State of California

MEMORANDUM

To: Board of Directors

Date: October 19,2001

From: Theresa Parker, Executive Director
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Sean Michael Elliott, CHFA's First Executive Director

We were saddened to hear that Sean Michael Elliott, CHFA's very first executive director, passed away recently. He served as President of CHFA (back when we had corporate titles) and Chairman of the Board of Directors from our inception in 1975 until early in 1977.

Attached is a copy of the obituary that appeared in The Sacramento Bee on October 18. In addition, we have included a copy of a photograph of Mr. Elliott taken at a CHFA reunion party a few years ago.

Attachments

[redacted]

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Index of Sacramento Bee photo packages

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Obituary: Mike Elliott, 62, first chief of Housing Finance Agency

By **Steve Gibson**
Bee Staff Writer
(Published Oct. 18, 2001)

Mike Elliott. an appointee of former Gov. Jerry Brown and the first president and chairman of the state Housing Finance Agency, is dead at 62

Mr. Elliott's body was found Tuesday night in his Sacramento apartment. said longtime friend John Grattan, a lobbyist.

Grattan said it appeared that Mr. Elliott may haw suffered a stroke or heart attack

The Sacramento County Coroner's Office scheduled an autopsy to pinpoint the cause of death

Mr. Elliott. an *expert* on housing, came to Sacramento in the mid-1970s as deputy secretary of the *state* Business and Transportation (now Business. Transportation and Housing) Agency

"He was a brilliant and articulate advocate for those who were ignored by the mainstream. without a trace of political correctness," recalled Don Bums, another Brown appointee who once headed the Business and Transportation Agency.

Seen Michael Elliott was born in Denver to the former Sheila Stewart and Brian Elliott. He earned an undergraduate degree in history from the University of Colorado and a doctorate in international relations from the University of Denver.

It was while working as a senior fellow in urban studies at Harvard University and the Massachusetts Institute of Technology that he became interested in housing issues.

He was a Fulbright scholar in Peru. where he helped establish that country's first housing finance agency. He later worked as director of international housing at the Federal Home Loan Bank.

Both his marriages, to the former Sally Davis, with whom he had three children. and to Lee Sullivan, ended in divorce

After leaving the Brown administration, Mr Elliott worked as an investment banker, Bums sed

In recent years, he devoted himself to establishing a charter school in Sacramento in memory of the late B T Collins. another Brown staff member

As envisioned by Mr. Elliott. the school would provide an academically challenging program for at-risk teenagers.

Survivors include sons, Kevin D. Elliott of Littleton, Colo., and Navy Cmdr. Gregory Elliott of Newport, RI.; daughter, Sheila Kathryn Elliott of Boulder. Colo.; his mother, Sheila Hizer of Denver, and a grandchild.

Services are pending.

The Bee's Steve Gibson can be reached at (916) 321-1085 or .nibson(aarcbee.com.

MORE LOCAL STORIES
Bush rallies capital, military: He receives rousing welcomes in two short California stops.
Security, schedule tight for commander in chief
Command performance. Security, spectators mark Bush's capital stop
At Travis, he honors troops -- and their families
Diana Griego Erwin: During president's visit, a sense of normalcy pervaded capital
Mather growth options weighed: Sacramento County researches ways to maximize air-cargo use while easing effect on residents.
Experts: Girl was thrown to death
Congested 'Split' to get extra lane
Dixon horse-racing plan off and running again
Regional Digest: Overwhelmed county asks public not to add to panic
24-HOUR NEWS
GO

State of California

MEMORANDUM

To: Board of Directors Date: November 6,2001

Kenneth R. Carlson, Director of Financing

From: **CALIFORNIA HOUSING FINANCE AGENCY**

Subject: REPORT OF MULTIFAMILY BOND SALE
MULTIFAMILY HOUSING REVENUE BONDS 111,2001 SERIES F G & H

On November 15 we plan to issue $108,610,000 of multifamily variable rate bonds in three series, as shown in the table below:

Series	Amount of Bonds	Maturities	Amount of Swap	Interest Rates of Swaps	Tax Status
2001 F	$19,040,000	2/1/2032	$19,040,000	4.029%	Non-AMT
2001 G	$73,975,000	8/1/2036	$58,315,000	4.205%/4.595%	AMT
2001 H	$15,595,000	8/1/2036	N/A	N/A	Taxable
Total	$108,610,000		$77,355,000		

All of the bonds will be issued as variable rate demand obligations, for which interest rates will be reset weekly and interest paid semiannually. The bonds are backed by our Aa3/AA- general obligation as well as by a standby bond purchase agreement with Fannie Mae.

