THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 27, 2010

Consideration and Adoption of the Proposed Revisions to the Procedures of the California Debt Limit Allocation Committee
(SECTION 23 & 24- RECOVERY ZONE BONDS)

I. ACTION

Approve the proposed Recovery Zone Facility Bond Re-allocation Procedures and Recovery Zone Economic Development Bond Re-allocation Procedures as modified since presented to the Committee at the November 18, 2009 meeting (See Attachments A & B).

II. BACKGROUND

On November 18, 2009 the Committee approved the distribution of the proposed Recovery Zone Bond Procedures for a 30-day public comment period. At that time, staff agreed to return to the Committee for the adoption of the proposed procedures. Below is a summary of the proposed procedures as modified by staff (see Attachments A and B for the complete modified proposed procedures).

RE-ALLOCATION OF RECOVERY ZONE BONDS:

1. Counties and large municipalities that do not submit a Plan of Issuance by January 31, 2010, will automatically have their allocation deemed waived and captured by CDLAC for re-allocation. If the Plan of Issuance does not call for the usage of the full amount of the designated award, the excess amount of bonds will be deemed waived.

2. Counties and large municipalities that have not issued their entire designated award are required to provide documentation that they will have the ability to issue bonds prior to the sunset date (December 31, 2010). The required documentation must be submitted no later than August 15, 2010. If the required documentation is not received by the indicated deadline, the allocation will be automatically deemed waived.

3. CDLAC will administer the re-allocation of the Recovery Zone Bond allocation. As such, CDLAC has developed proposed procedures (see attachments A and B) and the following priority system:

    A. Counties or large municipalities (population of more than 100,000) that voluntarily waived their award of allocation by the Department of Treasury in the American Recovery and Reinvestment Act of 2009 will have first priority in the reallocation application process. As the Committee's first priority (Tier 1 projects), the counties and large municipalities that waived their designated allocation may request up to their waived amount without competition.

    B. Counties or municipalities that were excluded from receiving an award of allocation by the Department of Treasury in the American Recovery and Reinvestment Act of 2009 will have second priority (Tier 2 projects) in the reallocation application process. *The following counties will have second priority*: Alpine, Colusa, Del Norte, Fresno, Imperial Inyo, Kern, Lassen, Madera, Marin, Mariposa, Merced, Modoc, Monterey, Napa, San Benito, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Sierra, Sutter, Tehama, Tulare, Tuolumne, and Yuba. *The following cities will have second priority*: Bakersfield, Chula Vista, Daly City, Escondido, Fresno, Oceanside, Salinas, San Diego, San Francisco, San Jose, Santa Clara, Sunnyvale, and Visalia. Tier 2 projects must meet the established minimum point threshold.

C. All other projects requesting Recovery Zone Bonds re-allocation will have last priority (Tier 3 projects). Those agencies that fall into the Tier 1 category but request an award of re-allocation beyond their voluntarily waived amount will also fall into this category for their supplemental request. A complete application will be required for the supplemental request.

D. Projects that fall into the Tier 1 category will be funded prior to all other projects. Those projects that fall into the Tier 2 category will be funded based on score and prior to the funding of Tier 3 projects. All projects that do not fall into Tier 1 and 2 will be considered Tier 3 and will be funded based on score. If necessary and to fully utilize the Recovery Zone Facility Bonds, CDLAC will establish a waiting list for all projects that have met the minimum requirements. These projects will be funded as unused allocation is captured by CDLAC.

III. PUBLIC COMMENTS:

Staff received five letters commenting on the draft procedures. Verbal comments were also received at the public hearings held on December 4th, 2009 and December 9th, 2009. Please see full Public Comment matrix for all comments and recommendations (ATTACHMENT C)

In response to the comments received, the following highlighted areas of the proposed procedures were modified:

- All counties and cities will now be eligible to apply for an award of allocation regardless of population.
- A “legal memo”, rather than a formal legal opinion, will be required at the time of application. Details on the specific requirements of the memo are addressed in the Reallocation Procedures and Applications.
- The maximum allocation award for a Recovery Zone Facility Bond project will be increased from $10 million to $20 million per project, with the Committee possessing the ability to waive the cap if merited.
- Under the Land Use/Energy Efficiency evaluation criteria, points will be awarded to projects that generate their own renewable energy.

