STATE OF CALIFORNIA
CALIFORNIA HOUSING FINANCE AGENCY

BOARD OF DIRECTORS
PUBLIC MEETING

The Clarion Hotel
700 Sixteenth Street
Sacramento, California

Wednesday, March 19, 2008
9:33 a.m. to 2:09 p.m.

Minutes approved by the Board of Directors at its meeting held: May 14, 2008

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
A P P E A R A N C E S

Board of Directors Present

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

PETER N. CAREY
President/CEO
Self-Help Enterprises

CAROL GALANTE
President
BRIDGE Housing Corporation

LYNN L. JACOBS
Director
Department of Housing and Community Development
State of California

CARLA I. JAVITS
President
REDF
(formerly Roberts Enterprise Development Fund)

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

HEATHER PETERS
for Pete R. Bonner, Secretary
Business, Transportation and Housing Agency
State of California

BETTINA REDWAY
for State Treasurer Bill Lockyer
State of California

---oOo---
CalHFA Board of Directors Meeting – March 19, 2008

APPEARANCES
Continued

Participating CalHFA Staff:

MARGARET ALVAREZ
Director
Asset Management

ROBERT L. DEANER II
Director
Multifamily Programs

BRUCE D. GILBERTSON
Director
Financing Division

EDWIN C. GIPSON II
Housing Finance Chief – Culver City
Multifamily Programs

THOMAS C. HUGHES
General Counsel

TIMOTHY HSU
Financing Risk Manager
Financing Division

ROGER KOLLIAS
Housing Finance Officer
Multifamily Program

CHARLES K. McMANUS
Director
Mortgage Insurance Services

JOJO OJIMA
Office of the General Counsel

DIANE RICHARDSON
Director
Legislation Division
APPEARANCES

Participating CalHFA Staff:
Continued

GERALD F. SMART
Chief
Homeownership Programs

L. STEVEN SPEARS
Chief Deputy Director

RUTH VAKILI
Multifamily Programs
Housing Finance Officer

--000--

OTHER SPEAKERS

STANLEY J. DIRKS
Orrick Herrington & Sutcliffe, LLP
Bond Counsel
Re Item 5

GEOFFREY MORGAN
First Community Housing
Re Item 4 Bay Avenue Senior Apartments

--500--
Table of Contents

<table>
<thead>
<tr>
<th>Item</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Roll Call</td>
<td>8</td>
</tr>
<tr>
<td>2. Approval of the minutes of the January 17, 2008, And February 6, 2008, Board of Directors Meetings</td>
<td>10</td>
</tr>
<tr>
<td>Motion</td>
<td>10</td>
</tr>
<tr>
<td>Vote</td>
<td>10</td>
</tr>
<tr>
<td>3. Chairman/Executive Director comments</td>
<td>11</td>
</tr>
<tr>
<td>4. Discussion, recommendation, and possible action regarding final loan commitment for the following projects:</td>
<td></td>
</tr>
<tr>
<td>07-028-C Tahoe Senior Plaza II South Lake Tahoe/El Dorado</td>
<td></td>
</tr>
<tr>
<td>Resolution 08-06</td>
<td>17</td>
</tr>
<tr>
<td>Motion</td>
<td>26</td>
</tr>
<tr>
<td>Vote</td>
<td>26</td>
</tr>
<tr>
<td>08-002-C/N Bay Avenue Senior Apartments Capitola/Santa Cruz</td>
<td></td>
</tr>
<tr>
<td>Resolution 08-07</td>
<td>27</td>
</tr>
<tr>
<td>Motion</td>
<td>39</td>
</tr>
<tr>
<td>Vote</td>
<td>39</td>
</tr>
<tr>
<td>5. Discussion, recommendation, and possible action regarding the adoption of a resolution amending existing Board Resolution 08-04, to permit the use of additional forms of bond indentures to finance multifamily housing projects</td>
<td></td>
</tr>
<tr>
<td>Resolution 08-08</td>
<td>40</td>
</tr>
<tr>
<td>Motion</td>
<td>44</td>
</tr>
<tr>
<td>Vote</td>
<td>44</td>
</tr>
</tbody>
</table>
## Table of Contents

<table>
<thead>
<tr>
<th>Item</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Update on Bay Area Housing Plan Financing</td>
<td>45</td>
</tr>
<tr>
<td>7. Report of the Chairman of the Audit Committee regarding status of Committee review of issues relating to the dissolution of the Compensation Committee; the development of compensation policies and procedures; changes to compensation process, and the contracting authority of the Executive Director; together with possible recommendations to the Board, and discussion and possible action by Board</td>
<td>54</td>
</tr>
<tr>
<td>Motion</td>
<td>82</td>
</tr>
<tr>
<td>Vote</td>
<td>84</td>
</tr>
<tr>
<td>Motion</td>
<td>91</td>
</tr>
<tr>
<td>Vote</td>
<td>92</td>
</tr>
<tr>
<td>Motion</td>
<td>100</td>
</tr>
<tr>
<td>Vote</td>
<td>101</td>
</tr>
<tr>
<td>8. Progress report on development of the CalHFA five-year business plan (2008-9 to 2012-13)</td>
<td>109</td>
</tr>
<tr>
<td>9. Public hearing pursuant to Health and Safety Code section 51657(a) regarding revisions to the Agency's schedule of mortgage insurance premium rates</td>
<td>207</td>
</tr>
<tr>
<td>10. Reports</td>
<td>--</td>
</tr>
<tr>
<td>11. Discussion of other Board matters</td>
<td>--</td>
</tr>
<tr>
<td>Item</td>
<td>Page</td>
</tr>
<tr>
<td>-------------------------</td>
<td>------</td>
</tr>
<tr>
<td>12. Public testimony</td>
<td>210</td>
</tr>
<tr>
<td>Adjournment</td>
<td>211</td>
</tr>
<tr>
<td>Reporter's Certificate</td>
<td>212</td>
</tr>
</tbody>
</table>

---o0o--
BE IT REMEMBERED that on Wednesday, March 19, 2008, commencing at the hour of 9:33 a.m., at The Clarion Hotel Sacramento, 700 Sixteenth Street, Sacramento, California, before me, DANIEL P. FELDHAUS, CSR #6949, RDR and CRR, the following proceedings were held:

--o0o--

Item 1. Roll Call

CHAIR COURSON: I'd like to call the meeting to order. And the first order of business is to call roll.

MS. OJIMA: Thank you.

Ms. Peters for Mr. Bonner?

MS. PETERS: Here.

MS. OJIMA: Thank you.

Mr. Carey?

MR. CAREY: Here.

MS. OJIMA: Ms. Galante?

(No response)

MS. OJIMA: Ms. Jacob?

MS. JACOBS: Here.

MS. OJIMA: Ms. Javits?

MS. JAVITS: Here.

MS. OJIMA: Ms. Redway for Mr. Lockyer?

MS. REDWAY: Here.

MS. OJIMA: Mr. Morris?

(No response)
MS. OJIMA: Mr. Shine?

(No response)

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: I'd like to welcome Heather Peters, who is going to join us, representing the Business, Transportation, and Housing. Heather is a deputy over there, and works closely among CalHFA, among a lot of other things I learned about last week when we met.

Heather, we look forward to you participating with us and representing the Agency.

MS. PETERS: Thank you.

CHAIR COURSON: And I want to welcome Bettina, who is here representing the Treasurer's office. I guess Mr. Pavao is out of town on travel.

And so we welcome you today.
Item 2. Approval of the minutes of the January 17, 2008, and February 6, 2008, Board of Directors meetings

CHAIR COURSON: The first order of business, you have two sets of minutes in your substantial binders. One is the regular Board meeting of January 17th, and then the second set of minutes are from our additional Board meeting and training retreat on February 6th.

Is there a motion to approve those two sets of minutes?

MS. JACOBS: So moved.

MR. CAREY: Second.

CHAIR COURSON: Ms. Jacobs, and Mr. Carey seconds it.

Are there any additions, corrections?

(No response)

CHAIR COURSON: If not, let's call the roll.

MS. OJIMA: Thank you.

Ms. Peters?

MS. PETERS: Aye.

MS. OJIMA: Mr. Carey?

MR. CAREY: Yes.

MS. OJIMA: Ms. Jacobs?

MS. JACOBS: Yes.

MS. OJIMA: Ms. Javits?
MS. JAVITS: Yes.

MS. OJIMA: Ms. Redway?

MS. REDWAY: Yes.

MS. OJIMA: Mr. Courson?

CHAIR COURSON: Yes.

MS. OJIMA: It has been approved.

CHAIR COURSON: Thank you.

--o0o--

Item. 3. Chairman/Executive Director Comments

CHAIR COURSON: Let me make a couple of comments as we start.

One is you can see we have a full agenda. We're going to, in deference to our court reporter, try to go for an hour and a half or so, when there becomes a natural break, and we'll try to take a little break.

We have some additional items, obviously, with what's going on in the credit markets. That clearly, as we've talked about in our past board meetings, has an impact on the Agency and our responsibility as a board. So in our part of the business plan item, you have an additional handout called "Re-calibrating CalHFA's Risk Profile" that we're going to do as part of our business plan discussion.

