



STATE OF CALIFORNIA

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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Sean L. Spear

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MEMBERS

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*Edmund G. Brown Jr.
Governor*

*John Chiang
State Controller*

To: Interested Parties

From: Sean L. Spear, Executive Director

Date: March 11, 2011

Re: Existing and Future Redevelopment Agency-Financed Projects

Regularly, the California Debt Limit Allocation Committee (“CDLAC”) awards allocation to redevelopment agencies (“RDA’s) and/or other applicants that utilize redevelopment agency (“RDA”) funds as a source of financing. However, in light of the Governor’s recent proposal to abolish RDA’s, CDLAC strongly encourages these applicants to consider the risk of accepting any future awards of allocation at this time. For those in receipt of an existing award of allocation, CDLAC Staff plans to recommend the approval of a waiver of penalties should it be determined that RDA’s no longer have the authority to issue bonds and/or enter into contracts for funding. However, this consideration will not be extended to future allocation recipients. The assessment of non-issuance penalties will resume and all RDA-related projects that receive an award of allocation **after March 16, 2011** and subsequently fail to issue bonds will be subject to all non-issuance penalties as described in the CDLAC Regulations. Penalties may include a forfeiture of the performance deposit and the assessment of negative points for two calendar years.

In addition, CDLAC has tentatively scheduled an April 26, 2011 special meeting to accommodate the award of new allocation to projects that wish to return existing allocation awarded to an RDA prior to March 17, 2011. In exchange for the allocation awarded to the RDA, a new allocation will be awarded to a new qualified CDLAC applicant so that the project may move forward without delay. Applicants that are unable to submit a request to CDLAC by the April 26 meeting deadline will have a 2nd opportunity to be considered for an allocation exchange at the previously scheduled May 18th allocation meeting. Please note: Applications associated with a request for an allocation exchange must have no substantive proposed project changes. If the proposed project has changed as a result of the loss of the RDA’s participation, the application must be resubmitted through the regular CDLAC application process.

Attached are schedules of critical dates for the April 26, 2011 and the May 18, 2011 meetings. These schedules are exclusive to projects with an RDA as the issuer that were awarded allocation prior to March 17, 2011.

As always, do not hesitate to contact me should you have questions regarding this matter.