

MINUTES

California Housing Finance Agency (CalHFA)
Board of Directors Meeting
January 16, 2018
Meeting noticed on January 5, 2018

Alex: Clara Janssen

1. ROLL CALL

The California Housing Finance Agency Board meeting was called to order at 10:00 a.m. by Acting Chair Gunning. A quorum of members was present.

MEMBERS PRESENT: Schaefer (for Chiang), Wong-Hernandez (for Cohen), Gunning, Imbasciani, Amann (for Metcalf), Patterson, von Koch-Liebert (for Podesta), Prince, Russell, Sotelo

MEMBERS ARRIVING
AFTER ROLL CALL: Avila Farias

MEMBERS ABSENT: Alex, Gallagher, Hunter, Johnson-Hall

STAFF PRESENT: Michael Carroll, Don Cavier, Melissa Flores, Oksana Glushchenko, Steve Lierly, Ruth Vakili, Marc Victor

2. APPROVAL OF MINUTES – December 12, 2017

The motion made by Imbasciani to adopt the meeting minutes was approved. The votes were as follows:

AYES: Schaefer (for Chiang), Imbasciani, Amann (for Metcalf), von Koch-Liebert (for Podesta), Prince, Russell, Sotelo

NOES: None.

ABSTAIN: Gunning

ABSENT: Gallagher, Hunter, Johnson-Hall, Avila Farias

3. CHAIRMAN/EXECUTIVE DIRECTOR COMMENTS

Acting Chair Gunning wished former Chair Falk a happy retirement in absentia, as he was not present for the December 12, 2017 Board of Directors meeting.

Executive Director comments:

At our last Board Meeting, we increased our income limits, and made simplifications to our household size calculations. In addition to that, we have:

- a) reduced our interest rate extension fee;
- b) re-branded our Extra Credit Teachers Program with the School Teacher and Employee Assistance Program;
- c) three new products set to launch on February 1, 2018: Leasehold Estates; Community Land Trust, and a Limited 203k option on our FHA loans, and
- d) eliminated the use of Mortgage Credit Certificates as a qualifier for loans.
- e) Our new Director of Administration has worked to update employees' duty statements; implemented a process to ensure performance evaluations are timely completed; and
- f) we have begun the process to fill the vacant positions of Director of Homeownership, General Counsel, and Director of Legislation.
- g) The Governor has released his January 10, 2018 budget, and the administration will continue efforts to implement programs included in the 2017 legislative package.
 - Russell requested the floor and commented that he would like more information on community land trusts (CLTs). Executive Director briefly explained that CLTs and CalHFA's regulatory agreements and guidelines are now aligned allowing them to use our loans for various affordable housing products, and will enable us to help with disaster recovery efforts.

4. Report of the Chair of the Audit Committee

- A. Chair Gunning reported on the results of the Housing Finance Fund Audit and Single Audit of federal programs by CliftonLarsonAllen (CLA). The Fund's operating income was offset by the effects of Senate Bill 837, resulting in a \$190 million reduction in the Fund's net position.

The Single Audit had a repeat finding: 1 of 15 projects did not make the required monthly deposit to the replacement reserve account, and 1 of 12 projects did not have the management occupancy review completed within the 12 month period. CLA recommended that the Asset Management Division review staffing levels, and establish written procedures for its activities.

The Executive Office engaged a consultant to review the Asset Management Division; the report will be available at the March Board meeting.

The two remaining Agreed-Upon Procedure reports for the MyHome Program and Fannie Mae Document Custodian had no findings.

- von Koch-Liebert requested the floor and asked if the consultant will be looking at solutions regarding the reserves, or focusing solely on internal activities within the Division. Cavier replied that staff are working on the reserves issue, and the consultant will be reviewing overall operations in an effort to stop audit findings from occurring.

B. Discussion of the Agency's Comprehensive Annual Financial Report.

Glushchenko reported that this is our first year preparing the Comprehensive Annual Finance Report (CAFR) using guidelines established by the Government Finance Officers Association (GFOA), and explained the information it contains. We will be entering our CAFR into GFOA's Certificate of Achievement for Excellence in Financial Reporting Program, and our Popular Annual Financial Report in the Popular Annual Financial Reporting Award Program. Glushchenko recognized all CalHFA and CLA staff for their contributions to the CAFR. Glushchenko and Executive Director especially thanked Cavier, and wished him luck in winning these awards.

BUSINESS ITEMS:

5. Final Loan Commitment for Southlake Tower Senior Apartments, No. 17-022-N, for 130 Units located in Oakland/Alameda – Resolution No. 18-01.

Presented by Carroll, Lierly, and Tony Weng, Project Manager, Christian Church Homes.

On a motion by Prince, the Board approved staff recommendation for Resolution 18-01. The votes were as follows:

AYES: Avila Farias, Schaefer (for Chiang), Gunning, Imbasciani, Amann (for Metcalf), von Koch-Liebert (for Podesta), Prince, Russell, Sotelo

NOES: None.

ABSTAIN: None.

ABSENT: Gallagher, Hunter, Johnson-Hall

- Sotelo requested the floor and commented on her concerns re: a waiver of the transitional operating reserve in this transaction; asked that staff revisit the issue, and perhaps have the Board discuss the development of policy on this issue. Executive Director and Carroll committed to report back at the next meeting with an analysis and negotiations with the borrower around the reserves.

Final Loan Commitment for Susanville Garden Apartments, No. 17-013-A/N, for 64 Units located in Susanville/Lassen – Resolution No. 18-02.

Presented by Carroll, Vakili, and Danielle Curtis Bennett, President, Alliance Property Group, Inc.

On a motion by Sotelo, the Board approved staff recommendation for Resolution 18-02. The votes were as follows:

AYES: Avila Farias, Schaefer (for Chiang), Gunning, Imbasciani, Amann (for Metcalf), von Koch-Liebert (for Podesta), Prince, Russell, Sotelo

NOES: None.

ABSTAIN: None.

ABSENT: Gallagher, Hunter, Johnson-Hall

6. Discussion regarding the Housing Assistance Payments (HAP) Contract National Support Services (HAPNSS) [Formerly known as Performance-Based Contract Administrator (PBCA) Program] federal solicitation released December 01, 2017.

Carroll reported on the 18 year history of HUD contracting out for the administration of the HAP, and CalHFA's bidding history.

- Prince recused himself and left the room as his organization may be a potential bidder.

Unlike past solicitations, there is no requirement that a Public Housing Agency (PHA) be a part of the contracting entity, which is an issue for CalHFA, and would hamper our ability to bid on the process.

We plan to comment that CalHFA would prefer there be a PHA requirement, but if there is none, we would be at a competitive disadvantage in bidding.

7. REPORTS

Acting Chair Gunning asked Board members if they had any questions about the reports and there were none.

8. DISCUSSION OF OTHER BOARD MATTERS

Executive Director extended her thanks to the Marketing Division as they were instrumental in working with Fiscal Services and Cavier in putting together the CAFR.

Flores announced to the Board that the tentative February 15, 2018 Board Meeting will occur.

9. PUBLIC TESTIMONY: DISCUSSION ONLY OF OTHER MATTERS TO BE BROUGHT TO THE BOARD'S ATTENTION

None.

10. ADJOURNMENT

As there was no further business to be conducted, Acting Chair Gunning adjourned the meeting at 11:12 a.m.

11. HANDOUTS

CalHFA's 2016/17 Comprehensive Annual Financial Report (CAFR) was distributed to Board Members.
