

California Debt Limit Allocation Committee

Jesse Unruh Building
915 Capitol Mall, #587

Sacramento, CA 95814

November 23, 2020

Meeting Minutes

OPEN SESSION

1. Call to Order and Roll Call

State Treasurer Fiona Ma called the California Debt Limit Allocation Committee (CDLAC) meeting to order at 1:30 p.m.

Members Present:

Fiona Ma, CPA, State Treasurer

Gayle Miller for Gavin Newsom, Governor

Anthony Sertich for Betty T. Yee, State Controller

Tia Boatman Patterson, California Housing Finance Agency

Treasurer Ma: It is November 23, 2020 at 1:32. We are calling the California Debt Limit Allocation Committee to order. We are meeting at the Jesse Unruh Building, 915 Capitol Mall, Room 587, in Sacramento, and also virtually. Who's reading the phone script?

Richard Fischer: I am. Richard read the phone script.

Treasurer Ma: Thank you, Richard. Anthony, please call the roll.

1. Roll call was taken.

Treasurer Ma: We've got a quorum. So, we are going to make it kind of easy today, I think. Folks, for everyone on the phone, I know how much you all love to have four-hour meetings, so we're going to give you all a break. So, Judith.

2. Consideration of Recipients of a CDLAC Allocation Award on April 14, 2020 Extension Requests. (Action Item)

Judith Blackwell: Hello. Today we are considering 12 requests to give a second extension. With regard to each of these requests we are thinking of assigning negative points to those that are granted an extension today but not able to close by the extended date. We also want to give a grace period to the applicants to decide by Wednesday of next week by the close of business at 5:00. If you don't want the extension, then you can return it without negative points. That would be my suggestion.

Treasurer Ma: And the performance deposit.

Judith Blackwell: Yes. And the performance deposit as well.

Treasurer Ma: Okay. So, Board members, I know we can assess negative points up to two years on each developer. I don't support that. I would support either negative points for a year or not allowing these 12 applicants to resubmit in 2021 if they are granted an extension and not able to fulfill their commitment. They would have to wait until 2022 to resubmit. Because we have a competitive pool right now, we just can't keep giving four or five extensions. I think we've been extremely flexible all year long because of COVID. For example, in April, we decided to give an automatic extension to December 1st. Those that could not make it are supposed to come back to this meeting and ask for an extension with a time certain date. So, the 12 applicants have come back with time certain dates, but I think in order for us to make sure that they're really going to use it is: Number one, if they don't close by that date, then we will keep their performance deposit, and number two, we will either assess negative points or disallow them from applying in 2021. So, what is the Board's thoughts on this?

Anthony Sertich: I agree with the general sentiment that these projects have already had a free month and a half extension and giving them another free extension under a competitive round is problematic, especially because there were several very qualified projects that did not get funded

earlier this year. I think we want to make sure that we fund as many projects that meet the regulations. It has been a tough year. So, I totally understand that there's issues. But part of that is we did give them, these projects, the opportunity to not lose their performance deposit if they do return their funds. So, I am fine with the plan of negative points which is pretty punitive, so that probably means most of these applicants will return the funds so that they don't receive negative points. I think at the very least, though, we should require a forfeiture of the performance deposit if we're going to give any extension. So, I was going to recommend something along the same lines you did, which is at least they have to give something up to get this extension. But I would like to hear what Ms. Miller has to say about it.

Gayle Miller: Madam Chair, may I?

Treasurer Ma: Yes.

Gayle Miller: Thank you. Yeah, I agree with both of you. I think your idea actually, Madam Chair, sounds great because that way we'll really understand now what we have for the rest of the year, and I think that's our collective goal. So, I'm happy to support that. I think it makes a lot of sense, and I appreciate the forethought about how we not only fix it this year, but in years going forward. And I would just ask, Madam Chair, that it sounds like we have accommodated applicants that had major COVID exceptions this year. I appreciate that piece, too, and that staff and stakeholders have had an opportunity to work through some of the issues, especially with the stay-home orders.

Anthony Sertich: I have only seen one of the specific extension requests and have not looked at all the extension specific details on the other projects. So, I can't go on a project-by-project basis. However, there are other projects waiting for these funds. So, I think the sooner we get the money back, then we can award it at the next December meeting.

Treasurer Ma: So, I think the staff has looked at all 12 requests, and they recommend approval of all 12. So, I don't want to have us go through every single applicant again. I would like us to establish a policy and move forward. But I would like to also hear from Tia --

Tia Boatman Patterson: I generally support the staff's recommendation. I think each and every single one of these applicants is over the 180 days if I'm not mistaken. So, they've been given adequate time so I support Tony and Ms. Gayle's recommendation.

Treasurer Ma: All right. Let's hear from the public then. Public comment.

Andre Perry: Hi there. Thank you, Committee, for allowing public comments with respect to this issue. I'm with the City of LA Housing and Community Investment Development Fund. We have four of the projects that are under consideration today that are requesting extensions. As we discussed, when the Board initially provided the blanket approval, the projects were awarded post the stay-home orders from the Governor and have obviously overcome a lot of challenges as it pertains to issues of summer, related to protests, etc. I'm happy to announce that our projects that we are requesting extensions all have bond resolutions approved at the municipal level and are looking to close hopefully within a relatively short period of time. We just received loan documents from two of those projects which also have funds from HCD. And so, the ability for us to be able to proceed is not just a function of what the developer has within its sphere of control but other aspects that impact the ability to make the close timely. So, we are supportive of a scenario where the Committee considers providing the 45-day extension. And just for the record, these projects received an allocation in April, the second round for 2020 projects that received those allocations, and the first round all received a 90-day extension. So, these projects have not been given the benefit of the full 90-day extension that were provided to projects in February. However, I am confident that these projects will be successful to close by the proposed January 2021 time frame. My concern would be that if we are to force these developers to either forfeit performance deposit prior to getting the benefit of the extension, the question would be with respect to market conditions re a particular round. In the event that the deal doesn't close by January, I support what I'm hearing the other members of the Committee say, which is to either assess negative points, whether that be one year or more, or a scenario of a forfeiture of the deposit post January. But I don't think it would be the appropriate thing to do just to be able to accept an extension at this juncture. We have two other deals on the docket that are closing with a takeout with Freddie Mac. The lender is providing information to the developer and the planning process will take an additional three weeks. So, we anticipate that all four of these projects will close

within the additional 45 days if the Committee provides that. But again, I would only suggest that we make the decision to waive the performance deposit as well as assessing negative points until after January. Thank you for your time.

Treasurer Ma: Tony.

Anthony Sertich: I have a quick question for Mr. Perry. Thank you for your thoughts. So, do you expect that these projects will close in January?

Andre Perry: Yes. I mentioned before, when we first came before the Committee, we were competing with COVID-related municipal issues which prevented us from proceeding with these projects. But from my vantage point, all of these deals that we've submitted extensions for are within weeks of closing. The concern would be regarding the safety of those developers, and whether to decide to either take a penalty for the entire year of 2021, or potentially to lose the deposit that could be used to assist in paying for development costs; to provide a penalty to this particular round that was not seen in the first round, where all developers received a 90-day extension without the forfeiture of the performance deposit or penalties, is not really fair. So, I understand the sense of urgency as it pertains to wanting to be able to identify which projects will or won't move, but I think some of the deals that we've submitted for the extension are in a scenario where we have confidence that those deals will close.

Treasurer Ma: And which deals are yours, Mr. Perry?

Andre Perry: The first one is -- and in no certain order -- Hope on Hyde Park. (Indiscernible).

Treasurer Ma: Hope on Avalon.

Andre Perry: Hope on Hyde Park, Hope on Broadway. The third is Hollywood Parks Collective and the fourth is Adams Terrace.

Treasurer Ma: Adams Terrace. Okay.

