

**CALIFORNIA ALTERNATIVE ENERGY AND
ADVANCED TRANSPORTATION FINANCING AUTHORITY
Meeting Date: February 22, 2011**

***Request for Resolution to Transfer Qualified Energy Conservation Bond (QECB)
Reallocation***

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Summary. Yuba Community College District (the “District” or “Yuba”) requests approval of a Resolution to consent to a transfer of the California Debt Limit Allocation Committee’s (“CDLAC”) reallocation of Qualified Energy Conservation Bonds (“QECB’s”) from CAEATFA to the District in the amount of \$20,500,000.

Background. In November of last year, Yuba requested CAEATFA to make an application to CDLAC for a re-allocation of QECBs in the amount of \$20,500,000 (the “Yuba QECB Allocation”). The Application submitted by CAEATFA to CDLAC listed CAEATFA as both the Applicant and Issuer, and the District as the Project Sponsor. At that time it was anticipated that bonds would be issued by CAEATFA through a public sale. The bonds would be issued by CAEATFA under an indenture or trust agreement, and would be secured by lease payments to be made by the District under a lease agreement, between CAEATFA and the District.

On January 26, 2011, CDLAC approved a resolution (the “Allocation Resolution”) which granted a re-allocation of available allocation for QECBs to the District in the amount of \$7,028,208. CDLAC also approved a mechanism which would increase the amount of awarded QECB allocation should additional QECB allocation become available to CDLAC prior to May 3, 2011.

In addition to the Yuba QECB Allocation the District also sought an allocation of QECBs from CDLAC to finance certain energy efficiency investments at its Marysville campus, with Yuba County serving as the Qualified Applicant. On January 26, 2011, CDLAC approved a resolution which granted a re-allocation of available allocation in the amount of \$2,170,557 and approved a mechanism which would increase the amount of awarded QECB allocation should additional allocation become available. The District additionally holds an allocation of approximately \$1.5 million of Clean Renewable Energy Bonds which cannot be transferred without the consent of the IRS. The majority of these bonds will be issued directly by the District through a planned public sale, which is now being prepared to go to market. It is in the District’s best interest to consolidate the various allocations of bonds under one issuer, so that the financing for the project can be executed in a coordinated fashion with a single set of bond documents. This will simplify financing and save the District a considerable amount in costs of issuance.

As the Yuba QECB Allocation was granted to CAEATFA, and the Allocation Resolution limits the use of the Yuba QECB Allocation solely to CAEATFA, the District has requested that the Yuba QECB Allocation be transferred to the District to complete the financing under which the District will serve as the issuer of the QECBs. Any transfer of the Allocation from CAEATFA

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to the District will need to be approved by CDLAC. CDLAC Staff has agreed to amend the Allocation Resolution to provide for a direct allocation of the QECB award to the District, subject to approval by the CDLAC Board on March 16, 2011.

Staff Recommendation. Staff recommends approval of the Resolution to consent to a transfer of CDLAC's reallocation of QECB's from CAEATFA to Yuba Community College District for an amount not to exceed \$20,500,000.

**RESOLUTION CONSENTING TO THE TRANSFER OF ALLOCATION FOR A
QUALIFIED ENERGY CONSERVATION BONDS TO
THE YUBA COMMUNITY COLLEGE DISTRICT**

February 22, 2011

WHEREAS, the California Alternative Energy and Advanced Transportation Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Alternative Energy and Advanced Transportation Financing Authority Act (“Act”) to issue bonds for the purpose of providing Financial Assistance to Participating Parties in connection with the acquisition and construction of Renewable Energy Projects (as such terms are defined in the Act); and

WHEREAS, Yuba Community College District (the “District”) requested the Authority to assist in financing facilities for the qualified energy conservation solar project (the “Facilities”); and

WHEREAS, the Authority adopted a Resolution of Official Intent to Issue Bonds to finance the Facilities on November 17, 2010, and submitted an application to the California Debt Limit Allocation Committee (“CDLAC”) requesting CDLAC to reallocate a portion of the American Recovery and Reinvestment Act of 2009 Qualified Energy Conservation Bonds (“QECCB Allocation”) to the Facilities; and

WHEREAS, on January 26, 2011, CDLAC adopted Resolution No. ARRA-83 reallocating a portion of the QECCB Allocation to the Authority for the Facilities in the amount of \$7,028,208 (the “Yuba QECCB Allocation”); and

WHEREAS, on January 26, 2011, CDLAC also determined that the Authority on behalf of the District and subject to certain conditions could become eligible for and receive additional QECCB allocation from CDLAC prior to May 3, 2011, of up to \$13,471,792 (the “Yuba QECCB Additional Allocation”); and

WHEREAS, the District has determined to finance the Facilities through a financing structure which provides the lowest cost of funds to the District for the Facilities, and has also determined that the lowest cost of funds to finance the Facilities will be achieved if the obligations issued to finance the Facilities are issued as “Qualified Energy Conservation Bonds” (“QECCBs”) under Section 54D of the Internal Revenue Code of 1986 (the “Tax Code”), as amended, added to the Tax Code by the American Recovery and Reinvestment Act of 2009; and

WHEREAS, the District has determined that the optimal structure for the financing of the Facilities through an issuance of QECCBs is through public sale; and

WHEREAS, the District has requested the Authority transfer the Yuba QECCB Allocation and the Yuba QECCB Additional Allocation from the Authority to the District; and

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WHEREAS, CDLAC is scheduled to consider the transfer of the Yuba QECCB Allocation from the Authority to the District.

NOW, THEREFORE, BE IT RESOLVED by the California Alternative Energy and Advanced Transportation Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct.

Section 2. The Authority hereby consents to the transfer by CDLAC to the District of the Yuba QECCB Allocation and the Yuba QECCB Additional Allocation.

Section 3. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter.