



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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To: Recovery Zone Bond (RZB) and Qualified Energy Conservation Bond (QECB) Allocation Recipients

From: Sean L. Spear, Executive Director

Date: December 7, 2009

Re: **UPDATED: Plan of Issuance Requirement and Guidelines**

On November 18, 2009, the California Debt Limit Allocation Committee (CDLAC) approved the dissemination of proposed revisions to the CDLAC Procedures relating to the Recovery Zone Bond (RZB) and Qualified Energy Conservation Bond (QECB) reallocation processes. Subject to the approval of these revisions, RZB and QECB Allocation Recipients are advised to comply with the updated CDLAC requirements described below.

To the extent a local agency plans to use its allocation, the locality will be required to submit a Plan of Issuance to CDLAC **no later than January 31, 2010**. The Plan shall include the following:

- A brief description of the project(s) to be funded utilizing QECBs and/or RZBs, including the proposed qualifying project type, sponsor contact information, and anticipated bond amounts;
- A copy of the locally-approved Designation of Recovery Zone(s) resolution;
- A proposed timeline for all local actions and approvals (TEFRA, Inducement resolution, etc.), and eventual issuance;
- An identification of the local approvals obtained to date; and
- The anticipated construction start date.

Allocation not accounted for in a Plan of Issuance received by the January 31, 2010 deadline will be automatically deemed waived to CDLAC.

Following its submission, local agencies must provide CDLAC with any and all updates to their Plan as necessary (ex. new or deleted projects, significant changes to the project(s) schedule, etc.). Local agencies that have submitted a Plan of Issuance and have not issued their designated award are required to submit the following documentation **no later than August 15, 2010**:

- A resolution approving the project, which may take the form of a reimbursement resolution or and inducement resolution;
- Documentation of the appropriate governing body's or bodies or elected official's approval of the project;
- A written opinion from bond counsel which states that the QECB or RZB project being funded qualifies under the federal guidelines. Bond counsel will need to cite federal tax law in their opinion; and
- A commitment letter from the credit enhancement provider or purchaser of the bonds being utilized. If the commitment is less than the anticipated amount of bonds being utilized, the excess will automatically revert to CDLAC.

Allocation accounted for in a Plan of Issuance but not supported by the above documentation received by the August 15, 2010 deadline will automatically be deemed waived to CDLAC.

CDLAC will have no immediate role in the administering of the RZB and QECB allocation to municipalities, counties and Indian tribal governments. However, to the extent a local agency recipient does not intend to utilize its award of QECB and/or RZB allocation, each recipient has the option of reverting its allocation immediately to CDLAC for re-allocation to other projects throughout the state. It is anticipated that CDLAC will award its first re-allocations in spring 2010. Local agencies who wish to waive their allocations are encouraged to send written confirmation of such to CDLAC at their earliest convenience. The QECB and RZB allocation waiver forms can be found on the CDLAC website at www.treasurer.ca.gov/cdlac.

For more information regarding these programs and the CDLAC re-allocation process, please contact Crystal Alvarez at (916) 653-7742 for Recovery Zone Bond information; Brady Hill at (916) 651-7449 for Qualified Energy Conservation Bond information; or CDLAC Executive Director, Sean Spear or CDLAC Program Manager, Misti Armstrong @ 916-653-3255 for general policy information.