Andre Perry: And in some cases, like Adams Terrace, I was told by our financial loan officer that our documents are in escrow. So, it may very well be that the deal may close before December 1. But again, at the time that we submitted the request, which was November 4th, folks didn't know what to do and what it was going to be. So again, we're looking at deals that are within weeks of the deadline.

Treasurer Ma: Right. Okay. Thank you. Next speaker. Luke Watkins? There he is.

Luke Watkins: Let me just say thank you guys for your help. It's hard. You guys are all working on behalf of the public. And I know you know that the situation we're in is extremely difficult. We're all trying as hard as we can. I've closed two projects in 2020. This is my third one. I'm dealing with difficulties at the state level, private level, at every level. And I've told you I think I can get this done by the 20-whatever day you told me in January, but in order to do that, I have to have USDA get their work done. I have to have Enterprise do their final (indiscernible) and determine that, yes, everything is good. The contractor has to do their final determination of what their final number is. And, you know, there's other people. But this is what happens as you approach closing, and until you get there, you don't know whether you're going to get there. In the meantime, you've got six attorneys working. You've paid a great deal of money for pre development expenses. Now I want to try to do that. And why do I want to try to do that? Because I want to make money and serve people. That's why we're all doing what we do. But what it looks like is if I fail, you're going to assess negative points to me. I don't know what the impact is going to be, but it's going to severely affect my business in the future. And, you know, there's a need for a lot of Affordable Housing units. I've been doing this for 35 years, so I know what I'm doing. But it doesn't encourage me to want to keep doing this for much longer if you're going to penalize people for trying as hard as they can. And I appreciate what you're doing, but I'm probably gonna have to just drop it next week and make the best of the situation and that's the way it's going to be. Because if you're going to impose negative points on me, why should I take that risk? Thank you.

Treasurer Ma: Thank you. I'm personally not in favor of negative points because it stays with the developer versus the project, as you know. If your project can't close, then my suggestion would be you cannot apply in 2021 because there are people that applied this year where we denied them, and we're still oversubscribed, even for the December round. So that's the issue, but I understand Mr. Watkins. I don't want to ding developers because you're right. I mean, if we ding you for all your projects, then why do you even want to stick around and be part of this. So, I want to do it on a project-by-project basis, given it's COVID and all the factors surrounding COVID we understand, but there's also a fairness issue. Right? Hundreds have applied this year and many of them have closed. And there's still people on the list. So if you attended our last meeting, also, we were and continue to talk about the fairness issue. Tony.

Anthony Sertich: Yeah. I was just going to clarify, your proposal.... Are you saying that a specific project can't apply and not that the developer who can't apply?

Treasurer Ma: Right. I don't want to ding the developer. Developers are out there. They're all trying to build. We want to see them build. We understand that there are circumstances beyond their control at this moment, but we are not in a position where we should be granting third extensions and fourth extensions. Right? It's just not fair to everyone else who has applied this year and were ready to go. So my recommendation would be just to deny that project from applying in 2021, so they have to sit out for the year and then they can apply again in 2022.

Anthony Sertich: I think if we're going to do that, we would need to put a deadline on the closing time of these projects as well.

Treasurer Ma: Yes. We haven't talked about that yet. Let's do that after. Ben Barker.

Ben Barker: Good afternoon. Ben Barker, California Municipal Finance Authority. I have a clarifying question re Villa of Lakeshore. So currently, the recommendation, just so I understand it, is that they will receive their extension until next year. If they go past that, then the developer would receive negative points and they would lose their performance deposit.

Treasurer Ma: I don't want to do negative points on the developer.

Ben Barker: So that project can't --

Treasurer Ma: -- cannot come back until 2022.

Ben Barker: So then -- okay. So, no negative points on the developer. What about the performance deposit?

Treasurer Ma: They'll lose the performance deposit.

Ben Barker: Okay. Perfect. Thank you for clarifying that.

Gayle Miller: Madam Chair, I'm sorry. I couldn't hear your answer to Mr. Barker.

Treasurer Ma: To reiterate, they would lose the performance deposit, but the project, if they fail to close by this extension date, the project could not resubmit in 2022. The project applicant, not the developer. The developer can still submit all their other projects next year, but just this specific project would have to sit out for a year.

