

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

February 27, 2008

Consideration of an Award of Allocation for the California Industrial Development Financing Advisory Commission Under the Small-Issue Industrial Development Bond Project Pool

ACTION: The Committee will award the California Industrial Development Financing Advisory Commission (CIDFAC) \$53 million in Industrial Development Bond Allocation for the purpose of allocating portions of the award to Project Sponsors for purposes of issuing bonds.

BACKGROUND: At the January 23, 2008 California Debt Limit Allocation Committee (CDLAC) meeting the Committee voted to authorize CIDFAC to receive an award of Industrial Development Bond Allocation for the purpose of allocating portions of the award to Project Sponsors for purposes of issuing bonds.

DISCUSSION:

The purpose of the Industrial Development Bond (IDB) Small Business Program (SBP) is to make tax-exempt bond financing available to small businesses that generally would not have access to low cost tax-exempt bond financing. This is done by expediting the approval process. By providing the allocation to the California Industrial Development Financing Advisory Commission (CIDFAC) the Borrower is able to receive their financing and allocation approval at the same time. Monthly CIDFAC meetings also ensure the Borrower does not have to wait 60-90-days for a Committee allocation approval; thus eliminating the need for expensive interim financing.

PROCESS PLAN:

CDLAC has \$53 million remaining in IDB allocation based on the proposed action at the March 26, CDLAC meeting where consideration of approximately \$34,500,000 in allocation is recommended for Industrial Development Bond projects. Staff recommends an award of Allocation for \$53 million to CIDFAC. The CIDFAC Allocation would expire on July 30, 2008, any remaining allocation will be returned to CDLAC.

CDLAC's award of Allocation to CIDFAC shall be conditioned on CIDFAC's adherence to the existing CDLAC priority and point system when awarding Allocations (CDLAC Procedures Section 20). In addition, CIDFAC will make awards according to the following condition:

- The Industrial Development Bond Pool is oversubscribed for 2008 therefore; CDLAC staff is recommending a maximum allocation of \$20 million be awarded per CIDFAC meeting. Further, staff recommends that CIDFAC reserve the option to increase the cap available at an allocation round up to \$2 million. Provided that such amount is available in the IDB Pool, and the CIDFAC Board determines that highly competitive projects in a particular round should be awarded such additional amount.
- CIDFAC shall continue to use the CDLAC Allocation criteria and point scheme

RECOMMENDATION:

Staff recommends the Committee award the California Industrial Development Financing Advisory Commission (CIDFAC) \$53,000,000 in Industrial Development Bond Allocation for the purpose of allocating portions of the award to Project Sponsors for purposes of issuing bonds.

Prepared by, Misti Armstrong.