STATE OF CALIFORNIA

CALIFORNIA HOUSING FINANCE AGENCY

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BOARD OF DIRECTORS

PUBLIC MEETING

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Hyatt Regency Sacramento
1209 L Street
Sacramento, California

Thursday, July 17, 2008
9:34 a.m. to 1:00 p.m.

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Minutes approved by the Board of Directors at its meeting held:
September 18, 2008
Attest:

Reported by: DANIEL P. FELDHAUS, CSR #6949, RDR, CRR

Daniel P. Feldhaus, C.S.R., Inc.
Certified Shorthand Reporters
8414 Yermo Way, Sacramento, California 95828
Telephone 916.682.9482 Fax 916.688.0723
FeldhausDepo@aol.com

APPEARANCES

Board of Directors Present

JOHN A. COURSON
(CalHFA Board Chair)
President/CEO
Central Pacific Mortgage

PETER N. CAREY
President/CEO
Self-Help Enterprises

LORI R. GAY
President/CEO
Los Angeles Neighborhood Housing Services, Incorporated

ELLIOTT MANDELL
For Lynn L. Jacobs, Director
Department of Housing and Community Development
State of California

THERESA A. PARKER
Executive Director
California Housing Finance Agency
State of California

WILLIAM PAVAO
for State Treasurer Bill Lockyer
State of California

HEATHER PETERS
for Dale E. Bonner, Secretary
Business, Transportation and Housing Agency
State of California

JACK SHINE
Chairman
American Beauty Development Co.

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APPEARANCES

Continued

Participating CalHFA Staff:

ROBERT L. DEANER II
Director
Multifamily Programs

BRUCE D. GILBERTSON
Director
Financing Division

NANETTE GUEVERA
Multifamily Loan Officer
Multifamily Programs

TIMOTHY HSU
Financing Risk Manager
Financing Division

THOMAS C. HUGHES
General Counsel

JIM LISKA
Loan Officer
Multifamily Program

JOJO OJIMA
Office of the General Counsel

KATHY WEREMIUK
Housing Finance Officer
Multifamily Programs

LAURA WHITTALL-SCHERFEE
Housing Finance Chief - Sacramento
Multifamily Programs

OTHER SPEAKERS

TINA ILVONEN
Consultant
Multifamily Affordable Housing Finance

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BE IT REMEMBERED that on Thursday, July 17, 2008, commencing at the hour of 9:34 a.m., at the Hyatt Regency Sacramento, 1209 L Street, Sacramento, California, before me, DANIEL P. FELDHAUS, CSR #6949, RDR and CRR, the following proceedings were held:

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CHAIR COURSON: Good morning everyone.

I will call this meeting to order.

And the first order of business this morning is, I would like to welcome a new Board member. Lori Gay has joined us. Lori is to my left over here. She is the president and CEO of the Los Angeles Neighborhood Housing Services, and joins us as an appointee.

And Lori and I have had a chance to talk by phone, I had a chance to meet her today. And she'll be getting her orientation to all of this later on with the staff.

Lori, thank you for joining us, and we enjoy having you as one of our colleagues.

MS. GAY: Thank you.

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Item 1. Roll Call

CHAIR COURSON: And with that, let's call the roll.

MS. OJIMA: Thank you.

Ms. Peters for Mr. Bonner?

MS. PETERS: Here.

MS. OJIMA: Mr. Carey?

MR. CAREY: Here.

MS. OJIMA: Ms. Galante?

(No response)

MS. OJIMA: Ms. Gay?

MS. GAY: Here.

MS. OJIMA: Mr. Mandell for Ms. Jacobs?

MR. MANDELL: Here.

MS. OJIMA: Ms. Javits?

(No response)

MS. OJIMA: Mr. Pavao for Mr. Lockyer?

MR. PAVAO: Here.

MS. OJIMA: Mr. Morris?

Mr. Shine?

MR. SHINE: Here.

MS. OJIMA: Ms. Bryant?

(No response)

MS. OJIMA: Mr. Genest?

(No response)

MS. OJIMA: Ms. Parker?

MS. PARKER: Here.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Here.

MS. OJIMA: We have a quorum.

CHAIR COURSON: Thank you.

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Item 3. Chairman/Executive Director Comments

CHAIR COURSON: We're going to change the batting order here a little bit. And I'm going to have our Executive Director, Terri Parker, make comments first.

MS. PARKER: Thank you, Mr. Chairman.

Many of you are aware -- I certainly have informed my staff of this, and the Board is aware -- that because of the conversations that we've been having at the last Board meeting or two, my term as executive director, my appointment as a second term for the executive director expires this year. It expires, actually, effective October 14th, with the possibility of being able to be extended subject to obviously a decision on the Governor's office part for another 60 days.

But I've certainly wanted to make this public so that there is obviously an appropriate and adequate time for everyone to seek a successor to run what I think is the most dynamic housing finance agency in the country.

I have enjoyed serving this agency for over

11 years, the longest serving executive director.

I think we have accomplished with the Board's assistance and the tremendous staff of the Housing Finance Agency, a place that certainly is a much different agency than it was when I came 11 years ago. The kinds of programs that we did then were certainly very much plain vanilla, as we refer to it, as opposed to the kinds of dynamic programs that we are doing now; and even with that, in a marketplace that nobody could have ever envisioned would be occurring.

So I'm not gone yet. I've got several more months. There's quite a number of things on my to-do list. But I do want to make sure that you were all aware, as my staff, the Board, that my days are numbered. And I've kidded everybody to say that it's not the years, it's the miles. So I know that the Agency is in great hands with the Board, and also the outstanding staff that we've been able to recruit and retain here at the Agency. And so there are a number of good things for us to be accomplishing over the months, and I will certainly do my very best to serve you, the Board, and with my colleagues and staff of the Housing Finance agency.

So now that I've gotten over that -- John's kicking me, kicking me to get going on that.

A couple things. I do want to talk about an item that was originally on the agenda that we've talked about at the past Board meeting, when we did the annual operating budget, and that was that we were going to propose a bonus program or some sort of salary increases consistent with our authorizing salaries for those exempt -- certainly certain exempt members of the senior management team.

We amended the agenda to take it off. We're going to wait and come back after the budget has been signed to essentially further the conversations, both internally and externally on this particular item. So I just want to make you all aware that that's the reason why it's not on here. And consistent with anybody who is tracking our minutes, we are not going to be talking about it, but we'll be talking about it later.

This agenda has some of the first loans on it for the mental health -- our MHSA housing homeless program. So we're very excited about it. Kathy will be walking us through that.

We also just want to give you a heads-up that we're about ready to flip the switch on starting the foreclosure relief program that we've talked about. It now has an official name. It's the CalHFA Community Stabilization Home Loan Program. This is the $200 million of bond cap that the CDLAC-allocating entity gave us to be running a program that will provide funding for 800 to 1,000 loans. We have partnerships with Fannie Mae, Citibank, Wells, and Home Eq.

We expect that when the program gets rolled out next week, that we'll have at least 500 properties with the special pricing that the banks have offered and the ability to have loans with a charter coverage provided by our very own MI and what we believe will be the best rates on the street for 100 percent -- 105 -- 103 LTV loan in California.

The last item, Mr. Chairman, is just to tell the Board members and public that at -- hopefully it got handed out --

CHAIR COURSON: Here. They have.

MS. PARKER: We just received this. This is fresh off the press Monday. It's the most recent rating from Standard & Poor's on our Housing Loan Insurance Fund. The Housing Loan Insurance Fund is separately rated. We have two funds, and this is the one on the housing loan insurance.

I have a couple quotes I do want to bring to your attention that I think are very significant. We should be all thanking Mr. McManus and the staff for the outstanding job that they've done.

The rating is A+/Stable. And what S&P has basically said is, "On a stand-alone basis, CaHLIF," which is the Housing Loan Insurance Fund, "has demonstrated disciplined underwriting, an effective management team, and strong operating performance."

They go on to say that the organization has done a better job of navigating the current housing cycle than almost all of the U.S. mortgage insurers that Standard & Poor's rates.

So that is not an insignificant thing in today's environment, particularly for a fund that has some of the downsides of having just the pool of California to essentially have to insure in.

So those are passed out to all of you. There also what's passed out to you is the most recent information on delinquency and claim trends for the Mortgage Insurance fund. And we will be, as we have been and we've told you all along, when this next quarter is up, we'll be looking at whether or not there is a need to increase our reserves. We probably will be likely doing so by two to three million dollars. But we just want to make sure that consistent with what you've asked of us, we're consistently giving you reports on the status of the insurance fund, our regular fund, and what's happening with the portfolio.

And Bruce will be doing a longer discussion of the portfolio and delinquencies a little bit later in the presentation.

So staff is here to answer any and all questions associated with that.

And, Mr. Chairman, that concludes my report.

CHAIR COURSON: Thank you.

Now, I commented to Terri that the quote on the rating agency about our Mortgage Insurance fund clearly falls in the face of front-page articles in the Wall Street Journal this week talking about other M.I.s. And I think that as an agency -- and, frankly, the administration -- ought to take great credit in that. And I'd like to see us try to get some press and some visibility for the job that we're doing here in California, in managing risk for first-time home buyers, particularly the kinds of folks that we're helping of low and moderate income.

So I think that's a great story, that you can serve that public and can do it in a responsible and conscientious manner. And I'd like to see us with Ken Giebels and his team, and see if we can't spread that word a little bit.

Let me make a couple of comments.

One, obviously based upon Terri's announcement, we have set in motion a process that we're going to spend some time today talking about in terms of a transition and a process of the Governor appointing a successor. So we'll be spending -- as I say, spending time. You'll see some information that's in your Board book. We've had a Compensation Committee meeting where we've discussed that, and we'll spend a great deal of time on that today.

Having said that, let me also make a couple of comments. We talked earlier today to some of the staff about what's going on or not going on in Washington, D.C., whichever way you want to look at it. And, clearly, the housing bill now is also encompassing the Treasury efforts to put a backstop or a safety net under the GSEs, Fannie Mae and Freddie Mac. As you know, the fed has already opened the window to them, and now Treasury is seeking legislative authority to increase their line of credit from two and a quarter-billion dollars to an uncapped amount; that they would be able to step in, and some other rights that the Treasury secretary would have to assure that this is not a taxpayer bailout, if necessary.

That's gotten wound into the housing bill, which was exciting enough on its own, and now we have this element.

It's my understanding that the Treasury

secretary spent over an hour yesterday meeting with Republicans, who have expressed some concerns about the open-endedness of the commitment they're being asked to give. But the likelihood is that clearly it has the President's support.

And if, in fact, it rolls out of the house, which could happen as early as today, and back to the Senate without any other surprise changes, we likely -- the Senate would vote, and we would likely have a housing bill, perhaps even yet this week, or certainly by the early part of next week.

They're out of town. They adjourned for the August recess. So the goal is, obviously, to drive this through before that month layoff. Because time is an enemy in things like this. So we may very well see that one of the big -- we're supposed to talk a little bit about one of the big inclusions in there, if you'll recall, we've talked, and they sort of got lost in the trees of this forest, but is the provision that allows an additional $10 billion of private activity bond cap for housing finance agencies to utilize, either for refinancing, opening up the window to refinance if they choose, or for their normal multifamily, single-family programs.

As important as that -- and that's a two-year commitment.

More important than that, probably, is the fact that the alternative minimum tax treatment of the tax-exempt interest off of these bonds would be lifted. And that will truly -- and Bruce can talk about -- that will truly open the market and make those tax-exempt securities that we use to fund our product, if you will, much more acceptable and hopefully priced at a sharper price.

So good things in there for us also.

Having said that, I will move into the projects.

But before we do the projects, I think what we'd like to do is ask Bruce Gilbertson if he would come up. Because some of the projects we will be talking about will be affected by -- oh, the minutes, yes.

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Item 2. Approval of the Minutes of the May 14, 2008, Board of Directors meeting

CHAIR COURSON: While Bruce is slowly moving up to share with us the information on the markets, you have in your book the minutes of the May 14th meeting; and having had a chance to look at those, is there a motion to approve the minutes?

MR. CAREY: Move approval.

CHAIR COURSON: Is there a second?

MS. PETERS: Second.

MR. SHINE: Second.

CHAIR COURSON: Is there any discussion -- we'll give Ms. Peters first place. Mr. Shine was moving a little slow.

MR. SHINE: I third.

CHAIR COURSON: Is there any discussion on the minutes?

If not, let's call the roll.

MS. OJIMA: Thank you.

Ms. Peters?

MS. PETERS: Yes.

MS. OJIMA: Mr. Carey?

MR. CAREY: Yes.

MS. OJIMA: Ms. Gay?

MS. GAY: Yes.

MS. OJIMA: Mr. Mandell?

MR. MANDELL: Yes.

MS. OJIMA: Mr. Pavao?

MR. PAVAO: Yes.

MS. OJIMA: Mr. Shine?

MR. SHINE: Yes.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Yes.

MS. OJIMA: It has been approved.

CHAIR COURSON: Bruce is going to share with us information that he has regarding rating agencies and some of our issuances as they may affect some of the projects that we're going to be talking about today.

MR. GILBERTSON: Great. Thanks, Mr. Chairman.

Just an overview to kind of set the stage as we consider three Multifamily projects for loan committee approval this morning.

The Board packages that were prepared for these three projects, were prepared some time ago, a week or ten days ago or more.

We've continued to have discussions with bond-rating agencies; we continue to search for liquidity in liquidity banks to support our lending programs in the way of a standby bond purchase agreement.

I think the assumption underlying the internal approval of these projects is that we would be able to find liquidity for those bonds, as well as be in a position that we would be able to issue variable-rate bonds with swaps to produce the lowest all-in-borrowing costs.

Just a couple of things in the last week that have been presented to us. One is, we've all read about the GSEs in the newspaper and what happened with

Fannie Mae and Freddie Mac. You know, we were holding on and are still continuing in discussions with Fannie Mae to provide liquidity support for our issuance of variable-rate bonds. Fannie Mae as a company is a little different today than it was last Wednesday or Thursday.

So I think those are ongoing. We're uncertain what we thought was maybe more promising to get a liquidity loan of $200 million may not be realistic at this point.

But perhaps even more troubling was a conversation I had yesterday morning with Moody's rating agency. We have in front of them a plan, a credit to issue single-family bonds sometime over the next three weeks. We're really trying to be as flexible as possible to allow ourselves the opportunity for Congress to enact the Housing bill, so that the bonds that we would be selling would not be subject to AMT and produce a better borrowing cost for the agency.

So we're flexible. We talked about they had to take this to committee. And that led into a conversation of asset quality. And that's fine. And I don't feel too troubled by this. They want to do a thorough review of the insurance fund.

As Terri mentioned earlier, we just completed that with Standard & Poor's. Quite honestly, the capital adequacy of the fund was 250 percent of our needs based off depression scenario events at default and severity of loss in underlying claims.

So I think we'll come out quite well in that regard with Moody's as well. But they are concerned about this. Credit is in the forefront of everybody's minds.

The conversation led, though, to -- and it was really picking up on a conversation that I had with these two analysts last week, because we've been trying for a year to resolve where we are from a bond-rating-agency perspective for bonds that we would sell for the Bay Area Housing program.

And during the course of the most recent conversations, they continue to tell me that they need to come back to us and reassess where we are on a general-obligation rating and the adequacy of the capital that we have for the obligations that are already in place.

So we turn to that. And I think what was interesting is that, you know, because of what has changed in the marketplace in the last year, they are looking at imposing upon us a 400 million-dollar capital hit for risks related to the interest-rate swaps that we have in portfolio.

As you know, and as we've talked about before, we have some $4.7 billion of swap notional outstanding. It's been a valuable tool for us to continue to offer extremely low rates to first-time home buyers and multifamily developers of affordable housing.

The conversation went something like this: I'm shocked at the number. You know, $400 million is 40 percent of the capital base that we're operating on. And up until this point, it had never been committed for this type of purpose.

These are not final determinations. These are conversations at this point.

But if that were to hold up, of the billion-dollar capital base that we have that supports our general-obligation rating, we would have approximately $175 million in reserve, uncommitted capital for future endeavors.

Too early to tell how this will play out. We will have very rigorous and emotional conversations with them. We make a visit to them earlier than Terri and I had planned to do.

We have plans at the moment to on a meet with them in New York the first or second week of September. You know, as this continues to unfold, we may have to accelerate that to make sure we have the opportunity to talk to their credit committees.

But I think as we consider the loans in the Board binder today, we need to think through some of this. If you were to pin me down and ask the tough question, with what I have today, the tools in my tool chest, I would tell you that for multifamily bonds that are subject to AMT, and if I didn't have the availability of the variable-rate debt markets and were to issue fixed-rate bonds, that my bond yield would be approximately 5.8 percent for tax-exempt borrowing.

Some of the loan rates in this project have loan rates that are lower than that.

So I just thought it would be a good time to have that discussion. I'd be willing to answer any questions. I don't know if Bob has something to add.

MS. PARKER: Mr. Chairman, let me add something before Bob pops in here. A couple things.

As Bruce said, he just has had this conversation yesterday with Moody's. So we have not really had a chance to even begin to have the kind of conversations that we will be wanting to have with them. And it's not so much the initial staff that Bruce is talking to, Florence and Bill. We have long relationships with them. This is more coming from the more senior members.

With respect to Moody's, they only rate us our one fund on the housing side; they do not rate us on the Mortgage Insurance side, unlike S&P does. So the housing analysts are not -- the company is not as familiar because they only rate one side.

So we expect, on the one side, to be able to deal with the insurance fund issue with Moody's with just education, because this staff and Moody's in totality doesn't rate us.

But on the other side, with requiring an increase in capital, we will go all the way to the credit committee to essentially make our case. We will be asking them for the basis for where does it say that this kind of capital adequacy is required in their rating materials.

And it was interesting because yesterday I was in -- I've been out of town with my colleagues across the country, and we spent some time talking about the rating agencies and where they are going these days, very much a shift, pendulum going the other direction.

So this is something that we need to deal with on many levels because fundamentally it impacts the business plan that you all passed at our May meeting for this year going forward, our five-year business plan for our business partners out there, and is absolutely fundamental to our Multifamily Program.

MR. DEANER: I want to add that our group -- I'm working closely with Bruce, I'm pricing what's in the market. The question comes down to, I've been proactive with Bruce. I'm probably in his office every day. We've Plan A, Plan B, Plan C. We're working with Fannie on liquidity. We're talking about $100 million which would take care of our variable-rate debt, and we'd have a good margin on these spreads.

Two is, we're talking to other liquidity providers, so there is some back-up there of other folks that Bruce and I have met with that could provide liquidity.

And the third is the passage of the bill that would give us non-AMT that reduces the 5.80 costly down to 5. And with our rates that we're offering today in that 5.40 to 5.75 range still gives us a margin within the deal.

Then Plan D is the worst plan, which is if we had to go to the AMT, you have the 5.80 and then kind of as a group get back together and decide what do we need to do going forward.

So we've kind of planned the three or four different plans, A through D, on what we need to do in the portfolio. Because not only these deals we have, but we have a pretty active pipeline of other ten or 15 or 20 deals that we're actively working on. So we're very closely working on the situation and keeping in touch with what's going on with legislation so we can find out if the bill passes or Fannie -- I did get a call from Fannie Mae right before we came in the meeting. We're doing another meeting next week. They're still planning on moving forward with our $100 million of liquidity based on the conversation I had literally ten minutes ago.

So we're still moving everything forward as if we have the Plan A through C in place, and I think that's the way we've got to set ourselves up until things change.

CHAIR COURSON: Bob, so on the projects we're looking at today, we're going to be asked to approve them based upon the assumption that we had before for the Moody's conversation and some of the issues that you've discussed.

If, in fact, we have to go away from Plan A or B, which drives to a higher rate, will you be coming back to us? Or will these projects still be economically feasible and viable at variable rates?

MR. DEANER: Well, that's -- what I'm going to do is actually an analysis on a lot of these projects.

We're fixing the construction portion of it. So for 12 or 24 months we're fixing it at 5 percent. And the cost base for two years of fixing that gives us a decent margin, but we'll make money.