Gayle Miller: All right. Well, now if we are talking about negative points, and I don't know that I feel strongly about this, you can also assess negative points for only one round and not have them apply the rest of the year.

Treasurer Ma: But that pertains to all the developers' projects, right?

Anthony Sertich: Yeah, that would.

Treasurer Ma: I mean, that's a lot.

Gayle Miller: Negative points would apply to all of them. I see.

Tyler Monroe: Hi. My name is Tyler Monroe, Vice President of Development for Tom Saffran and Associates (TSA). Treasurer Ma, Committee members, thank you so much for this opportunity. I'm here on behalf of our organization to request an extension for the Hollywood Arts Collective Project. Andre Perry with the Housing Department of the City of Los Angeles spoke to the general nature of the project. This extension request is made to address delays resulting from a variety of things that are uncontrolled due to COVID-19 effects on capital markets, a volatile construction market, project flow through various public agencies. We had previously submitted a 90-day extension on September 10th and was granted that 90-day extension to January the 25th. On September 16th CDLAC granted, and we are grateful for it, a blanket extension to all projects to December 1st. Subsequently, CDLAC rescinded the previously granted extension for the project. This request that we're making today is effectively to reinstate the previously granted 90-day extension for the same original day. This project, as Andre has said, is very near closed. The City has approved the bond issuance, the general construction contract has been executed, and we have a check sitting right now at Los Angeles Department of Building and Safety to pay for and pull our building permits as soon as we get this extension request. They actually were ready to pull it last week, but we held off until we were able to obtain this extension. The final steps, as Andre mentioned, are wrap-ups of legal documentation with the City and State that were closed. Documents are being routed right now for signature as we speak. TSA was extremely fortunate to have received three awards upon allocation at the April 14th meeting. We have already closed on two of them: one for VA Building 207 and the other for Resident Theater. We are very, very much committed to making sure these happen as fast as possible, especially on this Hollywood Arts Collective Project. We would be most grateful for the extension to January, and I assure you we are doing everything to close it much, much sooner, together with our partners at the City and State. Thank you.

Tia Boatman Patterson: I'm trying to figure out a way to be fair and balanced here, and it seems like negative points, for one round for a particular developer, might be more balanced as opposed to just penalizing the projects. I feel the penalty needs to be somewhat minimal because everyone is in the same position. But these are projects that are pretty much shovel ready but for some things going on, but you have to do what you have to do. And so, if we gave an applicant the

extension but said if you don't meet the extension, we are going to assess negative points on the next round; that might be a more balanced way of doing it.

Treasurer Ma: Okay. So, then we go back to Tony's question. So, let's say they don't meet the extension requests. Then how much time do you give them?

Tia Boatman Patterson: And they would have to turn in the allocation, they lose their performance bond, and they would get negative points assessed for just one round.

Treasurer Ma: But on all the projects that they submit?

Tia Boatman Patterson: That developer -- because that developer needs to do what they can to meet the extension deadline.

Treasurer Ma: Okay.

Anthony Sertich: Otherwise, they could turn it back in now and not have to worry about any of those issues. I think that's a fair approach. They get a free extension, but there's risks if they don't perform on that extension.

Gayle Miller: Well, Madam Chair, I think what Ms. Boatman Patterson is saying is, if they don't perform on that extension, they would get negative points for one round in '21 and return the money, and that would be the penalty versus just penalizing the project. I understand this year was extraordinary, but I think this isn't the first time TCAC and CDLAC have dealt with extensions. So, we're just trying to impose some very tight restrictions in a scarce resource world. I can see how that proposal makes sense because what we want is if all of these projects are shovel ready and are ready to go, it would make sense to give them the extension and hope that they get done; but understand and really hold their feet to the fire if they don't because we want as much to get built as possible. So, it does make sense to me what Ms. Boatman Patterson is saying as a tweener.

