

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

February 27, 2008

Consideration of a Process Plan and Award of Allocation for the California Pollution Control Financing Authority (CPCFA) Under the Exempt facility Program Pool

ACTION: The Committee will award the California Pollution Control Financing Authority (CPCFA) \$200,000,000 in Exempt Facility 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 CPCFA to receive an award of Exempt Facility Allocation for the purpose of allocating portions of the award to Project Sponsors for purposes of issuing bonds. The Committee directed CDLAC staff to develop a "Process Plan" to detail how CPCFA will award the Exempt Facility Allocation. This staff report was developed to outline that plan.

DISCUSSION: The rationale for this proposal is twofold; (a) to ensure Allocation is used for those projects that provide the greatest public benefits consistent with State mandates as outlined in CDLAC Procedures, and (b) to allow Exempt Borrowers to receive their Allocation and financing approval simultaneously to improve efficiency and expedite the approval process.

CDLAC staff is recommending that the following "Process Plan" be adopted by this Committee for the award of Allocation by CPCFA to Project Sponsors for the issuance of bonds for 2008. If this Process Plan is successful it is anticipated that in 2009 CDLAC will award All the Exempt Facility Allocation to CPCFA.

CPCFA PROCESS PLAN:

Provide an Allocation award of \$200 million to CPCFA. The CPCFA Allocation would expire on July 30, 2008, any remaining allocation will be returned to CDLAC.

CDLAC's award of Allocation to CPCFA shall be conditioned on CPCFA's adherence to the existing CDLAC priority system when awarding Allocations (CDLAC Procedures Section 21(II)). In addition, CPCFA will make awards according to the following condition:

- The Exempt Facility Pool is oversubscribed for 2008 therefore; CDLAC staff is recommending a maximum allocation of \$60 million be awarded per CPCFA meeting.

RECOMMENDATION: Adopt the CDLAC proposed "**CPCFA PROCESS PLAN**" for the award of \$200 million in Exempt Facility Allocation to CPCFA, for the purpose of allocating portions of the award to Project Sponsors for issuing bonds.

Prepared by, Joanie Jones Kelly.