That's a big ball. If we look at our pipeline that we're potentially bringing to our September Board, it's 150 million of which 100, 110 of that is really construction rehab at 5 percent. That's going to be two-thirds of the income that we would earn. The smaller portion then is thirty or forty million of the permanent loans if we had to go to the worst-case scenario. And we're pretty close at -- say, it's 5.80 and we're 5.70. What did we make on the construction loans, and is that above and beyond to make enough margin that we could hold those rates?

And so I'm doing that analysis to say, there may be enough money in the construction loans that if worst-case happened, we could still hold these rates to do these deals; and then going forward, we would in turn then reprice, whatever situation we are in at that time.

And that is something I could bring to the September Board.

CHAIR COURSON: Okay, are there questions from the -- Mr. Pavao?

MR. PAVAO: Just to understand that response.

So worst-case scenario is not a deal-killer for these?

MR. DEANER: I believe so. No, no. I think there's enough margin in the fix. Because when this all started happening with the market, one thing that we looked at is: Could we fix our construction loans knowing that we could borrow short-term on two-year money a lot cheaper than longer-term money if we held the 5 percent rate fixed, that gives us enough margin. And since a lot of our loans get paid down significantly with tax-credit equity so that our perms are a lot smaller, we really make a good bulk of our money during the construction-loan process.

So my opinion is, there is a good amount of margin in there that if we had to hold these rates, we would be okay.

Then what we'd have to do, after September, is reprice where the current market is and see where that shakes out.

MS. PARKER: Yes, I think I would point out to the Board from the standpoint -- we've had a lot of discussions internally about this for the last several months, and particularly because Bob brought some of these projects to us in May. And there was -- at that point in time we had uncertainty around liquidity and not some of the other items that we're talking about today. And I think the reason why we're bringing this up to you again today is not because we don't think that there are a number of positive approaches to deal with this one, you know, obviously just dealing with Moody's and getting them to back off. Secondly, the bill passing with AMT relief in it will be huge. But, on the other hand, these projects want to move forward, and I think they need to have some comfort with us that, you know, we can't go back after we've approved and change their rates.

So I think to the extent that there is an impact to the agency, we'll have to go and figure out how to deal with that, and deal with that in a larger part of our portfolio budget. But I think we're going to do everything we possibly can to mitigate it. But we want -- this is the theory of no surprises. You know, worst-case scenario, there could be an impact.

CHAIR COURSON: Okay, Mr. Mandell?

MR. MANDELL: I don't mean to engage in the Financing 101 conversation. So if I need to talk with you folks offline to get a better understanding, I'd be glad to do that. But what I don't quite understand is that there is a -- and this is about Moody's and what Moody's is doing. But in my experience in other financing arenas -- so it may not be applicable to what

CalHFA is doing -- there are multiple organizations that -- and we talked about Standard & Poor's earlier today -- that do the kinds of ratings that we are dealing with, with the bonds. And I'm just wondering, if these are for financings that have not been approved yet, why is Moody's driving this issue? Aren't there the other institutions? Are we concerned that where Moody's goes, everybody else goes, or -- I mean, just a short answer on that kind of thought.

MR. GILBERTSON: Yes, I'll try to be brief, Mr. Mandell.

The indentures that we use currently do require ratings from both Moody's and Standard & Poor's. We have a long relationship with both of those rating agencies. We do know that Fitch is out there and would be more than willing to rate, you know, our credits, because they're collecting fees.

I think what we're -- and I have another presentation to make later -- and I think one of the things that what we labeled was a future roadblock for the Agency, is this notion that rating methodology is subject to change and it's very fluid at the moment.

There was a -- I was going to reference an article that came out from Standard & Poor's about a week ago, about mortgage insurance and how does that impact

HFA whole-loan programs. And they actually went through an analysis of all of the big states, including California, looked at the concentration of conventionally insured loans -- in our case, it was 51 percent of the portfolio of assets -- and they imposed, basically overnight, new rules as to the haircut that they were going to give to those programs.

So I think we're in this environment. We could search out other alternatives. We can threaten the rating agencies that we're going to do things. In some cases, though, we do have contractual obligations that at this point do tie us to the rating agencies that we're using.

MS. PARKER: Elliott, I think part of your answer, too, though, is this isn't with respect to the multifamily projects. What it's about is the ability to sell variable-rate debt.

Now, we all told you in May that because of the amount of variable-rate debt that the Agency has, we've taken a posture of trying to reduce that.

And so the business plan assumed that on a single-family side, what we would do 1.2 billion dollars' worth of debt, that only $200 million of that would be sold variable.

The only variable-rate debt that we would sell would be on the Multifamily side, again, to try to produce these better rates.

So the hit that Moody's is talking about is because of the swaps tied to the variable-rate debt, and that in this case would be used on the Multifamily side; and by reducing the cap -- or increasing the capital requirements, then that would reduce our ability to essentially do these kinds of investments.

So it's not so much going all the way to the ground, down to the project; it really is at these higher levels, the concern around swaps, variable-rate debt, all of this will be mitigated to some extent if we get AMT. If we get AMT, you know, then -- and we'll talk about that with respect to how we want to do rates because I think clearly, with the work that Bruce has been doing, we're trying to reduce the amount of variable-rate debt that we sell. So we may go into a situation where we get AMT, we may not do it on the Multifamily side, we may not be doing it at all, but have the benefit of AMT -- substantial benefit -- to lower rates to our customers.

So those are the kinds of things.

We are telling you this today because it is the talk of today's information, right up to -- and we want to make sure you're aware of it from a transparency standpoint. But we're a long way from us being in a situation of saying that this is a for-sure thing that's going to happen.

CHAIR COURSON: Okay, Mr. Pavao?

MR. PAVAO: It's the last question on my part.

But in the context of today's deals that we're deciding, so the interest rates presented in the staff reports, are the interest rates that we would be approving and locking in, in essence; is that what I'm understanding?

MR. GILBERTSON: Correct.

MR. PAVAO: Okay, thank you.

CHAIR COURSON: Ms. Peters?

MS. PETERS: Just one question about timing.

How time-critical is it that we make decisions on this loan at these meetings versus the next?

CHAIR COURSON: Mr. Deaner?

MR. DEANER: Well, it's time-critical in the sense that they've got applications they have to submit. One is going to CDLAC. Two are going to TCAC. And TCAC requires either, from us, a board resolution of approval or a final commitment for the developer to apply. So they need that to apply for the credits. And these deals only work if they get the credits.

So it's imperative -- with these deals, they have to be approved in today's Board versus September, so they can get their commitments from us and, in turn, apply for the appropriate other monies that they need.

MS. PARKER: Some of these deals have closing dates that are predicated on this happening today because of when they expect to be online. So time is critical.

MR. DEANER: And I think from a rate standpoint, I know there's some uncertainty of what's going to happen, not going to happen.

On these deals, again, I feel that that, you know, in the analysis if worst-case happened, we have -- because of these three deals, there's -- the permanent loans are pretty small and the construction loans are big so that there's plenty of margin in the construction loan that we will earn that will go offset if we had to mitigate or cover any part of the interest rate over the period of the perm loan.

MS. PARKER: I think that's an important part. I think -- I think that, you know, we have tried to, as staff, isolate kind of this group of loans because of where we started a couple months ago.

If you recall, the business plan does have a couple of pools of funds for subsidizing Multifamily.

You know, if, in fact, there is a problem with these loans and it's the worst-case scenario, we could go to that part of the business-plan funds to offset the cost of these particular projects. And that would certainly be my recommendation, that we could do that.

Then we would have to go forward and change things if, again, it is a worst-case scenario. Because if there is that kind of imposition of us of capital adequacy and we don't have AMT, we're going to be having to look at what the deals are that Bob can be doing in the future.

So I guess I would say if there is a financial impact, we, because of the business plan that you adopted, do have subsidy areas that I am sure will more than cover that could be the difference because of the interest rates that we have in these projects.

CHAIR COURSON: Other questions?

(No response)

CHAIR COURSON: Seeing none, I have been cranky over the last couple of meetings, and there's no one happier to say you can turn to Tab 2 in your binders today.

And we do appreciate, JoJo, we do have tabs now for all the different sections of our books. And as a cranky old man, I'm much happier today with that.

Thank you.

MR. DEANER: And we'll start out -- we have three deals that we're presenting today, two of which I am very excited that will have the MHSA new-program money that will go in, that we've been working on very hard over the last couple of years. So we're excited to cross our construction loans into our perms in with the MHSA program. So we look forward to doing more of these as we go forward.

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Item 4. Resolution 08-20 - Villa Mirage I & II Rancho Mirage/Riverside (07-031-A/S)

MS. WHITTALL-SCHERFEE: The first deal that we are going to present to you and request approval for is Villa Mirage I and II. This project was recently approved by CDLAC for a bond allocation. So, yes, approval today is critical for this project.

The project consists of two portfolio loans. Villa Mirage I and II are separate loans in our current portfolio. It's going to be combined into a 98-unit family project. And it was constructed in phases in 1984.

Currently, the projects are owned by Villa Mirage I and II, a California limited partnership, with CRI, Inc., as the general partner.

The new ownership structure will be AFE-Villa Mirage Associates, L.P., with A.F. Evans Company, Incorporated, and The Trinity Housing Foundation as the nonprofit, and they will be the general partners.

There is a slightly different format that you probably noticed in your Board packages. And this is as a result of a request at previous Board meetings for a little bit more information, what is currently -- what are the current terms, conditions, and loan balances on the loans.

Jim Liska is going to go into this new section, called "Existing Financing" in a little bit more detail. In fact, you will see that there is a slide that is the mirror of what is in your Board package.

What I'm going to just focus on is what we are requesting for approval today. And that is, we are asking approval for an acquisition rehab loan in the amount of $5,665,000, 5 percent interest rate, fixed-rate, for 12 months. And this is tax-exempt money.

At the same time that we would originate the acq. rehab loan, we would also request a second mortgage, and this is because there is a current Section 8 contract on this project.

The second mortgage is in the amount of $1,760,000. The interest rate would be 5.75 percent for 15 years, fully amortized, tax exempt.

And then when the loan converts to a permanent, rolls to a permanent, it would be a first mortgage in the amount of $4,180,000, at an interest rate of 5.75 percent for 30 years, with an option to prepay after the 15 years with 120-day notice.

And all of this is tax-exempt financing. All of this was approved at CDLAC yesterday.

And now Jim is going to walk you through the project. He is going to explain a little bit more about the Existing Financing page, and he will also show you the slides.

MR. LISKA: This is the subject site. Again, this is a portfolio loan. It's two separate loans that we're consolidating under the new borrower into one mortgage.

Right across the street here -- this is north, going this way -- is vacant land. Across the northwest way, here is Cathedral Hill City High School.

To the east is condominiums, to the south is condominiums, and to the west is single-family homes.

This is I-10. This is right in the triangle, I guess, of Cathedral Hill City, Rancho Mirage, and Desert Palms.

Phase 1, Phase II. Again, in Phase II, there are 48 units. Phase I, there's 50 units, for a total of 98 units, of which one unit is a manager's unit.

Both projects encompass two bedrooms and three bedrooms.

Here's a view of the front. A typical driveway in here with carports.

This project was built in 1984. A view of the leasing office, parking area, interior landscaping, walkways between the buildings.

A view of the tot lot.

They do have an outdoor swimming pool.

And this is the edition that, based on conversations Bob has had with Board members, staff, senior staff over the last couple weeks, we're trying to give you, as far as looking at the sales transaction, Villa Mirage has an outstanding interest rate of 11 percent, 30 years. There's seven years remaining. And the current principal balance is $1,313,000.

On Villa Mirage I, both projects have HAP contracts. For Villa Mirage I, the HAP contract is on annual renewal. And we will be going to HUD to get a new 20-year HAP agreement, which is based upon annual appropriation. They will be doing market to market.

This project, Villa Mirage I, it also has an RHCP, with seven years remaining. And the current balance is $204,340. We're the administrator of this RHCP loan.

Under the new terms, based on -- that became effective July 1st, we will be having those funds returned to us. They will go into the Asset Management pot to be used as needed for distressed properties, other projects that Asset Management may feel warrants some type of money for rehabilitation or what have you.

Villa Mirage II has seven years remaining. That principal balance is $1,179,269.

On this project, the HAP contract is in the middle of its fourth or fifth term with HUD. And it has that term remaining plus one five-year term remaining also. So this is project-based, so we have approximately five years remaining; and the term is through 2015.

Sales price is $5,953,411. It's approximately $60,749 a unit.

Again, looking at all two- and three-bedroom units, I feel this is a fairly good as-is value in today's market.

The existing indebtedness, again, is our first mortgage on Villa Mirage, paying off the RHCP loan and paying off Villa Mirage II.

We have a yield maintenance on both projects, $612,575. Villa Mirage, the prepayment penalty is $334,602. On Villa Mirage II, it's $280,316.

We're also transferring the Riverside County loan of $317,000. We received a letter from the County.

This is going to be a condition of our final commitment.

Right now, this loan expires in seven years. And we will be getting approval to have this extended for an additional 30 years, through 2038.

There's also the possibility that we may have an increase in the Riverside County loan. And that's under discussion. But right now, as we present this for approval, the fee is $317,000.

So net proceeds to the seller are roughly $2,327,000.

Again, this project is 100 percent Section 8. And we will be increasing that, extending the affordability.

The project is also seeking 100 percent tax credits, 20 percent at 50 percent, and 80 percent at 60 percent, with the extension also of the Riverside County loan, the rent restrictions will remain within the two bands of the tax credits, 50 and 60 percent.

Rehabilitation, the project again was built in 1984. We've gone through with our physical needs. The hard costs rehab is $15,000 per unit. The main concerns are going to be the roofs. All the roofs need to be done, approximately $253,000. We're going to be doing the windows, dual-pane for energy efficiency. We'll be doing some landscaping, upgrading, another tot lot and some interior work for cabinetry, what have you.

At the time of the report, I did not have completed reports on my Phase I. And that was completed June 24th, 2008, by Evren, E-V-R-E-N, Northwest, Inc. And there were no adverse conditions noted.

At the same time, URS Seismic was completed, and that report was dated June 24th, 2008. And there were acceptable risk levels. There was nothing adverse.

Given that, I'll entertain any questions.

CHAIR COURSON: Questions from the Board on the project of Jim or Laura?

Mr. Pavao?

MR. PAVAO: Yes, I'm curious. The RHCP loan that's on there.

MR. LISKA: 204,000?

MR. PAVAO: Yes. Is that the original RHCP program that delivered the operating annuities for the project?

MR. LISKA: That is correct.

MR. PAVAO: And was that originated by CalHFA or was than an HCD-originated loan?

MR. LISKA: That was HCD, I think, and we're the administrator now. Yes.

MR. PAVAO: And so I don't know if recently it was receiving annuity payments or as a practical matter it wasn't, you know? And as those annuities payments go away, it doesn't affect us?

MR. LISKA: It doesn't affect the viability of the project, what have you. As a matter of fact, we do have a transition operating reserve that we have assigned to this project to compensate in the event that Section 8 goes away, that we have a backstop.

MR. PAVAO: Okay, good.

And the last question was related to the extended -- the rehab work. It seems fairly modest for a 25-year-old property.

Is that an accurate characterization? The property is in pretty good shape?

MR. LISKA: Yes, the property, I would characterize it as in average-plus shape. Even though it was built in 1984, as the slide showed and walking it, it does, it's been well-maintained, and it's been kept up.

MR. PAVAO: And then I see in the staff report "roof repair," but it sounds like roof replacement?

MR. LISKA: Roof replacement, yes.

MR. PAVAO: Okay, very good.

CHAIR COURSON: Other questions on the project?

(No response)

CHAIR COURSON: On page 147, there is a resolution. And so a motion would be in order to approve the resolution that approves the project.

MR. PAVAO: So moved.

CHAIR COURSON: Mr. Pavao moves.

Is there a second?

MR. SHINE: Second.

MR. MANDELL: Second.

CHAIR COURSON: Mr. Mandell -- Mr. Shine. Sorry about that. Mr. Shine seconds. Sorry.

Is there any other discussion from the Board or any discussion from the public?

(No response)

CHAIR COURSON: Seeing none, then let's call the roll.

MS. OJIMA: Thank you.

Ms. Peters?

MS. PETERS: Yes.

MS. OJIMA: Mr. Carey?

MR. CAREY: Yes.

MS. OJIMA: Ms. Gay?

MS. GAY: Yes.

MS. OJIMA: Mr. Mandell?

MR. MANDELL: Yes.

MS. OJIMA: Mr. Pavao?

MR. PAVAO: Yes.

MS. OJIMA: Mr. Shine?

MR. SHINE: Yes.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Yes.

MS. OJIMA: Resolution 08-20 has been approved.

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Item 4. Resolution 08-21 - MHSA - Cedar Gateway San Diego/San Diego (08-022-C/S)

CHAIR COURSON: Tab 3 is the Cedar Gateway Apartments.

Laura, are you going to kick this one off?

MR. DEANER: No, we've got --

CHAIR COURSON: Oh, Kathy?

MR. DEANER: Kathy is coming up because it's got the MHSAPs.

CHAIR COURSON: All right.

MR. DEANER: These two also are going in for their 9 percent tax-credit round, the TCAC round, and they are taxable deals. We don't do a lot of taxable business in the Agency, or we haven't in the past. But we're going to see more of it, especially if it's coupled with the MHSA money. So going forward, you'll see a number of these deals where we'll have taxable rates which are going to be higher than our tax-exempt, obviously.

And again, those rates would help if we get them non-AMT. But we priced those again today based on the assumption of our Plan A through C. So just to make that clear.

CHAIR COURSON: Okay, Kathy, welcome.

MS. WEREMIUK: Thank you. Chairman Courson, Members of the Board, it's a pleasure to be here.

I'm going to say just a few things about taxable loans, construction loans funded with taxable bonds as an introduction and the MHSA component of these properties.

When projects are going for 9 percent credits, they're going into a competitive round. The next round is -- the application has to go in July 24th. The award is October 1st.

Because projects are going in for what is a very competitive source of funding, the Tax Credit Allocation Committee requests a final commitment of the construction funds, and that's why these projects are before you today.

However, with projects that are going for 9 percent credits as opposed to the CDLAC rounds that we normally see, because the atmosphere is so competitive, the projects are generally not -- with CDLAC, we are the last funding in. Everything is buttoned up and buttoned down.

When projects are going in for 9 percent credits, they don't know if they're going to get it. So all of the permanent sources in the project may not be fully committed, especially if they're sources that aren't required to be committed by tax credits to be competitive. And a good deal of the due diligence hasn't yet been done because the projects are risk adverse, or the developers in terms of spending the kind of due diligence money that they would have to spend before they know that they've gotten the 9 percent award.

In fact, many of our 4 percent deals, are deals that went in for 9, didn't get it, and decided to use 4. And that's a normal route.

I just wanted to back that up because you'll see some things in this that are different than you would normally see. And what you will see will be more conditioned commitments.

The other thing that I wanted to mention is that when you'll see in your packages that both of these deals say that the interest rate will be set at tax credit reservation award. And what we quoted to the borrowers was a rate for the construction loans that ranged between 5.8 and 6.1, with 6.1 being the upward limit, but agreed with them depending on what we would see in the credit markets on October 1st, that that rate might be lower.

What we heard today doesn't indicate that that would be, but that's the discussion that we had with the borrowers on these deals, and that's the agreement that we came to.

However, if they don't get credits on the award date on October 1, obviously the rates are up for grabs, and we are not holding this rate past October 1 if they don't get the credits. Although the commitment would still be good, we would still look at that.

The other thing that you'll see that's different is, again, I mentioned not all the permanent sources are committed.

And I also wanted to mention the MHSA funding in these deals. For both deals, the MHSA funding, we anticipate the deals will get MHSA housing program funding. You are not making that decision today. Per a delegation that was made by the Board back, I believe in September of 2006, those awards will be made at our senior staff. And they also require approval on the service -- they require receiving the applications from the counties, with the county sponsorship, and the approval of the service plan by the Department of Mental Health. On both of the deals, they're in different stages.