The bonds will be issued to provide funds to finance new loans to 12 multifamily projects and to refund three prior CHFA bond issues totaling $28,740,000. A total of ten prior loans will be transferred as a result of the refunding. Attached is a listing of all the loans to be financed by the bonds.

We have obtained three interest rate swaps to fix the interest cost on $77,355,000 of the tax-exempt bonds, an amount related to the new permanent loans plus the loans for the projects involved in the refundings. Again we were able (as we were for the previous two multifamily transactions) to utilize the Bond Market Association ("BMA") index of tax-exempt variable rates. By using this index we avoid assuming risks associated with any future changes in marginal federal income tax rates. The variable rate we receive from our swap counterparty will be linked to the BMA index even if tax-exempt rates are the same as taxable rates (in the event that the tax exemption is no longer of value).

The three interest rate swaps have been arranged through a competitive bid process in which eight financial institutions participated. By using this process we have succeeded in further diversifying our counterparty exposure. Each of the three swaps will be provided by counterparties we have not previously used, as shown in the table below:

Counterparty	Credit Ratings	Notional Amount	Start Date
UBS AG (Union Bank of Switzerland Aktiengesellschaft)	Aa2/AA+	$19,040,000	2/1/02
Morgan Guaranty Trust Company of New York	Aa2/AA	$47,660,000	2/1/02
Goldman Sachs Mitsui Marine Derivative Products, L.P.	Aaa/AAA	$10,655,000	2/1/04

In addition, this is the first time that we have chosen to utilize swaps with delayed starting dates. Delayed starts enable us to minimize negative investment arbitrage during the period between the issuance of the bonds and the date prior bonds are refunded or new loans are funded. During these early periods, while our variable rate bonds are not yet swapped, bond proceeds will be invested at a floating rate.

For the time being, the Series H taxable variable rate bonds are being left unswapped. This strategy enables us to take full advantage of the economic opportunity available from the current steepness of the yield curve.

Attachment

Attachment

Project Name	Loan Amount	Interest Rate	Actual/Projected Loan Origination Date
New Loans			
501(c)(3) Projects (Series F):			
Longfellow Apartments	$ 770,842	3.00%	21-Sep-01
Pickleweed Apartments	1,795,397	5.70%	29-Jun-01
Sycamore Square	2,490,000	5.70%	30-Oct-01
Total	$ 5,056,239		
Projects Receiving CDLAC Allocation (Series G):			
El Encanto Apartments	$ 1,690,000	5.85%	01-Jan-03
Murphy Ranch	8,470,000	5.70%	31-Aug-03
Old Grove Apartments	5,210,000	5.70%	01-Feb-03
Parwood Apartments	29,000,000	5.70%	30-Jan-02
Redwood Oaks	2,650,000	5.70%	30-Mar-02
Roberts Apartments	9,900,000	5.70%	01-Jul-03
South Gate Senior Villas	2,300,000	6.20%	01-Jan-02
Total	$ 59,220,000		
Projects Receiving TCAC Tax Credits (Series H):			
MORH I Apartments	$ 6,035,000	7.50%	30-Nov-01
Oak Center I	2,954,197	7.50%	29-Jun-01
Total	$ 8,989,197		
Old Loans Transferred from Prior Bond Issues (Series F & G)			
Child's Avenue Apartments	$ 1,490,196	8.60%	01-Mar-96
Country Hills Apartments	5,393,501	8.15%	01-Nov-91
Northgate Apartments	5,919,833	8.25%	01-Jun-92
Oak Haven Seniors	2,018,784	8.50%	01-Jan-96
Oak Manor Townhouses	2,198,254	8.15%	01-Sep-93
Papillon Apartments	5,719,763	7.15%	01-Jul-95
Ridgeview	1,168,597	7.15%	01-Sep-95
Rohit Villas	97,803	8.50%	01-May-94
Sequoia Knolls	3,316,829	5.50%	01-Mar-95
Shasta Villas Apartments	594,379	7.15%	01-Dec-95
Total	$ 27,917,939		
Taxable Tails Being Warehoused (Series H)			
Homestead Park	$ 4,342,886	6.50%	15-Mar-01
Runnymede Gardens	1,367,094	6.45%	25-Jan-01
Santa Ana Towers	900,000	6.35%	10-Nov-01
Total	$ 6,609,980		
Grand Total	$ 107,793,355		

