

**Golden State Finance
Authority (GSFA)
Executive Committee Meeting**



**Wednesday, November 18, 2015
10:00 A.M.**

**1215 K Street, Suite 1650
Sacramento CA 95814
916-447-4806**

**Golden State Finance Authority (GSFA)
Executive Committee Meeting
1215 K Street, Suite 1650
Sacramento, CA 95814**

November 18, 2015 – 10:00 a.m.

Executive Committee Members:

Supervisor Lee Adams, Sierra County
Supervisor John Viegas, Glenn County
Supervisor Bob Williams, Tehama County
Supervisor Nate Beason, Nevada County
Supervisor Les Baugh, Shasta County

Supervisor Rex Bohn, Humboldt County
Supervisor Doug Teeter, Butte County
Supervisor Roger Abe, Yuba County
Supervisor Tim Fesko, Mono County
Supervisor Kevin Cann, Mariposa County

Agenda

<p>10:00 a.m. Special Order of Business Simultaneous Meeting GSFA Executive Committee Meeting RCRC Executive Committee Meeting NHF Board of Directors Meeting</p> <p>1. 2015 Annual Audit Entrance Conference with Audit Committee</p>
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- I. **Call to Order and Determination of Quorum**
Chair, Supervisor Kevin Cann, Mariposa County

- II. **Approval of Minutes of the October 21, 2015 Meeting** **Page 1**
(Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise)

- III. **Member County Concerns**

- IV. **Public Comment**

- V. **Resolution 15-09: Disaster Relief Assistance – ACTION** **Page 5**

- VI. **Business and Administrative Matters** (Discussion and possible action relative to)
Greg Norton
Patricia Megason, Deputy Director
Craig Ferguson, Vice President
 - a. **Resolution 16-02: GSFA Board Member Travel Reimbursements – ACTION** **Page 9**
 - b. **2016 Proposed Budget for GSFA - ACTION** **Page 19**
 - c. **Other Business and Administrative Matters**

VII. Program Updates (Discussion and possible action relative to)

Greg Norton

Craig Ferguson

- a. Program Updates**
- b. Multi-Family Program Update**
- c. MCC Program Update**

VIII. Adjournment

Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participate in a public meeting, contact Sarah Bolnik by calling (916) 447-4806 at least 48 hours before the meeting.

Agenda items will be taken as close as possible to the schedule indicated. Any member of the general public may comment on agenda items at the time of discussion. In order to facilitate public comment, please let staff know if you would like to speak on a specific agenda item. The agenda for this meeting of the Executive Committee of the Golden State Finance Authority was duly posted at its offices, 1215 K Street, Suite 1650, Sacramento, California, 72 hours prior to the meeting.

**Special Order of Business: Closed Session
Conference with Legal Counsel – Existing Litigation**

The GSFA Executive Committee, RCRC Executive Committee, and the National Homebuyers Fund Board, Inc. of Directors convened a closed session at 10:02 a.m. pursuant to Section 54954.5(e) and 54957 of the Government Code.

At 10:35 a.m. the closed session ended. No action was taken. The GSFA Executive Committee and the NHF Board of Directors was recessed.

At 12:49 p.m. the GSFA Executive Committee was reconvened.

Approval of Minutes of the July 22, 2015 Meeting

(Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise)

Supervisor Rex Bohn, Humboldt County, motioned to approve the minutes of the July 22, 2015 GSFA Executive Committee Meeting. Supervisor Nate Beason, Nevada County, seconded the motion. Motion passed.

Member County Concerns

None

Public Comment

None

Quarterly Budget and Investment Reports for GSFA

Lisa McCargar, Chief Financial Officer, presented the GSFA Quarterly Investment and Budget Reports as well as the GSFA Cash and Securities Asset Report for period ending September 30, 2015.

GSFA Investment Policy Renewal 2016

Greg Norton reviewed the investment policy for GSFA with the Executive Committee. The only revisions are applicable date changes, and the company name change from CHF to GSFA.