Anthony Sertich: I agree. I think ultimately it allows the projects that are going to close in the next two months, or however long we give them, to move forward and to get everything together. Those that aren't sure can return the money in the next week and be free and clear. You know, obviously they put a lot of work and effort and money into these projects, but there won't be any negative points and they won't lose their performance deposit. So, I think that allows them to make a choice this week and work the next couple of months to get something closed.

Treasurer Ma: Okay. Let's say the first one, Heritage Commons, they don't meet the January 25th deadline. So, then the developer gets the negative points and --

Tia Boatman Patterson: For one round, not the --

Treasurer Ma: For one round, but then what happens if they don't close by March or May or June?

Tia Boatman Patterson: They turn in their allocation.

Gayle Miller: After January 25th, they turn in their allocation.

Treasurer Ma: Oh, okay. Got it.

Tia Boatman Patterson: And lose their performance deposit.

Treasurer Ma: Okay. And then get negative points for a round.

Gayle Miller: One round, though. So, they can come back in 2021, but what it allows for is the shovel ready projects.

Treasurer Ma: Okay.

Gayle Miller: But after January 25th, there would be no additional extensions for these projects.

Treasurer Ma: Got it. And it's January 25th by midnight or close of business?

Anthony Sertich: I'd leave that up to staff.

Tia Boatman Patterson: I think you need to be clear, too, as to when they need to return it back without any penalty. So, if they return it back by December 1st, everything's good. But if they take the extension and don't close, they return the allocation and we keep their performance bond, and they are assessed negative points for the first round in 2021.

Gayle Miller: That's a really important point that they have an opportunity to return it with no penalty. So, in fact, if it doesn't look like things can close by the end of January, that they have this opportunity, so we can act on it this year, and not be penalized.

Tia Boatman Patterson: They might give a different date, Ms. Miller. I said December 1st if they can't turn it in by December 1st. But I think the CDLAC staff needs to make some recommendations because you want to be able to allocate those back out.

Treasurer Ma: Right. When is our next meeting?

Richard Fischer: December 9th.

Treasurer Ma: Okay. Next meeting is December 9th.

Gayle Miller: So, then December 1st, Ms. Blackwell, would that be enough time for you? But the other option for you, Ms. Blackwell, is we actually schedule another meeting in December. So, I defer to you on what that date should be.

Anthony Sertich: That needs to have a waiting list as well with that.

Gayle Miller: Right. Good point. But I do want to defer to staff and your ability to work through the list and/or the waiting list, whatever you think is better.

Judith Blackwell: I didn't hear the entire question, but I think December 1st would work.

Gayle Miller: Okay. Great. And that makes sense to me too. My whole question was just around your capacity and your timing.

Anthony Sertich: Makes sense. I think if the money comes back in January, then we're gonna have to reallocate it next year anyway.

Treasurer Ma: When is the proposed first meeting for CDLAC? Is it January or February?

Richard Fischer: I thought it was April.

Treasurer Ma: April?

Judith Blackwell: We don't have a proposed first meeting yet since there still a lot of moving parts.

Treasurer Ma: Okay. So then these would all come back, potentially, if they couldn't close in January, then it would come back in the second round in 2021?

Judith Blackwell: Yes.

Treasurer Ma: All right. Okay. Any other folks?

Justin Hardt: Hi. Thank you very much for the consideration. I appreciate all the time and effort everybody's putting into this. I want to reiterate what was said earlier about the earlier extensions that were granted to the February round. We've got three developments that are currently under consideration today. Those are the Atchison, Kawana Springs, and Santa Rosa Avenue Apartments. As our colleague in Los Angeles stated for their deals, we are also eminently at the closing line. We've got loan documents executed for a number of those deals. We are there. We