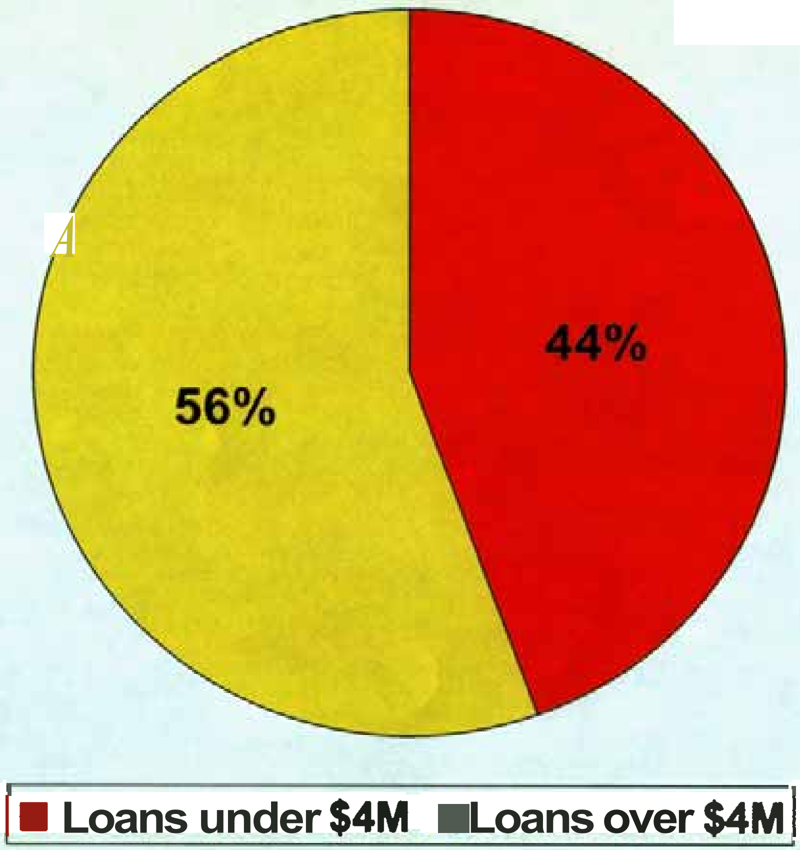
Small Project Loan Delegation

CHFA Board of Directors Meeting

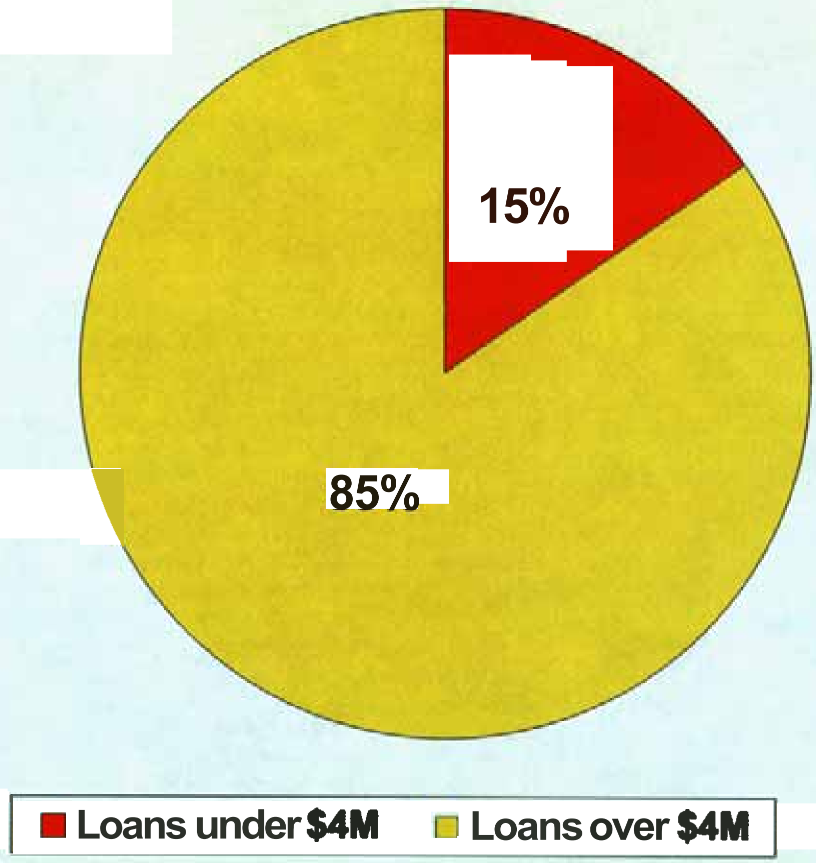
November 8,2001

Loan Approvals
1996 - 2001

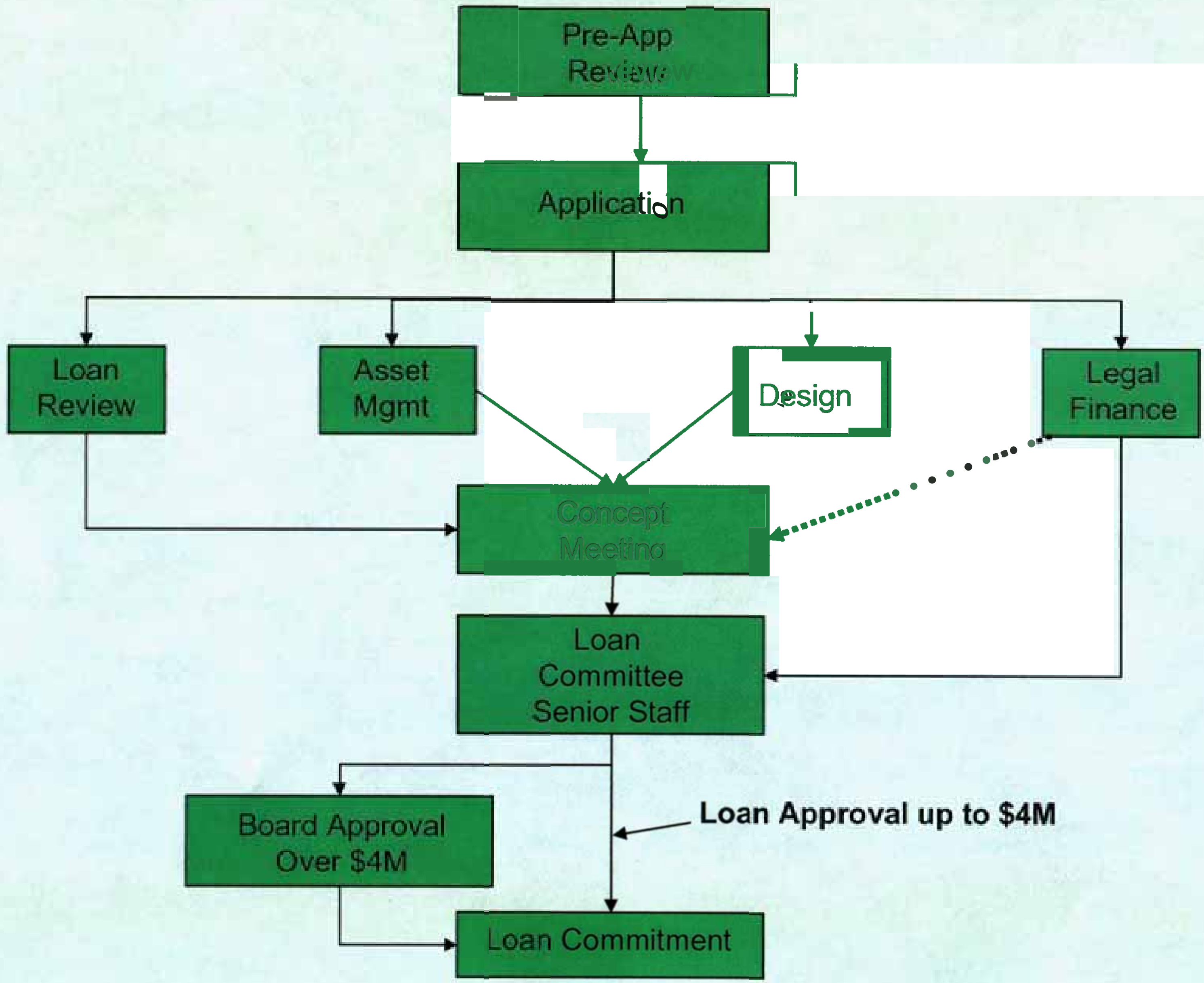
Number of Loans



Dollar Amount of Loans



Multifamily Loan Process



Loan Delegation Guidelines

- Total loans for a project up to $4 million
- New lending programs would require initial loan approval regardless of amount
- Increases over 7% will be brought to the Board for approval
- Small project loan approval would parallel the existing loan process
- Programs Director will report delegated loan activity at each Board meeting

CALIFORNIA

REGIONAL FOCUS

State addresses housing crisis with cautious optimism

By Donna Kimura

California – From the scenic shore to the majestic mountains, from urban meccas to fertile farmlands, California's housing crisis is spreading.

