and Request to Waive Forfeiture of the Performance Deposit (Cal. Code Regs., tit. 4, §§ 5006(c) & 5108(c)(1))*



California Debt Limit Allocation Committee

Presented by: D.C. Navarrette

Mr. Navarrette explained that bond issuance deadline extensions may be granted based on the terms of the regulations governing the allocation. Any project awarded an allocation in or before Round 2 of 2025 cannot exceed 55% of the aggregate depreciable basis plus land basis, and if a project is requesting an expiration extending past January 1, 2026, the project is required to reduce its allocation to not exceed 30% of the aggregate depreciable basis plus land basis, unless an exception applies. Two projects are requesting extensions today, and different rules apply to each project due to timing.

Mr. Navarrette explained that former Section 5101 of the CDLAC regulations permitted the Executive Director to grant extensions up to 90 days for all allocations but required Committee approval for any additional extensions. Section 5052 states that an extension with an expiration date for bonds granted under former Section 5101 will result in forfeiture of the performance deposit to the extent that the performance deposit has not been forfeited. Applicants bear the risk of forfeiting all or part of their performance deposit if the allocation is not used in accordance with the conditions and/or timeframes set forth in the CDLAC resolution. The two projects requesting extensions today are Vacaville Gables Apartments (CA-24-549) and Prospect Avenue Senior, Prospect Villa I, Prospect Villa III (CA-25-623).

Chairperson Ma asked if the staff recommends approving the extensions.

Mr. Navarrette responded affirmatively.

Chairperson Ma called for public comments:

None.

MOTION: Ms. Perrault motioned to approve the requests to extend the bond allocation issuance deadline and waive forfeiture of the performance deposit, and Mr. Johnson seconded the motion.

The motion passed unanimously via roll call vote.

5. *Agenda Item:* **Supplemental Bond Allocation Request Above the Executive Director's Authority (Cal. Code Regs., tit. 4, § 5109)**

Presented by: D.C. Navarrette

Mr. Navarrette explained that Section 5109(b) of the CDLAC regulations permits the Committee to delegate authority to the Executive Director to award supplemental bond allocation to projects awarded an allocation subject to the limits set in Section 5108(a) and that issued bonds prior to January 1, 2026, where the total delegated supplemental requests are no more than 10% of the project's Committee-approved allocation and no more than 52% of the aggregate depreciable basis plus land basis. When a request exceeds those limits, Committee approval is required. There are five projects requesting supplemental bond allocations above the Executive Director's authority today, and they have all been reviewed for compliance. None of the requests exceed the old 52% limit, but they do exceed the 10% limit. Some of the projects are newer and need a little more allocation to get past 25%.



California Debt Limit Allocation Committee

Chairperson Ma asked where these projects are located.

Mr. Navarrette said he did not have that information readily available, but he could get back to the Committee with that information.

Chairperson Ma said it would be good for the people listening to the call to know where the projects are being built, how many units they are providing, and what population they are serving.

Ms. Wiant said one of the projects is in Pasadena, one is in Windsor, two are in Los Angeles, and one is in Oceanside.

Mr. Johnson said the Committee is continuing to see costs rise, and as timelines roll on for each of these projects, costs will go up. This continues to be a problem and is something the Committee needs to continue to keep an eye on. Mr. Johnson does not have any particular concerns with these requests, but this continues to be an issue as projects continue to take a long time to get moving.

Chairperson Ma called for public comments:
None.

MOTION: Mr. Johnson motioned to approve the supplemental bond allocation requests above the Executive Director's authority, and Ms. Perrault seconded the motion.

The motion passed unanimously via roll call vote.

6. **Agenda Item: Request to Waive Negative Points and Forfeiture of the Performance Deposit for a Qualified Residential Rental Project (QRRP) (Cal. Code Regs., tit. 4, §§ 5006, 5011(b), 5105)**
Presented by: D.C. Navarrette

Mr. Navarrette explained that pursuant to Section 5006(c)(1) of the CDLAC regulations, applicants bear the risk of forfeiting all or part of the performance deposit if an allocation is not used in accordance with the conditions and/or timeframes set forth in the CDLAC resolution. Section 5011 states that if any amount of carryforward allocation is not used to issue bonds on or before the carryforward allocation expiration date, the performance deposit will be forfeited to the Committee. One project has submitted a request today, 1250 West Jeff (CA-24-671), which is located in West Sacramento.

Ms. Wiant said this project previously came in for an extension due to issues with HUD financing. After the Committee granted the extension, HUD went dark. That is why the project returned the allocation. The staff recommends granting the requested waivers because of the uncertainty at the federal level and many of the challenges that developers are having with HUD. While CDLAC does not have a broad policy on this, Ms. Wiant wanted to flag these issues for this particular project.

Chairperson Ma said this may be a continuing issue. A new HUD director has been appointed, and the staff has also been cut.