What we have gotten with one -- and I'll go into it in a little more detail -- we anticipate that they will get them because we know the counties have told us that they are submitting applications or have submitted applications, but they're not through that whole process. So it's a future funding that we're looking at, but the projects need to compete for the 9 percent tax credits. And so you'll see it in the packages, but you won't be making that award and decision today.

With that, I'm going to go to the first project. And I'm going to just introduce it in terms of what we're requesting and talk to you a little bit about the funding package. And then on Cedar Gateway, Nan Guevara, who has been with the Agency as a loan officer for a year but who's before the Board today for the first time, will present the project.

Let me get the right sheet of paper.

Okay, Cedar Gateway is a new construction project. It's 65 units of housing, of residential housing, and 83 units of residential parking in San Diego. But the project has four parcels, one of which will be a parking parcel. It's an additional 28 parking spaces, which will be sold back to Centre City Redevelopment Corporation, and two commercial parcels which total 2,400 -- or 2,400 square feet total, which will be sold by the developer upon completion.

For the construction loan, the security for the construction loan will be all four parcels, and our loan will pay for that.

We are requesting a construction loan today of $1.8 million. The rate is 6.1 percent. It's a 24-month loan.

We're also --

MS. PETERS: You said "1.8 million." It's 18 million. Not 1.8 million.

MS. WEREMIUK: I'm sorry. I'm going quickly.

We're also requesting first mortgage. It's 40 years. It's $2,150,000. The rate is 7.25.

That is a fixed rate. We're not quoting different rates on that.

MR. DEANER: This is a good example of what we were talking about earlier, construction loan $18.8 million at 6 percent for two years -- excuse me, for two years -- there's a margin in there for us because of the short-term of our costs that we can borrow. So we've got a big number for a short period of time. We'll make, you know, a good margin on, of which then the permanent loan goes down to $2 million. And that's really what we're talking about, when we talk about liquidity. It's the permanent loan we need the liquidity for, that could change those rates and be offset by what we make on the construction loan.

MR. PAVAO: A quick question. Did you say the 6.1 was the upper end of a range?

MS. WEREMIUK: Yes. The lower end of the range is 5.85 percent on the construction loan only as a range. We also are asking for approval for a residual gap loan. That loan is 4 percent. It's residual receipts. It's 40 years.

For both the gap and the permanent loan, there's a 15-year repayment option that the borrower has requested and we are asking for approval for.

The project, you will see on the front page, the appraisal is an estimate only because we don't have a commercial appraisal. That will be something that we anticipate receiving before we fund the construction loan.

The construction -- the permanent sources that we're looking at in this project include an HCD MHP supportive housing loan that is $3,211,191. That was approved, I believe yesterday.

MS. GUEVARA: Recommended.

MS. WEREMIUK: Recommended for approval. Thank you.

And there is a Centre City redevelopment loan, that's $3,661,000. That has been approved. And there is also the MHSA housing program capital loan. We anticipate taking that to senior staff before the end of July, early August.

When and if that is approved, that money is available to be used during construction. And with the approval of that loan, we anticipate that the borrower's request to us will actually reduce to approximately $16,100,000. But right now, it's showing as a construction loan because that's a gap for tax credits. And we wanted to make sure that this project is covered. It will also make the sources and uses a little better because there will be less construction interest that is showing.

With that, I'm going -- oh, the security for this loan, the property is currently owned by the Centre City Redevelopment Agency.

Cedar Gateway Limited Partnership has an agreement to lease the property. There will be a ground lease for 65 years, which will go in effect at construction loan closing.

The general partner of the limited partnership will be Cedar Squier ROEM, LLC. The two parties of which are Squier Properties and ROEM Development Company.

We have worked in the past with ROEM on projects, and had a very positive relationship. And Squier Development is a major affordable-housing developer in Southern California that we're delighted to do business with.

The general contractor will be ROEM Builders, again, who we have worked with successfully on other projects.

And the project, when completed, if the MHSA money is awarded, will have 35 percent of the units, or 23 units for people with serious mental illness who are homeless or formerly homeless. And there will also be an operating subsidy that they've requested from the Mental Health Services Act that we administer, of $2,300,000 for those 23 units.

And I'm going to turn this over to Nan.

MS. PARKER: Welcome, Nan.

MS. GUEVARA: Thank you very much, Terri.

Good morning. Be kind to me. It's my first time.

This project is a true collaboration of a development team that has owned, developed, and managed over 22,500 units. And the management agency manages over 8,000 low-income-housing tax-credit units.

The locality, the City Centre Development

Corporation, the redevelopment agency, the County Department of Mental Health, which is the behavioral health division, the neighborhood community known as Cortez Hill. And there are two primary service providers, which are Community Research Foundation and Heritage Clinic, the State Department of Mental Health, of course, the HCD, and this is a true collaboration.

I'm quite excited to present this project.

This is the site aerial. The area is a mixed-use residential and commercial.

MS. WEREMIUK: Why don't I...

MS. GUEVARA: Okay, next.

MS. WEREMIUK: Do you want me to flip?

MS. GUEVARA: This is a closer view. This is adjacent to the site.

Right now, it is a parking lot.

The chapel will be developed, by my understanding, of the others, not that it's totally outside of this scope, but it will be for retail. It's part of the City Centre Development Corporation, their plan for redeveloping the area.

This is a finely -- as far as I'm concerned, a nicely located site.

Across the freeway is Balboa Park. Within a mile, is PETCO baseball stadium. This is very close to downtown.

All I know is when I went to the site visit, I'd like to live there.

This is a view of the site from Cedar Street. Cedar, this is the south view.

This is also from the south; and this is the -- the chapel faces Cedar Street -- I'm sorry, it faces Sixth Street. And there's some multifamily housing across the street on Sixth that also has a market on the ground floor.

So part of the plan for City Centre Development, is that there will be additional commercial development to serve the community. It's an underserved area.

Next?

This is a rendering. I know I passed around plans that show more renderings and, of course, the color and materials boards. It's modern, but does fit in with the planning for the redevelopment corporation, for the redevelopment agency.

Okay. This is elevations that show the condominiums that will be sold.

MS. WEREMIUK: They are which parcels?

MS. GUEVARA: Parcel 4 is the residential.

Parcel 1 is the agency for CCDC, their garage parcel.

Parcel 3 is one of the -- I mean, Parcel 3, which is one of the retail; and Parcel 4 is also a retail and -- oh, I'm sorry, Parcel 2 is also retail.

And then this is the plaza level plan for the condominiums.

Number 1, again, the agency garage space access area.

The 2 and 3 are retail that will be sold.

And 4 is the residential building.

This is quite exciting, too, is that this project has a component on Cedar Street of an eco roof garden that can be used for barbecues, private space. And that's part of the component, too, for the Mental Health Services Act, is that there's an environment for the full service partnerships to meet with their clients in a setting that's not always clinical, and something nice that has good views. This has a beautiful view.

And this is a table of the rents. The MHSA rents are based upon SSI. The terms for an MHSA is that the residents will pay no more than 30 percent of their income towards rent, and that is why there will be an operating subsidy for all of the 24 MHSA units.

And that is all.

Are there any questions?

CHAIR COURSON: Questions from the Board on the project?

Mr. Shine?

MR. SHINE: Out of curiosity, I'm looking at the roof plan here. And is there one or two manager's units?

MS. GUEVARA: There will be two manager's units, to make sure that there is full-time, 24-hour coverage specifically for the target population of the MHSA units.

MR. SHINE: Thank you.

CHAIR COURSON: Other questions from the Board?

(No response)

CHAIR COURSON: Seeing none, we have a resolution that's on page 175.

Is there a motion to approve the project?

MR. CAREY: I'd move approval of Resolution 08-21.

CHAIR COURSON: Mr. Carey moves.

Is there a second?

MR. PAVAO: Second.

CHAIR COURSON: Mr. Pavao seconds.

Any further discussion from the Board?

(No response)

CHAIR COURSON: Any discussion from the public?

(No response)

CHAIR COURSON: Seeing none, then let's call the roll.

MS. OJIMA: Ms. Peters?

MS. PETERS: Yes.

MS. OJIMA: Mr. Carey?

MR. CAREY: Yes.

MS. OJIMA: Ms. Gay?

MS. GAY: Yes.

MS. OJIMA: Mr. Mandell?

MR. MANDELL: Yes.

MS. OJIMA: Mr. Pavao?

MR. PAVAO: Yes.

MS. OJIMA: Mr. Shine?

MR. SHINE: Yes.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Yes.

MS. OJIMA: Resolution 08-21 has been approved.

MS. GUEVARA: Thank you so very much.

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Item 4. Resolution 08-22- MHSA - The Courtyards Long Beach/Los Angeles (08-025-A)

CHAIR COURSON: Okay. And now Tab 4 is the project, The Courtyards in Long Beach.

MS. WEREMIUK: I'm going to present the

financing, and Tina Ilvonen, who I think you know as one of our loan officers, our consultant loan officer, will present with the project.

Let me just take us to Courtyards.

This is a final commitment request for a construction loan in the amount of $10,500,000. The interest rate is -- the upward level of the interest rate is 6.10.

We're looking at doing fixed-rate bonds, taxable bonds for this. And it's an 18-month term.

You will notice that there is not a permanent loan connected to this project. And we are only asking today for approval on the construction loan.

The project is 46 units. It's in four buildings, scattered in the City of Oakland -- I'm sorry, Long Beach, goodness sakes. It is currently owned by Clifford Beers Housing, Inc., who is the sponsor. And they recently purchased it with loans from the Corporation for Supportive Housing and Enterprise, Inc. -- I'm not sure of the full name for Enterprise. And they purchased it in May of this year.

Permanent financing, we anticipate an MHSA housing program loan in the amount of $2,084,352. At some point, that will be rounded.

HCD yesterday recommended an MHSA supportive housing loan in the amount of $2,903,613. Those are both residual receipts loans.

And the borrower has an application, it's not showing here, into the City of Long Beach for a loan in amount of $2,200,000. We anticipate that's going to committee in August. We anticipate that they will receive that loan, but it's not shown at this point as a permanent committed source.

If they don't get that, they will go for a backup loan with AHP in the amount of $900,000.

When and if the project receives both the Long Beach and the MHSA housing program loans, both of those sources are available during construction. And we anticipate that if they receive both sources, we will actually be loaning them approximately $6,120,000.

The project is applying for 9 percent tax credits. And the commitment will be conditioned upon the receipt of a reservation for the 9 percent tax credits, appropriate equity into the deal, and all of its permanent financing committed.

At this point in time -- this is an acquisition rehab project. The contractor has not yet been chosen.

And I will let Tina present the rest of the project.

MS. ILVONEN: Okay, Courtyards is an

acquisition rehab of four existing buildings, as Kathy stated. These are the four sites in Long Beach. They're all north and east of downtown Long Beach. I'll go into more detail on the sites in a little bit.

The services that are going to be utilized for the MHSA tenants are located down here on Elm and Broadway -- there's Broadway. And Elm is about right there.

I'm not going to go into detail because MHSA financing will be approved at a later time. But I just wanted to show that while I had the big map out.

Let's see, Long Beach is accessible by the 710, the 405, the 92, and Pacific Coast Highway, which is right here, right near the Esther Street site.

These neighborhoods are mature, urban mixed-use sites that are affordable areas of Long Beach.

Okay, this is an aerial view of 350 Esther. This is -- all 46 units in the four buildings are all studios. Esther has ten studios.

The commercial uses on Long Beach Boulevard, which is right here, include retail centers, fast-food restaurants, auto sales, and the City Place shopping mall, which includes a supermarket and a drugstore.

Just north of the Esther site is Pacific Coast Highway.

All four buildings in this project, in the Courtyards, were constructed in 1922 and 1923, and are 85 to 86 years old.

What happened there?

Oh, thank you.

This is at the exterior of the court site, of the Esther site.

All the buildings are single-story, wood-frame, Type V construction, with poured concrete foundations. The layout of each building is similar, with a central open air courtyard, with residential units on either side and a laundry room located at the center rear.

The Esther site also has a rear garden.

Esther has ten studio units with an average size of 650 square feet.

Here's just a couple interior shots.

These next two sites are 1027 and 1045 Redondo Avenue. And this highlighting is actually a little misplaced. The building is just this building. This one in the middle here is the Substance Abuse Foundation between the two buildings, which the tenants may or may not use the services there if they need them.

This is Arco Laundromat and Dry Cleaners.

Commercial uses are primarily on Redondo Street here, and include retail centers, drugstores, auto service, and fast-food restaurants again.

Before going into the details of the extensive rehab that will be occurring at these sites, I just wanted to mention the costs in general. Project costs, total, are $12,495,000, which equates to $272,000 per unit.

Acquisition costs are $2,786,000, which is $60,000 a unit.

Hard costs of construction are $93,000 per unit.

Why is it doing that?

Thank you.

I wanted to go to the next slide.

There. Okay.

And the developer fee is $1.2 million, which is $27,000 per unit. Approximately $550,000 will be deferred.

Can we go to the next slide?

And here's a shot of the one of the Redondo buildings, 1027 Redondo Courtyard.

One other thing I wanted to talk about was relocation. Of the 46 units, 38 are currently occupied. The initial relocation estimate, which is an initial estimate, is $431,000.

We're requiring a second relocation report because this one was very -- very much an estimate.

The temporary relocation of the tenants -- I'm sorry, we're expecting temporary relocation of most of the tenants because most of them will be income-eligible and be able to return. There are also some that will be MHSA-eligible, but that is really for the County to make sure that they meet those eligibility standards. And let's just keep rolling through these.

These are interiors of Redondo. And this is 1045 Redondo, which is two buildings over. And that's the Substance -- I have this -- this is the Substance Abuse Foundation Center, right in between the two sites.

Okay, and that's the courtyard.

More interiors, which are being rehabbed.

Okay, this is 1134 Stanley. This is also 12 studio units, with an average of 330 square feet.

I want to talk about rehab, since the rehab on these buildings will be very extensive. Total rehab is $4,988,000, with a 15 percent contingency at this point of $748,000. That equates total costs -- you know, not just the hard costs -- of $108,000 per unit.

Rehab consists of major exterior improvements, foundation reinforcement, resurfacing exterior walls, replacement of all windows, new roofs, hardscape and landscaping upgrades. Common-area improvements include -- Esther is the only one with a rear yard that will add barbecues and seating areas. The laundry rooms will be remodeled to allow for two sets of washers and dryers, and also to make them more usable space.

The interiors will have gut rehabs of the kitchens. They'll be replacing all fixtures and appliances in the kitchens. They'll be enlarging the bathrooms, replacing fixtures, replacing all doors, new flooring throughout, new hard-wired smoke detectors, new wall-unit gas heating, new telephone and cable wiring, individual electric subpanels, new domestic hot-water boilers, central boiler.

The sewer lines will be replaced from the point of connection, and unit clean-outs will be installed that will be easy to access.

Fire sprinklers and fire alarms will be installed. Security cameras and outdoor lighting.

Okay, thank you.

And this is the Stanley restructure.

Can we keep rolling through these?

Stanley courtyard, Stanley interior.

Okay, and these are the rents at the project. There will be 23 MHSA units. And the MHSA rents are set at 30 percent of SSI. For comparison, this is the max, 30 percent TCAC rents. And then 21 units will be set at

50 percent AMI. And there's two manager's units.

And the market rates are as-is market rents. We are getting an appraisal so we can find out what market rents are for the project as rehabbed. We don't have that available yet. But from the market study, average market rents are $785 to $1,282.

And with that, I'll open it up for questions.

CHAIR COURSON: Talk a little bit, if you would, our 10-and-a-half million-dollar construction loan. The sources I know on page 178, there's some discussion about the take-out commitments or sources available to take us out of our construction loan.

MS. ILVONEN: There will be tax-credit equity, and the MHP financing will be coming from at the permanent phase. I think those are the only two take-out sources.

CHAIR COURSON: I noticed that if, in fact, the City of Long Beach, the $2.2 million is not approved, that then we're planning -- the backup would be to go to the Federal Home Loan Bank, to their Affordable Housing Program; am I correct on that?

MS. WEREMIUK: That's correct.

CHAIR COURSON: And have we been to them? How confident are we that --

MS. WEREMIUK: They're going in to them in the

September round.

MS. ILVONEN: For Long Beach?

MS. WEREMIUK: For Long Beach.

MS. ILVONEN: Long Beach, they expect approval of the Long Beach financing in --

MS. WEREMIUK: No, he's asking about AHP.

MS. ILVONEN: I don't think they're going to have to apply for AHP. We're pretty certain they're going to get approval of the Long Beach financing.

CHAIR COURSON: Thank you.

MS. WEREMIUK: And if they get approval of the Long Beach financing, you'll notice that there will be more permanent sources, and that will be put into additional rehab or into additional reserves.

CHAIR COURSON: Right. Thank you.

Other questions?

MS. GAY: Just a quick one, Mr. Chairman.

Given the substantial rehab and relocation need, I guess I'm thinking about nine months out of my home, if I've got problems, you know. And so it's -- you said you're going to get additional information on the relocation plan.

MS. ILVONEN: Yes.

MS. GAY: What will that look like?

MS. ILVONEN: Well, they hadn't interviewed the tenants to find out if they were really income-eligible or not to return, and they hadn't really figured out exactly, you know, how many would want to return versus how many would say this is too inconvenient to move twice.

They are assuming that ten of the tenants who are in the Esther building right now, who are very severely mentally handicapped, they're only planning on moving those tenants once. They'll all be moved to another building, and will stay there because it would be too much to move them twice.

But it just wasn't a very detailed relocation study.

I mean, it was done early, and they kind of knew they had to do a second study.

I think the dollar estimate, though, was on the high side. They said this is the worst-case scenario. But, you know, they hadn't done the tenant interviews. So they just need, I think, more detailed interviews to find out exactly who would be allowed to return.

MR. DEANER: And the commitment is subject to us finalizing the approval of the service provider. So we would not close on the loan.

We may get approval today, but it is subject to, and we would not close until we were satisfied that we had a correct service provider and the relocation package was appropriate for the property.

MS. GAY: Thank you.

CHAIR COURSON: Ms. Peters?

MS. PETERS: Just because I haven't sat on the Board long enough to review many of these mental-health component projects, I just had a basic question for the staff of, do we work with our counterparts in Health and Human Services to raise the issues that Ms. Gay has raised about whether we're really serving this population by going forward with this project?

MS. PARKER: Let me start out by saying -- first of all, this is the ground-breaking Board meeting where these are the first of these, so --

MS. PETERS: So I'm not alone.

MS. PARKER: You're not alone. Your questions are very on point and timely.

This program, though, what we will say, this is the program that is coming out of a Governor's --

Elliott, help me out, what we did two years ago.

MR. MANDELL: The Governor's --

MS. PARKER: Executive Order.

MR. MANDELL: Also, the Proposition 63 funding.

MS. PARKER: Right.

So this came out of the Governor's executive order about two years ago about around trying to use the MHSA, Prop. 63 funds with the Department of Mental Health to fashion this program. So this program has been designed with the health and welfare agencies, specifically the Department of Mental Health, all of the county mental health directors, and then the housing advocates, along with CalHFA.

And in trying to design this program and who would do what, CalHFA is really trying to play the role of what's necessary from a standpoint on the housing side, and Mental Health and the county mental health directors are really responsible for looking at these projects from the standpoint to make sure that they have the services, the service components are met for the kinds of clients and customers that would be in these housing projects.

So that's why any project that comes to us for MHSA funding on the capital or operating services side also has to be reviewed by the Department of Mental Health to make sure that there are service components and funding for those service components that are appropriate and tied for the length of the regulatory agreement for these projects to be in service.

But strictly on the housing side, we have designed this around the kinds of housing aspects that we would see on a normal housing project that we would do, particularly if it was an acq. rehab, what existing tenants would be dealt with, what would be the expectation for new tenants.

So I hope that starts to give you some information.

MS. WEREMIUK: Let me add a few more things.

Clifford Beers is the housing arm of Los Angeles Mental Health -- the Los Angeles Mental Health Association. They're one of the premier service providers for people with mental illness. And they've begun to do housing because housing is a service.