Recommendation:

That the GSFA Executive Committee review and approve the attached draft Investment Policy and take the following additional actions:

1. Direct that the draft Investment Policy be presented to the GSFA Board for adoption.

Supervisor Nate Beason, Nevada County, motioned to approve the 2016 GSFA Investment Policy. Supervisor Tim Fesko, Mono County, seconded the motion. Motion unanimously passed.

Proposed Disaster Assistance Effort Update

Greg Norton reminded the GSFA Executive Committee about an idea to utilize GSFA public funds to assist families in current need of housing as a result of the recent fires. Mr. Norton added that after recent meetings with staff in Calaveras County, internal meetings, and meetings with legal counsel, it was determined a more timely benefit to currently take \$500,000 and distribute it to the counties that need it most for temporary housing. This would eliminate additional work being put on the counties. In Lake County 1,306 families are without a primary residence and in Calaveras County 549 families are without a primary residence because of recent fire activity. Mr. Norton requested that the Executive Committee approve providing \$350,000 to Lake County, and \$150,000 to Calaveras County to be used to assist for temporary housing of those residences that have lost their homes. GSFA would have the ability to audit these gifts if needed in the future. Supervisor Fesko, Mono County suggested that a clause be added stating that of the \$500,000 issued between the counties, that no administrative fees be taken, and that the full amount is used to assist those families that need it most.

Supervisor Lee Adams, Sierra County, motioned to approve the suggested grant amounts to Lake and Calaveras County. Supervisor Tim Fesko, Mono County, seconded the motion. Motion unanimously passed.

Infrastructure Program Update

Greg Norton reported that the Infrastructure Program is moving forward and staff is optimistic about the progress. Mr. Norton noted that while a lot of work will be required to get the program up and running, the opportunity appears real and the financial benefits to the counties appear to be real. A contract will be signed in the coming days.

Program Updates

Craig Ferguson, Vice President, gave the Executive Committee an update on the current GSFA programs. Mr. Ferguson noted that recently both the City of Los Angeles and the City of Sacramento have joined the JPA.

Adjournment

Chair, Supervisor Kevin Cann, Mariposa County, adjourned the meeting of the GSFA Executive Committee at 1:13 p.m.



To: GSFA Executive Committee
From: Greg Norton, Executive Director
Patricia Megason, Deputy Director
Craig Ferguson, Vice President
Date: November 10, 2015
Re: Resolution 15-09: Disaster Relief Assistance - **ACTION**

Summary

In 2015, two of the Golden State Finance Authority's member counties, Calaveras and Lake, suffered devastating wildfires which resulted in a large number of residences being destroyed. As a result of the Butte Fire (Calaveras) and the Valley Fire (Lake), nearly 2,000 homes have been deemed destroyed. Both the Butte and Valley fire are state and federally declared disasters.

Issue

Due to the unprecedented loss of homes in these member counties, GSFA is proposing to allocate \$1.5 million in disaster funding to provide assistance to these member counties and residents. \$500,000 (\$350,000 to Lake and \$150,000 to Calaveras) would be provided directly to the counties for direct assistance for the costs of providing temporary housing and/or shelter to individuals and families that have been displaced due to the loss of their residence from the fires.

The remaining \$1 million of appropriated funds would be provided to individuals and families through a program to be established by GSFA. These funds are intended to assist in the rebuilding or to obtain a future long-term residence. Household income may not exceed 115% of the Area Median Income and the maximum of assistance to an individual household would be limited to \$2,500.

Recommendation

That the GSFA Executive Committee review and approve Resolution 15-09: Disaster Relief Assistance and direct the GSFA Executive Director to recommend adoption and approval by the GSFA Board of Directors.