are at that finish line. We experienced significant delays as it relates to Plan Check, things that were completely outside of our control. You know, we got caught up with the City of Santa Rosa, and they got caught up specifically with wildfires. And so, we've spent as much money and time and energy as possible to get every avenue expedited through third-party Plan Check companies to negotiate early on with the cities. We broke through a few bottlenecks with the cities but the last few weeks are just so critical to getting us where we need so that we can close. Everything under our control has been completed. As I said, the loan documents, the equity, the title and survey, everything that we can do, has been effectively at the finish line with title and escrow ready to close but for the final signoff from some of these cities. So, we know that the cities are going to deliver. They were aware of these extensions that the Committee had granted. And we certainly will be closing these here -- we hope we could close one of these as early as this week; the next one as early as the following week and then the third shortly thereafter. Unfortunately, we got caught up with COVID, as we all did, like with Santa Rosa and wildfires, that really slowed down the fire department in reviewing plans who had to really look at life safety issues first. But we've broken through that bottleneck. And, you know, as a side note, I think one of the earlier commenters too talked about the amount of money that they've invested. We're about \$9 million invested into these three developments. We are going to see these through, and our hope is to do that without further penalty. We've spent about \$150,000, give or take, of additional costs just to get the developments through these COVID-related issues for expediting a Plan Check and Plan Check Review.

Treasurer Ma: Okay.

Justin Hardt: So, for what it's worth, I fully support where the Committee is going in allowing the developers to make an election, I think, as Ms. Patterson indicated, potentially on the 1st to either give back the bond allocation without penalty and negative point assessment or be granted your extension through the dates mentioned of January 25th, and at that point if you are unable to close by then you will be assessed either negative points for a round or forfeiture of your performance deposit or both. I do appreciate the opportunity to kind of push these through right across the finish line.

Treasurer Ma: Okay. So, let me ask the Committee staff: Why December 1st versus December 4th? I mean, as long as it's done before the 9th, right, then we'll know whether we have more bonds to allocate on the 9th?

Judith Blackwell: I mean, December 1st was the date that we had in the first place, so I just think that that makes some sense. The closer we get to the meeting is just going to be harder for staff to get everything....

Richard Fischer: Realigned.

Judith Blackwell: Yeah. -- realigned.

Treasurer Ma: But if they don't close, or if they say they want to give it back, then their allocation goes back into the general pool.

Richard Fischer: That's correct.

Treasurer Ma: So how many days do you need to do that?

Richard Fischer: Well, it depends on how much we get back in and what pool the Committee wants to focus on. So, with that in mind, it should not take more than a day to realign everything.

Treasurer Ma: Right. That's what I'm thinking. So, I'm thinking maybe we push back the deadline to Friday, December 4th, which will give people a couple more days. They say they're all close to closing. So as long as the bond allocation comes back before the December 9th meeting, we are good?

Richard Fischer: Right.

Treasurer Ma: That's kind of the crucial date for us.

Justin Hardt: Integrated Community Development.

Treasurer Ma: Integrated. Are you the developer?

Justin Hardt: Yeah, we're the co-developer.

Conference phone voice: You have two questions remaining.

Treasurer Ma: Okay. On the phone.

Candice Hung: Hi, this is Candice Hung from McCormack Baron and Salazar. Sorry I had a connection issue earlier. Hello, Committee members. Thank you for considering our request. I'm speaking on behalf of Project 20-577, Twin Rivers Block A. We had also submitted an initial request for a 90-day extension back in September, and we're approved for a new extension date deadline of January; however, we did receive the notice that everyone from the April 14th allocation date would get the automatic extension to December 1st. We then made a request to CDLAC staff for the traditional Hardship extension of five days to just get our paperwork in order. In past rounds, we've sought the five-day extension as administrative approval just to get paperwork in order. We are fully ready to close with signatures and at the recording office. However, due to COVID-19, the recorder's office and also the city planning counter for building permits are both closed to the public and only take appointments. If there are any issues, you cannot follow up immediately, you have to make a separate appointment. So, we were just hoping for a few extra days to make sure that our paperwork was all in order to submit. But essentially, we are going to close on the 1st, we just wanted a few extra days for the paperwork to be correct. So, we are here with the rest of the group and look forward to the Committee's understanding of our hardships and approval of our extension request.

Treasurer Ma: Okay. Thank you. Are you the developer, Candice?

Candice Hung: Yes.

