

# MEMORANDUM

**To:** Board of Directors  
**CALIFORNIA HOUSING FINANCE AGENCY**

**Date:** May 5, 2011

**From:** Tom Hughes, General Counsel  
**CALIFORNIA HOUSING FINANCE AGENCY**

At the March 16, 2011 Board meeting, the Board asked Staff to prepare a short memo summarizing some of the statutory issues regarding the BSA recommendation that the composition of the Board be changed to include a person with specific types of finance experience.

Health & Safety Code section 50904 provides for 11 voting positions on the Board. Of those, three are ex-officio positions. Two are legislative appointments, for which there are no defined experience categories. The remaining six are Governor's appointments. Of those six, four are chosen from a list of seven different categories representing different experience or qualifications. The remaining two are required to be tenants or tenant representatives, as defined in the statute. Consequently, of the 11 voting positions, five have mandatory experience or status qualifications (ex-officio and tenant representatives), and two have no defined experience qualifications (Legislative appointees). The remaining four can be chosen by the Governor from seven different experience categories.

In considering the BSA recommendation, threshold questions are (i) whether the number of Board members should be expanded; (ii) whether such a position should be mandatory or optional; and possibly (iii) whether one or more of the current experience categories should be deleted or changed in connection with creating a financial position.

A statutory amendment to change Board composition could take several approaches. The seven optional categories could be expanded to eight, to include financial experience. In that event, the financial position would be optional, because the Governor currently chooses four positions from this list. Alternatively, the financial position could be made mandatory. That could be accomplished either by adding an additional member to the Board, and making the position mandatory, or by deleting one of the two mandatory experience positions (tenant representatives) and replacing that with a financial position (one of the two tenant positions is currently vacant).