

1 VICE CHAIRPERSON HAWKINS: Thank you.

2 MS. PARKER: Thank you, Madame Chair. Since Dick
3 LaVergne was not able to make it, Jackie and I will
4 present the Agency's operating budget. We're prepared
5 to go through a discussion of this to any great depth
6 that the Board would like.

7 Clearly, the support budget has increased not only in
8 dollars but also in personnel years, and we can go
9 through that. We have added -- just so you don't have
10 to be mind readers to try to figure out the 32 positions
11 we've added where they have been added, Jackie has a
12 little handout that shows all the positions, and the
13 document shows an asterisk where we're adding additional,
14 ones. They're tied to workload. Jackie and Dick make
15 the agency staff go through a budget exercise. Dick
16 LaVergne and I practice being finance analysts, much to
17 torture of the directors, programs in the Agency.

18 But to the extent that you are our authorizing arm,
19 they don't have to go through the budget crisis that
20 other state agencies do. We do make them justify so
21 that we can stand up and go through the process as
22 rigorously as anyone else so that, you know, our public
23 use of our resources is taken into consideration.

24 So we're presenting our budget. Jackie can go
25 through some of the points where the major increases are

1 and be happy to answer any questions.

2 MS. RILEY: Along with that, we did put our staff
3 through some pretty rigorous workload standard
4 operations that we normally do a small amount of that.
5 This year we were very mindful of the number of
6 positions that we were getting requests for. I might
7 add, of the 32 positions that we placed in, there were
8 an additional 16 positions that were requested that were
9 turned down. So we didn't do this hastily and made
10 everybody go through, as Terri said, some rigorous hoops
11 and hurdles and all that. But I wanted to make sure
12 that we were mindful of minding the store here in the
13 difficult budget times in the State of California.

14 With that we did add positions, specifically 32.
15 Eight of those are for the Prop 46 programs. Two of
16 those are in multifamily. Two of those are in single
17 family. Three actually are in fiscal services. And one
18 is in the insurance division.

19 Aside from those positions, obviously as you
20 listened to the budget plan -- or I'm sorry, the
21 Business Plan and you notice how business is increasing,
22 the operations side of the house also has to keep pace
23 with the program side. They drive our engine, and
24 fortunately we're almost able to keep up with them. We
25 try and do that.

1 So we've added additional positions on the
2 operations side of the house, too. That's specifically
3 legal. Every time there is more multifamily programs,
4 legal has to do the documents and review all of those
5 programs and loan closings.

6 We've also added more positions on the fiscal
7 services side. Once again, those folks are minding the
8 Agency's resources. And as Ken Carlson keeps coming up
9 with newer and creative ways of financing things, things
10 become more difficult. And the accounting side, Bruce's
11 shop, has quite the task keeping up with him.

12 In addition, we also added some positions to
13 information technology. When new programs are created,
14 programs have to be created consequently to go along
15 with those. We also have a very vigorous help desk and
16 had to increase our resources on our help desk. So we
17 have added, you know, those positions.

18 In addition, we have some lending positions. If you
19 listened and paid attention to all of those line items
20 that Linn talked about in all his various programs, he
21 has been very ambitious, and we're adding more positions
22 in multifamily and also in single family this year.

23 Asset management -- excuse me for one second, just
24 to keep up as we keep building more multifamily
25 projects, asset management has to keep pace too, so

1 there are positions there.

2 MS. PARKER: I'm sorry. I was -- one of the things
3 I did mean to highlight to you, we have included a
4 position in multifamily with the potential of hiring a
5 chief that may act to serve the Bay Area. And we have
6 included it, because I wanted to make this Business Plan
7 from an operations standpoint as inclusive as we could
8 in the dollars that we need for the entire fiscal year.

9 There is a person who's been in contact with Linn.
10 Obviously a part of -- it wasn't that Linn was on the
11 slopes skiing. He was trying to rebuild a multifamily
12 team. And many of the people that you've seen before us
13 today are really the product of Linn's time last year
14 trying to get a team together and now growing them.