Chairperson Ma called for public comments:



California Debt Limit Allocation Committee

Ben Barker from California Municipal Finance Authority (CMFA) said CMFA will be able to reuse the carryforward on a new project, and they have a long list of projects that could use the allocation, so it will be utilized. It will essentially be as if this project had never applied.

Cherene Sandidge from the Black Developers Forum (BDF) said she wanted to add her voice to the situation going on in the industry in terms of dealing with HUD as well as several other impediments that are causing projects to be held up. Ms. Sandidge commends 1250 West Jeff for coming back and asking for an extension. At past meetings, the Committee said they would not allow projects to forfeit their deposit and instead hold the deposit for use on a future successful application. The problem is not only with HUD; there is a capacity issue with the entire industry. There are a lot of influences on that, but Ms. Sandidge wanted to offer her support for 1250 West Jeff's request for waiver of forfeiture of the performance deposit.

Chairperson Ma closed public comments.

Ms. Perrault said she appreciates the staff providing clarification on this project's circumstances. The Committee has tried to be very consistent in terms of these types of requests. Hopefully this is a unique situation, but as Chairperson Ma stated, it may be something that the Committee needs to continue to monitor.

MOTION: Ms. Perrault motioned to approve the request to waive negative points and forfeiture of the performance deposit, and Mr. Johnson seconded the motion.

Mr. Johnson said this is a precedent that the Committee will have to consider continuing down the road if there are more HUD issues.

The motion passed unanimously via roll call vote.

7. Agenda Item: Request to Waive Forfeiture of the Performance Deposit for an Exempt Facility Project (EXF)(Cal. Code Regs., tit. 4, § 5006(c))

Presented by: Christina Vue

Ms. Vue explained that pursuant to CDLAC Regulation 5006(c)(1), applicants bear the risk of forfeiting all or part of the performance deposit if the allocation is not used in accordance with the conditions and/or timeframes set forth in the CDLAC resolution. Applicants may request that the Committee waive forfeiture of the performance deposit. AggrePlex of Modesto (CA-25-105 and CA-25-109) was awarded \$18,505,000 on March 4, 2025, and \$11,495,000 on September 30, 2025. Their primary equipment manufacturer recently informed the company that they are unable to provide the equipment needed to meet their production schedule. The manufacturer is in Turkey and has been enlisted to fulfill a large-scale defense production contract at the request of the European Union to manufacture drones in support of Ukraine. Due to this commitment, the manufacturer removed AggrePlex of Modesto's equipment from their production schedule. AggrePlex of Modesto is returning both allocations and is requesting that the Committee waive forfeiture of the performance deposits. Representatives of the project and the bond issuer are both available to answer questions.



California Debt Limit Allocation Committee

Chairperson Ma invited a representative of the project to speak.

Will Cialone from AggrePlex said his company is in the process of building a glass pozzolan facility where waste glass is used to create a product that replaces cement and lowers the carbon footprint of cement. The mills needed for micronization are sole-sourced, and the vendor they were contracted with was the only vendor equipped to complete the work on the project's price and time schedule that would meet the independent engineer's approval for the bond financing. Since that vendor pulled out, the project has tried hard to find a replacement vendor. It will take a while to do background checks and get new quotes and a new schedule. The project will not meet the timeline in order to utilize the allocation, but they plan on moving forward and coming back again for a potential bond allocation. Right now, they will not meet the timeline and are unfortunately impacted by something that they did not anticipate. They are asking the Committee to consider returning their deposit.

Ms. Wiant asked Mr. Cialone to clarify when he learned that the factory was not going to be able to do the work for the project.

Mr. Cialone said he found out in January.

Ms. Perrault asked for the staff's recommendation on this item and additional context.

Ms. Wiant said that historically for EXF projects, the Committee has required forfeiture of the performance deposit. This happened a couple of years ago with the Safe Soil project. Additionally, the challenge with EXF projects is that there are few projects with the issuer. As Mr. Barker from CMFA stated earlier, they can use carryforward quickly for QRRP projects. However, for projects like this, the carryforward will have to stay with CalPFA and must be used for an EXF waste project. This limits the flexibility in the use of the carryforward when these circumstances happen, which is why the performance deposit has been key.

Chairperson Ma asked if the carryforward would have to stay with the issuer.

Ms. Wiant said yes; the carryforward cannot move from one issuer to another once the carryforward election is made with the IRS. The \$30 million will remain with CalPFA until CDLAC receives another EXF waste project from CalPFA.

Chairperson Ma asked if there is a timeline for the carryforward.

Ms. Wiant said they have three years to find another project to use that carryforward. That is why the performance deposit has always played a key role in ensuring performance.

Chairperson Ma asked how much the performance deposit is for this project.

Mr. Cialone said the deposit is \$150,000.