Treasurer Ma: Okay. Next caller.

Conference phone voice: You have one question remaining.

Treasurer Ma: Hello, speaker.

Dan Falcon: Yes. This is Dan Falcon with McCormack Baron Salazar as well. Just following up on Candice's point. Our request really is consistent for the five business days as allowed under Section 5103 of the regulations. So, we would ask for your consideration there and not have negative points or performance deposit recaptured per the regulations. And thank you.

Treasurer Ma: Okay. Thank you. Anyone on the Zoom?

Richard Fischer: No hands up.

Treasurer Ma: Or you can put your video on and wave at us. David, you want to speak?

David Iskowitz: Yeah. Hi. My name is David Iskowitz with LSA Capital. We are the co-developer of Hope on Hyde Park and Hope on Broadway that was mentioned by Andre Perry, as well as Hope on Avalon, which is in the (indiscernible) of Los Angeles and (indiscernible) issue by CalHFA. We went through literally everything that you could possibly go through this year, COVID-related and otherwise, changed contractors, changed suppliers. We had actual parties pass away so we appreciate your consideration on this extension. We requested the extension for the three projects, through two different issuers, and the dates that we used were really 90 days from the original acceptance because that's what we were advised. We've been told, however, that it's actually very difficult to close during the first 14 days of January. And I hope that it would actually be more practical to push it back until the 25th, which is really the date that we requested on the other transaction. As much as there were other parties that were asking for extensions as well, we appreciate your consideration to simply choose a date and have all projects going through (indiscernible) as that would be more practical.

Treasurer Ma: Okay. Anne Nicholls.

Anne Nicholls: Thank you, Treasurer Ma. Anne Nicholls with Sacramento Housing and Redevelopment Agency. We are the issuer for the County/City's Housing Authority, and I too am speaking on behalf of the Twin Rivers Block A Project and requesting your consideration for the extension and waiving the performance deposit fee. We are so close to closing, and we would just hate for this deal to fall apart and all those that could have affordable housing to risk that. So, we are just pleading with you and the Committee to approve this extension, please.

Treasurer Ma: Okay. Thank you.

Anthony Sertich: Grant the 12 extensions that were presented to us today through January 29th, give them through the end of January. But if they do not return their deposits by December 1st, then they will have negative points for the following round with CDLAC and TCAC, the developer will, and as well as they would lose their performance deposit.

Treasurer Ma: Can we amend December 1st to December 4th, which is a Friday, just to give folks that extra four days if they can close, to close? Can we do that?

Gayle Miller: With that amendment, I'll second that motion.

Treasurer Ma: Okay. So, the motion is for those of the 12 applicants that cannot close, you have until December 4th, close of business, to return the allocation without any negative points, penalties, and your performance deposit will be returned to you. Right? That's the first part.

Okay. Second, if you don't make the extension deadline then you will lose your deposit and you will be assessed negative points for one round.

Anthony Sertich: Both CDLAC and TCAC. So, they're assessed the first round of CDLAC and TCAC --

Treasurer Ma: Oh, both CDLAC AND TCAC? That's a lot. Okay.

Gayle Miller: Madam Chair, we can't make a motion that affects TCAC at CDLAC.

Treasurer Ma: Yeah, I don't think you can.

Richard Fischer: No.

Anthony Sertich: Negative points carry over though, right? Don't they work together, Ms. Blackwell?

Judith Blackwell: We would not be giving negative points pertaining to whether or not somebody got their bond allocation. That would only occur in TCAC -- in this group. Now, I just want to clarify what you said, Tony. Did I hear you say something about the end of January?

Anthony Sertich: January 29th is the last Board meeting in January.

Judith Blackwell: So, for some of these that are asking for February dates, they wouldn't get them?

Anthony Sertich: If they come back this week or they could try to close by the end of January, yeah.

Judith Blackwell: Okay. All right.

Treasurer Ma: Yeah. So, there's one for February: Childs & B Street. And then, there's Villa Lakeshore Apartments that's requesting March 1st. So Tony is proposing a drop-dead deadline of January 29th for all extension requests.