15 But given the work, it continues. We're in
16 discussions with the possibility of someone who may come
17 to the Bay Area, and so we've included a position to
18 make sure that person knows that there will be Board
19 support behind that and see whether or not that may lead
20 to the necessity of someone more localized serving that
21 particular area.

22 So we will continue to keep the Board informed about
23 our progress on this. But I wanted to include it to
24 give you a heads-up that we may have an opportunity. If
25 we can, we'll want to move along with it.

1 MS. RILEY: Moving on to the operations side of the
2 house, all of our line items, if you have looked at the
3 budget, have increased. Specifically, those are for the
4 additional resources, the additional personnel that
5 we've added, also our pretty aggressive marketing
6 campaign.

7 We are moving some staff into additional quarters
8 probably September of this year. Along with that, there
9 are some one-time dollars added for that move.

10 And lastly, where it shows up a large increase is in
11 consulting and professional services. We have, as has
12 been discussed here with the Board, some legal costs for
13 litigation and added the resources to support that.

14 In addition, there is \$500,000 that has been included
15 as a placeholder for a loan origination system for
16 multifamily. RFPs were sent out, and we had four people
17 submit proposals to us, just within the last month. And
18 those range from \$200,000 to \$500,000. We had not had
19 time and still hadn't, that starts next week, as far as
20 going through those proposals and actually analyzing
21 them.

22 We know that we will be coming back to the Board in
23 July to talk about that and to request approval, you
24 know, whatever we have decided to do, but, as Terri
25 said, wanted to place the resources in the budget but

1 know we won't be acting upon that until we come back and
2 get Board support for that.

3 With that we know there's a lot of dollars, a lot of
4 positions, but as you've heard, we have a very ambitious
5 Business Plan. We have some ambitious goals. And we
6 really feel we need these resources to go forward and
7 accomplish all the things that we have put in our
8 Business Plan, so we would ask your approval.

9 MS. PARKER: We'll continue to keep the Board
10 monitored about the dollars. Obviously, the Business
11 Plan for salaries includes what was bargained for salary
12 increases. To the extent that those don't materialize,
13 obviously -- salary, 5 percent salary increases?

14 MS. RILEY: It's not included, no.

15 MS. PARKER: Oh. I apologize. To the extent that
16 something changes on that, we will need to come back and
17 essentially talk to the Board about that. So instead --

18 MS. RILEY: Some of the state budget -- excuse me,
19 Terri, on budgeting we actually do follow and the rest
20 of the state departments, if indeed that salary increase
21 goes through for rank and file in July, are required to
22 absorb those costs, but they were not included in here.

23 MS. PARKER: That's our contribution. Thank you for
24 correcting me, Jackie.

25 With that we'll be happy to answer any questions.

1 VICE CHAIRPERSON HAWKINS: Yes, Mr. Czucker.

2 Thank you.

3 MR. CZUKER: I think I can speak for everyone to say
4 that we're very pleased with the progress that CalHFA
5 has been making, and we're very supportive of the
6 increase in the staff and the budget that's before us.
7 If I understood you correctly, you're leaving a window
8 of opportunity open to hire a multifamily director for
9 Northern California?

10 MS. PARKER: No. Well, not quite. It's we're
11 not -- we're not hoping to have a Linn twin. It's --
12 would be right now we've got a chief in Northern
13 California and a chief in Southern California position.
14 This would be perhaps to have someone at that level for
15 servicing the Bay Area. So it would be -- the way the
16 organization is, Linn is the director. Irene Jenkins is
17 his sort of assistant director. And this would be a
18 situation where there could be three people at the chief
19 level.

20 MR. CZUKER: And I wanted to continue to comment by
21 saying that most of the projects before us today were
22 Northern California projects, and I think that one thing
23 I would like to see is more of an emphasis on marketing
24 in Southern California where populations are larger,
25 demographics support and certainly need exists. And I

1 think that we can make a greater penetration into
2 opportunities for financing affordable housing in the
3 Southern California area and hope that with marketing
4 and with the budget resources we'll make a greater
5 effort in the future.

6 MS. PARKER: Mr. Czucker, just to add on to that, we
7 have had a position available to be a chief in the
8 Southern California office, and Linn and Jackie have
9 been working on the recruitment effort for quite some
10 time, and that is also reflected in the budget before
11 you.