The Los Angeles County Mental Health Department has done a preliminary review of the service plan, is vetting it, and has told us that they are submitting an application on behalf of this project.

When they do that, they make a commitment to provide whatever mental health services the resident needs for the time that they're in housing, with the goal being housing, stability, and recovery.

That plan at the county level is vetted at the Department of Mental Health by an independent team that includes consumers. And they review that plan for comfort with that plan.

So we as staff don't review that. We do review some things that are a piece of that, just to make sure there's an adequate memorandum of understanding between the service provider, the property manager, and the owner, where the roles are clearly defined, there's confidentiality when people are certified, and that the three entities that are responsible for the project have determined how they'll work together, and that they have a workable plan.

That piece we haven't yet done because we haven't done the approval. And we are the agency that does the financing commitment for the mental -- for the MHSA housing program dollars. And we haven't done that yet because we haven't gotten the final approvals from County Mental Health and the Department of Mental Health. And that funding will be conditioned -- our approval will be conditioned on getting that.

So this project won't go forward unless the two appropriate entities review it. And then we do a review for -- since the MHSA will be long-term funding, we'll also do a review in terms of financial feasibility that the project will work over the term that the MHSA regulatory agreement will be on the property.

CHAIR COURSON: Other questions?

Mr. Mandell?

MR. MANDELL: Just a comment.

One of the things that I find that I do, is I have to go to various meetings, including what's called the Olmstead Advisory Committee. And Kathy, I know you've been there, and Terri. And that is an organization that is sponsored by -- or staffed by the Health and Human Services Agency for the state. It provides an opportunity for their stakeholder groups to hear all sorts of issues not related to the service needs of the multiple disabled people of California, people with mental health disabilities, developmental disabilities and others.

And as part of that conversation that I've been able to participate in, in the last several years, the issue of the MHSA has come up multiple times, there's been a lot of vetting of it generally.

So while we don't typically talk about specific projects, we talk about the kinds of projects that are needed, how to ensure there's a process to make sure that everybody's needs from the financial side of it, to the service side, are taken care of. So I just thought I'd share that with you.

MS. PARKER: Yes, one thing I want to add with that, Kathy's going to give a little bit of a briefing on since this was our maiden -- but the counties are required as part of receiving these MHSA funds to essentially have county community hearings on the utilization of these funds. So in that sense, the stakeholders and community have to sign off on these funds being used for certain activities. So, you know, there are many -- I mean, this is a very transparent process.

CHAIR COURSON: Other questions?

Ms. Peters?

MS. PETERS: One more question on the housing side.

I think I'm hearing that there are mental health professionals that are going to be looking at this particular project, so I'm comfortable in that.

MS. PARKER: They are. They are deciding that based on what they believe that they -- the service needs are in their community for housing as a service component.

MS. PETERS: Great.

My other question was just from a housing side. I know it's come up in other Board meetings when we look at costs per unit, and questioning whether this particular project is giving us enough bang for our buck in providing the goal of this housing. And looking at $272,000 per unit, I just wanted to ask staff, how did we choose this project over any others? Are there other projects in the pipeline? Just sort of, how did we focus on this particular project?

MS. PARKER: Let me -- you can answer that question, but let me tell you one thing about this. You know, these funds really belong to the counties. And we essentially are holding them for the counties on the housing side. We're certainly looking at it from an underwriting standpoint, to make sure that the costs are appropriate. And these units are very expensive. So I think Bill sitting next to you can attest to that.

But the County knows how much allocation of MHSA funds its got in this corpus that we have in totality. So to the extent that the county has submitted this project, it's their decision that this is their number one, based within the money that they have.

So I think that's the first thing.

And, Bob, you can --

MR. DEANER: Yes, I was going to say that with the MHSA funds -- we're administering the funds -- we as a group, as an agency, our group, Multifamily went out. And who better to do the construction loan than the person that's administering the MHSA loan?

So we're looking at really talking to our clients and saying, "If you're getting an MHSA loan with us, you should look at our construction and financing overall, if there's a permanent or not a permanent with us, because it makes sense to go to one-stop-shop."

We have certain things that we do that we don't add on additional fees that some of the other banks may or may not do. So in the end, from a financial package, it makes sense for the developer and for us to look at it.

And then two, really, acq. rehab, these days is cheaper to do than new construction because of new construction costs.

So if this were a ground-up project, if they were buying the land, it would probably be more than $270,000 a unit. So the acq. rehabs do add value.

MS. WEREMIUK: And we're actually very pleased that they're planning a completely -- you know, an extensive rehab, basically a gut rehab, which is what an 80-year-old building would need. That, of course, adds to the costs.

CHAIR COURSON: Are there other questions from the Board?

Mr. Pavao?

MS. WEREMIUK: Just a reminder. What you're approving today is not the MHSA loan but the construction loan. So we've been explaining the MHSA. But the approval that we've requested is for the taxable -- the construction loan funded with taxable bonds.

CHAIR COURSON: Mr. Pavao?

MR. PAVAO: I'm just curious, are these four properties currently, or were they previously owned by a single owner or no? They were?

MS. ILVONEN: They were. They were owned by Beasley. Beasley Investment Corp.

MR. PAVAO: Okay.

CHAIR COURSON: Other questions from the Board?

(No response)

CHAIR COURSON: On page 195, there is a resolution to approve this project.

Is there a motion to prove the resolution?

MR. PAVAO: So moved.

CHAIR COURSON: Mr. Pavao moves.

Is there a second?

MR. MANDELL: Second.

CHAIR COURSON: Mr. Mandell seconds.

Any further discussion from the Board?

(No response)

CHAIR COURSON: Is there any comment or discussion from the public?

(No response)

CHAIR COURSON: Seeing none, let's call the roll.

MS. OJIMA: Ms. Peters?

MS. PETERS: Yes.

MS. OJIMA: Mr. Carey?

MR. CAREY: Yes.

MS. OJIMA: Ms. Gay?

MS. GAY: Yes.

MS. OJIMA: Mr. Mandell?

MR. MANDELL: Yes.

MS. OJIMA: Mr. Pavao?

MR. PAVAO: Yes.

MS. OJIMA: Mr. Shine?

MR. SHINE: Yes.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Yes.

MS. OJIMA: Resolution 08-22 has been approved.

CHAIR COURSON: I have a question for our reporter.

(Brief discussion off the record at 11:09 a.m.)

CHAIR COURSON: Okay, we're going to finish the next two agenda items in the next ten minutes. And Kathy is going to talk, again, about more of the MHSA and also bring us up-to-date on the Bay Area Housing. And then we'll take our break.

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Item 6. Update on Bay Area Housing Plan

MS. WEREMIUK: I'm pleased to do another update on this project. And I will try and make this very brief.

You have a printout of my report in front of you.

The main thing I would like to say about this slide is that we're on target. To date, we have committed on 59 of the 60 -- the Agency has committed on 59 of the 61 homes in the Bay Area project.

We've purchased 25 of them. Three of them are in the loan-closing process, and there are another 13 complete.

We anticipate having purchased, from Bank of America, the $60 million that we can purchase with our own line of credit by approximately the end of August.

We are still in discussions with Moody's regarding rating and bond financing. We had hoped that we had wrapped that up earlier. Bruce talked a little bit about it today. They took it to committee and brought us back more questions that we're currently looking at.

Of the remaining properties, 17 are in the early stages of construction. Since many of them are new construction, they'll finish towards the end of the year.

There's one home, unfortunately, in Los Gatos that's been held up on a planning appeal and has not gotten into construction yet. And then there are three that are still owned by Hallmark, and they haven't transferred on to the Bank of America line. But one will be purchased complete, and the other two we anticipate the Agency will make commitments on them in two weeks. And, actually, we anticipate that we'll have committed all 61 homes in two weeks.

That's the end of my report.

If anybody has any questions.

It's going well. The major uncertainty is the bond sale.

CHAIR COURSON: Questions of Kathy on the Bay Area?

(No response)

CHAIR COURSON: Obviously, we're seeing nice progress now and moving much faster.

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Item 5. Update on the Mental Health Services Acts (MHSA) Housing Program

MS. WEREMIUK: The next report -- and this will have to be even briefer because somehow, this being the first time that I presented loans to you, I lost my notes on MHSA. So I'll try and go pretty quickly.

There are three pieces of material that are in front of you just for your review after the meeting. And I wanted to report back that in June of this year, Terri signed and the Department of Mental Health executed the agreement for the Agency to administer the Mental Health Services Act. That agreement is there for your consideration.

The main components we've already discussed. The Agency will hold the money. We anticipate $400 million being transferred to us. It hasn't been transferred yet.

The counties have currently approved somewhere between $250 million and $300 million of that; and the rest is in the approval stages, approvals. Each of the 58 counties takes it to the board of supervisors, and so that process has been a little lengthy.

One county, San Francisco, has approved additional money because they wanted additional money for operating subsidy.

Our obligations are to make the loans, to do the asset management on the loans, to administer the operating-subsidy agreements, and administer that reserve, and to report back to the Department of Mental Health so that they can report to the Legislature. The Department of Mental Health is responsible getting the assignment of funds from the County, transferring it to us, doing the reviews of the service plan.

And they are issuing regulations.

There is a term sheet that I didn't attach to this, but it is on our Web site. That term sheet, which we're currently using, and it's a part of the agreement, mirrors what we think the regulations will look like when they're finally promulgated.

So the program got operational in June. Since June, we have set up a partnership meeting at the staff level between ourselves, DMH, the County Mental Health Directors Association, and the California Institute for Mental Health, which -- the county's money, DMH is the regulator, we administer the program. And CIMH, the Mental Health Institute, has a big contract with DMH to provide technical assistance to all the counties.

We had a kickoff meeting, we're meeting monthly, so that we can address any operational problems as they come up, so that they don't get bigger than they should be and they get addressed quickly. Things that are major, that group can either refer up to the leadership and the executive staff at our Agency and DMH, or bring in a policy group to talk through issues that require policy changes.

The program -- the most important component to me of the program is the ability to make exceptions from the regulations which the Agency has to be able to make deals work.

And when we see enough exceptions, and those get reported back to that group. When they become major enough and we need to make policy changes, we will pull together the grouping of agencies and people who put the program together. And that includes tax credits, HCG, ourselves, DMC, CIMH, the mental health directors, housing California developers to talk through the policy issues, where we think we need to make changes, so that we can make these projects work and that people with serious mental illness can be housed.

The other thing that I've brought to you -- we're still waiting on the fund transfer. It has been approved, as I mentioned. It's somewhere in the range of $250 million to $300 million. The first dollars have not crossed -- they have not gone -- Dennis hasn't seen them yet. We know that they're coming. But with everything else, transfers of dollars take time.

In the interagency agreement, there's also a fee agreement. And there is one major thing I wanted to report back. Chairman Courson was concerned about the payment structure to the Agency when we met last September, in making sure that we got enough money to fund our activities.

Since that time, we negotiated a 1 percent fee on all monies transferred to us which, for the first $400 million, will be $4 million, which will come to the Agency to assist us in our staffing, for the servicing of the program.

We will also get a 1 percent fee on the capital loans that are made, which we anticipate will be about $2.6 million, which means fees in the range of $6.6 million. And then a .42 percent annually on the capital loans, the money we loan, to pay for our Asset Management staff, our accounting staff, and for our finance staff as they invest money and administer the operating subsidies to the asset managements to the loans.

Included in the package we gave you is what we think an estimate of what the program would cost when it's fully up and fully operational. Assuming that we would be making about $100 million -- somewhere between $80 million and $100 million of lending or putting into operating subsidies that much over, per year for four or five years. And it's about $2.2 million per year.

We think that the monies that we're getting in will cover staffing costs, and that was our major goal was to at least make sure that the Agency was whole.

We negotiated that with the Department of Mental Health last week. We sent this over early to the counties for their review last week. Terri met with the counties for discussion on the fees. I think there was not a single question from the County Mental Health directors regarding the package that we had put together.

So we feel comfortable that we have tried to meet the concerns that you had when we brought this to you the last time.

In terms of what the Agency's currently doing, Bob has been assisting me in staffing up. We have a wonderful group of people, mainly centered in Culver City, that's working on the MHSA program and the loans that go together with the MHSA program you've seen that we're doing construction and permanent applications -- in assisting with applications to CDLAC and to Tax Credit.

So we're basically working with folks.

We currently have ten MHSA applications actually in. They've gone through the vetting process with the counties. We've got two where the Department of Mental Health has approved the service plans. We have three more, like the projects you saw today, where we're confident they'll go through. And we don't have the MHSA applications in hand, but we're doing work on the projects with Agency loans.

So, together, 13 projects that we're actively working on. There's also a pipeline that's in this large sheet, which is 37 other loans, where my loan officers have been corresponding with the counties and developers around prospective projects. And beyond that, innumerable inquiries that we anticipate will become loans.

Overall, it's more than $100 million that we're looking at. And we've just become very busy.

We anticipate our first approval going through -- our first request for loan approval going through to senior staff. Next week, Monday, two more, before -- three of them before the end of July. And two of the projects that will be coming to us, because we'll take projects at various stages. One anticipates breaking ground sometime in August. It's a project in Santa Clara, so that money is coming in just before the construction starts. And one is a project in San Francisco, which is almost done. And they had a gap. And this money will be coming in just before they close their permanent loan.

MS. PARKER: Two additional things to what Kathy said.

First of all, one, I think when we did our business plan in May, we essentially said the one area that's questionable for us is knowing what workload is going to be around MHSA. We have some staff that we put into the operating budget, but we're going to be monitoring, based on what's happening with these projects coming in. If we need to come back and do an adjustment to our staffing, it will be based on workload associated with it and, obviously, the fees coming in to support it.

Secondly, following up with Kathy's comment about two projects that we think we're very close of being able to be completed, we're again working with their sister state agency, the Department of Mental Health, the health and welfare agency who, in some respects -- this is really the lead, I mean, they have the responsibility for administration of the MHSA funds. They may be looking to do some kind of an event with all of our partners around one of these projects later this fall. So to the extent that that may be a possibility, you know, those folks will coordinate and be working on it with those people who do events and want to have events, but it could certainly be with our stakeholders groups with the author of the initial legislation -- or initiative creating MHSA funds, the mental health community. So we'll keep you apprised of that. But I think people are looking to see, given the Governor's executive order, if this could certainly be one of those things. It is part of certainly the Governor's legacy.

CHAIR COURSON: Are there questions or comments from the Board?

Mr. Pavao?

MR. PAVAO: I noticed in the interagency agreement the term "initial 400 million" is used, and there was mutual agreement on, the thought is, in five years.

MS. PARKER: Well, that's been an evolving discussion, Mr. Pavao. And, you know, I have done everything but got on my knees and groveled and stood up and stamped my feet and reminded them of the commitment that they made last year, which is that there would be $75 million for capital and another $40 million for operating subsidies for the first five years. Then a strong understanding that there would be a continuation of that for the next five years.

We spent last fall, through the wintertime, going through the counties, where essentially all of that sort of shifted based on discussions between the Department of Mental Health and the County welfare directors about whose money this was, how much money there was, et cetera, et cetera, et cetera. And at the end of the day, they come back and they said that they had $400 million that they were willing to commit to this, and that on a go-forward basis that they would have to look at this on an annual basis, depending on what their allocations were.

So I had a very deliberate conversation with the counties in November and December, where I essentially said, "We have to have some certainty. If you're not willing to step up and provide some certainty, I don't think you can expect the housing partners to get in here, because they're going to have to put their money in first."

So I met with them the other day, and they have -- almost all of them signed off to this $400 million. And we have almost 50 projects in line.

They felt that this was their response back to us in saying how committed they are to this.

San Francisco County has committed funds above what is part of this $400 million of corpus of allocation. And I think our feeling of what we have in here is now it's all going to be -- we're all kind of at risk with this. We do good projects, counties are going to want to do it. They know that this is a service area that's necessary. It may not be in every county, but we feel strong by what we've seen in the last six months that there are counties that are committed to doing this.

MR. PAVAO: Thanks.

CHAIR COURSON: Other comments, questions?

(No response)

CHAIR COURSON: Kathy, thank you very much. Two obviously very important projects that really have moved CalHFA in the direction of using our capabilities and resources, both staff and dollars, in some really productive ways to help the people California.

We really appreciate it.

We will take a break. I show that it's 11:25, so we'll come back at 11:35. We'll take ten minutes.

(Recess taken at 11:25 a.m.)

(Back on record at 11:37 a.m.)

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Item 7. Report on and discussions of CalHFA debt restructuring

CHAIR COURSON: We'll reconvene the Board meeting. And we are on agenda Item Number 7.

As those of you know who -- those on the Board know that since -- we'll call it the seizure of the credit markets has occurred, at each Board meeting, Bruce Gilbertson has given us a very thorough briefing on some of the challenges faced by the Agency and its own debt, and some of the plans and efforts to restructure our debt in light of the lack of liquidity and difficulties in the credit markets.

So, again, today as he has, as I said, at the past Board meetings, Bruce is going to give us a briefing of where we're at.

You have a handout at your place that I think is probably going to replicate the slides that Bruce is going to go through.

MR. GILBERTSON: Exactly. Thank you, Mr. Chairman, Members of the Board.

Again, we failed to get this in the binder, but we wanted to make sure that we have updated information for you. So I think you received it by e-mail on Monday.

CHAIR COURSON: Right.

MR. GILBERTSON: But Tim Hsu, our financing risk manager, and I want to spend a few minutes with you today to kind of update you on the debt-restructuring plans that we presented to the Board back at the March meeting.

Quite honestly, you think about the last 12 months and what a difference a year makes, especially as you think about the financial markets. They continue to evolve. They're impacting our cost of borrowing, they're impacting the availability of liquidity to support our variable-rate debt issuance. And everyone's focus these days is on credit.

Terri and I went to New York in, I think it was April, to present our story to a group of investors. Steve and I have been in Chicago, that was in early June, to do the same thing, to make sure that we're telling our credit story because anything associated with housing and municipal bonds is under a huge microscope these days.

So in the past year, we've watched a number of things occur that, realistically, we only thought in theoretical concepts two or three years ago. We watched auction-rate securities fail. We've watched monolined bond insurers and their AAA ratings actually deteriorate. We've watched a large investment bank, Bear Stearns, collapse. So it's been a challenging time.

CalHFA has not missed all of this. We have auction-rate securities. We still have some today. We had failed auctions.

But I think what we plan to show you today is some progress being made in the restructuring of about a billion dollars of bonds that have been underperforming.

So Tim and I wanted to kind of go through three topics with you today, kind of revisit what the market impact has been on CalHFA borrowing costs. We want to talk a little bit about where we started. We had a billion dollars of bonds that were underperforming. What has been done to this point, we've restructured almost $460 million of that -- what still needs to be done is about $550 million -- and those strategies that have been successful and those initial strategies that we may need to revisit.

And then we'll end on kind of what are the other things that we need to keep our eye on as we continue to navigate this landscape.

MR. HSU: I thought I would start out with just a little bit of good news. Our uninsured VRDOs have continued to outperform the industry benchmark, which is referred to as "SIFMA."

This chart here, on the left-hand side here, is the interest rate; and on the bottom here, it's time. So this is showing how variable-rate bonds have been resetting over time. And the yellow here is the industry benchmark, and the blue is how our bonds are resetting over time.

So you can see that around this range over here, it's pricing very, very close to the yellow marks along the way; and more recently, it's actually outperforming the benchmark.

And you might ask, well, how do we know that that being close to a benchmark is actually a good thing? Well, the benchmark for one thing is non-AMT index. Meaning, the bonds that go into the index are not subject to the alternative-minimum-tax penalty, whereas most of our bonds are.

So the general expectation is that we ought to be above that since our bonds are subject to AMT. But because California is referred to as a specialty state -- that is, we have the good fortune of paying higher state taxes versus some of the other states -- that would put some downward pressure on those rates. But over time, some of our analysis over the last six or seven years, generally we expect our bonds to price just right on top of these yellow lines.

So this recent trend of our uninsured bonds pricing better than these yellow lines along the way, means that the marketplace is very, very attuned to our credit and they understand our credit and have priced it accordingly. And in more recent months, it's showing that we are actually benefiting from all that benefit of the marketplace.