And we'll obviously spend time, as we talked about at the last Board meeting, and try to resolve
the remaining recommendations that are left in the Compensation Committee discussions we've had and outside counsel's report, and dispose of those today.

One of the things that I'd like to do, as mentioned also, that those of us who were at the workshop session that we had in February, I thought that the presentation that we got from Citigroup and from John Wagner was very, very valuable, as a Board. And I took a lot of ideas away from that and followed up on some, and thought that the presentations of both were timely, not only from a Board standpoint, but certainly what Citi had to say and what has transpired, it shows how fast things have moved, even in the 30, 40 days that we had them and the changes that we've seen over the last week or so.

I happened to be in Washington two of the last three weeks, and have spent a good bit of time at Treasury in dealing with people at Treasury. And I have a new admiration for what they face.

You go in for a meeting on one topic, and what they face while you're there and what they're going through, it's remarkable. But regardless of the Administration or not, I will say that I think the Treasury, from what I've seen of the competence of the staff there, has been very appropriate to respond in the way that they've been responding.
But I have a good thing to do. Our Executive Director -- and I think most of you know, it's been on our Web site -- was one of two recipients of the 2008 National Public Service Award. And this is the, really, premier award for excellence for those who deal in public service. And there were only two recipients this year.

And Terri Parker, our Executive Director, was one.

It's given by the American Society for Public Administration. And the awards were held March 10th. Terri was invited and traveled to Big D -- Dallas, Texas -- and was one of the two national award winners of this National Public Service Award.

So, Terri, on behalf of the Board, I grew these in my garden, I potted them in Marcia's absence.

MS. PARKER: Oh, that's beautiful.

CHAIR COURSON: And so on behalf of the Board, we want you to accept these with our congratulations on representing the State of California and our Agency.

(Applause)

MS. PARKER: They're bigger than I am.

CHAIR COURSON: They've got more hair than I do, did you notice?

MS. PARKER: Thank you. Thank you very much.

It was actually an honor just to be nominated for that. They refer to this as the Nobel Prize for people in
government. And it was actually very nice to go. I had
my own personal Sally-Fields moment.

Thank you.

For somebody who works in public service, it's
an honor to have people look at your career and say you
did good, so...

CHAIR COURSON: And we're proud of you.

MS. PARKER: Thank you. Thank you.

CHAIR COURSON: The other thing I will remind
the Board, which when I look at this red light, the
microphones today are voice-activated. And so as you
have asides among yourselves, if you choose to do that,
you'll be having them with everybody here, because it
doesn't take much to turn the microphones on. When the
red light is on, you're on. So I'll just let everybody
know, new technology for us to deal with.

Having said that, I'll turn it over to Terri
for her report.

MS. PARKER: Thank you, Mr. Chairman.

I'm going to make it brief because we do have a
jam-packed agenda for you.

I will just follow up with one thing that the
chairman said. We are going to be doing a special
presentation today that's entitled "Re-calibrating
CalHFA's Risk Profile."
I'm sorry, my apologies ahead of time that this was not in your Board package sooner. The fact of the matter is that Tim came in and did this on Sunday. We just literally did it -- and part of it was because of how quickly the market is moving. And we thought, given what happened with Bear on Friday, that it seems like this was a very important time for the Board to be briefed on that, particularly as a precursor for a discussion of our five-year business plan.

But I have three things to make announcements on.

Last we met, we were in discussions about the Housing Finance Agency applying on behalf of the State of California for the $180 million of foreclosure counseling available in an appropriation by Congress very late, at the end of 2007. CalHFA, on behalf of the partners that we are working with, submitted an application for $12 million -- a little over $12 million. We have received to date a preliminary award of $8 million. So it is a significant amount, recognizing that for the $130 million that NeighborWorks has preliminarily awarded, there was over 350-million dollars' worth of applicants.

So I dare to say, I don't think anybody got all the funding they were looking for. And it certainly is an
indication of how much need people see out there for this
kind of counseling across the country.

Leading into the -- John and I were in
Washington a couple weeks ago for the NCSHA Annual
Conference. We used that trip to not only talk to
members on The Hill, going around and answering technical
questions -- a lot of questions about what's happening on
the ground in California by some of our congressional
members -- but we also use the opportunity to meet with
the COO of NeighborWorks and talk a lot about the
programs, being a partner with them.

I find them a very, very impressive group. We
haven't done very much with them, but they look like an
exciting partner. And I think the HFAs are going to be
looking to form more of a strategic alliance with
NeighborWorks in the future. And we chatted about that.

John and I also used the time to go and see the
Chief Business Officer of Fannie Mae. We took in to them
an "ask list," which included five things. Many of the
things that we've talked about: The need for liquidity,
the need for capital, the need for support for them on
our new Multifamily programs, now that Mr. Deaner has
been out lighting fires and bringing in deals.

We had a very good conversation. We have
follow-up meetings scheduled. We have had numerous
conversations just since the meeting in Washington. And we hope that we will have real progress on many of these five items.

The last item that I would like to make announcements on, it's sort of a little bittersweet when you have one of your staff that has served the Agency, and in this case with six years of distinction and in a senior manager role, Edwin Gipson is moving on. He is going to be Deputy of Policy at the Community Redevelopment Agency for the City of Los Angeles. So this is Edwin's last Board meeting.

And for anybody who doesn't feel that we have tortured him enough, if there are any good Edwin stories out there, we're still looking for them.

And that concludes my remarks, Mr. Chairman.

CHAIR COURSON: Thank you.

Edwin, we appreciate your service to the Agency, and we're pleased for you that you have a new challenge and we know you'll perform well for the City.

MR. GIPSON: Thank you.

---o0o---

Item 4.A. 07-028-C Tahoe Senior Plaza II

South Lake Tahoe/El Dorado

CHAIR COURSON: We are into our projects.

Bob Deaner will -- Bob, are you going to take
us through?

MR. DEANER: Actually, Ed, since this is his last Board meeting, we thought that he could run through the two projects that we have for the Board.

MR. GIPSON: Certainly.

We have the two projects before you today -- have a seat in the middle and you can operate the pictures -- there we go.

The first project we're bringing before the Board today is Tahoe Senior Plaza II. It is a new construction project. We are requesting a final commitment for a construction loan in the amount of $4,730,000.

It is a 33-unit senior project located in South Lake Tahoe, El Dorado County. The owners will be Tahoe Senior Housing II, a limited partnership. And the managing general partner will be Carmel Senior Housing, a California nonprofit.

It is a two-story building on 3.19 acres. It is an 18-month term construction loan they are requesting at a variable interest rate.

And Roger Kollias is the loan officer, and he will take us through the project details.

MR. KOLLIAS: In attendance today, representing the project sponsor, American Baptist Homes of the West,
is Ansel Romero.

During construction, the source of construction
for this project -- let me go to the pictures first.

This is a view of the subject site looking to
the north. The project is located at the intersection of
Herbert Avenue and Pioneer Trail Road. Herbert Avenue is
to the left in the picture. Pioneer Trail is to the
right.

There is approximately 600 feet of frontage
along Herbert Avenue and 500 feet along Pioneer Trail
Road.

This site has never been developed. It's
bounded by densely wooded acreage, large-lot,
single-family homes. And the site will be developed so
as not to disturb, you know, as many trees and natural
habitation as possible.

Here is another view of the site.

Here is Herbert Avenue. Here is Pioneer Trail
Road.

This is a view of the site from the
intersection of Herbert Avenue and Pioneer Trail Road.
This is Herbert Avenue. This is Pioneer Trail Road.

This is a view to the west from Pioneer Trail
Road.

And this is an artist's rendering of the site
plan.

Here, we have Herbert Avenue. Here we have Pioneer Trail Road.

The ingress and egress to the project will be off of Herbert Avenue. There will be a public bus stop erected right at the intersection on Pioneer Trail Road at the intersection of Herbert Avenue and Pioneer Trail Road.

This is an artist's rendering of the project elevations.

And this is Tahoe Plaza -- is Tahoe Senior Plaza. This is a sister project in South Lake Tahoe. It's an existing 45-unit senior project that was developed in 1999. It is approximately three to three-and-a-half miles from the subject.

And these two projects will participate in various events and, you know, participate in various activities together.

MR. GIPSON: And it's of a similar construction style.

MR. KOLLIAS: Yes.

The financing for this project during the course of construction will be proceeds from a South Lake Tahoe Home loan, as well as the California Housing Finance Agency construction loan.
Permanent sources of financing, which will provide funds for the repayment of the CalHFA construction loan, will include a South Lake Tahoe home loan, South Lake Tahoe Redevelopment Agency loan, a project sponsor loan, as well as tax credit equity.

The Agency will regulate 20 percent, or seven of the units at 50 percent AMI.

The Home regulatory agreement and the RDA regulatory agreement will both regulate 32 of the 33 units at 50 percent AMI for a period of 55 years.

The CalHFA regulatory agreement will regulate the project for the qualified period. Because this loan will be paid off after construction, our loan will remain in effect for a period of time afterwards which is known as the qualified project period.

MR. GIPSON: Let me elaborate. That will be the regulatory agreement will remain after the construction loan.

MR. KOLLIAS: Yes.

Okay, the project rents for the subject project at $515 for the one-bedrooms and 611 for the two-bedrooms, versus a market rent of $848 for the one-bedrooms and $1,053 for the two.