12 MS. RILEY: And in addition, there is another
13 position slated for multifamily in the -- in this budget
14 for support.

15 MR. CZUKER: And in terms of marketing dollars to
16 help Southern California succeed in bringing forth
17 applications for financing, that would obviously be
18 something we're hoping for.

19 MS. PARKER: I think what we're trying to do here is
20 look at whether or not proximity of staff is going to
21 make a difference in being able to achieve higher dollar
22 volume levels in that sense, so by having people as
23 close as we can.

24 Obviously, if you look at the work that's being done
25 by Linn's staff in Southern California -- it depends

1 every time we come whether there is more Northern
2 Southern -- Northern or Southern California projects.
3 And if you looked at our pipeline in totality, there is
4 a tremendous amount of projects that are going on in
5 Southern California.

6 A lot of what is in our pipeline is going to be next
7 year's -- next year and the next two years' worth of
8 work through multifamily, legal, and all of the rest of
9 the organization. So we will be showing you that, and
10 we're certainly concerned about servicing that area of
11 the state.

12 VICE CHAIRPERSON HAWKINS: Yes, Mr. Klein.

13 MR. KLEIN: What is the volume in the multifamily
14 pipeline, roughly?

15 MR. WARREN: I'm sorry, I didn't hear the question.

16 MS. PARKER: Volume in the pipelines. Aren't you
17 close to between 4- and 500 million?

18 MR. WARREN: Yeah, it's about 550 million.

19 MR. KLEIN: Thank you.

20 And, Jackie, that was a great report.

21 VICE CHAIRPERSON HAWKINS: Thank you.

22 Yes, Ms. Peterson.

23 MS. PETERSON: I want to preface what I'm going to
24 say by saying that the Treasurer and the Treasurer's
25 office, TCAC, CDLAC, are very pleased with all of the

1 work that CalHFA has done in the past four years since
2 Treasurer Angelides has been the Treasurer and has found
3 it to be really quite remarkable.

4 The Treasurer has also asked that I convey with
5 respect to the budget proposal today his belief, and I'm
6 sure as a fiscal officer of the state, that all of us,
7 whether we're included in the budget or not or whether
8 we get funding from the state or not, need to be
9 extremely fiscally responsible, given the state of --
10 the state of state and the state of the state budget.

11 And I know Jackie has said that she received many
12 more requests for positions than have ended up in this
13 budget. However, I can't help but notice that over just
14 the past two fiscal years that there's a 50 percent
15 increase in the staff full-time positions. And so
16 that's, like I say, something that the Treasurer asked
17 that we make sure, that all of us make sure, that we on
18 the Board make sure and that staff make sure that all of
19 the increases, both personnel and operations-wise, have
20 been scrutinized most carefully.

21 I guess that's the end of the sentence.

22 VICE CHAIRPERSON HAWKINS: Thank you, Ms. Peterson.

23 Yes, Mr. Klein.

24 MR. KLEIN: I would just like to say that in the
25 context of the Treasurer's comments, we have a great

1 deal of our staff committed to multifamily. And to have
2 a several-hundred-percent increase in multifamily
3 production with a 50 percent increase in the staffing is
4 showing that our staffing increases are substantially
5 trailing our increases in production. And hopefully
6 we're contributing a great deal of more sales tax
7 revenue and job tax revenue that will contribute to
8 making the Treasurer's job easier.

9 MS. PETERSON: Well, that's tremendous. And
10 actually, over the past two years is over a
11 hundred-percent addition in staff on the multifamily
12 side, and maybe part of this is coming from -- this is
13 not anything that I -- this is -- this was my direction.
14 I was given direction to say this, but -- but it's also
15 true that just on the multifamily lending side of CalHFA
16 alone, there will now be more staff than in both of the
17 affordable housing agencies housed in the Treasurer's
18 office.