Attachment

- GSFA Resolution 15-09: Disaster Relief Assistance

RESOLUTION NO. 15-09

RESOLUTION OF THE BOARD OF DIRECTORS OF THE GOLDEN STATE FINANCE AUTHORITY APPROVING AND ADOPTING AN EMERGENCY DISASTER ASSISTANCE PROGRAM FOR COUNTY RESIDENTS DISPLACED BY 2015 FIRES

WHEREAS, the Golden State Finance Authority (“GSFA”) is a joint powers authority comprised of 33 member counties which provides housing down payment assistance, energy efficiency and other programs to assist residents; and

WHEREAS, a historic drought in California has created extremely dry conditions; and

WHEREAS, in recent months, there have been devastating fires in the jurisdictions of several of GSFA’s member counties, which have resulted in hundreds of residents being left homeless; and

WHEREAS, the State of California and/or the United States Government have declared several of these fire-stricken areas to be disaster areas; and

WHEREAS, GSFA desires to provide assistance to those individuals and families who have lost their primary residence for an extended period of time;

NOW THEREFORE, BE IT RESOLVED, as follows:

Section 1. GSFA hereby allocates a total amount of One Million Five Hundred Thousand Dollars (\$1,500,000) of unrestricted funds to be used for an Emergency Disaster Assistance Program (the “Program”) to assist residents living within a member County who meet the following criteria:

- The residence is in an area declared to be a state or federal disaster area in 2015;
- Damaged property caused by the disaster must have been the primary residence (owned or rented) of the applicant;
- The property must have been designated by CALFIRE as destroyed (more than 50% damaged);
- The assistance is to benefit the individuals/families that have been displaced;
- To provide timely assistance to immediate temporary housing and shelter needs a portion of the funds may be allocated to assist with this need.

Section 2. The Board further resolves that \$500,000 of the appropriated Program funds shall be provided directly to the appropriate county agency or department of Lake and Calaveras Counties for direct assistance to be used for the costs of providing temporary housing and/or shelter to individuals and families displaced due to loss of residence from the fire, in the manner

that such counties deem appropriate. The allocation shall be in the following amounts based on the CALFIRE reports of residences destroyed:

Lake County	\$350,000
Calaveras County	\$150,000

Section 3. The remaining \$1 million of appropriated Program funds for individual/family assistance portion shall generally follow the guidelines (the "Guidelines") developed by GSFA in consultation with legal counsel.

- The funds shall be provided directly to individuals and families in an effort to assist rebuilding or to obtain a future long-term residence,
- Household income of the applicant may not exceed 115% of Area Median Income,
- Assistance to an individual household will be limited to a maximum amount of \$2,500.

PASSED APPROVED AND ADOPTED by the Board of Golden State Finance Authority, the ____ day of ____ 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Golden State Finance Authority

Chair of the Board

I certify that the foregoing resolution is a true and accurate copy of Resolution No. 15-09, approved by the governing board of the Golden State Finance Authority on _____, 2015 in Sacramento, California.

Date: _____

Assistant Secretary



To: GSFA Executive Committee
From: Greg Norton, Executive Director
Patricia Megason, Deputy Director
Date: November 10, 2015
Re: Resolution 16-02: GSFA Board Travel Policy - **ACTION**

Background

Attached please find a draft Travel Expense Policy (Resolution 16-02) for GSFA Delegates for the Executive Committee's consideration.

Following approval by the GSFA Executive Committee, the revised Policy will be presented to the GSFA Board for their approval.

Recommendation

That the GSFA Executive Committee review and approve the proposed Board Travel Expense Policy, Resolution 16-02 for presentation to the GSFA Board of Directors for approval.

Attachment

- Resolution 16-02

RESOLUTION 16-02

TRAVEL EXPENSE POLICY FOR THE GOLDEN STATE FINANCE AUTHORITY DELEGATES and ALTERNATES

WHEREAS, the Golden State Finance Authority Board of Directors needs to establish rules and regulations concerning travel, lodging and meals;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Golden State Finance Authority (GSFA) that unless otherwise provided by law, the following rules and regulations shall govern GSFA business travel by GSFA delegates.