MR. DEANER: I'm helping him say the numbers.

MR. KOLLIAS: I didn't see the things right.
The improvements will consist, again, of a two-story 33-unit senior apartment project. Common-area amenities will consist of: an elevator, various recreational rooms, conference rooms, offices, and a common-area kitchen and laundry area.

On-site parking will be provided for 35 vehicles. And the project sponsor, American Baptist Homes of the West, will provide various services to the project.

There will be computer services, planned activities both inside, field trips, coordination with the sister project, Tahoe Senior Plaza, and arts and crafts, cultural, gardening, as well as, you know, just various little social events.

MR. GIPSON: With that, we're seeking approval for a construction-only loan for the Tahoe Project.

CHAIR COURSON: Are there questions?

Yes?

MS. JAVITS: I had a couple of questions.

What is 50 percent of AMI? What is AMI in this case?

MR. KOLLIAS: I don't have the -- what is AMI or what is the dollar amount of AMI?

MS. JAVITS: Yes, the dollar amount.
MR. KOLLIAS: I don't have that with me.

MS. JAVITS: Okay, I was just curious as far as the relative affordability and who we're really talking about. A lot of seniors who might need affordable housing, that are on Social Security? I just didn't know where this sits. Okay.

Second -- most of my questions are about the property management budget.

So the property -- so on page 363 we're looking at a payroll of 38,556.

Do we know how this compares to the management of any similar types of buildings for the elderly?

I was just curious how you do due diligence on that. Do you look at other facilities that are operated by Baptist Homes? Or do we know that this is comparable to what they've budgeted for other similar facilities?

MR. KOLLIAS: Yes, we do compare this with other projects, and it is comparable with other projects.

MR. DEANER: And it would be comparable with the current sister property.

MR. KOLLIAS: Yes.

MS. JAVITS: And does the Agency look at the other facilities that are operated by Baptist Homes when we get a project like this? Or how do we assess whether these are well-managed facilities, generally?
MR. GIPSON: Historically -- we'll talk in

global terms -- historically, the Asset Management unit
takes a look at all the operating budgets for a project,
and existing projects, since they are managing or
monitoring most of the projects in the portfolio. So
when we have a loan that's coming before you, as part of
our due diligence as well, we send over the operating
budget to them to take a look at:

One, if it's a new borrower, they'll go out and

take a look at some of their existing projects and look
at their operating budgets for comparison purposes.

If it's an existing borrower, we already have
it online. And then they also line up those particular
budgets against other properties we know of that are
being operated in the area that are of a similar type and

nature.

That is what the normal process is.

This one has a little bit more uniqueness to

it because it's a construction-only loan. So taking a
look at the sister property just helps provide us some
guidelines that, yes, they will be able to operate it
after they pay off our construction loan.

MS. JAVITS: I mean, obviously, the quality of

any project that CalHFA has provided financing to is

important.
MR. GIPSON: Absolutely.

MS. JAVITS: So I was curious on the due diligence side.

And then I was wondering on the reserve side, there's no replacement reserve, there's no operating reserve, there's no rent-up reserve.

Is there --

MR. KOLLIAS: Because this is a construction-only loan, we are not requiring those reserves. However, the tax-credit equity partner is and will be requiring reserves for replacement and for operating expense.

MS. JAVITS: So if we --

MR. KOLLIAS: We are not -- I'm sorry.

MS. JAVITS: So the future budget would be different?

MR. KOLLIAS: The future budget would have it, yes.

MS. JAVITS: All right, thank you.

CHAIR COURSON: Other questions regarding the project?

(No response)

CHAIR COURSON: Comments?

(No response)

CHAIR COURSON: On page 369, there is a
resolution to approve the project.

Is there a motion to do so?

MS. JACOBS: So moved.

CHAIR COURSON: Ms. Jacobs moved.

Is there a second?

MS. JAVITS: Second.

CHAIR COURSON: Ms. Javits seconds.

Any further discussion from the Board?

(No response)

CHAIR COURSON: Is there any public comment on the project?

(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. Jacobs?

MS. JACOBS: Yes.

MS. OJIMA: Ms. Javits?

MS. JAVITS: Yes.

MS. OJIMA: Ms. Redway?

MS. REDWAY: Yes.

MS. OJIMA: Mr. Courson?
CHAIR COURSON: Yes.

MS. OJIMA: Resolution 08-06 has been approved.

--o0o--

Item 4.B. Bay Avenue Senior Apartments

Capitola/Santa Cruz

CHAIR COURSON: Okay. And the second project this morning is the Bay Avenue Senior.

Edwin?

MR. GIPSON: Yes. Ruth Vakili is the loan officer on Bay Avenue Senior Apartments.

This is the final request -- commitment request -- for acquisition/construction and permanent financing on a 109-unit senior apartment. It is currently an existing project of about 96 units that will be modified and expanded to become a 109 unit project. 35 percent of the units will be set aside for a special-needs population.

The first mortgage acquisition/construction loan is in the amount of 22,470,000 for a 24-month term, and with a permanent loan of 6,600,000 at a 3 percent interest rate for 35 years.

And I'll allow Ruth to go through the project details.

Thank you.

MS. VAKILI: Good morning.
This is a picture of the project which is located in Capitola. It was a beautiful day when they took that picture.

The project is located less than half a mile from downtown Capitola, four miles from Santa Cruz, directly across the street from a major shopping center that has a large grocery store, pharmacy, a variety of services, and a senior center.

Here is a close-up of the property. There are six buildings currently, and it has a pool, covered parking presently.

Here is a typical kitchen project, although it will have substantial rehab.

The units are, themselves, in fairly good condition.

And here's a typical bedroom.

This is a rendering of the new building that will be constructed in place of one building that will be demolished. The new building will have 33 units. The old building that's being demolished is currently vacant, with 16 units.

And here's a layout of the site.

The rents for the project will be at 30 percent, 50, and 60 percent, although I'd like to point out that the 60 percent rents are actually rented.
to the tenants at the same level as 50 percent.

The difference between the market rents in the one-bedrooms at $1,100 and 30 percent rents and 50's are substantial.

The two-bedroom market rents are $1,300, although they are rented at between $507 to $873.

The project itself was built in 1971. It's currently 96 units.

As I said before, one of the buildings will be demolished. And in its place, a 33-unit building will be built, it is elevator-serviced. And the project, upon completion, will be 109 units, with 64 one-bedrooms and 45 two-bedroom units.

This project is -- its existing tenant base in the project will be relocated throughout, during construction, and placed in vacant units that have already been remodeled. So the phasing of the project will start with the first building being demolished. And once that's built, then this unit, this building will be occupied. And then the next phase of construction will consist of two buildings, and so on, and so on, so that the tenants can stay in place and will be moved to newly rehabbed or newly constructed units.

The tenant population is scheduled to be -- 35 percent of the units will be rented to a population
defined as chronically-ill and at risk of homelessness.

The project qualifies for a lower interest rate for CalHFA's permanent loan at 3 percent in 35 years.

I'd like to point out, though, that should at any time the project fail to qualify for the special-needs financing with the 35 percent population, then our interest rate would go to 5 percent.

Also included in the financing for this project is an MHP loan of that 6,879,000. The City of Capitola is providing a state HOME loan of 1,900,000; and the Redevelopment Agency for the City of Capitola is providing a loan of 765,000.

We're also projecting tax-credit equity of 10,913,000 and income from the operations during rehab and construction of $550,000.

A couple of things I'd like to point out on page 777.

There is a changed page, and --

CHAIR COURSON: 377, maybe?

MR. DEANER: 377, yes.

CHAIR COURSON: We have big books, but they're not that big.

MS. VAKILI: Thank you. I didn't want to surprise you.

Due to technical difficulties, I needed to
change this page so that the numbers would show up clearly instead of X's.

Our construction financing is tax-exempt, 21,580,000, and taxable, 890,000 during construction, at a fixed rate of 5 percent.

Our first mortgage at 6.6 million is at 3 percent for 35 years.

One more thing I'd like to point out on this page, is that the appraised value was given as a verbal; and it came in late in the game. And so I am asking for approval subject to review of our appraisal and acceptance of it at no more than 90 percent loan-to-value.

I'd like to point out on the following page, on the sources and uses of funds, a correction there to correct an overage in the sources of funds. So there were a couple of minor issues I wanted to point out to you.

Now, going over to the plan of relocation for this property, a relocation plan is in place, which will generally take the tenants and keep them in place, work with the tenant base. And the existing tenants that are in place right now are presently occupying and renting at these affordability levels. There will not be any displacement of the tenants due to overqualification or
underqualification.

And so these rents were established and restricted in a way to maintain the existing tenant base.

The relocation plan will also be customized to assist the tenants and keep them in place. And the objective is to move the tenants only one time.

We're estimating right now that the cost of the relocation on-site will be $200,000. And that is in the budget.

The special-needs component of this project will consist of 39 units being rented to seniors, with at least one of the tenants in the unit having a chronic illness.

The qualification for the tenant base will be from the County of Santa Cruz Human Resources Agency. And services will be provided by partnerships with the Senior Network Services, which will provide training and counseling; the Central Coast Center For Independent Living; and the In-Home Supportive Services.

These partners will provide the services, provide the qualifications, and assistance that these tenants need to remain in place.