It's the state's silent earthquake, rocking the population at its core. It's a calamity triggered by the brutal force of numbers – population, rising land costs and low salaries. The economic slowdown has brought a halt to runaway housing cost increases, but the benefit is offset by rising unemployment.

To meet the housing needs of this state's growing population, homebuilders and developers will have to create an average of 220,000 housing units each year between now and 2020. It's an unlikely feat considering that in the boom year of 1999 there were fewer than 140,000 residential permits issued.

The number of low-income households needing some form of housing assistance could increase by 1.3 million by 2020 if, as projected, the number of households grows to 16.2 million, and if the current percentage of households who are both low-income and are overpaying for housing remains constant, according to "Raising the Roof," the state's comprehensive housing report.

"We're probably beyond a housing crisis and into a housing meltdown," said Marc Brown, co-director of the California Housing Law Project, an advocacy organization that lobbies state lawmakers for affordable housing and tenants' rights. "People at the lower end of the economic spectrum are being slammed by increasing housing costs. It is particularly hurting seniors, the disabled and low-income people."

Jingletown Homes in Oakland was designed for the specific needs of first-time homebuyers. Public financing was provided by HUD, Oakland's Redevelopment Agency and Oakland's Community and Economic Development Agency. Private funding came from Federal Home Loan Bank. Wells Fargo Bank and Cal Fed Bank.

Brown has seen people spending as much as 80% of their income on rent or even making do without vital medical supplies so they can afford a place to live.

Barring a natural or economic disaster, California's population will grow from about 35 million today to just less than 40 million in 2010 and then to a staggering 45.4 million in 2020, according to the state housing report. California has remained the most populated state in the nation since the 1960s.

Fueled by job growth, the state's population grew by 611,000 people last year alone, reports the state Department of Finance. In a look at 474 California cities, 417 said they grew in population.

Most of the projected growth is expected to occur through domestic migration and new births, said Julie Bornstein, a former California Assembly member who now is heading the state Department of Housing and Community Development (HCD). Between 1990 and 2020, the number of children, those 18 and younger, is projected to increase by 4.6 million. At the other end, there will be 3.2 million more seniors, an especially significant number because many will likely need to move from their suburban homes and into settings where they can be near public transportation and other amenities.

In the last few years, the housing shortage has worsened considerably, Bornstein said. "There's been huge job growth, but much of it has been in the lower-paying categories," she said. "We have lots of new jobs, but they aren't paying high wages. The challenge is: How do we house California's workforce?"

There are major needs in the rural areas, particularly for farmworkers, she said, noting that this problem is largely invisible" to those living in the urban centers. (See related story, page 66.) Another hidden group is young adults who have returned home from college to live with their parents because they cannot afford their own housing.

The slowing economy

The impact of the nationwide economic slowdown has yet to be fully felt in California, but home price increases are slowing and prices may drop. Rent hikes also have slowed dramatically

Due to widespread layoffs in the high-tech industry this year, Silicon Valley will continue to be an area of vulnerability into 2002, according to Cynthia A. Kroll, regional economist with the Fisher Center for Real Estate and Urban Economics at the University of California at Berkeley The state's unemployment rate jumped to 5.2% in August, an increase of 41,000 people from the month before.

Residential building activity fluctuates sharply with the economy In the past three economic cycles, residential building activity peaked about a year before the economy peaked and then fell quickly with the economic slowdown, according to a recent Fisher Center report.

While California's housing market is cooling overall, it hasn't helped the affordability problems much.

In July the percentage of households in the state able to afford a median-priced home increased by 1% compared to the year before, according to a CAR report. The months affordability index, the most fundamental measure of housing well being, stood at 32% in July At 12%, San Francisco was the least affordable county in the state. In Los Angeles County affordability was 35%. At 67%, the High Desert was the most affordable region. The median price of an existing single-family detached home in the state during July was $267,810, according to the association.