STATEMENT OF GENERAL POLICY

- A. It is recognized that members of Boards of Supervisors are reimbursed for business expenses by their respective counties. It is the intention of GSFA to encourage involvement in GSFA business by reimbursing GSFA delegates for certain GSFA-related expenses, as described herein. Such a policy is intended to augment county reimbursement, not fully replace it.
- B. Travel is limited to only those purposes which enhance the efficient and effective operation of GSFA.
- C. GSFA Delegates traveling on GSFA-related business shall do so by the most reasonable means available, both in terms of financial costs as a primary focus and productive utilization as a secondary consideration. It is also recognized that circumstances such as the distance to be traveled and the time necessary to travel, emergency situations, inclement weather conditions, etc., are all factors which may have significant impact in determining the allowance for the cost of travel.
- D. Authority to travel and reimbursements for customary and reasonable costs incurred for such travel including meals, transportation, registration, lodging, parking and other related costs shall be in accordance with policy and procedures delineated herein.
- E. Only one voting member (either the Delegate or Alternate) representing each County per meeting will be reimbursed for Board Meeting attendance.
- F. All travel reimbursement claims must be submitted utilizing the GSFA Delegate travel claim form.

- G. In no case will a Delegate be reimbursed in an amount greater than provided in this resolution without approval of the Executive Director, Deputy Director or Vice President.
- H. Reimbursement for commercial air travel will be at "coach" class cost.
- I. Reimbursement associated with a GSFA Board Meeting or Executive Committee Meeting, attendance at the full meeting is required in order to be reimbursed.

I. TRAVEL DEFINITIONS

Travel in this policy is defined as travel that is necessary to complete GSFA business required by the organization in the performance of its primary function and/or in the course of the assigned duties. Travel for Delegates consists of roundtrip travel from their place of residence or office to attend such required events/activities.

Such travel events include, but are not limited to:

- Meetings or conferences required in the implementation or administration of new or ongoing GSFA program areas.
- Meetings, appearances or other travel necessary to conduct GSFA business requested by the Board of Directors, Chair of the Board, or GSFA Executive Director, Deputy Director or Vice President.

II. REIMBURSABLE TRAVEL ACTIVITIES

GSFA and its Board recognize the importance of GSFA Officers and Delegates actively participating on behalf of GSFA in certain activities on GSFA business.

GSFA will reimburse for travel expenses, including transportation, meals and lodging at the levels approved in this policy, for such activities in the following circumstances:

1. The activity is either a GSFA Board or Executive Committee meeting and the attending person is an official Delegate or designated representative of GSFA.
2. The activity is official GSFA business and participation has been approved by the GSFA Executive Director, Deputy Director or Vice President for legislative or policy meetings with State Legislators, Administration, Committees, and Agencies, members of Congress, federal agencies, or similar governmental bodies. Travel outside of California will require the approval of the GSFA Officers, the GSFA Executive Director, Deputy Director or Vice President as appropriate.

3. The activity is a conference or a necessary meeting in which GSFA has been invited to participate, and relates to subjects of interest to GSFA, as determined by the GSFA Board, the GSFA Executive Director, Deputy Director or the Vice President and the person designated to attend makes a report to GSFA regarding his or her activities on behalf of GSFA.
4. The participation of the particular GSFA Officers and Delegates is designated as official GSFA business by the GSFA Executive Director, Deputy Director, or Vice President.
5. The travel, lodging and meal expenses are in connection with the activities described above, and are not for personal or non-official purposes, such as entertainment or tourist related activities organized as part of a conference.

Reimbursements shall be made only upon supporting invoices, receipts and bills consistent with appropriate GSFA policies.

Notwithstanding the above, in no event shall GSFA make reimbursement for lavish expenses for travel, lodging or meals; provided, however, that if the prevailing levels of lodging expenses exceed prevailing per diem levels, GSFA may reimburse for such expenses upon a determination of the GSFA Executive Director or Deputy Director that the location, prevailing costs of lodging, or business necessity required more expensive lodging or meals.

III. LICENSE, INSURANCE REQUIREMENTS AND MEANS OF TRAVEL

Licenses - All GSFA Delegates operating any vehicle used in the performance of GSFA-related business must possess a valid driver's license. All GSFA Delegates flying/piloting their own or a rented aircraft in the performance of GSFA-related business must possess a valid and proper license.