There will also be other services for all of the tenants, which will consist of social-service opportunities, exercise, nutrition, wellness. And we do
have in the budget a part-time service provider to assist in the coordination of all the levels of services for the tenants.

The developer for the project is First Community Housing. We have done three projects with First Community Housing, all of which have gone through construction, and now are in the permanent phase.

We also have in the works, we're looking at two more projects with First Community Housing. And so they've all been very successful, and we're looking forward to continuing our relationship.

The contractor is Branagh Construction, who has also built one of the projects for First Community Housing, and has formed a very good partnership.

The architect is OJK Architects, who's also designed one of their previous projects.

So together, with the management company of John Stewart Company, First Community has formed a very good partnership that we are familiar with.

Are there any questions?

CHAIR COURSON: Questions on the project?

Discussion?

Ms. Javits?

MS. JAVITS: I was just wondering, on page 372, you define "homelessness," household income is 20 percent
of AMI. But then on page 378, there's no rent level, rents identified at that level. The rents are all identified at 30 percent of AMI or above. I just was curious about that.

MS. VAKILI: This kind of population would be at the 30 percent rents.

MS. JAVITS: Okay, so they may be at 20 percent of AMI, but they're going to be at the 30 percent rent level, is that --

MS. VAKILI: Well, they're intended to be -- they're actually intended to be at the 30 percent.

MS. JAVITS: 30 percent of AMI?

MS. VAKILI: Yes.

MS. JAVITS: Again, do we know what the AMI is in that, the dollar amount?

MS. VAKILI: That's a good question, and we don't show that on here.

MR. GIPSON: We have that. It doesn't show up on this document, but it shows up on our working documents, so you can always see that.

MS. JAVITS: Okay.

MS. PARKER: We can include that for the future.

MS. JAVITS: That would be great. Just in terms of who the target population is, and what are
those --

MS. PARKER: I would assume that would vary geographically.

MR. GIPSON: Yes, it does.

MS. JAVITS: Great, great.

And then in terms of the relocation, I was just trying to understand. So everybody's going to be relocated on-site?

MS. VAKILI: Yes.

MS. JAVITS: Do you know, roughly, how many people are being relocated, or might be relocated?

So I guess how many are now living there. Is everybody going to be relocated?

MS. VAKILI: Everybody will be relocated.

The project is almost fully occupied, except for the 16 units.

MR. DEANER: It would be 76.

MS. JAVITS: 76 people relocated?

So they're all going to be relocated on-site; right?

MS. VAKILI: Yes.

MS. JAVITS: So the budget is for just kind of basic moving expenses from one unit to the other?

MS. VAKILI: Yes, it is. It's for the moving expenses, to pack them, for the supplies.
MS. JAVITS: Move them back and forth? Yes.

MS. VAKILI: Actually physically moving the tenants, so they don't have to do it themselves.

MS. JAVITS: Okay, and then in terms of John Stewart Company, I mean, again, have comps been done? Have you looked at other John Stewart elderly projects to see if this is the same level?

I'm just curious about the due diligence. I mean, I know that we're looking at the loan and the construction. But ultimately, we've invested in the asset and we want to be sure it's well-managed.

MR. DEANER: We also again use our Asset Management group, and we send them the numbers. They verify other projects we may have in the area and come back to us and say if it's reasonable or not.

MS. PARKER: And, Carla, Margaret is in the audience, if you -- Margaret would be happy to come up.

MS. ALVAREZ: They're calling it quite well.

MR. DEANER: We work as a team and make sure that the Asset Management folks are looking at the numbers that they make sense.

MS. JAVITS: All right, thank you.

CHAIR COURSON: Mr. Carey?

MR. CAREY: Do you understand that the asbestos and lead assessments are not done yet?
MS. VAKILI: Initial assessments have been done, and the Phase II assessment is in the works to identify exactly where the components are and how to mitigate them. And so once everything has been completely defined, then we'll have a remediation plan.

MR. CAREY: And do you feel the budget adequately incorporates funds to cover the work that might surface?

MS. VAKILI: I do. And also with any rehab project, sometimes you don't know what you're getting into until you get into it.

We have a 10 percent contingency as well as a very well-planned budget from the contractor.

So they have an idea of where the components are and how to remediate; and we also have a 10 percent contingency, which will take care of issues that are over and above what we expect.

MR. CAREY: Thank you.

CHAIR COURSON: Other questions?

Ms. Galante?

MS. GALANTE: I apologize for --

CHAIR COURSON: Let the record show that Ms. Galante has joined us and will be counted as present.

MS. GALANTE: Thank you.

I apologize for being late and for missing the
first presentation as well. But I wanted to ask, really, for both of these, whether the tax credit equity investor has been identified and committed?

MS. VAKILI: For my project, I believe that they're still working on -- I'm sorry, Geoffrey Morgen might be able to speak more clearly on that for me.

MR. MORGEN: Hi, I'm Geoffrey Morgen. I'm with First Community Housing. We're working right now with community economics. Obviously, everyone is aware of the volatility of the tax credit market.

What we've done is we've priced these at below 10 percent -- or, literally, 10 cents less on the dollar than we were pricing them six months ago.

MS. GALANTE: So what are you estimating -- what's this $10 million --

MR. MORGEN: This is in the low nineties. So in the range of about somewhere between 91 and 94¢.

MS. GALANTE: Okay, thank you.

CHAIR COURSON: Other questions?

On page 391 is a resolution. But I understand -- correct me if I'm wrong, we're approving this resolution, but it's also subject to review of the appraisal and confirmation of a 90 percent LTV?

MS. VAKILI: Yes, correct.

MS. GALANTE: I'm sorry, let me follow up on
the tax credit.

So the tax credit investor will be identified and will join the partnership before the construction loan closes?

MS. VAKILI: Yes.

MS. GALANTE: Okay, thank you.

CHAIR COURSON: Okay, so is there a motion to approve Resolution 08-07 with the addition that the approval is subject to staff review of the appraisal and confirmation of a 90 percent LTV?

MS. JACOBS: So moved.

CHAIR COURSON: Ms. Jacobs moved.

Is there a second?

MS. GALANTE: Second.

CHAIR COURSON: Ms. Galante seconds.

Is there any further discussion from the board?

(No response)

CHAIR COURSON: Any discussion or comment from the public?

(No response)

CHAIR COURSON: Seeing none, we'll call the roll.

MS. OJIMA: Ms. Peters?

MS. PETERS: Yes.

MS. OJIMA: Mr. Carey?
Item 5. Discussion, recommendation, and possible action regarding the adoption of a resolution amending existing Board Resolution 08-04, to permit the use of additional forms of bond indentures to finance multifamily housing projects

CHAIR COURSON: The next item on our agenda is regarding approval of some additional bond indentures for Multifamily.

You have numerous documents in your folder on the indenture. And I think Bruce Gilbertson's going to
walk us through that.

MR. GILBERTSON: Good morning.

Good morning. In your Board binder you'll have
Resolution 08-08, which is simply an amendment and
restatement of a Board resolution the Board adopted in
January of this year which was numbered 08-04. It's the
annual multifamily financing reauthorization for the
Agency to issue its bonds up to certain limits and under
certain situations.

This amendment today is simply an amendment to
allow us to issue bonds under an additional form of
financing, or an additional form of bond indenture for a
program that we have previously been a part of. It will
be used to finance a subordinate multifamily loan.

Specifically, section 3 of the prior resolution
would be expanded to add an additional bond indenture,
the Multifamily Housing Revenue Bond Subordinate Loan
Indenture.

The prior resolution, it has about 20 different
indentures, forms of indentures that are eligible for the
Agency to issue for purposes of lending to multifamily
affordable housing sponsors.

None of the priorly approved forms of indenture
would allow for us to issue bonds in the form that we
would like to for a project that the Board approved at
the January meeting this year as well.

Just to go through the form of the indenture quickly. And certainly I can respond to questions you might have. It's a limited-obligation indenture, the form of a conduit financing. CalHFA has not done a lot of conduit financing, historically. This bond would be issued specifically to finance subordinate loans for multifamily properties. These are unrated securities. They're privately placed. They have to be placed to sophisticated investors who understand the corresponding risks and there would be significant restrictions for the transferability of the securities from one investor to another.

No additional credit enhancement from CalHFA. So the security for the bond that will be issued -- and this bond, in particular, for Grand Plaza, is three and a half million dollars. They will bear the risk that the loan does not perform as anticipated over the term of the financing.

Grand Plaza was the project that was approved by the Board at the January meeting. It's a portfolio loan being sold to another investor. And we plan to close the bonds and the related real estate transaction in April of this year.

With that, I'd be willing to answer any
questions.

CHAIR COURSON: Questions on the request?

MS. GALANTE: The purchaser of the subordinate bond in this case, is it a related party to that?

MR. GILBERTSON: It really is an unrelated -- I'd look to bond counsel to make sure that I'm not misspeaking. But it's an unrelated entity that has an association with the borrower in this project.

Is that a fair statement?

MR. DIRKS: I think that's a fair statement.

MR. DEANER: Yes.

MR. DIRKS: I'm sorry, this is Stan Dirks.

We need them to be unrelated for tax purposes, although they may very well have business and other relationships with the borrower.