IV. RECOMMENDATION: Approve the proposed Recovery Zone Facility Bond and Recovery Zone Economic Bond Procedures as modified and attached.

Prepared by Crystal Alvarez

ATTACHMENT A

Section 23. Recovery Zone Economic Development Bond (RZEDB) Program~~s~~

The American Recovery and Reinvestments Act of 2009 (ARRA) assigned Treasury designated Recovery Zone Bond allocations to counties and large municipalities (population of more than 100,000) with a significant decline of employment from 2007 to 2008. Counties and large municipalities that have been excluded by the ARRA are: Alpine, Colusa, Del Norte, Fresno, Imperial Inyo, Kern, Lassen, Madera, Marin, Mariposa, Merced, Modoc, Monterey, Napa, San Benito, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Sierra, Sutter, Tehama, Tulare, Tuolumne, and Yuba. *The following cities have been excluded*: Bakersfield, Chula Vista, Daly City, Escondido, Fresno, Oceanside, Salinas, San Diego, San Francisco, San Jose, Santa Clara, Sunnyvale, and Visalia.

CDLAC will have no immediate role in the administering of the designated Recovery Zone Bond allocation to counties and large municipalities. Interested parties should contact localities directly for program assistance.

I. Minimum Requirements

An entity utilizing Recovery Zone Economic Development Bond Program (RZEDB) must meet the following requirements:

A. Counties and large municipalities assigned a Recovery Zone Economic Development Bond allocation must designate the area that bonds will be utilized in, as a Recovery Zone to include the basis for the designation per ARRA section 1400-1 (b). B. The maximum face amount of bonds which may be designated by an issuer shall not exceed the amount of the recovery zone economic development bond limitation awarded to such issuer under section 1400U-1.

B. The proposed use of bond proceeds must meet the following requirements per section 1400U-2 (b) (1):

C. 100% percent of the available project proceeds (i.e. sale proceeds, less cost of issuance not to exceed 2%, plus investment earnings), less the amount funding a reasonable reserve fund, must be used for one of more following qualified economic development:
   1. Capital expenditures paid with respect to property located in such zone;
   2. Expenditures for public infrastructure and construction of public facilities; and
   3. Expenditures for job training and education programs

II. Reporting Requirements

A. CDLAC will require a Report of Action form be submitted to CDLAC upon the issuance of bonds not more than three days following the issuance of RZEDBs. This report should include the date and amount of the issuance and the designated recovery zone in which proceeds will be used.

B. Counties and large municipalities receiving RZEDB allocation must provide CDLAC with a Plan of Issuance no later than January 31, 2010. The Plan should include a recovery zone bond resolution and a description of the projects to be funded. In addition counties and large municipalities are ~~encouraged~~ required to include a project issuance timeline as part of the Plan of Issuance. Counties and large municipalities that do not submit a Plan of Issuance by January 31, 2010, will automatically have their allocation deemed waived and captured by CDLAC for re-allocation. If the Plan of Issuance does not support the full amount of the designated award the excess amount of bonds will be deemed waived.

C. Counties and large municipalities 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:

1. A resolution adopted by the governing body of the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer approving the project, which may take the form of a reimbursement resolution or an inducement resolution.
2. A letter of support or approval from the municipality's appropriate governing body or elected officials with jurisdiction over the project area. This requirement will only be required when the issuer is an entity other then the municipality such as the county or a conduit issuer.
3. A Recovery Zone Designation. The county or large municipalit~~ies~~y must designate the area that bonds will be utilized in as a Recovery Zone, and shall include the basis for the designation per ARRA section 1400-1 (b). This requirement is demonstrated by a resolution approved by the county or large municipalities.
4. ~~The Qualified Recovery Zone Issuer must provide a~~ A legal memo ~~written opinion~~ from bond counsel which states that based on a ~~prlininary~~preliminary review, the proposed ~~project being funded with RZEDB~~ project qualifies for Recovery Zone Economic Development Bonds under the American Recovery and Reinvestment Act ~~federal guidelines~~ and federal tax law. Bond counsel must ~~will need to~~ cite relevant federal tax code in their opinion.
5. A~~The issuer must provide a~~ commitment letter from the private placement or credit enhancement provider of the bonds being utilized. If the commitment is less then the anticipated amount of bonds being utilized, the difference will automatically be deemed waived.