The realities

There are a number of contributing factors to why there is such a shortage of housing in the state.

"Land costs have been going up and up," said the California Housing Law Project's Brown. "There's also a lot of local barriers. Whether it is NIMBYism or environmental rules, we're not able to increase the supply to meet the demand."

On the political front, however, housing is climbing in importance. Brown gives Democratic Gov. Gray Davis a generous "A-minus" on housing issues. Still, he said, the matter is not getting the attention it deserves.

Other housing advocates say the issue was pushed to the side this year by the state's energy crisis and has yet to resurface. In the budget year of 2000-2001, housing programs received about **$575** million, roughly three times the prior year's amount. The 2001-2002 spending plan for housing is back down to $290 million, including $107 million in federal funds.

But, the boom year budget of 2000-2001 did produce two major innovations in state programs.

One of the programs is Downtown Rebound, which aims to revitalize downtown areas by helping developers finance the conversion of commercial and industrial space into residential units, said Bomstein, estimating that several hundred units have been produced, mostly in Los Angeles. (For more information, see *Affordable* **Housing Finance,** May 2001, page 36.)

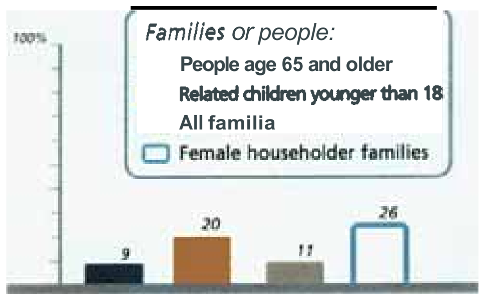
Roughly $25 million was made available last year with several million going to planning grants and about $22 million in loans to assist developers with the conversions. With the economic downturn, funding for the program has been significantly reduced to the planning grants and approximately $2 million for construction. Still, it is a program that Bornstein believes will make a difference. She is hopeful that California will provide more funds when the economy stabilizes.

The other is the Jobs-Housing Balance Program, which is intended to bring jobs to areas where there is housing and vice versa. While that sounds simple, making it happen depends largely on restructuring the state property tax system so that local officials will have solid financial reasons to prioritize affordable housing as well as job growth. Introduced this year, the project measures a city's actual housing production performance. State leaders began by counting building activity in all the cities and counties during a recent three-year period to obtain an annual average. If eligible communities improve on that mark by 12%, they will receive money for every unit produced, explained Bomstein. It may be as much as $3,000 per unit in high job growth areas. The money will be unrestricted so the cities could use the funds on police officers, parks or other programs, according to Bornstein, noting that it is the only program of its kind. (For more information, see *Affordable* **Housing Finance,** July/August 2000, page 25.)

The localities have until the end of the year to measure their performance. While no figures are in, Bornstein said early indications show an "up tick in production" in several areas.

The California Housing Finance Agency (CHFA), which finances below market-rate loans to create affordable rental housing and to assist first-time

Poverty rates in California in 2000



Poverty and participation in government programs: *In 2000, 14% of persons were in poverty. Twenty percent of related children younger than 18 were below the poverty level, compared with 9% of people 65 years old and older. Eleven percent of all families and 26 percent of families with a female householder and no husband present had incomes below the poverty level. Nineteen percent of the households in California received means-tested public assistance or noncash benefits. Source: U.S. Census Bureau, Census 2000 Supplementary Survey* homebuyers, also has introduced two new programs. The first is the Extra Credit Teacher Program for educators. "In support of Gov. Davis' initiative to attract teachers and principals to the lowest-performing schools, the program provides a below-market interest rate for the first loan and a low-interest-rate second loan of up to $7,500 for these teachers and principals," said Richard LaVergne, chief deputy director. "If the teacher stays in the school for up to five years, the interest on the $7,500 will be forgiven." CHFA launched the program this summer and is beginning to receive its first loan applications.

The second program was scheduled to hit the streets in September The High Cost Area Home Purchase Assistance Program (HiCAP) is designed to assist first-time homebuyers in some of the most expensive housing markets of California. The three high-cost counties eligible at this point are San Francisco, San Mateo and Santa Clara. The program features a CHFA 30-year fixed-rate first loan and a second loan with a deferred payment, 3% simple interest rate for up to 30 years not to exceed $25,000. The program can be combined with other housing assistance offered by the state or a local agency. CHFA expects to be able to provide $120 million in first loans and $9.5 million in downpayment assistance second loans.