Gayle Miller: And Ms. Boatman Patterson made a suggestion if staff could align with the HCD projects so that everyone is aligned by the end of January. I think that makes a lot of sense. It's just a request of staff to collaborate with HCD just to make sure all these deadlines are aligned.

Treasure Ma: All right. So, then the second part was for those that want to continue with their extension, they have until January 29th, close of business, to close? If they do not close, then they will forfeit their performance deposit and be assessed negative points for that round or for the next round?

Judith Blackwell: For the first round in January.

Anthony Sertich: Correct.

Treasurer Ma: Well, it just depends on when we have a meeting though?

Richard Fischer: Right. Yeah.

Judith Blackwell: For the first round in '21.

Anthony Sertich: It would be the following round after January.

Treasurer Ma: The following round after January. Okay.

Tia Boatman Patterson: They're returning their allocation.

Treasure Ma: Yes. So if they don't close by January 29th, they need to return their allocation, we will keep their performance deposit, and they will be assessed negative points, the developer will, negative points for the round after January 29th. Is that everyone's understanding?

Gayle Miller: Yes. But then the second part of that motion is if the allocation is returned prior to December 4th then no penalty and we do not keep the performance deposit.

Treasurer Ma: Correct. Correct. That was my Part 1 and then Part 2 recommendation.

Ben Barker: Just to clarify, if it goes into next year and they don't close, they can't return the allocation. It goes to the issuer.

Treasurer Ma: Right.

Ben Barker: So, it doesn't go back to CDLAC.

Treasurer Ma: Right. So next year, if these projects don't close, they will stay with the issuer. It's not going to go back into the general pool.

Anthony Sertich: And also, it won't stay with that project.

Richard Fischer: Right.

Treasurer Ma: It won't stay with the project. Correct.

Gayle Miller: Madam Chair, could I ask a legal question? Could we say that if it gets returned in January, to Mr. Barker's point, we ran into this problem with our -- the mortgage certificates coming back. I can't remember. Ms. Boatman Patterson, do you remember what happened? When it goes back to the issuer, do we need to tell the issuer then what we expect of them?

Tia Boatman Patterson: No.

Richard Fischer: No.

Tia Boatman Patterson: It would stay in the Multifamily pool. So, the issuer would have a responsibility to put it back into a Multifamily project.

Richard Fischer: Correct.

Gayle Miller: Okay. Great.

Richard Fischer: That's correct.

Gayle Miller: Okay. So we don't need to state that as part of the motion?

Tia Boatman Patterson: Right. You don't need that. That's how the law and the regs work.

Richard Fischer: Right, you don't need a motion.

Anthony Sertich: The issuer would not be able to just give it to any project they want.

Richard Fischer: Correct.

Judith Blackwell: Yes.

Richard Fischer: Right.

Treasurer Ma: So, it would be carried forward to the issuer.

Richard Fischer: Correct.

Treasurer Ma: All right. So, is everyone clear or should we read it one more time? One more time? Okay. So, for these 12 applicants before us today, if you are not going to close by January 29th, 2021, you can return the allocation by December 4th, close of business, and you will not be assessed negative points and we will refund your performance deposit. For those who believe they're going to close by January 29th, if you do not close by January 29th, close of business, we will keep your performance deposit and we will assess you negative points for the round following

January 29th, 2021, and the allocation will stay with the issuer and not get put back into the general pool. That's just an FYI.

Anthony Sertich: I'll second that motion if that was the final motion.

Treasurer Ma: Okay. That was your motion.

Gayle Miller: I second it.

Treasurer Ma: Yes, you seconded it. All right.

Anthony Sertich: I think we're ready to vote.

Treasurer Ma: All right. Anthony, please call the roll.

Roll call was taken and the motion passed unanimously.

Treasurer Ma: Okay. Motion passes.

All right. Good luck applicants. We hope you close soon. Thank you all very much. Have a great Thanksgiving everyone. Stay safe. Talk to you soon. Bye-bye.