Counties and large municipalities that have submitted a Plan of Issuance but have not provided the above documentation by the August 15th deadline will have their allocation automatically deemed waived.

III. Re-Allocation System for Recovery Zone Economic Development Bond (RZEDB) Projects

Allocation waived by a county or large municipality, or deemed waived under Section 23.II.C, shall be re-allocated by CDLAC to individual qualifying projects on a competitive basis. Applications seeking an allocation must meet the following threshold requirements, and will be scored according to the criteria described below.

A. Minimum Requirements

1. Counties and large municipalities must be in full compliance with reporting requirements in section 23.I and section 23.II of the CDLAC procedures if applicable to apply for Recovery Zone Bond re-allocation.

2. The Qualified Recovery ~~z~~Zone Bond Issuer is to provide an assignment letter or resolution (if applicable) from ~~on behalf of~~ the county or large municipality stating that a portion of their Recovery Zone Bond allocation has been assigned to the project seeking supplemental allocation. The letter should include: the amount and type of bonds committed, name of the project and the name of the department awarding allocation.

3. A letter of support from the municipality's appropriate governing body or bodies or the elected official's approval of the project. This requirement will only be required when the issuer is an entity other then the municipality such as the county or a conduit issuer.

~~3.~~4. The county or ~~large~~ municipality must designate the area that bonds will be utilized in as a Recovery Zone, and shall include the basis for the designation per ARRA section 1400-1 (b). This requirement is demonstrated by a resolution approved by the county or ~~large~~ municipality.

~~4.Any large municipality requesting an award of re-allocation must have a population of more than on-hundred thousand (100,000) as of December 31, 2007.~~

5. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer's request for an award must be project specific.

6. The maximum face amount of bonds which may be re-allocated to a ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer shall not exceed ten million dollars per project.

7. In the event the round is under subscribed the Executive Director may recommend that an exception be granted to the maximum re-allocation limit.

8. 100% percent of the available project proceeds (i.e. sale proceeds, less cost of issuance not to exceed 2%, plus investment earnings), less the amount funding a reasonable reserve fund, must be used for one or more of the following qualified economic development activities:

   a. Capital expenditures paid with respect to property located in such zone;
   b. Expenditures for public infrastructure and construction of public facilities; and/or
   c. Expenditures for job training and education programs

9. The Qualified Recovery Zone Issuer must provide a legal memo from bond counsel which states that based on a preliminary review, the proposed project qualifies for Recovery Zone Economic Development ~~F~~Bonds under the American Recovery and Reinvestment Act ~~guidelines~~ and federal tax law. Bond counsel ~~will need to~~must cite relevant federal tax code in their memo.

~~9.~~10. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer may request, in writing, an increase to the award of re-allocation not to exceed ten ~~(10)~~ percent of the original re-allocation award. The increase will be at the discretion of the Executive Director. The total amount of the increase will be based on the availability of allocation and project need.

~~10.~~11. The Committee may grant an extension of the expiration date of the re-allocation of up to thirty (30) calendar days; but in no event shall said extension be beyond December 31, 2010. The Committee may delegate its authority to grant extensions to the Executive Director.

~~11.~~12. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer is required to estimate the job impact that the proposed project would achieve. This should be done by estimating the number of construction, temporary, and permanent jobs that will be created by funding of the proposed project. These estimates will be used for reporting purposes only and will not be a factor in the evaluation of the proposed project.

~~12.~~13. A county or large municipality that is only requesting all or a portion of re-allocation that was voluntarily waived need only provide a written request and documentation that the project is ready to issue Recovery Zone Economic Development Bonds prior to the expiration date of December 31, 2010.

B. Re-Allocation Priority System

Upon a determination that an Application has met the minimum requirements set forth in subsection 23.III above, the following criteria will be used to evaluate, rank and award Allocations from the RZEDB ~~re~~Re-allocation Pool.