The agency's board recently approved a $10.1 billion, five-year business plan for lending and insurance activities. That breaks out to $6.5 billion for affordable housing ownership and multifamily lending and $3.6 billion in affordable mortgage loan insurance programs. The bulk of the lending activities is $1 billion a year for first-time homebuyer lending and $250 million a year for multifamily rental permanent financing.

To meet its affordable housing goals, CHFA issued $2.07 billion in notes and bonds last year, the largest amount in the agency's 26-year history Of this amount, roughly $1.06 billion was tax-exempt in the form of $600 million in new bonds, $160 million in refundings and $300 million in notes.

Earlier this year, state lawmakers raised the agency's authorized debt level to $11.15 billion, a $2.2 billion increase.

California is the national leader in low-income housing tax credits with more than $50 million in federal authority per year.

The future

Several issues are on the horizon that could hurt or help California in easing its housing crunch.

"I would say that one of the biggest challenges moving forward as of this moment is the legislature has passed a bill that all tax credit and bond deals, anything that has public financing, will now be required to pay state prevailing wage on construction," said Carol Galante. president and chief executive officer of BRIDGE Housing, the largest nonprofit affordable housing developer in the state. "That's a major change in policy." Since its inception in 1983, BRIDGE has participated in the development of more than 8,000 homes serving 20,000 Californians.

> "I think it is always going to be a challenge because this is a very desirable place to live ..."
>
> – Carol Galante, president and CEO of BRIDGE Housing

The bill, which has yet to be signed by Gov. Davis, could mean a 20% wage increase in markets that currently do not pay prevailing wage. It disproportionately effects small cities and suburban communities, she said.

The other issue for affordable housing developers will continue to be land costs even though prices have started to fall from the highs of last year.

Many market-rate deals that were considered closed are coming back on the market, said Fran Wagstaff, executive director of the Mid-Peninsula Housing Coalition, a leading affordable housing developer in the San Francisco Bay Area. "A lot of deals are falling apart because prices are high," she said.

Land prices in the hottest markets like San Francisco and San Jose have started to drop, perhaps as much as 10%, Galante said.

"I think one of the most interesting developments coming up in the future is the proposed federal tax credit for homeownership," she said. "It could be a new opportunity for us to produce ownership housing."

At the state level, lawmakers are considering a Senate bill that would increase the state low-income housing tax credit program from $50 million to $70 million to help developers finance needed projects.

Affordable housing developers were given a legal boost by another hill that strengthens a law requiring local agencies to make specified findings before disapproving or conditionally approving certain affordable housing projects. Signed by the governor Sept. 4, the legislation revises the provisions to allow the court to award specified costs and attorney fees to the plaintiffs or petitioners proposing the housing development.

In addition to legislative changes, education will be key if California wants to meet its housing demands, Bornstein said.

In some cases, the public and even local decision-makers misunderstand the need and impacts of housing, she says. "If you refuse to build housing in a community, you are not reducing traffic congestion," she said. "You are increasing traffic congestion."

Even the most optimistic understand that the state's problems may never completely disappear and will be an ongoing battle. "I think it is always going to be a challenge because this is a very desirable place to live and a region generating a significant number of jobs," Galante said.

The "Raising the Roof" report also concludes that the state's housing production system – including laws, lending programs, and the public, private and

Top leaders in the affordable housing market

Julie Bornstein
Department of Housing and Community Development

Julie Bornstein was appointed director of the state Department of Housing and Community Development by Gov. Gray Davis in 1999.

Julie Bornstein

She serves as a board member of the California Housing Finance Agency, the California Rural Development Council, the California Housing Partnership Corp. and as a member of the Urban Land Institute's Smart Growth Coordinating Committee.

A former member of the California Assembly, Bornstein practiced real estate and business law in Los Angeles for 10 years after earning bachelor's and master's degrees from the University of California at Los Angeles and a law degree from the University of Southern California. In addition to practicing law, she served as president of the Coachella Valley Housing Coalition.

Theresa Ann Parker
California Housing Finance Agency

Theresa Ann Parker has been executive director of the California Housing Finance Agency since 1997.

Theresa Ann Parker

She was chief deputy for policy at the state Department of Finance from November 1993 until May 1997. Prior to that, she served as the undersecretary for the state Health and Welfare Agency and the program budget manager for the health, welfare and environmental programs at the Department of Finance.