MR. DEANER: And it may be a trust but unrelated through one of their entities. We're finalizing that for the closing mid April.

CHAIR COURSON: Other questions on this request?

(No response)

CHAIR COURSON: On page 394, there is the resolution that we're being -- the recommendation that has been made that we approve.

Is there a motion to do so?
MS. GALANTE: I so move.

CHAIR COURSON: Ms. Galante.

Is there a second?

MS. JACOBS: Second.

CHAIR COURSON: Ms. Jacobs seconds.

Is there any discussion? Any further discussion from the Board?

(No response)

CHAIR COURSON: Any comments from the public?

(No response)

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

MS. OJIMA: Ms. Peters?

MS. PETERS: Yes.

MS. OJIMA: Mr. Carey?

MR. CAREY: Yes.

MS. OJIMA: Ms. Galante?

MS. GALANTE: Yes.

MS. OJIMA: Ms. Jacobs?

MS. JACOBS: Yes.

MS. OJIMA: Ms. Javits?

MS. JAVITS: Yes.

MS. OJIMA: Ms. Redway?

MS. REDWAY: Yes.

MS. OJIMA: Mr. Courson?
CHAIR COURSON: Yes.

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

CHAIR COURSON: Okay, thank you.

---oo--

Item 6. Update on Bay Area Housing Plan Financing

CHAIR COURSON: And the next item on our agenda is the Bay Area Housing.

Bruce, I think you're going to also report on that?

MR. GILBERTSON: Yes.

CHAIR COURSON: An old project and a new face.

MR. GILBERTSON: Exactly.

Kathy has given the Board frequent updates regarding the status of the loan program related to the Bay Area Housing program. I think at this point we thought we should revisit and just talk about where we are in the financing end for the 65 to 70 individual homes that we're providing the financing for, for the developmentally disabled, those individuals that are being moved out of the Agnew state facility.

So two years ago, just tracing back the history, we came to the Board and asked for financing authorization to issue bonds for purposes of this program. We earmarked the total debt issuance at about $120 million at that time. I think today, we are
thinking it's probably less than that. It's probably $105 million.

Then last fall, we came back to the Board one more time to modify that resolution that authorized the financing for this program so that we could include, similar to the prior action of the Board, another form of bond indenture that we could use in conjunction with the issuance of debt to finance these properties.

Many of the delays having to do with this -- by now, we would have thought we would have issued all the bonds, the loans would be in place and, you know, the Bay Area Housing program would be behind us. There have been a number of delays with the acquisition of properties, the modification of the properties, and putting them into service.

I believe at this point we have purchased loans from the construction lender that total about twenty or twenty-five million dollars.

We are hoping to kind of do our financing in increments of forty or fifty million dollars and visit the financial markets perhaps twice over the next 12 months to finalize the financing for these properties.

From a financing perspective -- and I know the Board is very aware of this -- this is an unusual credit. These loans have very high loan-to-value ratios. There
is no general or moral obligation from the State of California supporting these. And in a large part, it's an appropriation-backed financing. So we've strategized and scratched our heads over the last couple years thinking through what are the options for the Agency.

Initially, I think the agreement that we had with the State Department of Developmental Services, the Regional Centers, and Hallmark, the developer, was that the Agency, if nothing else, would attach its general obligation rating as a credit enhancement to the bonds, and then the bonds would be marketable in the investment community.

You know, perhaps our timing wasn't so great. But last spring, about a year ago this time, we started thinking that maybe we ought to try to preserve the capital of the Agency and not extend the general obligation rating of the Agency. So we talked about trying to create a limited obligation credit that would be backed by the appropriations that flow through the state department by the leases and the lease insurances provided by the regional centers, together with the reserve requirements that are embedded in the financing that we offered to the regional centers.

We spent an awful lot of time last summer on this working with bond counsel, developing not only a
prospectus that we could use for marketing the bonds,
developing the indenture, talking with the rating
agencies. And those conversations with the rating
agencies, quite frankly, are ongoing at this time.
So this has stretched out over a period of
about six or seven months.
Of course, in the backdrop of all of this, the
financial markets have not been performing very well.
And one of our strategies with a limited obligation bond
was that we would access the bond insurance community,
and ask them to credit-enhance these particular bonds.
Of course, many of those bond insurers -- and
I've reported to you in the past on this -- have had
rating downgrades and actions that they don't live up to
the AAA standards that that industry was supposed to hang
onto forever, basically. So we've faced some challenging
times.
More recently, in February or late January, we
heard back from Standard & Poor's -- one of the two
bond-rating agencies that we had been discussing this
credit with. They were able to go and do a credit
assessment of the financing as we presented it to them.
And this was on a limited-obligation basis, secured by
the underlying loans, the real estate that backs the
loans, the lease assurances, the debt reserve that is
embedded into our loan program, as well as the collateral reserves.

We were hoping to get to the point where they would classify that as an investment-grade bond, which basically means it would have a BBB rating.

After many conversations, they came back from credit committee, they informed us that it was going to be, in their minds, viewed as a high speculative grade, okay. "High speculative grade" is in the BB category. Typically, you can't enhance that with bond insurance. So it was kind of a setback for us in those plans.

What we have done, since we still have ongoing discussions with Moody's Investor Services, their issues are somewhat different, quite honestly, than the issues that Standard & Poor's has raised in these conversations. They're very focused on the likelihood of a bankruptcy event and what will happen in the event of a bankruptcy to the Regional Center, to the NPO, or any of the other related entities.

At this point, I would say that we are hopeful within the next 30 to 45 days that we would conclude those conversations, and we would get some kind of a preliminary rating from Moody's.

As you might also imagine, these rating agencies are very, very busy these days, as they're
trying to keep up on all the things that are going on in
the marketplace. So their time is coming at a premium as
well.

But we've informed them that we need to move
forward. We still have plans that we would issue, at
least the first installment of bonds for purposes of
financing these loans, sometime in the spring or summer
of this year, and the second installment would be either
later in this calendar year or very early in calendar
year 2009.

It's looking more and more likely that we may
have to pledge some of the Agency's capital or G.O. in
some form to enhance this credit to make it marketable
in the marketplace. I think we're going to exhaust all
of the other avenues that we have available to us before
we make that decision.

But we thought it was important that we come
before the Board today and give you an update on this.
This is something that has stretched out now for about
two-and-a-half years, as we've been working through it.

With that, I'd be more than willing to answer
any questions.

CHAIR COURSON: Questions on Bay Area Housing
and this new phase that we are in now as the projects
start to -- housing gets completed and we're starting to
move into the -- well, really the last phases of the project?

MS. PARKER: Bruce, maybe it is worthwhile to point out that we have continued to have meetings with our partners as recently as this last week: The Department of Developmental Services, Hallmark, the Regional Centers.

And as these projects have essentially taken longer and their access to some of these lines of credit from us have gone on longer than we originally intended, we have gone back and, as painful as it might be, pressed upon additional fees and compensation for this mostly because, at this particular point in time, we need to -- we feel very much that we need to cover as much of the expenses. I'm not saying that all of it is; but to the extent that we can, the lines of credits, if they are getting extensions from the banks or charging them, we're not charging them as much. But we are essentially going in and getting some additional compensation for this to cover what is the use of our G.O. and the extension of our credit facilities because it is lost opportunity for other parts of the business that we would be doing.

So I wanted to let you know we are trying in this environment to make sure that we really are managing, in the one sense, our fiscal constraint but
also trying to meet our public benefit.

CHAIR COURSON: Ms. Javits?

MS. JAVITS: If we needed to pledge capital from CalHFA, would that come back to the Board, or is that a discretionary decision? Or how does that work?

MR. GILBERTSON: At this point, the financing resolutions that the Board has adopted would provide us the discretion to use a form of a bond indenture that has the capital pledged from the Agency.

And the easiest way for us to do this would be to attach the Agency's General Obligation ratings to the bonds.

But we certainly, at any point, would inform you of what we do as we progress through this.

MS. JAVITS: Thank you.

CHAIR COURSON: Ms. Galante?

MS. GALANTE: And if we needed to do that, what impact are you saying that that would have on the Agency's other, either financing obligations or other business?

MR. GILBERTSON: I don't think it would have any direct impact.

What we do as an agency, we have a limited capital base that is supportive of our general obligation pledges. And we have pledged those in a number of ways.
The most often means by which we pledge the Agency's general obligation is to attach it to all of our core Multifamily Bond financing activity. So the two projects that we just reviewed -- Bayview and -- I can't remember the other one -- but, anyway, those would be a part of a bond financing that has the Agency's general obligation rating attached to it. Okay, so that's a pledge of our general obligation.

Again, the balance sheet of the Agency, we have about $1.3 billion. We work with the rating agencies. There's haircuts on that equity balance. And then we work through what is the available G.O. capital base of the Agency that's pledged for a variety of purposes.

We talk about this as "capital adequacy."

It's probably been about nine or ten months since we've had serious conversations with the rating agencies regarding capital adequacy. But I don't believe that there's anything that has occurred in the last nine or ten months that would have seriously degraded the capital balance of the Agency.

MS. GALANTE: Thank you.

CHAIR COURSON: Other questions for Bruce on this issue?

(No response)

CHAIR COURSON: Bruce, thank you.
MR. GILBERTSON: Okay.