1. Tier 1 Projects

Counties or large municipalities (population of more than 100,000) that voluntarily waived their award of allocation by the Department of Treasury in the American Recovery and Reinvestment Act of 2009 will have first priority in the reallocation application process. As the committee's first priority (Tier 1 projects) the counties and large municipalities that waived their designated allocation may request up to their waived amount by providing the following documentation (no application will be required):

a. A letter requesting the amount of allocation and a description of the proposed project.
b. A resolution adopted by the governing body of the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer approving the project, which may take the form of a reimbursement resolution or and inducement resolution.
c. A letter of support or approval from the appropriate governing body or elected official's with jurisdiction over the project area. This requirement will only be required when the issuer is an entity other then the municipality such as the county or a conduit issuer.
d. The county or ~~large~~ municipality must designate the area that bonds will be utilized in, as a Recovery Zone, and shall include the basis for the designation per ARRA section 1400-1 (b). This requirement is demonstrated by a resolution approved by the local government requesting an award of Recovery Zone Economic Development Bond allocation
e. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer must provide a legal memo from bond counsel which states that based on a preliminary review, the proposed project qualifies for RZEDB under the ARRA guidelines and federal tax law. Bond counsel will need to cite relevant federal tax code in their memo.
~~e. The Qualified Recovery Zone Issuer must provide a written opinion from bond counsel which states that the project being funded with RZEDB qualifies under the federal guidelines. Bond counsel will need to cite relevant federal tax code in their opinion.~~
f. A commitment letter from the purchaser or underwriter of the bonds being utilized.

2. Tier 2 Projects

Counties or large municipalities (population of more than 100,000) which did not receive an award of allocation by the Department of Treasury in the American Recovery and Reinvestment Act of 2009 will have second priority (Tier 2 projects) in the reallocation application process. Tier 2 projects must meet the established minimum point threshold. *The following counties will have second priority*: Alpine, Colusa, Del Norte, Fresno, Imperial Inyo, Kern, Lassen, Madera, Marin, Mariposa, Merced, Modoc, Monterey, Napa, San Benito, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Sierra, Sutter, Tehama, Tulare, Tuolumne, and Yuba. *The following cities will have second priority*: Bakersfield, Chula Vista, Daly City, Escondido, Fresno, Oceanside, Salinas, San Diego, San Francisco, San Jose, Santa Clara, Sunnyvale, and Visalia.

3. Tier 3 Projects

All other projects ~~Counties and large municipalities (population of more than 100,000) that received a designated award of allocation from the U.S Department of Treasury and are~~ requesting ~~additional~~ Recovery Zone Economic Development Bonds shall be funded as Tier 3 projects. Those agencies that fall into the Tier 1 category but request an award of re-allocation beyond their voluntarily waived amount will also fall into this category for their supplemental re-allocation request. A complete application will be required for the supplemental re-allocation request.

4. Waiting list and Tier Priority

Projects that fall into the Tier 1 category will be funded prior to all other projects. Those projects that fall into the Tier 2 category will be funded based on relative score of the project's public benefits and prior to the funding of Tier 3 projects. All projects that do not fall into Tier 1 and 2 will be considered Tier 3 and will be funded based on score (see evaluation criteria below). If necessary and to fully utilize the Recovery Zone Economic Development Bonds, CDLAC will establish a waiting list for all projects that meet the minimum requirement and have provided an application. These projects will be funded as allocation is received by CDLAC.

5. Ranking Applications

If, after awarding points under subsection ~~V~~C below, two or more Applications are awarded the same number of points, CDLAC will divide the re-allocation requested by each such Application by the number of jobs created by the related project, and will rank the Applications based on the lowest amount of requested re-allocation per job created.

6. Non-Competitive Application Process

If the initial application round is undersubscribed, CDLAC will accept Recovery Zone Economic Development Bond applications for the next scheduled committee meeting, allowing for a minimum of 30 days to review the ~~Recovery Zone~~ application. In the event the round is under-subscribed, the Executive Director may also recommend that an exception be granted to the maximum re-allocation limit.

C. Evaluation Criteria

CDLAC staff will perform all calculations for confirmation of eligibility based on the census trac~~k~~t (s) provided by the applicant.