Unfortunately, though, as we talked about last time and as Bruce referred to, we do have quite a bit of underperforming bonds that have cost the Agency -- has increased our cost of funds over the last six months. It has increased to the tune of about $4.7 million.

I think at the last presentation we showed you a chart just about up to here. And we have added this more recent experience over here.

And you might think, just by looking at this, that things have improved somewhat, but this is partly because we have redeemed some of these bonds due to restructuring. That's why you don't see more observations up here.

The total cost of bonds on these underperforming bonds, though, is actually higher than the $4.7 million on the previous slide. It's actually about $5.2 million because of the basis risk that we have. And I thought this is sort of a good occasion to talk a little bit about the basis risk and what that is.

Bruce, if you would go to the previous slide.

Generally, we have two components of the idea of a basis risk. How our bonds price against the benchmark, so if you --

One more slide, Bruce.

The previous slide, sorry about that.

So you might think that the fact that we're pricing better than is benchmarked, that is actually a positive basis risk, meaning, that we benefitted from that basis risk.

And if you go to the next slide, this is negative basis risk, meaning, that we are pricing over the benchmark. So that's a bad thing.

But, generally, when we enter into a swap, we are entering into a swap with the expectation that our bonds priced at the yellow lines, as you can see along the way.

But since this line, the green line -- if you sort of flip back and forth you can see that better -- the green line is actually lower than the yellow line. That means that additional compression, if you will, is causing us additional $500,000, or half a million dollars.

So it's kind of an obscure concept, but I thought this was a good time to talk about it a little bit.

Where we started, and I think we had a similar slide in the last presentation, is that about 13 percent of all our bonds need to be restructured. And that 13 percent translates into about a billion dollars of bonds. And that billion dollars breaks down to about $462 billion of variable-rate bonds and about $545 million of auction-rate bonds.

I think at the last Board meeting, we also had a question about how much exposure we had to all the insurers, in total, in the aggregate. So I thought that this chart would at least address some of that. And I took a step further to talk about the market and credit risk that's embedded in this, too.

So what this chart has, on the left-hand side here, it has the categories of bond types that we have. So, in general, we have auction-rate securities, we have fixed-rate bonds, we have index floaters, and we have variable-rate demand obligation bonds or VRDOs. We'll look at these VRDOs based on the bond insurers, which we will come back to in a second.

And on top here, we have the bond insurers that we have in our portfolio. There are more insurers out there for sure, but not all of them have exposure to the housing sector. And so these are the ones that we have.

And so, for example, we have $29 million of auction-rate securities insured by AMBAC.

But looking at this, you might think that, well, it seems that we have higher exposure to FGIC than we have to AMBAC. But that's actually not true in the sense that these numbers are in color, these are basically bonds in which the Agency are taking ongoing market and credit risks over time. So this $948 million, these are in black, these bonds are fixed-rate bonds. So when we bought the bond insurance and sell it to the investors, the investors now are taking the credit risk to FGIC. And we don't take that risk to FGIC anymore. We sort of pass the credit risk to the investors.

So it might appear that we have more exposure to FGIC but, actually, what really counts are these colored numbers. So these two colored numbers here are certainly greater than that $44 million.

So I attempted to distill this view here, which is very detail-oriented, into this view by noting that the numbers that are in red, this kind of debt we are continuing to take market risk, meaning, that that market continues to function. So, for example, we have been talking a lot about how the auction-rate security market has failed to function. So that's a market risk that we're taking in that particular sector.

And I also note that if there are variable-rate bonds, we are also continuing to take credit risks over time, and that's the repricing of credit and market premium happens over time. So we're also taking credit risk.

So the numbers in red, we're taking market risk and we're taking credit risk; but something has happened to either the market or the credit. So it deserves -- it needed to be restructured.

So it breaks down into a billion dollars, which is the number that we've been talking about a lot over time.

But we also have this number, which is in blue, which is our VRDOs, which is insured by FSA. And FSA is actually the only remaining bond insurer that has retained an AAA rating. We hope that will persist forever.

So this particular number here, we're continuing to take market risk and we're taking credit risk. But since FSA has retained its AAA, and that marketplace of money-market-eligible securities is continuing to function, the bonds that fall into this category, they don't need to be restructured. They ended up performing fine, still.

And last but not least is that we have bonds -- this particular number here, the $2.8 billion, we have bonds in which we are taking some market risk. But because they are uninsured, we're not taking -- we're not bringing another credit into the fold, which their credit could actually complicate the repricing of the bonds over time.

And a subtle point here is that some of our VRDOs do need this idea that we talked about over time, liquidity. And the bank that provides the liquidity, if their credit goes sour, that's also an element of credit risk. But for now, I'm going to ignore that. That's why I left this blank.

And last but not least is that the numbers that are in black, these are fixed-rate bonds. So this number is the largest number that we have. The bonds that fall in this inventory, we pass on all the credit risk and all the market risk to investors so we don't need to worry about that. No matter what happens to it, we passed the credit risk on those bonds.

Okay, when I made this slide, I was hoping that these numbers would be really big so I could show the picture. But it goes to show how far these monolines of bond insurers have fallen, so I just added more of these rating gradations in here.

So you can see that FGIC has fallen to B1. And when I looked at that, I thought it was a typo. I didn't know what B1 was. But B1 as shown is below Ba3.

And I also put on this slide here our rating, to show -- sort of an unthinkable event -- that some of our ratings here actually, under Moody's, are better than the monoline ratings. You can see that the HMRB rating which is Aa2, is actually higher than MBIA.

And S&P, which is a little bit more sanguine, I guess, about the AMBAC/MBIA is still slightly higher than our rating.

And Fitch, which has been throughout this entire credit seizure, has been ahead of the curb in terms of downgrades, in terms of actions, has actually stopped rating MBIA.

I heard from the MBIA folks -- this is actually at their request -- but this is partly because they basically stopped supplying information to Fitch. So Fitch can't really rate them until they have the information from them. So it's unclear what a "withdrawn" rating is as relative to, say, a B+ or BB-. But I think that I've heard from the street that when the rating is withdrawn, it's basically the same thing as you've gone really down.

So what we have actually done is that this here -- this pie here represents the entire universe of our variable-rate demand obligations, which is about $3.9 billion. So this piece here, which is uninsured, this is doing fine. That's what the chart is showing, that was outperforming the benchmark.

And these bonds which are insured by FSA, they are also doing fine because FSA has maintained its AAA. So this piece here of the variable-rate bond world of $462 million, of that world, we have restructured $248 million. And some of that we have refunded to the tune of $148 million, and some of it we have modified with the standby purchase agreement.

And what this is, in a nutshell, is that the variable-rate bonds that we sell, they have a backstop from a bank. So we modify the document such that the investors are immune to the credit actions of the bond insurers on those bonds. So basically, whatever happens to the bond insurer, their rights under documents are not affected.

And we have also $214 million that is waiting for this kind of modification to happen. And we are hoping that will happen either next week or the week following.

And in the auction world, where we have about $545 million, we have restructured $268 million, we have refunded $224 million, and we have converted $44 million.

This refunding, we basically took the bonds from the auction-rate security world, and we refunded them into the VRDO -- or variable-rate demand obligation -- world uninsured. And these bonds, we converted, too, from auction into variable-rate demand obligations.

I'm going to turn it back to Bruce to talk about what's to come.

MR. GILBERTSON: Thanks, Tim.

So this looks like the same slide you just saw a few slides ago, I think it was slide number 7. But this is a current look at the debt portfolio as of August 1st. We know that we are not issuing additional debt between now and then; and this would be net of any bond redemption and maturity activity that will occur on August the 1st.

But I think if you go across the slide -- and, for example, auction-rate securities, you'll see that the number that we started out with, with $545 million, is now down to two-forty-three. We still have some work to do there because those are all in red.

And the total amount of debt that needs to continue to be worked on is $548 million. You know, the fixed-rate is fine, the index floaters are fine. We still have AMBAC and MBIA credit exposure on variable-rate demand obligations that we will work to perfect.

So if you drop down to the bottom box, which I think is a great box that Tim came up with, that identifies where we have market risk versus credit risk.

You know, the five-hundred forty-eight is what we need to work on. And part of our job in the division of financing for CalHFA is to monitor market risk, credit risk. That's what we're there for, in addition to issuing the bonds.

So here is a slide, another take at what we think we need to accomplish. And our time-line for this is probably over the next 60 or 90 days. We think by then we would have all of the billion dollars, restructured, put to bed, and hopefully will continue to perform in an appropriate manner.

I'm just going to walk through this.

Bill, do you have a question?

MR. PAVAO: I actually did have a question on the prior slide.

Did the green number get larger?

MR. GILBERTSON: The green number did get larger.

MR. PAVAO: I know you explained in the prior slides.

MR. GILBERSON: We've converted some auction-rate securities to uninsured VRDOs. We also did a multifamily family bond issuance, which would have been uninsured VRDOs, during that interim period.

MS. PARKER: Do you have a date on how we could best reflect this to show the before and after? But clearly, not only is the green number getting bigger, but the red number is getting substantially smaller.

MR. PAVAO: Right, yes.

MR. GILBERTSON: And I apologize, this is somewhat painful, I know. I can only imagine Ms. Gay there getting this for the first time. But we're going to meet later today, and I'll respond to any questions that you have.

So here are the plans that we have at this point to continue the restructuring effort. We have columns those represent where we were back in February. We do have some expected redemption activity that's going to be occurring on August 1st. And so what we're comparing now is the expected balance on 8/1, and what needs to be done.

And you can see that column totals back to the $548 million.

One of the big components of our restructuring plan that we presented to you in March was this notion that we were going to go and modify the liquidity facilities that we have with these commercial banks that backstop-insure VRDOs. We have given it a valiant effort, and we've accomplished $120 million, I guess is what this is saying, of modifications.

Just to give you a brief snapshot of how this all worked, in early June we went to the marketplace, we modified the liquidity agreement, we told all the investors that "You no longer have credit risk to a bond insurer. Even though it says that it's an insured bond, you don't have it because we've perfected it. You have the credit exposure to CalHFA."

Immediately, that bond, which had been trading at about 6-and-a-half percent on a daily basis, reset into the mid to low 4 percent range. It wasn't more than a week, and rating-agency activity occurred again on MBIA and AMBAC, further lowering their rating.

That particular bond overnight went from 4.25, I believe, to 9 percent. So it didn't work.

As you will remember those early slides, we're trying to be in the 1-and-a-half percent range in today's market. So 9 percent was not working for us.

It's at that time we decided we had to go to a next step. And we decided there was two ways to approach it. We could refund the bonds and incur additional transaction costs, quite substantial; or we could go to the bond-insurer community and start negotiations with them on allowing us to cancel the insurance policy. And we were willing to pay a fee.

So we started -- you know, Tim made contact with AMBAC, MBIA, and FSA. And we've been very successful in trying to negotiate this.

You know, our bogie for this is, what would we be paying if we did a refunding, what would be the transaction costs that we would pay in underwriting bonds again and presenting them to the marketplace? It equates to $1.25 a bond, or about 12-and-a-half basis points.

So we said that was the upper bar.

We've been successful. At this point, these are verbal agreements between CalHFA and the insurers to do this in the 6-to-12-basis-point range. And it varies, depending on bond insurer at this point.

So we're working towards that. We hope to accomplish a lot of that, actually, before the end of August and put that behind us.

The same goes for both the AMBAC-insured and the MBIA-insured, that the refunded portion, the $148 million, that's got a strike-through because it's completed, it's done, it's working. We don't think we'll revisit it.

All of the remaining auction-rate securities, we've known this from the outset, need to be restructured. The auction-rate security market just isn't a viable alternative for us anymore.

So it breaks down into three components. We have some FSA-insured paper that's -- FSA has agreed with us for a fee to drop the insurance. We'll be able to strip it and convert those auction-rate bonds into VRDOs. And we have identified -- we're looking for a liquidity source for the VRDOs.

We do have one bank that has offered liquidity. We're talking to a number of banks on an ongoing basis to provide what appears to be a total of -- two-twenty, Tim?

Two-twenty?

MR. HSU: Two-forty.

MR. GILBERTSON: $240 million of liquidity for the purposes of this restructuring.

The next line is MBIA-insured auction-rate securities. Again, we need to convert them. We've had talks with MBIA, looking for liquidity, firming that up, and we'll get that behind us.

And then this last piece, the $20 million, we have internal liquidity to just call out the bonds, put them behind us. It's really we're pending tax analysis to know what might be the optimum time to do that.

With all that -- so maybe we should just stop there quickly. And if there's any questions on the restructuring plan, it is truly our goal to have this wrapped up by October, and the billion dollars will have been converted. And we hope that all of those bonds will be trading like the slide you see on page 3, the blue dots, they would be incorporated within there.

Not seeing any questions, I just wanted to finish with -- you know, we haven't put everything behind us. The markets are very challenging. And we thought it kind of rolls up into four specific elements or points for CalHFA.

We have over $4 billion of variable-rate demand obligations. Variable-rate demand obligations require a liquidity bank. We're going to need those to continue the debt restructurings.

When we wrote this slide, we were seriously thinking that this was our strategy to finance the Multifamily loan commitments that the Board heard today. Based off my conversation with Moody's yesterday, maybe we'll reconsider some of that.

But then we also have ongoing renewals. Liquidity agreements with these banks run for one to three years, typically. We issued 30-year debt. So we have to renew, we have to engage with them periodically. And there will be participants that probably leave this space, and there will be new participants that come into this space, is certainly what we hope.

The second point I would make is Dexia, a Belgian bank. We've gotten to know them very well. FSA, the bond insurer, is one of their wholly-owned subsidiaries.

To this point, and recently in June, they committed another $5 billion to FSA, but we need Dexia to continue that commitment. We need to have them be an AAA-rated bond insurer so that our bonds, backed with FSA insurance, continue to perform well.

I think one of the slides shows there's

$660 million of those bonds. If that were not to occur, then we'd have to go through a similar process of stripping the insurance, converting, refunding, or doing something with those bonds.

The third bullet is, as we develop our strategies of issuing variable-rate bonds and using interest-rate swaps to synthetically fix these costs, we have a growing number of financial partners. So we need to continue to monitor the credit of swap counterparties.

Maybe later, if we have time, there's a report that I put in every Board binder that talks about the swap providers and their ratings. Some of them are continuing to deteriorate a little bit. But at this point, we don't think that there's any action that the Agency needs to take.

We have credit exposure, as Tim alluded to, to the liquidity banks. You know, if they lose their ratings, bond investors aren't likely to think that liquidity is going to be there when they want to put their bond back. That's the whole design of this. So I would guess that if that were to occur, the bonds would trade at higher yields.

And then all of the VRDOs have to be marketed on a daily or weekly basis. We have six remarketing agents. They're all doing an admirable job. But if there are weaknesses, if they have less capital to deploy in this remarketing effort, well, that means our bonds will trade at a higher yield. And we've seen some of that through the last six months.

And the last bullet, we talked about this very early on this morning, those firms that are called "rating agencies" and the lovely conversations we get to have with them periodically. But we are kind of -- the rating process, the rating methodologies are very fluid. The bullet that we put on here was related to an article that came out about a week ago that Standard & Poor's issued regarding mortgage insured downgrades and how that impacts these big single-family whole-loan indentures that we have and a number of other HFAs do.

We went through the process -- I actually called the analyst, our analyst, who was the author of that piece, and effectively it cost us overnight $120 million.

Luckily, with S&P, we don't have the same capital adequacy concerns that we have with Moody's.

So this is ongoing. The conversation I had yesterday with Moody's is further evidence that they're thinking they're being proactive in their thinking as to how to rate these debt instruments.

We'll do our best, we'll defend the Agency to our fullest extent in all of those conversations. And, you know, hopefully we'll get through all of this.

With that, I'm going to stop. And Tim and I would be more than willing to answer any questions.

CHAIR COURSON: Questions from the Board of Tim and Bruce?

(No response)

CHAIR COURSON: A very thorough presentation, Bruce and Tim. It's well done.

MR. GILBERTSON: Thanks.

CHAIR COURSON: Unfortunately, we'll see you in a couple of months.

MR. GILBERTSON: Yes. We look forward to it.

MS. PARKER: Mr. Chairman and the Board Members, I guess I would take a minute to essentially beat on what might be a little bit of a -- getting tired theme. But I can't stress enough that this is exactly the basis for why we came back and pushed to get the salary issues taken care of so that we can have the quality and caliber of staff at CalHFA to work on these kinds of issues.

These issues are very different than what our sister state agencies are having to deal with. And, you know, because we are separately rated, we don't have full faith and credit. We don't even have what the GSEs have in this relationship with the federal government. So the work that Bruce is doing, the work of his staff, the work with the rest of the Agency behind this, we have to have people who can manage this. This is not the way the Agency was 11 years ago when I came.

Thank you.

CHAIR COURSON: Thank you.

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Item 8. Report of the Chairman of the Compensation Committee regarding: *(i)* the term of the Executive Director and succession planning Issues for the Executive Director position; and *(ii)* the development of policies and Procedures for the compensation process; and Recommendations of the Compensation Committee and discussion and possible action by the Board regarding such issues.

CHAIR COURSON: If there's no other discussion or questions on that agenda item, let's move on to Item Number 8, which is the report from the Compensation Committee. And let me take us through this, if I can, in somewhat of an orderly fashion.

We are going to be asking for the Board to approve some actions here today. You've got some materials in your binder which I'll refer to as we go through this. I'll try to do this in a chronological and orderly fashion.

Obviously, as Terri and I engaged in discussions and she ultimately reached the conclusion, the decision that she did not really want to put herself forward and stay for reappointment, needless to say, that set some wheels in motion for me. And I, upon Terri making that decision, met with the Governor's office and informed them of Terri's decision and started and had a conversation regarding a process that would result in a new executive director being named for the Agency.

Clearly, I think everybody knows -- but I want to emphasize this -- this is the Governor's appointment. This person is appointed by the Governor. And he, and he alone, has the right to put forward a candidate and appoint someone to this position.

Having said that, however, in the discussions I had not only in the Governor's office but with the officials at Agency -- Business, Transportation, and Housing -- and working together, the decision was made that -- the recommendation was made that the Board should be integrally involved and engaged in this process of a search for candidates for consideration by the Governor for appointment as the executive director.

So we've talked through that with the Governor's office and with Agency. We'll talk about that process today and how we'll proceed.

As a result of those discussions, we did schedule and we did hold a Compensation Committee meeting, in that that was the one group that was sort of formed to talk about these things.

If you'll look at the Compensation Committee, the charter, one of the things that's in there is obviously a review of the executive director's performance but also a discussion of succession. And so, therefore, we did have that meeting.

You have the minutes. I thought it was important to have those minutes taken by a court reporter. We did that. The minutes are in your book. You've had those to take a look at, so you can see what our discussions were. And from those the minutes and from that meeting will be some of the actions that I'll put forward.

And I'll go through in a moment some more detail about the actual specifics of the process and working together in concert with the Governor's office and Agency as to how we'll proceed.

But let me start by talking about one of the first things that we discussed at the Compensation

Committee was -- and you'll see and we'll talk about it again later -- but a time-line. Because as we know, the process of a search to identify potential candidates is something that, at the level of what I think we're all anticipating the qualifications require for this position, could clearly take some time.

Terri's current term ends in the middle of October. And she can continue to serve in the capacity of the Executive Director for an additional 60 days if the Governor does not make a subsequent -- an appointment of a new Executive Director during that period of time.

And so we talked about that at the Compensation Committee. And we're cognizant of the time constraint between the time of this Board meeting and initiating action and how fast October will come upon us. So in our discussions, and frankly in discussions that I've had with the Governor's office and with Agency, the Compensation Committee is making a recommendation that the Board pass a motion, if you will, or take action that recommends to the Governor's office that there not be an appointment of a new executive director made during this 60-day period between the middle of October and the middle of December, to allow Terri to continue to serve during that period of time; and then we can hopefully complete and work through our process.