---000---

Item 7. Report of the Chairman of the Audit Committee regarding status of Committee review of issues relating to the dissolution of the Compensation Committee; the development of compensation policies and procedures; changes to compensation process, and the contracting authority of the Executive Director; together with possible recommendations to the Board, and discussion and possible action by Board

CHAIR COURSON: We're going to move into agenda Item Number 7, which deals with the Audit Committee and the issues before them. And page 455 is where we'll be looking.

In your Board book, it's not only a summary memo that I've asked counsel to put forth for us as we consider this, but also the minutes of the last Audit Committee meeting.

MS. PARKER: Heather, do you need a book?

MS. PETERS: No, I'm good.

CHAIR COURSON: Let me talk -- as we know, just, to make sure everybody's on the same page, obviously we all went through, as we all know, retention of outside counseling, taking a look at our compensation...
issues, and issues surrounding that. Part of that report, counsel came back and made some very specific recommendations.

In addition to that, as the Audit Committee dealt with this, there were other recommendations made that are here. As you can see, one by Mr. Morris. And that has been added to this list.

So I think what we have in front of us in this memorandum are all of the issues that were contained in the outside counsel's report, plus a couple that have been added for further discussion.

We talked about at the last Board meeting, that I think the Board expressed very strongly the desire to deal with these issues and put it behind us so we can go on about our business. They've been before us for almost a year now. So we're prepared to do that today.

Unfortunately, Mr. Shine, who is the chair of the Audit Committee, as you know, as I said at our last meeting, has been having some difficult back issues and has not been able to travel. So he is not with us today.

It's unfortunate that Mr. Morris isn't here because, obviously, he has had what I would say a fairly intense interest in this discussion, in these topics, and is not with us. But we do have a quorum, and it's my intent as chair, unless the Board sees otherwise, that
we're going to deal with these, put them behind us, and
move on with the Agency's business and make some
decisions.

Having said that, therefore, let me make a
suggestion. In looking at these, Item 1 deals with
contractual arrangements and agreements, not just in the
area of compensation, but in other areas also. So my
suggestion is, let's set that one aside and deal with
that at the end. It's a little bit different of a topic
than the others. The others are specific onto the
Compensation Committee and the way we deal with our
compensation.

So if it's okay with the Board, we'll set that
one aside and come back to that. Because I think the
right place to start is Item 2. And this was an issue
that I raised for consideration as we went through
looking at this. And that is, the question is, should
we, in fact, have a Compensation Committee?

Let me go back and remind the Board that we put
together a compensation committee. And that was formed
as -- and approved a charter actually back in September
of 2006. So we have a Compensation Committee charter.

The Compensation Committee calls for the chair
to appoint a minimum of three people, and they are
appointed for rotating terms. And the Compensation
Committee that was originally appointed was appointed in September of 2006. And the members of the committee were Ed Czuker, who is now no longer on the Board. And knowing Ed's term was ending, he was appointed for a one-year term. John Morris was appointed for a two-year term, so his term would expire off of the committee in September. And I was appointed for a three-year term, so I would have another year and a half. So that's the way that the committee is comprised now.

So the question was raised -- and I know that the Audit Committee, and Mr. Carey and Ms. Galante are on that committee, and have talked about this -- the question is, do we want to have a Compensation Committee? Do we want that committee to, you know, perform certain tasks that are set forth in the charter, reporting back to the Board for -- obviously, the Board has to make the ultimate approval.

Or the alternative is, with all the discussion we've had, when we had this over that a year ago on compensation, is have the Board itself act as a compensation committee itself, and not have a separate committee. And that's the question before the Board.

MS. JACOBS: I think given the size of the Board and the fact that we have vacancies, this is a really smart way to do it. So I would be supportive of
this.

Does this take a motion?

CHAIR COURSON: Well, I guess I'm -- to
eliminate the Compensation Committee or have a
compensation committee?

MS. JACOBS: I think to sustaining the
existing --

CHAIR COURSON: If we're going to -- if the
Board's decision is to not have a Compensation Committee,
then there would be a motion, really, to, I guess,
abandon the charter, if you would, or revoke the charter
and the Board there, then there just wouldn't be a
committee. We'd deal with it as a board.

If the decision is to continue with the
Compensation Committee -- I don't know if we -- I
certainly want a sense of the Board on each of these
items, the way we're going to proceed. So whether it
takes a motion or whatever action we want to take, I want
to get it on the record so we don't have any questions
going forward with how we're going to deal with each of
these.

MR. CAREY: I would just say, given some of the
discussion, that I think it would be helpful for there to
be an action either way so that we have a vote to point
back to, that represents the majority of the Board.
CHAIR COURSON: Counsel?

MR. HUGHES: Mr. Chair, I'd point out that probably each one of the items that's covered in this memo is subject to being handled a little bit differently. For example, with the Compensation Committee, as the Chair noted, there is an existing Board resolution which creates the committee and adopts the charter. So certainly a change to that requires another resolution and a possible amendment or revocation of the charter.

Some of the other issues that are on here involve other external documents.

The contracting procedures, the Board may recall in 2005, the Agency adopted a regulation that would need to be changed. So each one of these is a little bit different in terms of the process.

MS. JAVITS: Mr. Chair?

CHAIR COURSON: I'm sorry, Ms. Javits?

MS. JAVITS: I just had a question.

So at the end of this note in the Board binder, it says the committee was going to review the minutes, formalize recommendations, and bring them to the Board.

I guess I was looking forward to getting recommendations, since you all had discussed this in a lot of detail. And I wasn't prepared to go through each
of these items without recommendations. So I guess I'm wondering --

CHAIR COURSON: The chair of the Audit Committee chose not to have that committee meet.

MS. JAVITS: So there is not a consensus and there is not a separate recommendation?

CHAIR COURSON: They have not met since our discussion in January.

The last meeting was the meeting of the minutes that you see, which was November, which gives you a character of some of the discussion.

We went back, and I went back at the instruction of the Board, to the Audit Committee chair to request, on several occasions, that we have a meeting, and trying to accommodate where that meeting was and so on. And, frankly, as late as probably three or four weeks ago, had that discussion, and the chair just did not call the meeting.

MS. JAVITS: So I guess, I think what would be helpful to me, at least, from those who did participate in that original meeting, was there, on each of these --

CHAIR COURSON: Right.

MS. JAVITS: -- is there any sense of the group about what they would recommend? And if not, what was the difference of opinion? I mean, that would be
CHAIR COURSON: Ms. Galante and Mr. Carey are on the committee. They're two of the four. So I think they can probably give us that sense.

MS. JAVITS: Just to move this along expeditiously.

CHAIR COURSON: Yes, right, right.

MS. PARKER: That's also the reason why, from the last meeting, we included the meeting minutes.

MS. JAVITS: Yes, I understand that.

MR. CAREY: I can't speak for the committee, but I think that my recollection, a rather painful reading of the minutes, that there were, I think, three who would suggest continuing the Compensation Committee, and one who suggested that it be incorporated into the routine of the Board.

MS. JAVITS: Okay.

MR. CAREY: My own personal point of view is that given the challenges of arranging a public meeting for four Board members, also the challenges of arranging a special meeting for the Board is overwhelming, and I think it would just make it impossible for there to be thoughtful, rational work done outside of a Board meeting. And I don't think we want to spend four or five hours doing what a compensation committee would do at a
Board meeting.

CHAIR COURSON: And, Ms. Jacobs, was that going to be your motion?

MS. JACOBS: Yes, more or less. More or less. I'm sort of with Carla here as I'm not quite sure exactly what format we should run things in.

CHAIR COURSON: Look, we've dealt with this issue for over a year. This has been like herding cats and pushing a rope. And it's been terribly frustrating for the Board and for everybody involved. It has been very, very difficult to get the chair to call Audit Committee meetings on a timely basis and to deal with these issues.

When they've been called, certainly, at least, the two members that are here have certainly been there to participate. And Mr. Morris has, I think, participated in all those Audit Committee meetings, too. And for some reason, at the last meeting, we just can't seem to get any closure out of the committee.

And I have tried -- and assisted by counsel and our executive director -- to push the chair to bring us recommendations so we could have some solid recommendations of that committee; and it just didn't happen.

And so, frankly, rather than let it go another
60 days, I've put it in the book, at the instruction of the Board, and see if we can't just roll up our sleeves and plow through this stuff and get it behind us, because I'm not sure it's going to happen any other way.

MS. GALANTE: Okay, so if I could just reiterate maybe some comments I made at the Audit Committee meeting -- and it is frustrating for the Audit Committee to kind of start and stop dealing with this subject matter. I don't think when we set up the Audit Committee, we really anticipated that we'd be dealing with these kinds of issues as opposed to your more typical audit issues. So there have been a lot of conversations. And I understand the full board hasn't been privy to those.

But my personal view is, there were some bumps in this process because it was the first time it was happening. But that doesn't mean that the idea of having a compensation committee was a bad one. I think it was a good one.

How certain subject matters that the Compensation Committee took on, I think the external legal report that we had done, I think, pointed out some things that we could do better. So I would be prepared to second Lynn's motion, if she agrees with what I'm saying here, that we continue to have a Compensation Committee.
Committee, but that that compensation committee's job be a little clearer in terms of the process.