1. Community Economic Need (~~25~~30 points maximum)

Applications will be awarded up to twenty-five (25) points for projects that are located in communities according to the following:

a. Unemployment Rate of the Area In Which Project Site Is Located (10 points maximum)

Based on data from the Employment Development Department, the average unemployment rate for the preceding calendar year of the county sub-area in which the Recovery Zone Economic Development Bond Project(s) is/are located will be divided by the statewide unemployment rate for the preceding calendar year and multiplied by 100. The following points will be awarded:

i. Ten (10) points to a project located in an area with an unemployment rate that is one hundred seventy-five percent (175%) or more of the statewide average.

ii. Five (5) points to a project located in an area with an unemployment rate that is one hundred twenty-five percent (125%) or more, but less than one hundred seventy-five percent (175%), of the statewide average.

b. Project Area Poverty Rate (10~~5~~ points maximum)

Based on the most recent data from the United States Bureau of the Census, the estimated poverty rate of each federal census tract within a 1-mile radius area of the project site, the poverty rate of the census tract(s) will be divided by the statewide poverty rate and multiplied by 100. The following points will be awarded (if there is more than one tract, the poverty rates will be averaged):

i. Ten~~Five~~ (10~~5~~) points to a project located in an area in which the poverty rate is over one hundred twenty-five percent (125%) of the statewide poverty rate.

ii. Five~~Three~~ (~~3~~5) points to a project located in an area in which the poverty rate is over one hundred ten percent (110%) but not more than one hundred twenty-five percent (125%) of the statewide poverty rate.

c. Five (5) points to a project located in a Special Designation Area (excluding the Recovery Zone designation).

d. Five (5) points to a project located in an area with a median family income of less than eighty percent (80%) of the statewide average based on the most recent census data available for cities or Census Designated Places. (If no city or Census Designated Place level data is available, or if the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer chooses to identify a project benefit area that is smaller than a city or Census Designated Place, such as census tract or tracts, smaller areas will be used.)

e. When a project is located in an area for which there is no available economic data, to determine points under Sections 23.V.A.1 and 23.V.A.4, the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer may submit alternate information to establish the project's consistency with the intent of the aforementioned point categories. For example, an ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer may submit unemployment and/or median family income data for a neighboring area that is a sub-area, a city, or a Census-Designated Place that is in close proximity to the proposed project. The Executive Director shall have the authority to determine whether the alternate information meets intent of the point category for which such information has been submitted.

2. Job Creation (~~2~~15 points maximum)

a. Applications will be awarded points where the ~~Project Sponsor~~Applicant proposes Job Creation. The amount of the Allocation requested in the Application will be divided by the amount of Job Creation proposed by the Recovery Zone Economic Development t Bond Project (s). Points will be awarded as follows:

i. Fifteen ~~Twenty-five~~ (~~2~~15) points to projects creating or retaining one (1) job per $35,000 or less of Allocation.

ii. Ten~~Fifteen~~ (1~~0~~5) points to projects creating or retaining one (1) job per $35,001 to $50,000 of Allocation.

iii. Five (5) points to projects creating or retaining one (1) job per $50,001 to $75,000 of Allocation.

b. ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuers are eligible for job creation points when the full-time new job criterion below has been met:

i. Deducting any jobs within the State that currently exist within the respective agency, department or facility~~company~~.
ii. The Job Creation requirement must be met within two years after the completion of the project

3. Welfare To Work Plan (5 points)

Five (5) points will be awarded where the ~~Project Sponsor~~Applicant proposes participation in a Welfare-to-Work Plan in conjunction with a local governmental agency, educational agency, or non-profit organization.