So the first order of business I put before you is suggesting that a motion be put forth that would recommend approving the recommendation of the Compensation Committee, that would recommend to the Governor's office that it's a recommendation of this Board that an appointment of a new executive director not be made during the 60-day period between the end of Terri's term and 60 days subsequent to that.

MS. PETERS: So moved.

CHAIR COURSON: Ms. Peters moves that.

Is there a second?

MR. MANDELL: Second.

CHAIR COURSON: And Mr. Mandell seconds it.

Discussion?

MR. CAREY: A question.

Was that a unanimous recommendation from the committee?

CHAIR COURSON: Yes. And I'll talk about it -- yes. The committee -- I'll talk about this again, yes.

The committee that was -- the people on the committee -- first of all, the committee is myself, Ms. Javits, Mr. Shine, and Mr. Morris. At the meeting were myself, Mr. Shine, and Ms. Javits. Mr. Morris was not there.

It was a unanimous recommendation of the committee.

MS. PARKER: Mr. Chairman and Members, just to add a little bit of context to this.

After considering, as I said at the very beginning, whether or not I would try to seek reappointment, when I came to the conclusion about what I had decided, I had sought out and had some conversations with the folks in the Governor's office -- the Administration about this, since the Governor's office does -- they are my appointing and authorizing authority. I went and had a discussions about this. It's not something that -- you know, under the theory of no surprises, I talked about, obviously, the time frame that it would take to refill this position and do a search as being one issue; but also the issue of there are a number of things that are happening in the next s ix months that I feel would be helpful to the organization to continue to be a part of it.

We have meetings -- you just heard Bruce say earlier that we always plan to have -- we have every year rating-agency meetings that are usually in September. We may have two sets of rating-agency meetings this year.

But every OS, official statement that we have has the Board -- are the terms, the officer terms. And, of course, mine is a term. So every OS has in it when my dates are. So this is a very public document. The rating agencies are very well aware of it.

I want to be able to go back to them and tell them what is the plan. Taking this back to them will give them confidence. Because management is part of the rating that we have. It's one of the criteria in their ratings.

So to the extent that we can take back to them, that there is a plan, there's an official date, the date goes through such-and-such a time, it will give, obviously, them the comfort that this is -- it's being operated like a business, it's got a process in place, that everybody knows what they're doing, and this is being handled in a very professional matter.

Secondly, the bonds that we are going to sell for the foreclosure relief program that we're talking about, this $200 million of allocation, we're planning on not having just one sale because of what the impact would be to those bonds. We think we would have a far better impact on the market to be selling them as part of our regularly scheduled bond transactions over the next -- the rest of the year.

To the extent that we have, again, a management structure in place that I am a part of, that put this in place, I think, you know, it makes it easier rather than having somebody who may not have been part of this, to come in, answer any questions. There's no gaps, whatever, in this process.

And so, you know -- and thirdly, there are a number of national conferences and state conferences, conferences around housing, conferences around some of the national efforts I'm on -- whether it be Fannie's board, whether it be our NCSHA board -- that go through the end of the year; and I'd like to have the opportunity to continue to participate in them.

So I went and asked for this. The assurance that I got back was that that seemed, you know, to be a reasonable -- a very reasonable request and to, in that sense, plan accordingly.

So with that, I just want to give you, as a Board member, I wouldn't be putting this on you if that had not been something that I had taken to my authorizing environment in the first place.

CHAIR COURSON: Okay, are there other discussion?

(No response)

CHAIR COURSON: The motion is that the Board would recommend to the Governor's office that an interim appointment not be made during the 60 days subsequent to the expiration of Terri's term.

(No response)

CHAIR COURSON: Seeing no other discussion, is there any comment or discussion from the public?

(No response)

CHAIR COURSON: Seeing none, then let's call the roll.

MS. OJIMA: Thank you, Mr. Chairman.

Ms. Peters?

MS. PETERS: Yes.

MS. OJIMA: Mr. Carey?

MR. CAREY: Yes.

MS. OJIMA: Ms. Gay?

MS. GAY: Yes.

MS. OJIMA: Mr. Mandell?

MR. MANDELL: Yes.

MS. OJIMA: Mr. Pavao?

MR. PAVAO: Yes.

MS. OJIMA: Mr. Shine?

MR. SHINE: Yes.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Yes.

MS. OJIMA: The recommendation has been approved.

CHAIR COURSON: Let's now move to process and the discussion at the Compensation Committee.

Clearly, to make it clear, that the ultimate decision of candidates that would be recommended to the Governor for his consideration of appointment, is a decision that's being made by the Board of CalHFA. But at the Compensation Committee, we also had a discussion that to get through this process -- and we'll talk about process in a minute -- of picking a search firm, of vetting through obviously we hope a substantial number of résumés, doing some preliminary screening, and so on, to bring candidates to the Board, to have the Board themselves do interviewing and so on, that it was recommended that there should be a search committee put in place to do some of the preliminary vetting of what will hopefully be a number of résumés, and starting to, as I call it, the funnel, to narrow those down to then recommend candidates to bring to the Board, for the Board then to interview and ultimately make the final decisions.

So having said that, the Compensation Committee asked that we put forward to the Board, to make a decision on how they chose to proceed in forming up a search committee. And there were two alternatives put forth.

And one was that -- let me go back a minute.

The other thing that we spent a great deal of time talking about, and basically at the Compensation Committee, with the three of the four of us that were there, was that this is a process that is going to take time for those who are going to be engaged. It's going to require obviously extra meetings; we'll talk -- you'll see a time-line, it's going to take time to look at résumés, it's going to take some face-to-face meetings, I think, to talk about that; meeting with the search firm, perhaps doing briefings of Agency as we go along.

So this is going to be a time commitment of the people that are going to be engaged in this process from the Board. We talked about the need for that because of some attendance issues that we have from time to time. And, therefore, I think that Mr. Shine certainly was there, Ms. Javits who is not here today, but was there. And I think all need to be cognizant of the need to make sure that we have an ongoing participation in that, what would be debilitating in our mind, and particularly in my mind, I think, is if we get into this process and we have members attending one session and not attending another, participating part of the time and not, because this is going to be a process that we need to move quickly and need to have a flow.

Having said that, the two alternatives put forth by the Compensation Committee were:

A, the Board could decide to ask the members of the Compensation Committee to make up the search committee. That then would be the individuals I named. It would be Mr. Shine, Ms. Javits, Mr. Morris, and myself. That is one choice.

The other choice would be to ask the Chair to appoint a search committee of different individuals, or a different search committee.

So I leave that up for your discussion. There was not a particular recommendation coming out of the Compensation Committee, but I just think the Board needs to make a decision as to how we want to form this.

I will tell you my personal bias is that with the time constraints and the difficulty of pulling meetings together, that my recommendation to the Board would be however you want to proceed, that we not engage size much more than four people, because we'll just have difficulty getting it together. And it's not like we have plenty of time through this process that everyone's going to know what's going on. It's just this time face-to-face.

So I'm open to suggestions from the Board. I leave it to the Board's decision on how you would like to proceed.

Mr. Pavao?

MR. PAVAO: Did the members of the Compensation Committee express a willingness to perform that function?

CHAIR COURSON: The ones that were there did. Obviously, Mr. Shine was there, Ms. Javits was there, I was there. We talked about it at length that we would.

I can't speak for Mr. Morris. He wasn't there and obviously isn't here today.

What is your pleasure?

MR. MANDELL: Well, I would think that it would make sense to continue to engage the people that have been engaged in this kind of issue for the long haul that from my view of this process, has been the Compensation Committee. So if the Compensation Committee has shown an interest and a willingness to do that, rather than trying to bring some other third group together, figuring out who that might be and providing them with the necessary knowledge and background of the organization, the duties of the executive officer and such, depending on who it is you think it is might be part of that other than members of the Board, I would think that the Compensation Committee would be appropriate to continue that process.

CHAIR COURSON: Other discussion?

Ms. Peters?

MS. PETERS: I'd like to consider asking or moving -- well, I won't make the motion until we kind of all get of one mind here.

CHAIR COURSON: All right.

MS. PETERS: My suggestion would be that we have the Board vote to have the Chair appoint the three Compensation Committee members who were at the Compensation Committee, and add a fourth member, by confirming with that fourth member, be it Mr. Morris or another member of the Board as the three members who were at the Compensation Committee committed, that the fourth member would commit -- barring some exigent circumstances beyond one's normal control -- to be present at all the meetings, because it's so important to have continuity of conversation, as well as review of candidates and comparison.

I understand the process will involve at least two rounds of consideration. And I think it's very important that the committee commit, as the three members did, that they be present for the entire process, because it is very important.

It is almost unprecedented, if not completely unprecedented, for the Governor's office to ask for input of any sort on appointments. And, you know, the Chair and the Board is acknowledging that it is ultimately the Governor's decision, but we need to make sure that we take this role very seriously.

So that would be my proposal.

CHAIR COURSON: So -- I'm sorry, Mr. Carey, go ahead.

MR. CAREY: I was just saying that I think that's an excellent recommendation. I think it resolves the issues of attendance and puts some discretion in your hands as chair.

CHAIR COURSON: So if I understand, the suggestion would be that the Board would make a motion and recommend that the search committee be comprised of the three individuals who attended the Compensation -- or members of the Compensation Committee who committed to make themselves available at the time; and that a fourth position on the search committee would be appointed by the Chair, subject to that appointment being vetted, I guess, by me, whoever that person would be, as to their willingness to serve and the time commitment.

MS. PETERS: Yes, I'd so move.

CHAIR COURSON: Second?

MR. SHINE: I'll second it.

CHAIR COURSON: Okay, Mr. Shine?

MR. SHINE: I take it that the intention here is to offer that to the members -- to all members of the Compensation Committee, if they're prepared to make the commitment to the time; and if that doesn't work out, then to find someone to fill that slot.

CHAIR COURSON: I have to ask -- Ms. Peters made the motion -- if that's the intent?

MS. PETERS: I'd intend to open it to all members who would seek to be appointed. But it would need mostly to be the commitment of time as the deciding factor at the discretion of the Board Chair.

MR. SHINE: And, Mr. Chairman, making those appointments as appropriate and necessary -- or as appropriate, I should say, so that you have something for the fourth position in the event the other Compensation member doesn't want to do it?

CHAIR COURSON: Yes, my understanding -- my understanding of the motion is that the three Compensation Committee members -- Mr. Shine, Ms. Javits, and myself, who had this discussion, committed ourselves and so on -- would be on the search committee.

There would be a fourth person to be appointed by the Chair, a person unnamed but a person from the Board, appointed by the Chair, based on the Chair vetting that person, whomever they may be -- it could be the fourth member of the Compensation Committee, it could be another member of the Board as well -- but committing them to -- having committed themselves to the time. So the appointment could be any other member of the Board.

MS. PETERS: Yes, that was the intent of my motion.

CHAIR COURSON: Mr. Shine, okay?

MR. SHINE: Yes.

CHAIR COURSON: Mr. Pavao?

MR. PAVAO: And I'm sorry, do we have a motion then?

CHAIR COURSON: Yes.

MR. PAVAO: Okay.

CHAIR COURSON: Moved and seconded. Moved by Ms. Peters and seconded by Mr. Shine.

MR. PAVAO: Okay, then just by way of discussion, I guess I was putting together Elliott's comments and your comments, thinking it would be the Compensation Committee, but we're somewhat hesitant because we don't know if the fourth member is really willing to make the commitment.

So the sense is, let's ask that fourth member, if he says, "I can't make that kind of time commitment," then the Chair would appoint another, that would be my recommendation.

MR. MANDELL: That was along the lines of what I was thinking the value of having all of the members of the Compensation Committee, not just the three that participated in the last set of meetings. It would be my sense that there would be some value to having all members have the first shot at those four positions. We've obviously locked down three of the four, but that wasn't necessarily what I was hearing in the latter discussion.

CHAIR COURSON: Look, we're forming a search committee. This is a single-purpose, hopefully short-term, relatively short-term job that frankly, I guess, because we were on the Compensation Committee, we're saying that we'd be willing to do this, that's how it came about. But it could be - I mean, the search committee could be people that aren't on the Compensation Committee. Because this job is not related to the other work or tasks that have been done by the Compensation Committee. So I wouldn't feel constrained, necessarily, to do that. But if that's the Board's direction, I would. But that's -- that's not the motion that we have.

MS. PETERS: Yes, I would reiterate my preference to give the Chair discretion, especially given past attendance issues and in vetting the issue.

MR. SHINE: So where are we?

CHAIR COURSON: We have a motion and we have a second. You seconded it.

MS. PETERS: Let me restate it.

MS. PARKER: Restate the motion.

CHAIR COURSON: Okay, restate the motion.

MS. PETERS: Starting from scratch.

CHAIR COURSON: Let me take a crack at it.

That the Board will -- the motion is to approve of the formation of a search committee that would be comprised of Mr. Shine, Ms. Javits, and Mr. Courson, based upon their commitment to meet as necessary in the time-lines and the duties to get this task handled; and that a fourth person would be appointed by the Chair from other members of the Board. And in appointing that person, the Chair would get assurances from him or her that they would also commit to spend the time necessary to perform the task of the committee.

MS. PETERS: So moved.

CHAIR COURSON: And you're seconding again, I hope?

MR. SHINE: Aye.

CHAIR COURSON: Okay, is there other discussion?

(No response)

CHAIR COURSON: Seeing none, is there any comment from the public?

(No response)

CHAIR COURSON: Seeing none, then let's call the roll.

MS. OJIMA: Thank you.

Ms. Peters?

MS. PETERS: Yes.

MS. OJIMA: Mr. Carey?

MR. CAREY: Yes.

MS. OJIMA: Ms. Gay?

MS. GAY: Yes.

MS. OJIMA: Mr. Mandell?

MR. MANDELL: Yes.

MS. OJIMA: Mr. Pavao?

MR. PAVAO: Yes.

MS. OJIMA: Mr. Shine?

MR. SHINE: Yes.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Yes.

MS. OJIMA: That Compensation Committee recommendation has been approved.

CHAIR COURSON: And I will, over the next four or five days, engage, and we'll communicate back, because it is really important that we get a fourth person that's going to really dig in.

The next thing -- under Tab 5A -- we're really getting fancy with tabs now -- what you'll see under this tab is -- let me go back.

The other thing the Compensation Committee talked about is clearly the need -- and I've talked to the Governor's office, and I want to follow up on what Ms. Peters says. This really, to the credit of the Governor's office and Agency, this really is maybe somewhat groundbreaking and certainly is unique to have a board engage in this process of vetting and putting forth for the Governor's consideration candidates. And we certainly appreciate that.

So, obviously, we made the decision and verified by my conversations with the Governor's office the need for the Board to go out and retain the services of an executive search firm to go out and help us identify candidates.

Having said that, therefore, the Board -- or the Compensation Committee asked that counsel, Mr. Hughes and Victor James, who is here, if they would draft together a request for proposal that we could send out to executive search firms, asking them, if they're interested, to submit to us both their qualifications and experience and a proposal to do the search for us.

So what you have under -- there's several pieces of this. You have a draft, a suggested draft for the Board's review and hopeful approval of a request for proposal that would be sent out after this meeting. In addition to that, you have as part of that the responsibilities and qualifications statement, which is taken from what we have now. And some of this, I have to say not everything is always original, we did have the opportunity to look at RFPs from other housing finance agencies that have done searches or doing searches.

Connecticut at the present time is engaged in a search to replace their long-term executive director at the same time. So you see that.

And as part of that is also, for the benefit of the RFP, but I want to have the discussion now, you'll see on page 294e the time-line. And what we've tried to do here is if, assuming that we can agree upon a draft and approval of an RFP, that it's the intent that those would go out tomorrow -- I want to talk about who they go out to in a minute -- followed by a receipt back by the 31st. The selection of the search firm by the 11th.

The search firm would come to Sacramento for meetings the week of the 18th. And part of those meetings are not only with the search committee, but also meetings with the Governor's office and with Agency.

Clearly, I think it's important that they hear directly from the Appointments Unit, if that's where we go in the Governor's office, whoever the Governor's office decides we should talk to; and clearly, also with the BT&H management team, so that they're hearing the same thing and we get on the same page.

Having done that, we would then anticipate that the first round we'd get some résumés and we'd have a first-round discussion of candidates on the week of the 6th. A second round on the week of November the 3rd.

And then the plan is, the Board meeting in November is November the 13th in Burbank. And we would have another meeting of the search committee in Burbank. But the plan would be -- and we'll keep reporting to the Board all those times where we're at, the candidates, et cetera. But the plan would be to have a special board meeting here in Sacramento on November the 20th. And the purpose of that board meeting, it would be one agenda item, and that would be for the Board to interview the candidates that the search committee has brought forth. We'd bring them in, it would be an opportunity, obviously, to have them spend enough time to talk with folks at BT&H. If, in fact, the Governor's office chose to do it at that time or later, that's their decision, but they would be here and be available.

Because the way this will work -- and, obviously, we're plowing some new ground here -- as opposed to the Board, therefore, making a recommendation, what we have discussed both with the Governor's office -- what I've discussed with the Governor's office and the

Agency is that the ones that we bring in, we would put all those forward for consideration to the Governor's office. But as a board, and based on our interview, we'll go through a ranking and rating system. So we would go forth to the Governor's office and to the Agency and say, "Here are the X-number of people that we've interviewed, here's their information, here's their vetting by our search agency."

And based on that -- and we'll ask the search firm as part of the RFP -- you can see, is for them to help us figure out how to do this -- is here is our rating, if you would, of the X-number of candidates we're putting forth to you for your consideration. You can take our ratings to heart when you look at that, you can disagree with them based on your own due diligence, or you can pick somebody that's not one of the people that we're putting forth.

So that will be the process, as opposed to a single candidate, we've all agreed that it's -- the Governor in his appointments always like choices, and should have choices. And so we're going to give him choices. We'll rate them from our own standpoint, but ultimately put those forth.

So that's the process.

Having said that, therefore, I'd like to see if there are --

Ms. Parker?

MS. PARKER: Mr. Chairman.

CHAIR COURSON: That's not going to look good in the minutes when I stop right in mid-sentence.

MS. PARKER: Mr. Chairman, I know you were about ready to go to sort of another part of the topic; but I thought it might be timely, as part of the process that you just discussed, to point out some of the discussion that the Compensation Committee had at their meeting a couple of weeks ago around how the role of the staff would be in support for that process. I think that they're -- just to be on the record.

So I would just ask perhaps that you might want to articulate that and thus give us guidance.

CHAIR COURSON: Ms. Peters?

MS. PETERS: Just before we go on to the staffing issue, which is very important, I'd wanted to talk about the time-line for a second. I know that this is a very aggressive time-line for a normal professional search, but we have our own, unique circumstances of the deadlines.

And I was a little bit concerned about the final decision being put forth on Thanksgiving week, knowing that nobody is really going to look at it that week, and wondering if somewhere in this time-line we can crunch it and come up with an extra week in there somewhere, where we can get the decision the week before Thanksgiving.

CHAIR COURSON: Yes, actually, after the session on the 20th -- assuming it is on the 20th -- that's up for grabs, we can talk about that -- the session on the 20th, we're going to be finished. It's just a matter then, it's sort of a math deal. I'm not sure how we're going to do this, but it's some sort of a math equation. So within 24 hours, we ought to be able to put forth A to D or A to E in terms of ranking. So it's a math issue which does pick up some extra time.

MS. PETERS: Not really, though, because the 20th is a Thursday before Thanksgiving.

CHAIR COURSON: Right.

MS. PETERS: And then so if we send it up the Friday, it doesn't gain us any time because I don't think anybody's really going to do a whole lot.

CHAIR COURSON: The other -- and I'm certain willing to -- I have no vested skin in the game in terms of timing -- that I think it's important, and I would urge the Board to have the interviews take place here in Sacramento, because it does let the candidates -- if the Governor's office chooses to go there, it does let the candidates, if BT&H chooses to go there. So it just seems like it needs to be here.

I can tell you, based on time and schedules and attention spans -- sometimes my own -- that we'll never get this process done as part of a regular board meeting. It's just not going to happen.

So with all of those criteria, I'm certainly willing to juggle this any way we want.