She earned a bachelor's degree in economics from California State University at Sacramento.

Jeanne Peterson
California Tax Credit Allocation Committee

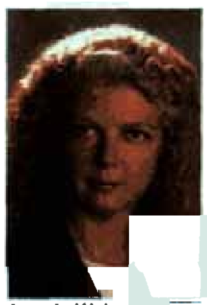
Jeanne Peterson was named executive director of the California Tax Credit Allocation Committee in March 1999. She administers California's federal and state housing tax credit programs.

Jeanne Peterson

She came to California from the Michigan State Housing Development Authority, where she spent 18 years, first as staff counsel and later as director of legal affairs. She was involved in all aspects of affordable housing lending and administration. Peterson supervised Michigan's housing tax credit program from its inception and has been a frequent author and speaker on affordable housing issues. She was instrumental in creating the Michigan Capital Fund for Housing, Michigan's state equity fund. She holds a law degree from Thomas Cooley Law School in Michigan.

Laurie Weir
California Debt Limit Allocation Committee

Laurie Weir was appointed executive director of the California Debt Limit Allocation Committee in October 2000. As head of the agency, she administers a $2 billion private-activity bond program.



Laurie Weir

She graduated from the University of Southern California School of Architecture in 1982. Five years later, she co-founded the architecture and real estate development firm ARKHOS-TEKTON, Architects. In 1994, she was hired by the Los Angeles Housing Department Architectural Unit to help with the Northridge earthquake recovery effort. During the earthquake recovery period, she worked with architects, planners and developers on more than 60 multifamily apartment buildings.

After the recovery effort was completed, Weir's emphasis shifted from architecture to finance. In the housing department's Major Projects Finance Unit, she worked with developers on projects financed with 9% low-income housing tax credits and other financing to produce affordable housing in the city. In 1998, she headed the Municipal Bond Finance Unit for the housing department and was then manager of the Major Projects Finance Unit of the Housing Development Division of the department.

nonprofit organizations that produce affordable housing– is "far too fragmented and haphazard to produce the volume and quality of housing needed." Substantial investment and innovation in housing development policy financing and planning is needed.

In the future, more government intervention is going to be critical, said Jan Breidenbach, executive director of the Southern California Association of Non-Profit Housing, a membership organization dedicated to the development and preservation of affordable housing. The market by itself won't be able to build enough units to meet the need. "Even if land costs come down with a recession, they won't come down enough for minimum-wage and low-wage workers to afford housing," she said.

Private financing, she said, has been fairly strong through the Community Reinvestment Act and low-income housing tax credits. "What's lacking is more direct subsidy, more from the public sector," Breidenbach said. "That includes local, state and federal." ●

State of California

MEMORANDUM

To: **CHFA Board Members** **Date:** November 7, 2001

From: Theresa Parker, Director /TPP/
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Video/Tele-Conferencing: Cost/Benefit Review For CHFA Board Meetings

Following a discussion at the October 10,2001 Board Meeting, the Board requested that **an** analysis be prepared showing the costs/savings of using **video/tele-conferencing vs. a Board meeting at a rented conference site.** The following is a cost review of the January 11,2001 Board meeting in Millbrae in comparison to the October 10,2001, videoltele-conferencedBoard meeting in Sacramento using our in-house conferencing equipment:

Millbrae Board Meeting on January 11, 2001

Total Estimated Expenses **$10,500**
(Includes conference room charges, Board and staff travel claims, and *6* hours of staff in-transit travel time.)

Sacramento Board Meeting on October 10, 2001

Total Estimated Expenses (video/tele-conference) $ **1,500**
(Includes Board and staff travel claims and one hour of staff in-transit travel time.)

While not included in the above costs comparisons, **and** a consideration to each Board member, individual members devote transit time in either example to the business of the Board meetings.

Please **also** note that due to the difficulty of obtaining space, contracts are in place for **our** hotel conference rooms in calendar year 2002. An average cancellation fee of $ 1,250.00will be charged per meeting, in the event of a cancellation.

As noted above, the savings of a video/tele-conferenced meeting in the above example is potentially significant. However, as pointed out during last month's discussion, there is also a significant value to having face-to-faceBoard meetings by offering an environment where colleagues, stakeholders and the public are together to exchange views and ideas. It is this collegial approach which supports face-to-face meetings as the Agency's primary venue for addressing Board matters.