4. Payment of Employee and Dependent Medical, Dental, Vision and Child-Care Costs (5 points maximum)

Applications will be awarded points where the ~~Project Sponsor~~Applicant contributes toward the cost of employee and dependent medical, vision, dental, and child-care benefits. ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuers must provide a certification letter from each of a ~~Project Sponsor~~Applicant's medical, dental, vision and child-care providers certifying to the ~~Project Sponsor~~Applicant's average contribution per employee toward the provision of these benefits. This average will be computed by dividing the ~~Project Sponsor~~Applicant's total monthly aggregate contribution toward the provision of these benefits by the total number of participating employees. Points will be awarded based on the average dollar amount per participating employee contributed by the ~~Project Sponsor~~Applicant toward the cost of benefits as follows:

a. Five (5) points will be awarded to Applications that demonstrate that the ~~Project Sponsor~~Applicant will contribute an average of $300 or more per month toward the cost of the medical, dental, vision or child-care benefits for each employee and dependents of the employee of the Small-Issue Industrial Development Bond Project.

b. Three (3) points will be awarded to Applications that demonstrate that the ~~Project Sponsor~~Applicant will contribute an average of $200 or more, but less than $300, per month toward the cost of the medical, dental, vision or child-care benefits for each employee and dependents of the employee of the Small-Issue Industrial Development Bond Project.

c. One (1) point will be awarded to Applications that demonstrate that the ~~Project Sponsor~~Applicant will contribute an average of $100, but less than $200, per month toward the cost of the medical, dental, vision or child-care benefits for each employee and dependents of the employee of the Small-Issue Industrial Development Bond Project.

5. Average Hourly Wage (5 points maximum)

Applications will be awarded up to five (5) points based on a comparison of (a) the average hourly wage of the jobs created by the Small-Issue Industrial Development Bond Project ("Project Wage") based on a letter from the ~~Project Sponsor~~Applicant certifying the amount of the Project Wage, to (b) the most recent average hourly general manufacturing wage for the Metropolitan Statistical Area in which the project is located ("Job Wage") based on the Bureau of Labor Statistics Series Code from the Employment Development Department. If a project is (1) not located in a Metropolitan Statistical Area for which the Employment Development Department keeps hourly wage data; or (2) not located in any Metropolitan Statistical Area, the Executive Director will set the Job Wage based upon the Job Wage of a comparable area. The Project Wage will be divided by the Job Wage and multiplied by 100. Points will be awarded as follows:

a. Five (5) points for a Project Wage that is one hundred twenty-five percent (125%) or more of the Job Wage;

b. Three (3) points for a Project Wage that is one hundred fifteen percent (115%) or more but less than one hundred twenty-five percent (125%) of the Job Wage;

c. One (1) point for a Project Wage that is one hundred five percent (105%) or more but less than one hundred fifteen percent (115%) of the Job Wage.

6. Land Use/Energy Efficiency (2~~0~~5 points maximum)

a. Six (6) points will be awarded to projects that reuse:

i. Vacant or abandoned buildings; or

ii. Vacant or abandoned land with developed infrastructure (excluding land whose immediate prior use was agricultural, open space or other similar use).

b. Seven (7) points will be awarded to projects that are located within ¼ mile of a Public Transit Corridor, or in areas where there is no public transportation system; the ~~Project Sponsor~~Applicant has an adopted transportation system management plan. This plan must be submitted at the time of Application.

c. Twelve~~Seven~~ (~~7~~12) points will be awarded to projects that utilize designs, materials or techniques to reduce energy usage or generate on site energy by at least fifteen (15%) on the part of the local government agency compared to the following benchmarks: (1) for building construction or rehabilitation, the most recent California Energy Commission Energy Efficiency Standards for Residential and Non-Residential Buildings; and (2) for equipment to be purchased and installed, the current per energy unit output of equipment currently in use by the ~~Project Sponsor~~Applicant. Evidence should include a utility company letter indicating that energy savings are projected or a written certification from an energy efficiency consultant.

7. Leverage (15 points maximum)

The Committee will award points to Applications for Recovery Zone Economic Development Bond Project (s) where the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer demonstrates that the financing of the project will include Taxable Debt such that the Taxable Debt will supplant the use of tax-exempt bond financing. Examples of taxable debt may include but are not limited to Build America Bonds or other taxable bond options. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer must provide documentation showing that the proceeds of the Taxable Debt will be used for project expenses directly related to job creation. To receive points for utilizing the Qualified Energy Conservation Bonds (QECB), the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer must provide documentation that they have received an award from the county or large municipality evidence by a letter or they must be concurrently applying for the CDLAC QECB pool

a. Ten (10) points for projects utilizing Taxable Debt greater than twenty percent (20%) of total project costs.

b. Five (5) points for projects utilizing Taxable Debt greater than ten percent (10%) and up to twenty percent (20%) of total project costs.

c. Three (3) points for projects utilizing Taxable Debt of up to ten percent (10%) of total project costs.

d. Five (5) ***bonus points*** for projects utilizing Qualified Energy Conservation Bonds in their project.