Maybe, Ms. Peters, the thing to do -- I'm thinking out loud now -- is maybe we'll know more when we pick the search firm, tell them what we're driven to. We know what dates we've got, we know it's going to take time in the Governor's office. It's not going to move as quickly as we might all hope -- maybe. And so maybe more instructive is to keep the -- I can change it, if you want to keep it -- but say to them, "Here's where we need to go," because they may have a totally different view of this.

And if, after the first round, we have a number -- pick any number you want -- of candidates -- three, four, two, five -- that we say, "Wow, these are really good people," then we may just go right for it, and we can say, "We've really got some top-drawer people, we're satisfied with those." Bring those to the Board, let the Board look at it. And if we get lucky -- because with these searches, obviously, you never know, but we could get lucky and we could find candidates quickly.

We could get unlucky and come down to November 20th and still not, as a board, have found somebody that we're willing to go forward with. And we will just have to cross that bridge when we come to it.

So, Heather, would that make sense to work with the search -- I think -- because they are going to come over to Agency and meet, we're going to meet together, just to let them know the time constraints that we're under and see what they think they can do.

MS. PETERS: Yes, I'd just like to make sure that that's part of the RFP process because I'd hate for them to bid on a contract thinking they have until the 24th, and then go, "Oh, wait a minute, we really want you to give it to us on the 17^{th}."

CHAIR COURSON: Terri is -- I thought you were sending me an e-mail. She's sending me a calendar.

MS. PETERS: I've got mine up here, too.

CHAIR COURSON: Monday, the 17^{th}, gets you a week before Thanksgiving.

MS. PETERS: I think that would be great.

CHAIR COURSON: Is that better?

MS. PETERS: Monday, the 17^{th}, instead of --

MS. PARKER: The 20^{th}.

MS. PETERS: -- the 20th.

CHAIR COURSON: I have a golf game that day. Monday, the 17th, would be fine for me.

MR. SHINE: Where are you putting that?

CHAIR COURSON: Pardon?

MS. PARKER: It will be in Sacramento.

MR. PAVAO: Do we have a board meeting on the 13th?

CHAIR COURSON: The Board meeting is the 13th in Burbank.

MR. PAVAO: In Burbank?

CHAIR COURSON: So you'll have a meeting on Thursday and you'll have a meeting on Monday.

MR. PAVAO: I'm just wondering if one alternative might be just to go back-to-back. In other words, move that meeting to Sacramento and then just go back-to-back.

MR. CAREY: Meet on the 13th and 14th, would that be possible?

CHAIR COURSON: It's certainly possible if the Board is willing to do that.

The question is, can we move the 13th -- we've got to get space in Sacramento. We've got to cancel the contract in Burbank and move the 13th --

MS. OJIMA: And you guys are going to eat that contract.

CHAIR COURSON: Well, we'll do what we have to do to service --

MS. PARKER: Whatever is the pleasure of the Board.

MR. SHINE: When the search committee meets, does it matter if it's just the search committee? On the meeting --

CHAIR COURSON: Well, the search committee -- the other part of this is until we get down to interviewing candidates, the search committee meeting, they'll be open meetings. It will probably be an open meeting, I mean, the search committee -- until we get down to interviewing candidates, which we'll do in executive session, which we've done before.

I'm happy, if you want, to do a 13th and 14th, and ask the staff to try to schedule a back-to-back meeting here in Sacramento on the 13th and 14th.

MR. PAVAO: Alternatively, it's really important to have it in Sacramento and not Burbank?

CHAIR COURSON: Yes.

I'll tell you why, Bill. Because I know once we fly the people -- let's assume that we're going to be bringing people in from some place other than right here; and I know that while they're here, I know the Governor's

Appointments office and the Governor's office are going to want to talk to them, and I know Agency is going to want to talk to them. So it just serves the purpose to bring them here as opposed to having to, frankly, pay the expenses and have them come here twice.

MS. PARKER: And I can articulate, too, from the standpoint, you know, of all of the people that we interviewed for Multifamily director and director of Homeownership, by having them come here, they used it as a time that they scoped out what the area looked like. And, you know, it is a difference for people, particularly either out of the Sacramento area or out of state to make a decision about coming to Sacramento. Not the Bay Area, not LA.

So that's worked well from that standpoint, that it's an opportunity for them to focus on this as where it would be.

CHAIR COURSON: And, frankly -- by the time we get finished with this, we're going to be doing this tomorrow -- frankly, as opposed to the 13th and 14th, if the Board likes to stay away from a Friday, we could do a Wednesday and Thursday, which gives a little more time. And I'm just thinking, that gives you a couple of days to do the math, to figure -- I might do the interviews on Thursday and have our -- Wednesday, and do our Bmeeting on Thursday, and where we could do cleanup stuff we wanted to do and it gives us time to get the math done by Friday, to get it in the hands of the Governor's office.

MS. PETERS: I think having the interviews close to a weekend might help the candidates maybe bring family or whatever. But whether it's Thursday or -- I think doing it on Wednesday and Thursday is great.

CHAIR COURSON: Ms. Gay?

MS. GAY: Thank you.

I was just going to say that part of what may help is you've got the search committee meeting on the 13^{th}. You could technically bump that up a bit, too, if you wanted.

CHAIR COURSON: Right.

And you know why I put that there? Was because there's a board meeting that day. So I just put it as a place holder, if there's anything. But I would hope when we get that close we're done, and we've identified the number of people to be interviewed. And it's really there as a place-holder.

Is that the pleasure of the Board then, that we'll go for Wednesday, the 12^{th}, and Thursday, the 13^{th}, cancel our contract -- we'll have to pay a fee to cancel, cancel our contract in Burbank, and book a facility here?

MR. SHINE: Have a board meeting here and then a search committee meeting here?

CHAIR COURSON: Well, we're going to have a two-day board meeting, of which one day will be spent interviewing candidates; and the second will be spent on the regular order of business for the Board.

MS. PETERS: And then you'll need to reschedule a search committee between November 3rd and November 12th, so that the search committee could come to their --

MS. GAY: Some conclusion.

MS. PETERS: -- consensus on who they want to interview.

CHAIR COURSON: Yes, my guess is that that week of November 3rd is when we'll do that, at that meeting. You're only a week away.

And I think we will have seen plenty of résumés by then.

And my hope was -- the only reason I put the search committee meeting down on the 13th, as I say, is because there's a board meeting and we're all going to be there.

But I would hope by the time the week of November 3rd, we have really got our people -- because, frankly, we're going to have to make travel arrangements, we're going to have to schedule with the Governor's office, we've got to schedule with Agency -- there's a lot of stuff going on.

So my target would be to finish that up on the 3^{rd}.

MR. SHINE: This meeting that we're going round and roundabout is not one of interviewing candidates, I take it? It's one of deciding about what we're going to do about those we've already --

CHAIR COURSON: No.

MR. SHINE: -- interviewed.

CHAIR COURSON: No.

MR. SHINE: What it says here is, you have two meetings to interview, and then you come up with this meeting we're talking about now, what is the agenda for that particular meeting?

CHAIR COURSON: Okay, hold on. Let's go back a moment.

The meetings on the week of the 6^{th}, and the week of the 3^{rd} don't necessarily --

MR. SHINE: It says "interviewing candidates."

CHAIR COURSON: Review.

MS. PETERS: Search committee review.

CHAIR COURSON: It does not envision flying them in and interviewing them. It's reviewing their résumés, what the vetting has been done by the search agency, questioning the search firm on who they are, and so on.

MR. SHINE: I thought it was the Compensation Committee that's meeting, not the --

CHAIR COURSON: It's the search committee.

MR. SHINE: Oh.

Let's negotiate once for Los Angeles, huh?

CHAIR COURSON: If you'll note, the Chair has been politically inclined not to put the location of those meetings into the time-line.

MR. CAREY: Fresno.

CHAIR COURSON: So that's the -- look, let's move forward here.

The point is that the week of the 6^{th} and the week of the 3^{rd}, the search committee is going to meet, they're going to look at résumés, we're going to meet with the search firm, we're going to get their vetting, we'll have the references and so on. And by the time we get to the end of the meeting on the week of November 3^{rd}, our goal is to have identified a number of candidates to bring before the Board, to have them interviewed on either the 12^{th} or 13^{th}. We'll figure out which day, the 12^{th} or 13^{th}, as one day of a two-day board meeting.

MR. SHINE: Is that okay? You just said the 12^{th} and 13^{th}. Now it's now the 13^{th} and 14^{th}?

CHAIR COURSON: That's correct.

MR. SHINE: Which?

CHAIR COURSON: The 12^{th} and 13^{th}.

All right, I don't think, Counsel, that takes action. It just what we're going to do.

MR. HUGHES: We will change the Board calendar accordingly, and we'll change the RFP to conform to this.

CHAIR COURSON: Okay. Now, having said that, let me go back to what Terri said, because I do remember it, and that is staff, based on discussions that we've had at the compensation meeting and so on, Terri is going to recuse herself from this process, and certainly be there for advice and counsel if we wanted but not as far as participating in it.

We have, however, and we've met with staff and the counsel, Tom, Victor James, who is here with us; Kris O'Daly, who is an administrative support person in Steve Spears' office will support this, in terms of staff support to help us through this process.

So we have assembled the internal support that will provide the staffing for the search committee.

Having said that, the next action is approval of the RFP.

Did everybody -- is everybody satisfied with that? I think a motion would be in order with the changes that we've made now to approve the issuance of the request for proposal as presented in the book with the notation of the changes for the board meeting on the 12th and 13th.

MR. PAVAO: So moved.

CHAIR COURSON: Is there a second?

MR. MANDELL: Second.

MS. PETERS: Second.

CHAIR COURSON: Mr. Mandell seconds.

Any discussion from the public?

(No response)

CHAIR COURSON: Call the roll.

MS. OJIMA: Thank you.

Ms. Peters?

MS. PETERS: Yes.

MS. OJIMA: Mr. Carey?

MR. CAREY: Yes.

MS. OJIMA: Ms. Gay?

MS. GAY: Yes.

MS. OJIMA: Mr. Mandell?

MR. MANDELL: Yes.

MS. OJIMA: Mr. Pavao?

MR. PAVAO: Yes.

MS. OJIMA: Mr. Shine?

MR. SHINE: Yes.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Yes.

MS. OJIMA: The draft approval RFP has been approved.

CHAIR COURSON: Okay, the last item -- and this doesn't necessarily -- this won't take action -- but I put in front of you a list of executive search firms who will receive the RFP.

Let me describe how I got these, and then I'm asking the Board -- and this doesn't have to happen today, but obviously -- you don't have one, Bill?

MR. PAVAO: Is it in the binder?

CHAIR COURSON: No, it's loose. I did it last night on my deck, under the light of the moon.

Any typos, don't blame anybody other than the Chair.

MR. PAVAO: Okay.

CHAIR COURSON: Although I was rather impressed with myself when I put these e-mail addresses and they came up blue and I didn't do anything, so I must have a great a computer.

These names, I'll tell you how we came up with them. But what I'm asking is if the Board knows of other search firms who they think would be appropriate, please come forth with them to myself or Tom Hughes, because we can still send the RFP out over the next couple or three days. And, obviously, the more that we send, the better.

These names came to me -- I will tell you Heidrick & Struggles is a firm that I know has worked both in financial markets, investment banking, and real-estate financing. And this -- Stephanie Pearson, who is a partner in their San Francisco office, has done searches in that financial markets and mortgage area. So that's how I came about them.

David Bellshaw -- Isaacson, Miller is a firm that's headquartered in Boston, but they have an office in San Francisco. Bellshaw was brought forth by Carla Javits, who knew of him. I've talked to all these people on the phone. I talked to him on the phone, and he indicated -- and we'll see it in the RFP -- that he had done searches similar to this for government-related entities and agencies, and also has done searches in the financial services area.

Karin Berger Stellar was another suggestion by Ms. Javits. She has used them on searches. They are more -- typically, their searches that Carla is familiar with -- and I've talked to Karin -- are in the real-estate affordable housing, real-estate low-income housing, special-needs housing, et cetera -- they've done that kind of work for nonprofit. So that's an interesting, different set of skills, but someone that would like to be considered.

And the last name is Management Advisors International. They asked to be put on the list. I received a request from them. They are the recruiting firm that brought us Bob Deaner and Gary Braunstein.

So if you're unhappy with their choices there, I would suggest that we do not take them off the list. If they're still okay, we'll send them the RFP.

And I would like, as I say, to add any other names we want.

The other thing I did, I talked to the National Conference of State Housing Agencies, NCSHA, and their executive, Barbara Thompson, did put out a note to all the state HFAs, asking them if they had engaged search firms and could they share those names with us.

The only response I got was in connection with Connecticut, who I said is looking for an executive director. I'm somewhat reluctant to use that firm because they're already searching for someone, and they picked a fairly small regional search firm. So I did not add them to the list.

But, please, I encourage you, if you go back and talk to your associates, we'd like to add more names if we can. But my intent is based on the request and the suggestions from the Board, that these four letters will go out with the amended RFP, hopefully tomorrow. And we can still send some more in the next few days if you have names.

The last piece of this is that the Compensation Committee talked about -- we're going to get these RFPs back and we're going to need to make a decision on what search firm, executive recruiting firm we're going to use. And we have two choices. The Board can authorize the search committee to make that decision, or having received these, the search committee can make a recommendation, and we'll have a special board meeting and let the Board make that decision. It's really up to you -- I think I put that forward fairly straightforward as to how you want to do it.

But if we're going to cede that authority to the search committee, I'd like to get that on the record as a motion so that they have the succinct authority to do so.

MS. PETERS: So moved.

MR. PAVAO: Second.

CHAIR COURSON: Okay, any discussion?

(No response)

CHAIR COURSON: Any discussion from the public?

(No response)

CHAIR COURSON: Call the roll.
Thought you were done?
MS. OJIMA: I thought I was done. Excuse me.
CHAIR COURSON: Do you want me to do it for you?
MS. OJIMA: Yes, please.
CHAIR COURSON: Mr. Carey?
MR. CAREY: Yes.
MS. OJIMA: Okay, who made the motion?
MS. PETERS: I did.
CHAIR COURSON: Ms. Peters.
MS. OJIMA: Peters? Thank you.
Second?
MR. PAVAO: Pavao.
CHAIR COURSON: Pavao.
MS. OJIMA: Thank you, Mr. Pavao.
Okay, Ms. Peters?
MS. PETERS: Yes.
MS. OJIMA: Mr. Carey?
MR. CAREY: Yes.
MS. OJIMA: Ms. Gay?
MS. GAY: Yes.
MS. OJIMA: Mr. Mandell?
MR. MANDELL: Yes.
MS. OJIMA: Mr. Pavao?

MR. PAVAO: Yes.

MS. OJIMA: Mr. Shine?

MR. SHINE: Yes.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Yes.

MS. OJIMA: It has been approved.

CHAIR COURSON: Unless there's questions, I think that --

Mr. Carey?

MR. CAREY: Just one thing. Given the fact that several members aren't here today, to the extent we can get this information about the schedule and the option to recommend search firms and such, if we can get it out to the remaining Board members as quickly and as succinctly as possible, I think that would be helpful.

MS. PETERS: And the option to put their name in to the search committee.

MR. CAREY: Yes.

CHAIR COURSON: Yes, that's a very good idea. Maybe -- I'll talk with counsel and with Terri afterwards, and we'll get a specific communication.

Tom, I assume we can put a specific communication out to the Board members that aren't here that brings them up to date, gives them the new schedule, assuming that --

MR. CAREY: I said "succinct."

MR. HUGHES: We can do that under the Open Meeting laws with the usual caveat that it's essentially a one-way communication.

CHAIR COURSON: Yes.

MR. HUGHES: The majority of the Board members can't get together and form a consensus on an issue outside of an open meeting.

CHAIR COURSON: No, I think the point is, we want to tell them that we've got a schedule here, we're going to do a two-day, prep them so they know that. Show them -- they'll have the book, but we need to tell them the changes we've made. I think we need to tell them the way the search committee is going to be formed.

And I guess that's probably it. But I think those are two important actions.

And the fact that the search committee is -- maybe review the actions of the search committee -- we approve RFP, and the search committee has the authority to pick the search firm. I think just review for them the actions we've taken.

MS. PETERS: Or we could just ask the court reporter to expedite this portion of the transcript and send it to them so they see everything.

MR. HUGHES: We can certainly do that. We can get an expedited transcript. We have done that in the past.

CHAIR COURSON: Maybe that's even easier.

MS. PETERS: No question.

CHAIR COURSON: This last five minutes or so or six minutes.

MR. MANDELL: You can't synopsize or send an e-mail to folks? It seems like it's about a paragraph of information.

CHAIR COURSON: We can.

MS. PARKER: I think we can commit that we can --

CHAIR COURSON: How about -- I've got an idea: How about we do them both? We can get the pages, that will be easy, and we can do sort of an executive summary as to the actions that have been taken. Because they're on the record and there are motions, and put in an executive summary.

MR. HUGHES: One thing we have done in the past is to do exactly as Mr. Mandell said, is we've gotten the transcript of only the relevant portion of the meeting, which makes it much more manageable. So we can do that.

CHAIR COURSON: Why don't we do that?

I think if we can get those pages, and then we'll do -- Mr. Mandell, I think it's a good suggestion, we'll do the bullet points. Here are the actions taken by the Board, which then we'll describe to each member what we're doing. And then if they have questions, I guess they can call. It's not a dialogue. If they have questions, they could call.

MR. MANDELL: And if they're interested in volunteering for the fourth position. I think that's probably the critical piece of that.

CHAIR COURSON: Yes, okay.

Unless there's something else then -- Mr. Carey, is that okay with you?

MR. CAREY: Yes.

CHAIR COURSON: Unless there's something else then, that's, I think, the full and complete discussion about where we're heading. And clearly we're going to be spending some time on this

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Item 9. Reports

Item 10. Discussion of other Board Members

Item 11. Public Testimony

CHAIR COURSON: Having said that, you have in your book a number of reports. I don't know if you've had an opportunity to review them, if you have questions on them.

Normally, if you do -- I mean, Bruce has really covered the financing piece pretty thoroughly, and you have a legislative report, and I think we've looked at the -- so unless somebody has a specific report they want to discuss, I'm going to move to -- asking if there are any other matters that the Board wants to bring forth for consideration and also ask if there is anybody from the public that has a matter they want to bring before the Board?

(No response)

CHAIR COURSON: Seeing nothing, at one o'clock our work is done. We've had a very productive meeting, a very good meeting today. I appreciate your attention, and we stand adjourned.

(Proceedings concluded at 1:00 p.m.)

--oOo--

REPORTER'S CERTIFICATE

I hereby certify:

That the foregoing proceedings were duly reported by me at the time and place herein specified;

That the proceedings were reported by me, a duly certified shorthand reporter and a disinterested person, and was thereafter transcribed into typewriting, through computer-aided transcription.

IN WITNESS WHEREOF, I have hereunto set my hand on the 21st day of July 2008.

