

California Debt Limit Allocation Committee (CDLAC)

**Jesse Unruh Building
915 Capitol Mall, Room 587
Sacramento, CA 95814**

April 26, 2011 - Meeting Minutes

1. Call to Order and Roll Call

Bettina Redway, Chairperson, called the California Debt Limit Allocation Committee meeting to order at 11:58 a.m.

Members present were Pedro Reyes for Governor Edmund G. Brown Jr., Cindy Aronberg for State Controller John Chiang, and Bettina Redway for State Treasurer Bill Lockyer.

Advisory Members present were Elliott Mandell for HCD and Steve Spears for Cal-HFA.

2. Approval of the Minutes of the March 16, 2011, Meeting

There were no comments or questions and Cindy Aronberg moved for approval of the minutes of the March 16, 2011 meeting. Pedro Reyes seconded the motion. The approval of the March 16, 2011 minutes was unanimously approved.

3. Executive Director's Report

Sean Spear summarized the agenda for the meeting describing a short agenda that included a few modifications and extensions and a set of allocation approvals for two previously-approved projects whose original issuers were Redevelopment Agencies. Those projects are returning with their respective cities now named as the issuers. Mr. Spear also advised that Agenda Item 5 has been pulled from the Agenda and would return for the May 18th meeting.

Lastly, Mr. Spear thanked Cindy Aronberg for her contribution to the CDLAC Board and her assistance in making positive changes to the CDLAC program. This was Ms. Aronberg's last scheduled CDLAC meeting.

4. Consideration and Approval of an Issuance Date Extension for the El Centro Family Apartments (10-022) and The Heritage Oak Senior Apartments (11-010) - Qualified Residential Rental Project Program

Crystal Alvarez reported on requested issuance date extensions for the following two (2) awards:

First, Ms. Alvarez reported that the El Centro Family Apartments Project received an allocation award through the California Statewide Communities Development Authority on December 15, 2010. The Project's original issuance deadline was April 4, 2011; which the Executive Director extended to the Committee meeting date of April 26, 2011 as permitted under CDLAC regulations.

Ms. Alvarez continued that due to delays in the financing, the Project would not be able to close by the revised deadline of April 26, 2011. The California Department of Housing and Community Development ("HCD") and the City of El Centro are discussing revisions to their commitments to the Project. The Project has also applied for a reservation of both state and federal tax credits. The requests for these reservations are scheduled to be considered at the June 8, 2011, California Tax Credit Allocation Committee meeting.

Allowing an extension to the issuance date to July 25, 2011, will ensure the completion of the financing process and the issuance of the bonds for the Project.

Second, Ms. Alvarez reported that the Heritage Oak Senior Apartments Project received an allocation award through the California Statewide Communities Development Authority on January 26, 2011. The Project's current issuance deadline is May 3, 2011.

Ms. Alvarez continued that the Project is relying on a Bonneville Mortgage commitment for a USDA Sec. 538 loan for permanent financing and a Chase Bank commitment for construction financing. However, both commitments were in jeopardy due to the FY 2011 congressional budget delays. The President's recent budget approval now allows the USDA to fund the loan commitment to the project through the permanent

lender, thus securing each lenders obligation. Allowing an extension to the issuance date to June 17, 2011 will assist in ensuring the completion of the financing process and the issuance of the bonds for the Project.

Ms. Alvarez concluded by stating that the CDLAC Regulations affirm that if an Allocation was awarded during an Open Allocation Round, the Committee may extend the Project or Program's expiration date up to the next regularly scheduled meeting at which time the Committee may elect to grant an additional extension up to ninety (90) days. The Projects mentioned above are otherwise in full compliance and eligible for an extension under the CDLAC Regulations.

Ms. Alvarez noted that the Staff recommends the approval of the following issuance date extensions:

10-022 El Centro Family Apartments	July 25, 2011
11-010 Heritage Oak Senior Apartments	June 17, 2011

There were no comments or questions. Cindy Aronberg moved approval and Pedro Reyes seconded the motion. The motion to extend the issuance dates as noted above was unanimously approved.

5. Sean Spear reported that this item was withdrawn and will resubmit for the May 18, 2011 meeting.

6. Consideration and Approval of an Award Revision to Various Qualified Residential Rental Project Resolutions.

Richard Fischer reported that projects often encounter justifiable reasons for issuing bonds in amounts slightly less than the original awarded allocation amounts from CDLAC. To avoid a forfeit, Staff recommends revising the current CDLAC Resolutions for the Projects to reflect the actual amount used.