And one thing that I think -- I believe, Peter, there was consensus on, is that the hiring of any compensation consultant, the salary-survey type of document, that that should be more squarely in the Compensation Committee's purview as opposed to staff's purview. Not that staff couldn't be involved in soliciting proposals, but that picking that consultant and giving direction to that consultant -- you know, there should have been, in retrospect, more Compensation Committee involvement in that.

And if we keep a compensation committee and we make that as one major change -- and there might be a couple of other ones that we would like to add to shore up the scope of the Compensation Committee -- I think we have -- we had a workable process. It was just the first time through, and we didn't touch all the bases perhaps that we could have, in retrospect.

CHAIR COURSON: And having said that, actually, since we're just talking here, if you really look at 2, 3, and 4 -- the items -- it suggests, I think, what Ms. Galante said is that if you have a compensation committee -- and then I'm thinking about accumulating all together and giving them all at one time -- and then it
goes on to say that they do have the task -- the committee has the task of conducting an independent review of any agreements relating to compensation -- that would be if we went out and got a salary agreement or have somebody to help us with policies or procedures or so on -- and that the Compensation Committee would recommend back to the Board any work instructions or contracts for the Board's approval.

So that really sort of -- and that's where I think some of the process changed the last time. I mean, some of the issues in the report was that the retention of Watson Wyatt to do a salary survey was done without -- what the Board deemed -- members of the Board at that point deemed not enough consultation and not enough, I think, discussion about the scope of that before the contract itself was signed.

And I think that's where the train started to go off the rails. And I think this puts it back clearly. I would take this that the Compensation Committee would consider, if and when it's time to do another survey or engage any outside counsel or contract, bring the scope of that back to the Board before the contract itself is executed, and make sure that the Board has input for those recommendations, and then go out and execute the contract.
That's what I take -- that's my reading of 2, 3, and 4. And having been at a couple of the Audit Committee meetings, I think that's the intent.

Ms. Peters?

MS. PETERS: Just two questions. One is, from my reading of the minutes, which is all I have to go on since I'm new to the Board here, would it be correct to characterize for those of you who are in the room, that those items, 2, 3, and 4, the consensus seemed to be 3-to-1 in favor of 2, 3, and 4, of those in the room? Or was there a breakdown separate for the different elements, 2, 3, and 4?

MR. CAREY: I think so.

At the most basic level of this, what we have is a situation where we had a new compensation process that was put in place.

In any other situation, we would be pleased with the results and feeling that, for an initial process, it was very well done. And, in fact, the independent consultant said that very clearly in the report, which isn't to say that there aren't options for changing the process to enhance it next time. And that's really where we're moving.

We had one Board member who disapproved of the process and all the subsequent conversations, and that's...
tending to drive some of this.

I think that the majority in each situation, whether at the board level or the committee level, are in favor of moving forward, retaining the Compensation Committee, and outlining an improved process for next time.

MS. PETERS: That was my reading. I just wanted to make sure.

MR. CAREY: Right.

MS. PETERS: And another question. How is Number 4 different from the last part of Number 3? Number 3, we're saying that the committee would review and approve scope-of-work documents; and Number 4 seems to be a subset of scope-of-work documents.

CHAIR COURSON: Yes, and those -- 3 and 4 were taken -- correct me if I'm wrong, Counsel -- were taken directly from the letter from outside counsel, so...

MR. HUGHES: Actually, each one of these items -- at least numbers 1 through 7 -- is verbatim from Mr. Shine's e-mail to me that defined the issues. I didn't edit those.

CHAIR COURSON: So I think you're right, I think that 3 and 4 really work -- it's a process. It all works together. And as I said before, I think it sets up a standard that the Audit Committee -- or not the Audit

Daniel P. Feldhaus, CSR, Inc. 916.682.9482
Committee -- the Compensation Committee needs to be the

driver in terms of consideration and the scope of any
outside contracts or work, and all subject to review and
approval of the scope of that, by the Board, before any
contracts are executed.

Ms. Javits?

MS. JAVITS: So Number 4, you could strike from
"Should..." to "...Board of Directors," and then it could be,
3 would flow, "...to key exempt management any scope of
work documents, including any work or instructions..."? I
mean, that's basically what we're talking about there?

This is something --

CHAIR COURSON: (Nodding head.)

MS. JAVITS: Okay, and then so 2, 3, and 4,
it seems like one resolution could encompass the
continuation of a compensation committee, 2, 3, and 4.

I'm wondering about 6.

CHAIR COURSON: I was looking at that. Let's
talk about that while we're -- I'm sorry.

MS. JACOBS: If I could backtrack just a touch
here.

CHAIR COURSON: Please.

MS. JACOBS: It seems to me that the consensus
is to keep the Compensation Committee.

CHAIR COURSON: Yes.
MS. JACOBS: The consensus is to have the Compensation Committee not make major decisions on its own but to make recommendations to the Board, and the Board make final decisions.

CHAIR COURSON: Yes.

MS. JACOBS: Okay, I think, you know, 1, 2, 3, and 4 kind of say different parts of that.

But am I reflecting what everybody's saying?

MS. GALANTE: (Nodding head.)

MS. JACOBS: Yes?

CHAIR COURSON: That's certainly my -- and, again, I would think -- again, remember where this came from, and I think that the intent here is that the Compensation Committee needs to do, frankly, the work that a committee should do in terms of background and scope and determinations and RFPs and so on, and bring all that to the Board before executing any agreements for input and approval.

MS. JACOBS: Okay. I mean, I would make that a motion, if that's the appropriate format, or just a --

MS. JAVITS: I was only raising Number 6 because I thought it might perhaps be encompassed in a single -- you know, a single motion.

MS. JACOBS: I'm happy with whatever way you want to do it.
CHAIR COURSON: Let's talk about 6 for a minute.

6, for those of you that don't have it, is talking about the Executive Director: Should the executive director have the authority to sign contracts on behalf of the Agency? Now, should the chair of the Compensation Committee, or designee, have the authority to sign agreements, or contracts, as opposed to the Executive Director?

I don't think that's the way this reads, necessarily.

But here I think was the issue: The issue is twofold: One is, once the Board makes the decision to enter into a contract that has to do with the compensation and so on, such as with a Watson Wyatt or what have you, is should that contract be, I'm going to say, negotiated and executed by the Chair of the Compensation Committee or their designee, part one. Because the question was the last time, that was a different -- the process of selecting Watson Wyatt was different. So that's part one of this, as I see it.

Part two, it goes on and says, if this person -- so I would read this, as the Chair of the Compensation Committee or their designee -- should they be precluded from doing that if they have any business
RESOLUTION 08-12

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Mission Gardens 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 the Santa Cruz, Santa Cruz County, California, to be known as Mission Garden 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 24, 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 or the Board Meeting, in relation to the Development described above and as follows:

<table>
<thead>
<tr>
<th>PROJECT NUMBER</th>
<th>DEVELOPMENT NAME/LOCALITY</th>
<th>MORTGAGE AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>07-022-A/N</td>
<td>Mission Garden Apartments, Santa Cruz, Santa Cruz County, California</td>
<td>$4,170,000.00 Acq/Rehab First Mortgage, $450,000.00 Second Mortgage, $4,170,000.00 Permanent First Mortgage</td>
</tr>
</tbody>
</table>
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 08-12 adopted at a duly constituted meeting of the Board of the Agency held on May 14, 2008 at Burbank, California.

ATTEST:__________________________
Secretary
RESOLUTION 08-14

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Fourth Street Apartments, 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 San Jose, Santa Clara County, California, to be known as Fourth Street 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 or the Board Meeting, in relation to the Development described above and as follows:

<table>
<thead>
<tr>
<th>PROJECT NUMBER</th>
<th>DEVELOPMENT NAME/ LOCALITY</th>
<th>MORTGAGE AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>07-006-C/N</td>
<td>Fourth Street Apartments San Jose, Santa Clara County</td>
<td>$33,965,000.00 Construction 1st Mortgage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$ 9,590,000.00 Permanent 1st Mortgage</td>
</tr>
</tbody>
</table>
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 08-14 adopted at a duly
constituted meeting of the Board of the Agency held on May 14, 2008 at Burbank, California.

ATTEST: 
Secretary

#169732v1
RESOLUTION 08-15

RESOLUTION AUTHORIZING A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency (the "Agency") has received a loan application on behalf of Salinas Gateway, 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 Salinas, Monterey County, California, to be known as Salinas Gateway 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 January 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 or the Board Meeting, in relation to the Development described above and as follows:

<table>
<thead>
<tr>
<th>PROJECT NUMBER</th>
<th>DEVELOPMENT NAME/ LOCALITY</th>
<th>MORTGAGE AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-003-C/N</td>
<td>Salinas Gateway Apartments, Salinas, Monterey County, California</td>
<td>$12,190,000.00 Construction 1st Mortgage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$300,000.00 Permanent 2nd Mortgage (HAT Funds)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$400,000.00 Permanent 1st Mortgage</td>
</tr>
</tbody>
</table>
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 08-15 adopted at a duly
constituted meeting of the Board of the Agency held on May 14, 2008 at Burbank, California.