DANIEL P. FELDHAUS
California CSR #6949
Registered Diplomate Reporter
Certified Realtime Reporter

RESOLUTION 08-23

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Coachella Leased Housing Associates I, Limited Partnership, a Minnesota limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Coachella, Riverside County, California, to be known as Desert Palms Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, the United States and global capital markets have encountered unpredictable and unprecedented disruptions in recent days, and that those disruptions have resulted in conditions in which the Agency may not be able to effectively access those markets; and

WHEREAS, Agency staff can not recommend entering into binding loan commitments unless and until the staff determines that (i) it can effectively access capital markets in a manner that is prudent, and that (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 18, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment if and when the Agency staff determines in its judgment that reasonable and prudent financing mechanisms can be achieved;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-010-A/S	Desert Palms Apartments Coachella, Riverside County, California	\$8,925,000.00 Acq/Rehab 1st Mortgage \$1,975,000.00 Permanent 1st Mortgage \$4,250,000.00 Permanent 2nd Mortgage

The Board requires as an additional condition of the commitment, that Agency staff provide to the Board clarification on the relocation funding for this Development. The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Project. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-23 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: [signature]
Secretary

RESOLUTION 08-23

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Coachella Leased Housing Associates I, Limited Partnership, a Minnesota limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Coachella, Riverside County, California, to be known as Desert Palms Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 18, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-010-A/S	Desert Palms Apartments Coachella, Riverside County, California	\$8,925,000.00 Acq/Rehab 1st Mortgage \$1,975,000.00 Permanent 1st Mortgage \$4,250,000.00 Permanent 2nd Mortgage

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-23 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:______________________
Secretary

RESOLUTION 08-24

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Beaumont CA Leased Housing Associates, I, Limited Partnership, a Minnesota limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Beaumont, Riverside County, California, to be known as Mountain View Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, the United States and global capital markets have encountered unpredictable and unprecedented disruptions in recent days, and that those disruptions have resulted in conditions in which the Agency may not be able to effectively access those markets; and

WHEREAS, Agency staff can not recommend entering into binding loan commitments unless and until the staff determines that (i) it can effectively access capital markets in a manner that is prudent, and that (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 18, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment if and when the Agency staff determines in its judgment that reasonable and prudent financing mechanisms can be achieved;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-011-A/S	Mountain View Apartments Beaumont, Riverside County, California	\$6,685,000.00 Acq/Rehab 1st Mortgage \$1,560,000.00 Permanent 1st Mortgage \$3,380,000.00 Permanent 2nd Mortgage

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Project. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-24 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:____________________
Secretary

RESOLUTION 08-24

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Beaumont CA Leased Housing Associates I, Limited Partnership, a Minnesota limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Beaumont, Riverside County, California, to be known as Mountain View Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 18, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-011-A/S	Mountain View Apartments Beaumont, Riverside County, California	\$6,685,000.00 Acq/Rehab 1st Mortgage \$1,560,000.00 Permanent 1st Mortgage \$3,380,000.00 Permanent 2nd Mortgage

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2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-24 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:______________________
Secretary

RESOLUTION 08-26

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Banning Leased Housing Associates, I, Limited Partnership, a Minnesota limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Banning, Riverside County, California, to be known as Westview Terrace Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, the United States and global capital markets have encountered unpredictable and unprecedented disruptions in recent days, and that those disruptions have resulted in conditions in which the Agency may not be able to effectively access those markets; and

WHEREAS, Agency staff can not recommend entering into binding loan commitments unless and until the staff determines that (i) it can effectively access capital markets in a manner that is prudent, and that (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 18, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment if and when the Agency staff determines in its judgment that reasonable and prudent financing mechanisms can be achieved;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

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PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-012-A/S	Westview Terrace Apartments Banning, Riverside County, California	$7,220,000.00 Acq/Rehab 1st Mortgage $2,075,000.00 Permanent 1st Mortgage $3,225,000.00 Permanent 2nd Mortgage

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Project. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-26 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: [signature]
Secretary

RESOLUTION 08-26

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Banning Leased Housing Associates I, Limited Partnership, a Minnesota limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Banning, Riverside County, California, to be known as Westview Terrace Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on March 18, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-012-A/S	Westview Terrace Apartments Banning, Riverside County, California	\$7,220,000.00 Acq/Rehab 1st Mortgage \$2,075,000.00 Permanent 1st Mortgage \$3,225,000.00 Permanent 2nd Mortgage

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2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-26 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:______________________
Secretary

RESOLUTION 08-27

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Golden Age Garden Housing Partners, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City and County of San Diego, California, to be known as Golden Age Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, the United States and global capital markets have encountered unpredictable and unprecedented disruptions in recent days, and that those disruptions have resulted in conditions in which the Agency may not be able to effectively access those markets; and

WHEREAS, Agency staff can not recommend entering into binding loan commitments unless and until the staff determines that (i) it can effectively access capital markets in a manner that is prudent, and that (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on May 12, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment if and when the Agency staff determines in its judgment that reasonable and prudent financing mechanisms can be achieved;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
08-012-A/S	Golden Age Apartments City & County of San Diego, California	\$7,200,000.00 Acq/Rehab 1st Mortgage \$5,300,000.00 Permanent 1st Mortgage

The Board requires as an additional condition of the commitment, receipt of a letter of intent for the extension of the Section 8 subsidy prior to loan closing. The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Project. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-27 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:____________________
Secretary

RESOLUTION 08-27

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Golden Age Garden Housing Partners, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in the City and County of San Diego, California, to be known as Golden Age Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on May 12, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
08-012-A/S	Golden Age Apartments City & County of San Diego, California	\$7,200,000.00 Acq/Rehab 1st Mortgage \$5,300,000.00 Permanent 1st Mortgage

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2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-27 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:________________________
Secretary

RESOLUTION 08-28

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Eden Lodge, a California nonprofit corporation (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in San Leandro, Alameda County, California, to be known as Eden Lodge Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, the United States and global capital markets have encountered unpredictable and unprecedented disruptions in recent days, and that those disruptions have resulted in conditions in which the Agency may not be able to effectively access those markets; and

WHEREAS, Agency staff can not recommend entering into binding loan commitments unless and until the staff determines that (i) it can effectively access capital markets in a manner that is prudent, and that (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on August 26, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment if and when the Agency staff determines in its judgment that reasonable and prudent financing mechanisms can be achieved;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-021-N	Eden Lodge Apartments San Leandro, Alameda County, California	\$8,000,000.00 Permanent 1st Mortgage

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Project. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-28 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:____________________
Secretary

RESOLUTION 08-28

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Eden Lodge, a California nonprofit corporation (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in San Leandro, Alameda County, California, to be known as Eden Lodge Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on August 26, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-021-N	Eden Lodge Apartments	$8,000,000.00 Permanent 1st Mortgage

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-28 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: ______________________
Secretary

RESOLUTION 08-29

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Mercy Housing California XLIII, A California Limited Partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Santa Clarita, Los Angeles County, California, to be known as Santa Clara Terrace Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on July 14, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
08-014-A/S	Santa Clara Terrace Apartments Santa Clarita, Los Angeles County, California	\$8,300,000.00 Rehabilitation Loan \$4,220,000.00 Permanent 1st Mortgage \$ 700,000.00 Permanent HAT Mortgage

The Board requires that Agency staff provide a status report regarding the Development at the November and January Board Meetings.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-29 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: ______________
Secretary

RESOLUTION 08-29

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Mercy Housing California XLIII, A California Limited Partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Santa Clarita, Los Angeles County, California, to be known as Santa Clara Terrace Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on July 14, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
08-014-A/S	Santa Clara Terrace Apartments Santa Clarita, Los Angeles County, California	\$8,300,000.00 Rehabilitation Loan \$4,220,000.00 Permanent 1st Mortgage \$ 700,000.00 Permanent HAT Mortgage

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2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-29 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: ______________________
Secretary

RESOLUTION 08-30

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Montecito Village Affordable, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Ramona, San Diego County, California, to be known as Montecito Village Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, the United States and global capital markets have encountered unpredictable and unprecedented disruptions in recent days, and that those disruptions have resulted in conditions in which the Agency may not be able to effectively access those markets; and

WHEREAS, Agency staff can not recommend entering into binding loan commitments unless and until the staff determines that (i) it can effectively access capital markets in a manner that is prudent, and that (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on July 14, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment if and when the Agency staff determines in its judgment that reasonable and prudent financing mechanisms can be achieved;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-026-A/S	Montecito Village Apartments Ramona, San Diego County, California	\$5,325,000.00 Acq/Rehab 1st Mortgage \$5,325,000.00 Permanent 1st Mortgage \$1,625,000.00 Permanent 2nd Mortgage

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Project. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-30 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: [signature]
Secretary

RESOLUTION 08-30

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Montecito Village Affordable, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Ramona, San Diego County, California, to be known as Montecito Village Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on July 14, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-026-A/S	Montecito Village Apartments Ramona, San Diego County, California	\$5,325,000.00 Acq/Rehab 1st Mortgage \$5,325,000.00 Permanent 1st Mortgage \$1,625,000.00 Permanent 2nd Mortgage

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2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-30 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:______________________
Secretary

RESOLUTION 08-31

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Rochdale Grange, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Woodland, Yolo County, California, to be known as Rochdale Grange Community (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, the United States and global capital markets have encountered unpredictable and unprecedented disruptions in recent days, and that those disruptions have resulted in conditions in which the Agency may not be able to effectively access those markets; and

WHEREAS, Agency staff can not recommend entering into binding loan commitments unless and until the staff determines that (i) it can effectively access capital markets in a manner that is prudent, and that (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on July 7, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment if and when the Agency staff determines in its judgment that reasonable and prudent financing mechanisms can be achieved;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
08-019-C/N	Rochdale Grange Community Woodland, Yolo County, California	\$8,850,000.00 Construction Loan \$ 880,000.00 Permanent 1st Mortgage

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Project. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-31 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: ______________________
Secretary

RESOLUTION 08-31

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Rochdale Grange, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Woodland, Yolo County, California, to be known as Rochdale Grange Community (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on July 7, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
08-019-C/N	Rochdale Grange Community Woodland, Yolo County,	\$8,850,000.00 Construction Loan \$ 700,000.00 Permanent 1^{st} Mortgage \$ 180,000.00 Permanent FAF 2^{nd} Mortgage

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-31 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:______________________
Secretary

RESOLUTION 08-33

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of 401 Fairmount, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Oakland, Alameda County, California, to be known as Fairmount Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, the United States and global capital markets have encountered unpredictable and unprecedented disruptions in recent days, and that those disruptions have resulted in conditions in which the Agency may not be able to effectively access those markets; and

WHEREAS, Agency staff can not recommend entering into binding loan commitments unless and until the staff determines that (i) it can effectively access capital markets in a manner that is prudent, and that (ii) any financial mechanisms needed to insure prudent and reasonable financing of loans can be achieved; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on July 14, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, the Board wishes to grant the staff the authority to enter into a loan commitment if and when the Agency staff determines in its judgment that reasonable and prudent financing mechanisms can be achieved;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-017-A/N	Fairmount Apartments Oakland, Alameda County, California	\$6,300,000.00 Construction Loan \$ 520,000.00 Permanent 1st Mortgage \$ 250,000.00 Permanent HAT Mortgage \$ 175,000.00 HAT Loan

The Board recognizes that in the event that staff cannot determine that reasonable and prudent financing mechanisms can be achieved, the staff will not enter into loan commitments to finance the Project. In addition, access to capital markets may require significant changes to the terms of loans submitted to the Board. Notwithstanding paragraph 2 below, the staff is authorized to make any needed modifications to the loan which in staff's judgment are directly or indirectly the result of the disruptions to the capital markets referred to above.

2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-33 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:____________________
Secretary

RESOLUTION 08-33

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of 401 Fairmount, L.P., a California limited partnership (the "Borrower"), seeking a loan commitment, the proceeds of which are to be used to provide financing for a multifamily housing development located in Oakland, Alameda County, California, to be known as Fairmount Apartments (the "Development"); and

WHEREAS, the loan application has been reviewed by Agency staff which prepared a report presented to the Board on the meeting date recited below (the "Staff Report"), recommending Board approval subject to certain recommended terms and conditions; and

WHEREAS, Section 1.150-2 of the Treasury Regulations requires the Agency, as the issuer of tax-exempt bonds, to declare its reasonable official intent to reimburse prior expenditures for the Development with proceeds of a subsequent borrowing; and

WHEREAS, on July 14, 2008, the Executive Director exercised the authority delegated to her under Resolution 94-10 to declare the official intent of the Agency to reimburse such prior expenditures for the Development; and

WHEREAS, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a final loan commitment be made for the Development;

1. The Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency is hereby authorized to execute and deliver a final commitment letter, in a form acceptable to the Agency, and subject to recommended terms and conditions set forth in the Staff Report and any terms and conditions as the Board has designated in the Minutes of the Board Meeting, in relation to the Development described above and as follows:

PROJECT NUMBER	DEVELOPMENT NAME/ LOCALITY	MORTGAGE AMOUNT
07-017-A/N	Fairmount Apartments Oakland, Alameda County, California	\$6,300,000.00 Construction Loan \$ 520,000.00 Permanent 1st Mortgage \$ 250,000.00 Permanent HAT Mortgage \$ 175,000.00 HAT Loan

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2. The Executive Director may modify the terms and conditions of the loans or loans as described in the Staff Report, provided that major modifications, as defined below, must be submitted to this Board for approval. "Major modifications" as used herein means modifications which either (i) increase the total aggregate amount of any loans made pursuant to the Resolution by more than 7%; or (ii) modifications which in the judgment of the Executive Director, or in his/her absence, either the Chief Deputy Director or the Director of Multifamily Programs of the Agency, adversely change the financial or public purpose aspects of the final commitment in a substantial way.

I hereby certify that this is a true and correct copy of Resolution 08-33 adopted at a duly constituted meeting of the Board of the Agency held on September 18, 2008, at Burbank, California.

ATTEST:____________________
Secretary

RESOLUTION 08-34

APPROVAL TO NEGOTIATE AND ENTER INTO A CONTRACT
FOR HOMEOWNERSHIP LOAN ORIGINATION SYSTEM PRODUCTS AND SERVICES

WHEREAS, the California Housing Finance Agency ("Agency") currently operates a computer based loan processing and loan acquisition system to implement its homeownership loan program; and

WHEREAS, the Agency's existing loan processing system is obsolete, at capacity and must be replaced in order for the Agency to effectively operate the loan programs supported by that system; and

WHEREAS, the replacement of the Homeownership loan processing system requires new industry –compatible software, and expertise in designing and customizing such software to best serve the Agency's needs; and

WHEREAS, the Agency's staff alone is unable to design and implement appropriate software necessary to replace the Agency's existing proprietary loan processing system while continuing to meet the demands of the Agency's day-to-day operations; and

WHEREAS, MortgageFlex Systems, Inc. ("MortgageFlex") has an existing industry-compatible loan processing system software product, and extensive experience in analyzing client systems and processes, adapting and customizing its software product to meet client needs, and staff believes that MortgageFlex is qualified to customize, install and adapt its software product to meet the Agency's needs; and

WHEREAS, the Agency wishes to enter into a contract whereby MortgageFlex license its software product to the Agency, install it on the Agency's computer system, adapt it to the Agency's needs, train Agency staff in its use, assist Agency in its implementation, and provide related warranty and maintenance services to the Agency; and

WHEREAS, the Agency expects that the costs of the development services and licenses is approximately $5.7 million over three fiscal years, and that such costs are anticipated to exceed $1 million in two of those fiscal years: and

WHEREAS, Title 25 California Code of Regulations section 13302 requires Board approval of such vendor contracts in which costs are reasonably expected to exceed $1 million in any fiscal year;

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Page 2

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Agency as follows:

1. The Executive Director is authorized to negotiate and execute a contract with MortgageFlex Systems, Inc. for the licensing, installation and adaptation of its existing loan processing software product, and provide additional related services, on terms and conditions that the Executive Director deems reasonable and appropriate.

I hereby certify that this is a true and correct copy of Resolution 08-34 adopted at a duly constituted meeting of the Board of Directors of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: ______________________
Secretary

RESOLUTION 08-34

APPROVAL TO NEGOTIATE AND ENTER INTO A CONTRACT
FOR HOMEOWNERSHIP LOAN ORIGINATION SYSTEM PRODUCTS AND SERVICES

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WHEREAS, the Agency's existing loan processing system is obsolete, at capacity and must be replaced in order for the Agency to effectively operate the loan programs supported by that system; and

WHEREAS, the replacement of the Homeownership loan processing system requires new industry –compatible software, and expertise in designing and customizing such software to best serve the Agency's needs; and

WHEREAS, the Agency's staff alone is unable to design and implement appropriate software necessary to replace the Agency's existing proprietary loan processing system while continuing to meet the demands of the Agency's day-to-day operations; and

WHEREAS, MortgageFlex Systems, Inc. ("MortgageFlex") has an existing industry-compatible loan processing system software product, and extensive experience in analyzing client systems and processes, adapting and customizing its software product to meet client needs, and staff believes that MortgageFlex is qualified to customize, install and adapt its software product to meet the Agency's needs; and

WHEREAS, the Agency wishes to enter into a contract whereby MortgageFlex license its software product to the Agency, install it on the Agency's computer system, adapt it to the Agency's needs, train Agency staff in its use, assist Agency in its implementation, and provide related warranty and maintenance services to the Agency; and

WHEREAS, the Agency expects that the costs of the development services and licenses is approximately $5.7 million over three fiscal years, and that such costs are anticipated to exceed $1 million in two of those fiscal years: and

WHEREAS, Title 25 California Code of Regulations section 13302 requires Board approval of such vendor contracts in which costs are reasonably expected to exceed $1 million in any fiscal year;

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Page 2

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Agency as follows:

1. The Executive Director is authorized to negotiate and execute a contract with MortgageFlex Systems, Inc. for the licensing, installation and adaptation of its existing loan processing software product, and provide additional related services, on terms and conditions that the Executive Director deems reasonable and appropriate.

I hereby certify that this is a true and correct copy of Resolution 08-34 adopted at a duly constituted meeting of the Board of Directors of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: ____________________
Secretary

RESOLUTION 08-35

RESOLUTION REGARDING HOMEOWNERSHIP
LOAN REFINANCING AUTHORITY

WHEREAS, the federal Housing and Economic Recovery Act of 2008 was signed into law on July 30, 2008 (the "Act"); and

WHEREAS,; the Act authorizes the issuance of tax-exempt private activity bonds for the purpose of refinancing certain defined subprime loans, on the terms and conditions and for the period specified in the Act; and

WHEREAS, the California Housing Finance Agency (the "Agency") has been working to develop a viable loan program using such authority, in order to refinance such loans; and

WHEREAS, Board Resolution 08-03, which authorizes the issuance of tax-exempt bonds for the purpose of operating a homeownership loan program, and which authorizes the Executive Director to enter into such agreements and program documents as may be necessary or appropriate to operate the homeownership loan program, does not expressly refer to a refinancing program; and

WHEREAS, the Board of Directors wishes to amend Resolution 08-03 to specifically authorize the Executive Director and other officers to enter into such agreements and program documents as may be necessary or appropriate to implement a refinancing program as authorized by the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. Section 11 of Resolution 08-03, is hereby amended to include the following:

"The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name of the Agency, all documents that they deem necessary or appropriate in connection with a program of refinancing of homeownership loans as authorized by the Housing and Economic Recovery Act of 2008".

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I hereby certify that this is a true and correct copy of Resolution 08-35 adopted at a duly constituted meeting of the Board of Directors of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: ____________________
Secretary

RESOLUTION 08-35

RESOLUTION REGARDING HOMEOWNERSHIP
LOAN REFINANCING AUTHORITY

WHEREAS, the federal Housing and Economic Recovery Act of 2008 was signed into law on July 30, 2008 (the "Act"); and

WHEREAS,; the Act authorizes the issuance of tax-exempt private activity bonds for the purpose of refinancing certain defined subprime loans, on the terms and conditions and for the period specified in the Act; and

WHEREAS, the California Housing Finance Agency (the "Agency") has been working to develop a viable loan program using such authority, in order to refinance such loans; and

WHEREAS, Board Resolution 08-03, which authorizes the issuance of tax-exempt bonds for the purpose of operating a homeownership loan program, and which authorizes the Executive Director to enter into such agreements and program documents as may be necessary or appropriate to operate the homeownership loan program, does not expressly refer to a refinancing program; and

WHEREAS, the Board of Directors wishes to amend Resolution 08-03 to specifically authorize the Executive Director and other officers to enter into such agreements and program documents as may be necessary or appropriate to implement a refinancing program as authorized by the Act;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. Section 11 of Resolution 08-03, is hereby amended to include the following:

"The Executive Director and the other officers of the Agency are hereby authorized to enter into, for and in the name of the Agency, all documents that they deem necessary or appropriate in connection with a program of refinancing of homeownership loans as authorized by the Housing and Economic Recovery Act of 2008".

I hereby certify that this is a true and correct copy of Resolution 08-35 adopted at a duly constituted meeting of the Board of Directors of the Agency held on September 18, 2008, at Burbank, California.

ATTEST: ____________________
Secretary