Mr. Fischer advised that the Staff recommends approval of a revision to the CDLAC Resolutions for the following projects:

Reso. #	App.#	Project Name	Orig. Reso. Amount	Revised Reso. Amount
10-76	10-061	Rodeo Drive Meadows Apts.	\$8,000,000	\$6,900,000
10-78	10-067	636 El Camino Phase II Apts.	\$12,000,000	\$10,636,445
11-13	11-015	Acacia Lane Senior Apts.	\$8,600,000	\$7,765,000

There were no comments or questions. Pedro Reyes moved for approval and Cindy Aronberg seconded the motion. The motion for an award revision to the projects listed above was unanimously approved.

7. Consideration of Appeals and Applications for an Allocation of the State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects and Awards of Allocation:

(7.1) 11-078	City of Yucaipa	Yucaipa Senior Terrace Apts.	\$6,500,000
(7.2) 11-079	City & Co. of San Francisco	Hunters View Apts.	\$41,000,000

Richard Fischer reported that there were no appeals and that these two projects originally had Redevelopment Agencies identified as their Bond Issuers/Applicants and were awarded allocation by CDLAC in previous allocation rounds. These projects now have their respective cities identified as the Issuer/Applicant, but are otherwise unchanged since the original CDLAC approvals for each.

Mr. Fischer advised that Staff recommends the approval of \$47,500,000 to fund two projects in the General Pool.

Pedro Reyes noted that these were projects that he mentioned in the last meeting that should reapply with the city as issuer/applicant. Mr. Reyes then made a motion for approval. Cindy Aronberg seconded the motion and the motion was unanimously approved to award 11-078-City of Yucaipa, Yucaipa Senior Terrace Apts. for \$6,500,000 and 11-079-City & Co. of San Francisco, Hunters View Apts. for \$41,000,000.

8. Consideration of a Request for Waiver of Forfeited Performance Deposit for the Sonoma Farms to Fuel Project (ARRA-064) – Qualified Energy Conservation Bond Program

Richard Fischer reported that as provided for under the Government Code, CDLAC permits an Applicant to request the waiver of the forfeiture of the performance deposit if the allocation is not used to issue the bonds within the set timeframe given. For a waiver to be approved, the CDLAC Executive Director subjects the request to two tests: 1) was the issue or event that prevented the issuance of the bonds unforeseen; and 2) was the issue or event wholly outside the control of the applicant and project sponsor. A request must pass both tests.

Mr. Fischer continued that the Sonoma Farms to Fuel Project's end-user is a partnership between the Sonoma County Water Agency and BioStar Systems. The established bond issuance deadline was March 15, 2011.

At the time of application, provisions in the California Public Utility Commission's Self Generation Incentive Program (SGIP) allowed for the installation of only one 1.4 MW fuel cell with an eligible incentive of up to \$5.4 million. Accordingly, the project described in the application included one fuel cell. However, in October, accompanied by the President of the Sonoma County Board of Supervisors, the water agency met with and appealed to CPUC President Michael Peevey to permit the Agency to combine the agency's total electrical demand (+/- 5.6 MW) behind a single meter. The Agency also requested the approval of the additional fuel cells required to produce that electricity along with the added SGIP incentive of \$21.6 million. These appeals were granted and additional fuel cells were approved in January.

Mr. Fischer added that subsequent to the approval of the additional fuel cells, the Agency unilaterally decided to change sites to accommodate the additional fuel cells and for efficiency purposes. Neither the Issuer/Applicant nor the Project Sponsor was party to this decision. This action required a new CEQA study. During that study, it was discovered that the newly selected site had the following potential issues:

- 1) It was located in the Santa Rosa Plain;
- 2) It was included in an area populated by tiger salamanders;
- 3) It was found to have vernal pools with possible habitat for exotic plants;
- 4) It was found to have cultural resources (Native American Artifacts); and
- 5) It was located in the Santa Rosa Airport Fly Zone.

However, it was not possible to accomplish these required measures prior to the March 15, 2011, issuance deadline.

Mr. Fischer stated that Staff recommends the approval of the waiver of the performance deposit forfeiture for Sonoma Farms to Fuel Project (Resolution Number ARRA-064).

There were no comments or questions. Pedro Reyes moved for approval and Cindy Aronberg seconded the motion. The motion was unanimously approved for the waiver of the performance deposit forfeiture for Sonoma Farms to Fuel Project, Resolution Number ARRA-064.

9. Public Comment

There were comments or questions from the public.

10. Adjournment

The Chairperson adjourned the meeting at 12:13 p.m.