Insurance Requirements - Any Delegate who uses their personal vehicle, rental vehicle or government vehicle for travel on GSFA-related business shall carry insurance for personal injury or property damage at or above state mandated minimum levels at that time. Delegates not in compliance with these minimum standards shall not be authorized to drive their personal vehicle, rental vehicle or government vehicle on GSFA business. If requested, Delegate is required to provide proof of licensing and insurance.

Any Delegate flying/piloting an aircraft for travel on GSFA-related business shall carry comprehensive liability insurance coverage in the minimum amount of \$1,000,000 prior to their using the aircraft to conduct GSFA business. Delegates not in compliance with these requirements shall not be authorized to fly their own or a rented aircraft on GSFA business. If requested, Delegate is required to

provide proof of licensing and insurance. GSFA's Liability and Excess Liability policies exclude aircraft.

IV. MILEAGE CALCULATION AND REIMBURSEMENT

Mileage Calculation-Roundtrip mileage is to be calculated from the Delegate's principal place of employment or home to the destination. Any special circumstances which inflate the normal mileage should be accompanied by an explanation in the expense claim and are subject to denial.

Mileage Reimbursement Rate-Authorized private vehicle usage for GSFA business travel will be reimbursed at the rate allowed under prevailing Internal Revenue Service rules and regulations as maintained by GSFA.

Aircraft Travel- GSFA Delegate's use of a private aircraft will be reimbursed at the same rate as that allowed by the Internal Revenue Service for a private automobile as stated under "Mileage Reimbursement Rate" or at the cost of commercial air travel.

Other Forms of Travel- GSFA Delegate's choosing to utilize another form of travel, such as train or other transit, shall be reimbursed at the same rate as if travel occurred as addressed in the Statements of General Policy. Item C. states GSFA Delegates traveling on GSFA-related business shall do so by the most reasonable means available, both in terms of financial costs as a primary focus and productive utilization as a secondary consideration. Item H states that Reimbursement for commercial air travel will be at "coach" class cost.

V. LODGING

Hotel Allowance-Delegates should seek the lowest cost accommodation reasonably available for the intended travel. For lodging in the Sacramento area, GSFA will reimburse lodging expense, inclusive of room rate, occupancy tax and other fees, up to a maximum of \$112 per night. In the event that GSFA has arranged a block of rooms for the event and the cost of the room within that block is greater than \$112, GSFA will reimburse the cost of the room at the block rate. Delegates are charged with using reasonable care and judgment in regard to whether overnight accommodations are required for their participation.

Guidelines regarding the need for overnight accommodations are as follows:

- For a two-day meeting/event when one-way travel from place of residence or office to the meeting/event is more than 75 miles or if travel will take more than 1 to 1 ½ hours;
- For a one-day meeting/event when one-way travel from place of residence or office is more than 150 miles or if travel will take longer than 2 hours; or
- In circumstances when the delegate needs to remain in Sacramento to participate at a GSFA associated event that will end later than 6:30 pm or in an early meeting the following morning.

- When participation in GSFA business requires arrival the night before for a meeting in Sacramento that begins at 8:00 am or earlier.

For accommodation reimbursement associated with a GSFA Board Meeting or Executive Committee Meeting, attendance at the full meeting is required in order to be reimbursed.

Transient Occupancy Tax- Occupancy tax can sometimes be waived by the motel/hotel dependent upon local regulation. Delegates traveling should always inquire about an exemption when appropriate.

VI. MEALS

Meal Allowances- Meal allowances will be reimbursed at the following rate, however, receipts must be provided:

- Breakfast \$ 8.00
- Lunch \$12.00
- Dinner \$25.00

Delegates will not be reimbursed for meals if the cost of a meal is included in the conference fee either reimbursed or paid directly by GSFA. Delegates will not be reimbursed for meals that are provided at GSFA events or meetings.

Meal Times - Delegates are charged with using reasonable care and judgment in regard to reimbursements. Reasonable times are generally considered to be departure prior to 7:00 a.m. for breakfast and return to residence after 6:00 p.m. for dinner.