ATTEST:

Secretary
RESOLUTION 08-16

RESOLUTION AUTHORIZING MODIFICATION OF
A FINAL LOAN COMMITMENT

WHEREAS, the California Housing Finance Agency Board of Directors (the "Agency") adopted Resolution 08-01 approving a Final Loan Commitment to Grand Plaza Preservation, L.P., a California limited partnership (the "Borrower"), the proceeds of which are to be used to provide financing for a multifamily housing development located in the City of Los Angeles, Los Angeles County, California, to be known as Grand Plaza Apartments (the "Development"). Additionally, the Agency adopted Resolution 08-04 approving the Agency's Multifamily Bond Indentures, the Issuance of Multifamily Bonds, Short-Term Credit Facilities for Multifamily Purposes and Related Financial Agreements and Contracts for Services and adopted Resolution 08-08 which amended and restated Resolution 08-04. (Resolutions 08-01, 08-04 and 08-08 shall be hereinafter collectively be referred to as the "Commitment"); and

WHEREAS, a modification of the Commitment 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, based upon the recommendation of staff and due deliberation by the Board, the Board has determined that a modification of the 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 modification of the Commitment, 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.

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 08-16 adopted at a duly constituted meeting of the Board of the Agency held on May 14, 2008 at Burbank, California.

ATTEST:

Secretary
RESOLUTION 08-17

RESOLUTION REVISING COMPENSATION COMMITTEE CHARTER

WHEREAS, the California Housing Finance Agency (the "Agency") has adopted Resolution 06-16 approving the charter of the Compensation Committee; and

WHEREAS, the compensation process in 2006 and 2007 was reviewed by outside counsel and various recommendations have been made for changes to that process; and

WHEREAS, the Board adopted Resolutions 08-09, 08-10 and 08-11 at the March 19, 2008 Board meeting; and

WHEREAS, Resolutions 08-09 and 08-10 directed that certain changes be made to the Compensation Committee charter adopted by resolution 06-16, and

WHEREAS, the Board has reviewed the revised charter attached hereto,

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors as follows:

1. The attached "Compensation Committee Charter Revised May, 2008" is approved and adopted.

I hereby certify that this is a true and correct copy of Resolution 08-17 adopted at a duly constituted meeting of the Board of Directors of the Agency held on May 14, 2008, at Burbank, California.

ATTEST: 
Secretary
Mission

The Compensation Committee (the "Committee") is a committee of, and reports to, the Board of Directors of the California Housing Finance Agency (the "Board"). Through this Charter, the Board delegates certain responsibilities to assist the Board in fulfilling its oversight responsibilities in the compensation of key exempt management with the Agency. In performing its duties, the Committee will recommend to the Board compensation policies and procedures designed to attract and retain the best personnel to allow the Agency to achieve its goals and remain competitive in the marketplace.

Membership

The Committee will be comprised of no fewer than three voting members of the Board, to be selected by the Chair of the Board to serve on a rotational basis with staggered terms. The Committee Chair will be designated by the Board Chair.

Authority

The Committee was established by Board Resolutions 06-16 and revised by Resolution 08-17. The Committee will act in an advisory capacity to the Board. Staff of the Agency will serve as a resource to Committee. The Committee has the authority to conduct any review appropriate to fulfilling its responsibilities. All employees of the Agency are directed to cooperate as requested by members of the Committee and the Committee will have complete access to Agency records and data.

Meetings

The Committee will meet as often as its members determine is necessary, but not less frequently than twice each calendar year. The committee will report its proceedings and recommendations to the full Board, at the first regular meeting of the Board following a Committee meeting. All meetings of the Committee shall be open public meetings subject to the same notice and agenda procedures as are regular meetings of the Board. Any personnel evaluations may be held in closed session to the extent permitted or required by the Bagley-Keene Act; provided, however, that discussions of compensation issues shall take place in open session.
Minutes

Minutes of each meeting will be prepared and sent to all members of the Board. The Committee minutes need not be verbatim. Minutes of the Committee will be presented to the Committee for review and approval at the next meeting of the Committee. Minutes of Committee meetings are public records unless exempted under the California Public Records Act or other applicable law.

Duties

The Committee will conduct the following activities:

1. Make recommendations to the full Board to enable the Board to carry out its duties and functions under Health and Safety Code section 50909;

2. Periodically cause to be conducted salary surveys that will form the basis of the design of a compensation plan that will attract and retain senior executive personnel qualified to lead the Agency in its mission and maintain its competitive posture in the marketplace. Such surveys will be conducted by independent outside advisors based on a comparison of compensation plans and compensation levels of other state and local housing finance agencies, other comparable agencies of the State of California, non-profit housing agencies, for-profit institutions and other relevant labor pools;

3. The Committee shall review any proposed contracts to engage consultants needed to carry out its duties under this Charter, including the outside advisor conducting the salary survey required by Health & Safety Code section 50909. The Committee shall make recommendations regarding such contracts to the Board, and the Board shall consider such recommendations. In the event that the Board approves any such contract, the Board shall direct the Executive Director to sign such contract on behalf of the Agency;

4. It shall be the policy of the Board and Committee to avoid any conflicts of interest in connection with the exercise of its duties. In carrying out its responsibilities under this Charter, the Committee shall endeavor to create a balanced process that avoids the appearance of conflicts of interest to the extent reasonably possible, while permitting the involvement of staff in a way reasonably necessary to accomplish its purposes and duties under this charter.

5. Periodically review and evaluate, with the assistance of Agency management, staff and outside advisors, the structure and level of Agency compensation of those senior executives whose salaries are established by the Board pursuant to section 50909;
5. Annually review the performance of the Executive Director;

6. Based on the annual review of the Executive Director's performance and the results of the salary surveys conducted by independent outside advisors, make a recommendation to the Board for the compensation level of the Executive Director;

7. Annually review that portion of the Agency's budget containing the compensation of key exempt management and recommend to the Board approval or amendments to those compensation levels. The Committee's recommendation will be based on a review of performance evaluations completed by the Executive Director and the results of the salary surveys conducted by outside advisors;

8. Review and discuss management succession at least annually;

9. Review legal and regulatory matters that may have a material impact on the Agency's compensation philosophy, structure and plans.

**Other Committee Duties**

In addition to the duties outlined above, the Committee annually will also:

1. Conduct a review of its performance, including a review of its compliance with this Charter;

2. Review and assess the adequacy of this Charter taking into account all legislative, regulatory and contractual requirements applicable as well as any best practices, and, if appropriate, will recommend Charter amendments to the Board.
RESOLUTION 08-18

WHEREAS, pursuant to the Zenovich-Moscone-Chacon Housing and Home Finance Act ("Act"), the California Housing Finance Agency ("Agency") has the authority to engage in activities to reduce the cost of mortgage financing for home purchase and rental housing development, including the issuance of bonds and the insuring of mortgage loans;

WHEREAS, the Agency's statutory objectives include, among others, increasing the range of housing choices for California residents, meeting the housing needs of persons and families of low or moderate income, maximizing the impact of financing activities on employment and local economic activity, and implementing the objectives of the California Statewide Housing Plan;

WHEREAS, the Agency desires to amend Resolution 07-15 adopted on May 10, 2007, which committed the Agency to a Business Plan for the years 2007/2008 through 2011/2012; and

WHEREAS, the Agency has presented to the Board of Directors a fiscal year 2008/2009 through 2012/2013 annual update of the Business Plan, in order to adjust to the ever changing economic, fiscal and legal environment, which updated Business Plan is designed to assist the Agency to meet its statutory objectives, to address the housing needs of the people of California and to provide the Agency with the necessary road map to continue its bond, mortgage financing, and mortgage insurance activities well into the future.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Agency as follows:

1. The updated 2008/09-2012/13 Five-Year Business Plan, a copy of which is attached hereto and made a part hereof, is hereby fully endorsed and adopted.

2. In implementing the updated Business Plan, the Agency shall strive to satisfy all the capital adequacy, reserve, and any other requirements necessary to maintain the Agency's general obligation credit ratings and the current credit ratings on its debt obligations, to comply with the requirements of the Agency's providers of credit enhancement, liquidity, and interest rate swaps and caps, and to satisfy any other requirements of the Agency's bond and insurance programs.

3. Because the updated Business Plan is necessarily based on various economic, fiscal and legal assumptions, in order for the Agency to respond to changing circumstances, the Executive Director shall have the authority to adjust the Agency's day-to-day activities to reflect actual economic, fiscal and legal circumstances in order to attain goals and objectives consistent with the intent of the updated Business Plan.
I hereby certify that this is a true and correct copy of Resolution 08-18 adopted at a duly constituted meeting of the Board of Directors of the Agency held on May 14, 2008, at Burbank, California.

ATTEST:  
Secretary

Attachment
RESOLUTION 08-19

CALHFA OPERATING BUDGET

FISCAL YEAR 2008/2009

WHEREAS, the Board of Directors of the California Housing Finance Agency has reviewed its proposed operating budget for the 2008/2009 fiscal year;

NOW, THEREFORE, BE IT RESOLVED as follows:

1. The operating budget attached hereto is hereby approved for operations of the California Housing Finance Agency Fund for fiscal year 2008/2009.

I hereby certify that this is a true and correct copy of Resolution 08-19 adopted at a duly constituted meeting of the Board of the Agency held on May 14, 2008, at Burbank, California.

ATTEST: 
Secretary

Attachment