Mr. Johnson said his understanding is that within QRRP, there is regulatory guidance around when the Committee considers a waiver. He asked Ms. Wiant if that is correct.



California Debt Limit Allocation Committee

Ms. Wiant responded affirmatively. For these projects, a waiver is at the discretion of the Committee based on circumstances presented. That is the standard for these projects.

Mr. Johnson asked if that is the exact language in the regulations.

Joe Boniwell, Counsel for CDLAC, said that in the revised regulatory package last year, the language was explicitly removed from the regulations requiring that the circumstances must be demonstrated to be outside the control of the project sponsor. The performance deposit rules apply generally to all applicants; they are not specific based on the pool or whether the project is QRRP or EXF. Now, the performance deposit rule basically requires forfeiture in certain circumstances such as this, and the applicant can request a waiver from the Committee. The Committee can evaluate the totality of the circumstances of any project and decide whether to waive the forfeiture. The Committee can also opt to rely on the historical practice of looking at whether the circumstances were outside the control of the project sponsor. There is more flexibility.

Mr. Johnson said it sounds like the Committee no longer has the guidance that they had previously and now they have more flexibility in terms of what they can do.

Ms. Wiant responded affirmatively. Based on what the sponsor has expressed, it does seem that the circumstances were outside their control.

Chairperson Ma asked if the project would have to put down another deposit if they were to reapply, in the event that the forfeiture of this deposit were waived.

Ms. Wiant said the project would have to put down another deposit. A project puts down a performance deposit when it receives an allocation, and it is refunded once the bonds are issued. It is retained by the issuer and submitted to CDLAC when it is time for the deposit to be forfeited for failure to perform.

Ms. Perrault said the Committee has done this a couple of ways in the past. In the past, the Committee has said they would not waive forfeiture of the deposit, but if the project came back and applied again, they would not have to pay the deposit again. However, she does not think that has happened with the EXF program specifically.

Ms. Wiant said that was allowed for the Safe Soil project. Ultimately, the project was not refunded the performance deposit; the performance deposit remained with the issuer. At the time that the project submitted a second application, they would not need to pay another performance deposit to the issuer. If they did perform upon the second allocation, the performance deposit would be released back to the sponsor. If they did not perform or they did not apply within a certain timeline, CDLAC would request a forfeiture of the performance deposit. Should the Committee wish to proceed this way with AggrePlex, they should set a hard timeline. Safe Soil had one year to reapply and then did not reapply, so at the end of last year, CMFA forfeited the deposit to CDLAC.

Ms. Perrault said Ms. Wiant answered what would have been her next question about the process and outcome for that project. There are some logistical hurdles with the Committee holding the



California Debt Limit Allocation Committee

performance deposit. She asked Mr. Cialone to remind the Committee whether the project plans to come back and reapply and whether there is a set timeframe or if it is just a hope. She is not intending to put Mr. Cialone on the spot, but that information is important for the Committee to understand what they are doing.

Chairperson Ma asked if AggrePlex still has an existing contract and is waiting for the company in Turkey to fulfill its more urgent demands before they come back.

Mr. Cialone said he would be open and welcome the ability for the performance deposit to be held as a credit so the project can reapply, hopefully within the next six months. They intend to reapply and use the bond allocation. If the performance deposit cannot be refunded, a great alternative would be to hold it until the project can come back and use it as a credit on their reapplication.

Chairperson Ma asked if a year would be reasonable.

Mr. Cialone responded affirmatively.

Ms. Wiant said that if the Committee is going to do this, they should be clear about when the deadline is so that if there is no new allocation made this year, for example, the forfeiture of the deposit would occur and CDLAC would invoice CalPFA for the deposit at that time.

Chairperson Ma proposed a deadline of December 31, 2026.

Chairperson Ma called for public comments:

Caitlin Lanctot from CalPFA, the issuer on the project, said she raised her hand to speak before this scenario was proposed, but CalPFA is aware that they will carry the allocation forward and they are committed to finding another project to use this allocation if AggrePlex does not reapply. They do not want the allocation to go to waste.

Ms. Wiant clarified that CalPFA can use this carryforward for a different waste project that receives an allocation. CDLAC does not want them to wait and hold the deposit for AggrePlex if a different project comes in more quickly. The issuer manages their pipeline. The performance deposit issue is separate, and if the Committee wishes to give AggrePlex until the end of the year to apply and receive another allocation, the performance deposit can be left with CalPFA to be counted as the performance deposit for a subsequent allocation. If the project does not reapply and does not get an allocation before December 31, 2026, CDLAC will invoice CalPFA for the forfeiture of the performance deposit.

Chairperson Ma asked what would happen if CalPFA had another project.

Ms. Wiant said the carryforward should be used by the next project that is allocated.

Chairperson Ma asked if the performance deposit is linked to this company.