Meal Limitations - Reimbursement will not include alcoholic beverages regardless of meal type or captive nature. Gratuities are capped at 15% of the cost of the meal.

Captive Meal - Captive refers specifically to those instances where a Delegate must/should participate in a dining event as part of an agendaized event. Required group meetings, gatherings or functions for which meal allowances will be claimed for breakfasts, luncheons or dinners and which are of a captive nature shall be reimbursed at actual cost even though it exceeds those amounts set forth under Meal Allowances. Expense claims for meals at such meetings, gatherings or functions (captive meals) will state the captive nature of the meal for which the expense claim is being presented.

Fixed Prices - When attendance at official meetings or conventions forces fixed prices, the claimant must list the items separately on the claim form as "Official Banquet" or other such language and the amount thereof. In this event, all such items will be supported by receipts verifying such charges. If supporting

documents are not obtainable, then a statement to this effect will be made by the claimant. The GSFA Executive Director or Deputy Director, reserves the right to deny any undocumented expenses.

VII. EXPENSE DOCUMENTATION

Receipt Requirements-Receipts must be provided for reimbursable expenses including the following:

- All lodging expenses paid at actual cost. There is \$112 per night maximum in the Sacramento area, inclusive of room rate, taxes and fees.
- All meal expenses
- Registration fees (only if not prepaid by GSFA)
- Telephone calls related to GSFA business in excess of \$2.50 per trip
- Fax charges for GSFA related business in excess of \$2.50 per trip
- Taxi/Bus fare in excess of \$5.00 per travel period
- Car Rental
- Air Travel (use ticket stub or electronic itinerary)
- Other common carrier (use ticket stub)
- Commuter bus fare (i.e. Airporter service)
- Toll Charges in excess of \$6.00
- "Captive Meal" and "Fixed Prices" as described in Section VI (a written explanation of circumstances and approval by the GSFA Executive Director or Deputy Director.)
- Parking, at standard parking rates for City visited

VIII. NON-REIMBURSABLE PERSONAL EXPENSE

Personal Expense- Any and all expenses that are for the direct personal needs of the Delegate, except as otherwise identified as reimbursable under this document, are not reimbursable by GSFA. Examples of such non-reimbursable items are listed below. This is not intended to be an all-inclusive list.

- Personal telephone calls, internet charges and personal fax transmissions
- Alcoholic Beverages (Except as provided in connection with an GSFA business related meeting or event)
- Entertainment (including related transportation costs)
- Violations of legal requirements

IX. CLAIM PROCESS

Completed claim forms are to be submitted to GSFA within thirty (30) days after the completion of the trip/expense. Failure to adhere to the filing deadline may result in the denial of the reimbursement claim

The claim form must include the purpose of the trip/expense, and the inclusive dates. All expenditures must be itemized and all claims will include receipts for expenses as detailed earlier under the section titled **EXPENSE DOCUMENTATION**.

The claim information must include all expenses of the trip whether or not they were paid directly to a vendor. The claim form is intended to be a recap of the complete trip as a reconciliation of all expenses and a central location for all receipts. Those items paid in advance or by credit card should be duly noted.

Secretary's Certificate

I certify that the foregoing is a true and accurate description of action taken at a properly constituted meeting of the Board of Directors of the Golden State Finance Authority on _____.

Secretary's Signature



To: GSFA Executive Committee
From: Greg Norton, Executive Director
Patricia Megason, Deputy Director
Lisa McCargar, Chief Financial Officer
Date: November 10, 2015
Re: GSFA 2016 Proposed Budget - **ACTION**

Summary

The proposed 2016 Golden State Finance Authority (GSFA) Operating Budget constitutes our continued commitment to the core functions of providing affordable housing down payment assistance and energy retrofit programs as well as infrastructure programs development.

The proposed 2016 GSFA Operating Budget (Attachment A) includes total revenues of \$32,856,000 and total expenditures of \$32,855,450 and results in net revenue over expenditures of \$550. The primary sources of revenue and expenditures are described below.