19 MR. KLEIN: That points out the Treasurer needs more
20 staff.

21 MS. PETERSON: Indeed.

22 VICE CHAIRPERSON HAWKINS: Are there other questions
23 or comments?

24 I'd just like to add that I think it's great from
25 the standpoint and I think the transactions are more

1 complex now on the multifamily side and therefore takes
2 more time, doesn't it, to put these transactions
3 together? And -- and historically speaking, it's
4 amazing how on the single-family side, how much our
5 volume increased, yet because of streamlining the
6 systems and what a great job Ken Williams did over the
7 years, we were able to absorb that volume.

8 And so I think we've done a very good job
9 historically, and I feel comfortable with what I've
10 observed as far as this increase from what I've seen
11 produced with this increase.

12 So just any comments? Any other comments?

13 I'm ready to take --

14 MR. KLEIN: I'd just like to also say that with the
15 increase of housing production in the state, I think the
16 Agency should be highly supportive of the Treasurer
17 actually getting more staff because that staff is under
18 so much stress. And recognizing the discipline we all
19 have to have --

20 MS. PETERSON: This was not solicited.

21 MR. KLEIN: -- That can be supported by fee revenue
22 from the applicants, not by the state budget, which is a
23 very important distinction. But if we're going to
24 continue to show the dramatic progress in expanding
25 affordable housing in the state, the Tax Credit

1 Committee and the Bond Allocation Committee are going to
2 have to have additional staff to handle the work. It's
3 just a practical constraint.

4 MR. FRANKLIN: I would just add, being the subject
5 of a very high percentage of Mr. Klein's remarks today,
6 I'm somewhat miffed that I wasn't included in this final
7 comment here as we close the Board meeting.

8 VICE CHAIRPERSON HAWKINS: I think I need to make
9 another comment. I think I did not mean to leave out
10 anyone else on the staff of CalHFA when I mentioned Ken
11 Williams, but as he returned, it just brings to mind
12 that it's been great, Terri, that you are able to retain
13 good people and, of course, the rest of the staff,
14 including Jerry Smart and others, have done a great job.

15 So are we ready for a motion?

16 MR. KLEIN: I'd like to make the motion to approve
17 the budget.

18 VICE CHAIRPERSON HAWKINS: Mr. Klein has moved that
19 we adopt the budget.

20 MR. SHINE: Second.

21 VICE CHAIRPERSON HAWKINS: Mr. Shine has seconded.

22 Is there any discussion?

23 Mr. Shine seconds.

24 And is there any other discussion or questions from
25 the Board or the public?

1 Hearing none, may we have the roll?

2 MS. OJIMA: Ms. Peterson.

3 MS. PETERSON: Abstain.

4 MS. OJIMA: Mr. Bayuk.

5 MR. BAYUK: Aye.

6 MS. OJIMA: Mr. Bell.

7 MR. BELL: Aye.

8 MS. OJIMA: Mr. Czucker.

9 MR. CZUKER: Aye.

10 MS. OJIMA: Mr. Franklin.

11 MR. FRANKLIN: Aye.

12 MS. OJIMA: Ms. Hawkins.

13 VICE CHAIRPERSON HAWKINS: Aye.

14 MS. OJIMA: Mr. Klein.

15 MR. KLEIN: Aye.

16 MS. OJIMA: Mr. Shine.

17 MR. SHINE: Aye.

18 MS. OJIMA: Resolution 03-30 has been approved.

19 VICE CHAIRPERSON HAWKINS: Thank you.

20 MS. PARKER: Thank you very much. We look forward
21 to our Board meeting in July where I know Linn will have
22 a number of titillatingly new projects to entice you
23 with.

24 We -- on behalf of the staff, we do want to thank
25 you for your interest and participation at all of our

1 Board meetings. There's some good questions that you
2 ask that makes our job that much more interesting.

3 VICE CHAIRPERSON HAWKINS: One moment. One moment.
4 Hold on one moment. We have Item No. 8 and 9. Is there
5 any further comments on any other subject from anyone
6 from the Board or the public, other than the budget, as
7 I asked before?

8 No.

9 The meeting is adjourned. Thank you.

10 (Whereupon the meeting concluded at 2:21 p.m.)

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4 the time and place therein named; that the proceedings
5 were reported by me, a duly certified shorthand reporter
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8 In witness whereof, I have hereunto set my hand this
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