



California Debt Limit Allocation Committee

915 Capital Mall, Conf Rm 587
Sacramento, CA 95814

September 8, 2021

Committee Meeting Minutes

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

The meeting was called to order at 10:02am, and roll call was taken as follows:

Voting Members:	Fiona Ma, CPA, State Treasurer Tony Sertich for Betty T. Yee, California State Controller Gayle Miller for Governor Gavin Newsom
Advisory Members:	Zachary Olmstead for the Department of Housing and Community Development Kate Ferguson for the California Housing Finance Agency

2. *Agenda Item: Approval of August 11, 2021 Minutes*

Committee Comments: Ferguson made suggestions to provide clarity to agenda item 5 on the August 11, 2021 minutes. The committee members agreed with these changes.

Public Comments: There were no public comments.

MOTION: Sertich moved to approve the August 11, 2021 meeting minutes contingent upon recommended edits being made. Miller seconded the motion.
Motion passed unanimously via roll call vote.

3. *Agenda Item: Executive Director's Report – Presented by Nancee Robles*

Committee Comments: Sjoberg update will be provided at the September 29, 2021 Committee Meeting, as well as additional updates.

Public Comments: There were no public comments.

4. *Agenda Item: Consideration of Appeals for Award of Allocation of State Ceiling on Qualified Private Activity Bonds for Qualified Residential Rental Projects– Presented by Nancee Robles*

Due to a shift in the final list from the August 11, 2021 Committee Meeting, there were several projects that were removed at the last minute. Three of those projects submitted an appeal.

Betsy McGovern-Garcia, the Director of Real Estate Development for Self-Help Enterprises, spoke about the Santa Fe Commons project that was on the preliminary recommendation list for the last meeting, requesting \$15,443,215 in allocations. She claimed no forewarning before the meeting that it would be removed. The project that bumped Santa Fe Commons was Entrada Apartments, which was requesting \$19 million then withdrew the application shortly after the meeting. Entrada Apartments had not been on any previous recommendation lists and was not expecting to be awarded. Had there been advance notice of the last minute change, Entrada Apartments would

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likely have withdrawn the application, providing Santa Fe Commons the opportunity to be awarded the requested \$15 million bond. It was requested to award the project out of the remaining allocation in the Inland Region for Round 2.

Ben Barker with California Municipal Finance Authority (CMFA) was present for all three of the appeals, and declared CMFA had \$88 million in carryforward that could be used to allocate to the projects.

Committee Comments: Sertich reiterated the process used from the last meeting was not ideal, so recommends voting on each of the appeals individually. Ferguson asked if there was sufficient allocation to fund Santa Fe Commons after Entrada pulled out, and Robles confirmed there was.

Public Comments: There were no public comments.

MOTION: Sertich motioned to allocate to Santa Fe Commons from the Inland Region Round 2. Miller seconds the motion.

Motion passed unanimously via roll call vote.

Sear Spear, CEO of Community Housing Works for Portola Senior, which was requesting \$11,245,815 in allocations, reiterated the shift in the final staff recommendations caused a cascade effect. He said he was able to work with the issuer for a workable solution that does not affect the Round 2 funds, nor forward funding from Round 3.

Committee Comments: Sertich spoke to the difficulty of the process, with no easy outcome. He stated it may not be fair to those applying for Round 3 to pull from those funds. He further specified it is a good idea to use the carryforward. Miller requested clarification through an agenda item on carryforward at the next committee meeting, saying this method should be an option visited going forward.

Public Comments: There were no public comments.

MOTION: Sertich motioned to allocate to Portola Senior using carryforward. Miller seconds the motion.

Motion passed unanimously via roll call vote.

Todd Cottle with C&C Development, representing Orange Corporate Yard, which was requesting \$16,100,000. Similar to others, the shift the morning of the last meeting was unexpected. He supports using the carryforward from CMFA to allocate to the project.

Committee Comment: Sertich approves using carryforward to allocate to this project.

Public Comment: There were no public comments.

MOTION: Sertich motioned to allocate to Orange Corporate Yard using carryforward. Miller seconds the motion.

Motion passed unanimously via roll call vote.



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5. *Agenda Item: Public Comment*

Chair Ma expressed appreciation for the governor allocating \$500 million for state housing tax credits, and for everyone's accommodations during COVID.

Ben Barker stated he's preparing a one page memorandum on carryforward and how the procedure works on a tax basis including bullet point Question and Answers and can send it to CDLAC which may help the public out. Miller requested to see CMFA's spreadsheet of carryforward and how it's being used going forward. Barker agreed to send that spreadsheet for review. Sertich reiterated bonds cannot be issued if they are not approved by the board and wants to see how policy is being used when things are being moved around. This would make it easier for staff moving forward.

William Leach from Kingdom Development requested reconsideration of the language in the regulations to carryforward being award to the first awarded projects instead of the highest-ranking projects. The concern was state tax credits would be exhausted in the next round and whether projects could be awarded credits once they have been exhausted. Will they receive bonds but not tax credits, or neither?

Matt Callahan of Southern California Partners in Home Ownership spoke regarding the canceled Mortgage Credit Certificate Program. This Program was used to assist low-income families to purchase a home. Cancelling the Program makes it more difficult for low-income families to purchase across the state. They are looking for ways to fund this program and recognize issuers may have access to money in the form of carryforward. He is asking if allocation can be made available to fund this program.

6. *Agenda Item: Adjournment*

Meeting was adjourned at 10:34am.