2016 Proposed Revenue Highlights

Proposed revenues are primarily derived from GSFA's housing and energy programs. In addition, interest income from second mortgage portfolio earnings and interest and gains from portfolio investments provide proposed sources of revenue.

The proposed 2016 GSFA Budgeted Revenue of \$32,856,000 includes:

- Housing program revenues which remain the primary source of GSFA revenues. The programs are projected to generate \$31.09 million in revenue in 2016.
- The GSFA second mortgage portfolio is projected to generate interest earnings of \$496,000.
- Revenues from new energy programs are estimated to be \$745,000. The existing energy program loans from the prior ARRA program continue to require loan servicing. GSFA cost reimbursements from this grant are estimated to be \$345,000 for 2016.
- Interest earnings and capital gains from investments are projected to be \$145,000.

2016 Proposed Expenditure Highlights

The proposed 2016 GSFA Operating Expenditure Budget is designed to provide the resources necessary to pursue and implement housing and energy programs and services. The proposed 2016 Expenditure Budget totals \$32,855,450. Primary expenditures are for housing program gifts, contract support services payments, estimated contract performance fee to RCRC and program management fees.

The key proposed 2016 GSFA expenditures include:

- Housing program gifts to homebuyers of \$25.0 million and associated program management and pipeline services fees totaling \$2,180,000.
- Contract support services payments to RCRC in the amount of \$2,023,100. The contract also includes estimated housing program performance fees of \$1,189,500.
- The proposed budget includes the lump sum contract services and performance fee amount the GSFA Board is requested to consider and approve as part of its budgeting process for the 2016 calendar year. The proposed lump sum contract services and performance fee amount for RCRC services includes a prorated amount of the salaries for RCRC personnel who provide services to the JPA through the contract for services with RCRC, including those of the President/CEO, the Executive Vice President and the Chief Financial Officer of RCRC. The proposed contract services amount and performance fee and the underlying compensation proration for RCRC personnel that are included in the proposed budget were approved by the RCRC Board of Directors.
- The 2016 proposed budget includes \$1,000,000 of grant funding for California Disaster Assistance, \$100,000 for business development and expansion, \$75,000 for promotion and marketing and \$50,000 for sponsorships.

Key Differences between the 2016 and 2015 Expenditure Budgets

The proposed 2016 expenditures budget for GSFA of \$32,855,450 includes an increase of \$11,370,389 (52.9%) from the 2015 approved budget. Following is a summary of the key differences between the proposed 2016 and the 2015 approved budgets:

- **Business Development and Expansion** – increase of \$50,000 (100%) to promote and market new and existing programs and develop new programs.
- **Infrastructure Program** – \$200,000 to develop a new Rural County Infrastructure Financing Program.
- **California Disaster Assistance Grants** – An increase of \$1,000,000 (new) to provide disaster assistance relief grants to those that have lost their housing in California wildfires.

- **Contract Support Services** – An increase of \$561,825 (38.4%) in current fees due to an increase in direct and indirect costs in providing services.
- **Loan Losses** – A decrease of \$100,000 (40%) due primarily to a decrease in the second mortgage portfolio balance.
- **Housing Gift Program** – An increase of \$9 million (56.3%) in program gifts due to increased program activity projections.
- **Program Management** – An increase of \$500,000 (33.3%) due to an increase in the service costs with greater gift volume.

Budgeted Net Revenue

The proposed budget for 2016 will result in net revenue over expenditures of \$550. The budgeted expenditures include a noncash item, the loan losses, of \$150,000. Therefore, the proposed 2016 budget is projected to generate positive cash flow of \$150,550.

Other Related Matters

Due to the volatility and pace of the programs and markets, request authority for the Executive Director to make necessary business decisions up to \$500,000 per decision outside of the approved operating budget. Also request the Executive Director be granted with the authority to proceed with necessary operating decisions due to changes in the market, economy or changing transactional requirements to avoid unnecessary delay and provide the necessary flexibility to effectively and timely implement and modify programs. Such expenditure and operational decisions are to be made in consultation with the Vice President, the GSFA Chair and the GSFA Vice Chair and are to be reported back to the Board with subsequent ratification as necessary.