Ms. Wiant said the performance deposit is AggrePlex's.



California Debt Limit Allocation Committee

Chairperson Ma asked if AggrePlex would forfeit their performance deposit if they did not reapply by December 31, 2026, or if the deposit would be allowed to stay with CalPFA to be used on their next project.

Ms. Wiant said the deposit would only be for AggrePlex if they were to apply again this year. If they did not apply this year, the performance deposit would be forfeited. The carryforward would stay with CalPFA.

Ms. Perrault asked if the Committee were to give AggrePlex until the end of the calendar year to reapply and apply the performance deposit to the new application, if there would concurrently be an effort to reach out to additional entities between now and the end of the year to attempt to utilize the carryforward or if the carryforward would be held for AggrePlex.

Chairperson Ma said the carryforward would not be held.

Ms. Perrault said AggrePlex needs to be aware that if the Committee decides to go this route, they are giving the project until the end of the calendar year, but if another project were to come in next month that could use the carryforward, AggrePlex would essentially be forfeiting their performance deposit.

Ms. Wiant said the carryforward can still only be used by a project that receives an allocation. CalPFA controls the carryforward. CDLAC works with issuers to make sure carryforward is used as timely as possible. If there is another allocation award for an EXF waste project for which CalPFA is the issuer, they will use the carryforward. AggrePlex would need to get a separate allocation.

Chairperson Ma asked for confirmation that the performance deposit is only tied to AggrePlex.

Ms. Wiant responded affirmatively.

Mr. Cialone acknowledged the risk that if AggrePlex were to reapply and not receive an allocation, they would forfeit the performance deposit. The extension would give the project time to reapply and hopefully secure an allocation, but they understand the risks and that there is no guarantee.

Chairperson Ma said she does not think the project would have to reapply.

Ms. Wiant said the project would have to reapply because they have returned their bond allocation. If the project were to reapply this year and receive another allocation, the existing performance deposit would count for the performance deposit on the new application.

Mr. Johnson said it is important to point out that the Committee just approved the waiver of forfeiture of the performance deposit and negative points on another project, and the Committee is taking a slightly different action here. He wants to clarify why he thinks that is appropriate. The Committee does not have the guidelines from the regulations outlining what to do in unforeseen circumstances. The guidance in the regulations is a lot more open than that. From SCO's perspective, they are viewing things from a fiscal lens of using public funds. Taking that into account, tying up resources in this



California Debt Limit Allocation Committee

situation is different from the other case that was just approved. It makes sense to take a different approach on this project as opposed to the QRRP project that was just evaluated. It is important to delineate these differences so that when the Committee is faced with these decisions in the future, they have an understanding of why this decision was made.

Chairperson Ma closed public comments.

MOTION: Ms. Perrault motioned to delay the forfeiture of the performance deposit until December 31, 2026. The performance deposit shall be forfeited should another AggrePlex project not be awarded an allocation prior to December 31, 2026. Mr. Johnson seconded the motion.

The motioned passed unanimously via roll call vote.

8. Public Comment

Anthony Carroll from the North Coast States Carpenters Union (NCSCU) said his organization has recently expanded into Washington and Oregon and has been renamed. Before the first round of awards, Mr. Carroll wants to raise awareness for the Committee. Recently, at the Assembly Housing and Community Development Committee's review of AB 2011, one of the projects discussed was River Glen Apartments in Livingston in Merced County. This project was touted as one of the examples of AB 2011 working. That project received \$25 million in tax-exempt bonds along with tax credits and Affordable Housing and Sustainable Communities (AHSC) funds from HCD. Right now, the carpenters have reason to believe that the developer and the general contractor are not following the letter of the law and are not paying the fringe benefit requirements or filling out the monthly compliance reports. This project was recently touted as an example of the law working.

Mr. Carroll said that elsewhere in the state, in Lakeport, the carpenters are beginning an investigation into Parkside Apartments. That project also received tax-exempt bonds, and the violations the carpenters believe are occurring on that project are reminiscent of 350 Ocean Ave Apartments in Santa Cruz, which received Infill Infrastructure Grant Program (IIG) funds from HCD and tried to claim that the state prevailing wages did not apply to all but the podium of that project, but the California Department of Industrial Relations (DIR) determined otherwise. Mr. Carroll is bringing this up today because absent clear enforcement of negative points or scoring incentives for prevailing wages and healthcare requirements, NCSCU believes it is obvious when looking at CDLAC and CTCAC's repeat customers committing labor violations and then turning around and asking for more money time and time again, that there should be a mechanism in the regulations that disincentivizes this behavior. NCSCU would love to work with the staff this year on changes to the regulations that either delay placed-in-service approvals or delay applications for developers and applicants with ongoing labor violations. This idea has been floated before, and they would like to pursue this vigorously this year.

9. Adjournment

The meeting was adjourned at 1:41 p.m.