Recommendations

Recommend that the GSFA Executive Committee approve the following recommendations and direct the GSFA Executive Director to make the same recommendations to the GSFA Board of Directors.

1. Approve the attached proposed 2016 GSFA Operating Budget.
2. Grant the GSFA Executive Director the authority to make necessary business decisions and utilize up to \$500,000 per decision outside of the approved operating budget when necessary. Such decisions will be made in consultation with the Vice President, the GSFA Board Chair and Vice Chair and reported back to the GSFA Board at the next available Board meeting.
3. Grant the GSFA Executive Director the authority to proceed with necessary operating decisions due to changes in opportunities, the market, the economy or changing transactional requirements to provide necessary flexibility to effectively and timely implement programs. Such decisions to be made in consultation with

the Vice President, GSFA Chair and GSFA Vice Chair with subsequent ratification by the Board of Directors as necessary.

4. Consider and approve the lump sum contract service fee to RCRC in the amount of \$2,023,100, and performance fee in the amount of \$1,189,500 which includes a prorated amount of the salaries for RCRC personnel who provide services to the JPA through the contract for services with RCRC, including those of the RCRC President/CEO, Executive Vice President and Chief Financial Officer.

Attachment

- 2016 GSFA Operating Budget

GOLDEN STATE FINANCE AUTHORITY

FY 2016 BUDGET

January 1-December 31, 2016

Income:	2016 Budget	2015 Budget	Increase / (Decrease)
Housing Program Revenue	\$ 31,095,000	\$ 22,216,500	\$ 8,878,500
Energy Program Revenue	745,000	-	745,000
Grant Reimbursed Costs	345,000	363,000	(18,000)
Interest Income and Capital Gains/(Losses)	145,000	120,000	25,000
Ongoing Issuer Fees	10,000	15,000	(5,000)
2nd Mortgage Interest	496,000	650,000	(154,000)
Miscellaneous Income	20,000	-	20,000
Total Income	\$ 32,856,000	\$ 23,364,500	\$ 9,491,500
Expenditures:			
Accounting & Auditing	\$ 29,200	\$ 30,000	\$ (800)
Arbitrage Rebate	-	5,000	(5,000)
Bank Fees	1,000	3,000	(2,000)
Business Development and Expansion	100,000	50,000	50,000
CDLAC fees	50,000	35,000	15,000
Conferences	-	1,500	(1,500)
Community Relations	15,000	-	15,000
Custodian/Trustee	50,000	-	50,000
Consultants	84,000	84,000	-
Contract Labor - Temps	10,000	10,000	-
Contract Performance Fee	1,189,500	1,150,000	39,500
Dues, Fees & Subscriptions	30,000	40,000	(10,000)
Grant Costs	345,000	363,000	(18,000)
Insurance	37,700	40,270	(2,570)
Infrastructure Program	200,000	-	200,000
Legal Services	125,000	100,000	25,000
Loan Losses	150,000	250,000	(100,000)
Miscellaneous	6,000	6,000	-
Multi Family Bonds	10,000	-	10,000
Off-Site Storage	-	500	(500)
Gift Program	25,000,000	16,000,000	9,000,000
Grant Fund - California Disaster Assistance	1,000,000	-	1,000,000
Pipeline Services	180,000	180,000	-
DPA Program Management	2,000,000	1,500,000	500,000
Postage	1,000	600	400
Printing and Duplication	1,000	-	1,000
Promotion and Marketing	75,000	50,000	25,000
Rent	67,950	49,916	18,034
Contract Support Services	2,023,100	1,481,275	561,825
Sponsorships	50,000	50,000	-
Board Member Travel and Reimbursements	15,000	15,000	-
Travel	10,000	10,000	-
Total Expenditures	\$ 32,855,450	\$ 21,485,061	\$ 11,370,389
Net Revenues Over Expenditures	\$ 550	\$ 1,879,439	\$ (1,878,889)
Noncash Adjustments:			
Loan Losses	\$ 150,000	\$ 250,000	\$ (100,000)