ATTACHMENT B

Section 24. Recovery Zone Facility Bond Programs

The American Recovery and Reinvestments Act of 2009 (ARRA) assigned Treasury designated Recovery Zone Bond allocations to counties and large municipalities (population of more than 100,000) with a significant decline of employment from 2007 to 2008. Counties and large municipalities that have been excluded by the ARRA are: Alpine, Colusa, Del Norte, Fresno, Imperial Inyo, Kern, Lassen, Madera, Marin, Mariposa, Merced, Modoc, Monterey, Napa, San Benito, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Sierra, Sutter, Tehama, Tulare, Tuolumne, and Yuba. *The following cities have been excluded*: Bakersfield, Chula Vista, Daly City, Escondido, Fresno, Oceanside, Salinas, San Diego, San Francisco, San Jose, Santa Clara, Sunnyvale, and Visalia.

CDLAC will have no immediate role in the administering of the designated Recovery Zone Bond allocation to counties and large municipalities. Interested parties should contact localities directly for program assistance.

I. Minimum Requirements

Counties and large municipalities assigned a Recovery Zone Facility Bond allocation must designate the area that bonds will be utilized in, as a Recovery Zone to include the basis for the designation per ARRA section 1400-1 (b).

II. Reporting Requirements

A. CDLAC will require a Report of Action form be submitted to CDLAC upon the issuance of bonds not more than three days following the issuance of RZFBs. This report should include the date and amount of the issuance and the designated recovery zone in which proceeds will be used.

~~A.~~B. Counties and large municipalities receiving RZFB allocation must provide CDLAC with a Plan of Issuance no later than January 31, 2010. The Plan should include a recovery zone bond resolution and a description of the projects to be funded. In addition counties and large municipalities are required ~~encouraged~~ to include a project issuance timeline as part of the Plan of Issuance. Counties and large municipalities that do not submit a Plan of Issuance by January 31, 2010, will automatically have their allocation deemed waived and captured by CDLAC for re-allocation. If the Plan of Issuance does not support the full amount of the designated award, the excess amount of bonds will be deemed waived.

~~B.~~C. Counties and large municipalities that have not issued all their designated award are required to submit the following documentation, no later than August 15, 2010:

1. A resolution adopted by the governing body of the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer approving the project, which may take the form of a reimbursement resolution or an inducement resolution.
2. A resolution adopted by the governing body of the jurisdiction in which the proposed project will be located, documenting the public approval process as required by 26 U.S.C. Section 147(f) (TEFRA).
3. A letter of support or approval from the municipality's appropriate governing body or elected officials with jurisdiction over the project area. This requirement will only be required when the issuer is an entity other then the municipality such as the county or a conduit issuer.

4. A Recovery Zone Designation. The county or large municipality must designate the area that bonds will be utilized in as a Recovery Zone, and shall include the basis for the designation per ARRA section 1400-1 (b). This requirement is demonstrated by a resolution approved by the county or large municipality.
5. ~~The Qualified Recovery Zone Issuer must provide a~~A legal memo~~written opinion~~ from bond counsel which states that based on a ~~the~~ preliminary review, the proposed project ~~being funded with RZFB~~ qualifies for RZFB under the ARRA guidelines and federal tax law. Bond counsel will need to cite relevant federal tax code in their memo~~opinion~~.
6. ~~The issuer must provide a~~A commitment letter from the private placement purchaser or credit enhancement provider of the bonds being utilized. If the commitment is less then the anticipated amount of bonds being utilized, the difference will automatically be deemed waived.

Counties and large municipalities that have submitted a Plan of Issuance but have not provided the above documentation by the August 15th deadline will have their allocation automatically deemed waived.

III. Re-Allocation System for Recovery Zone Facility Bond (RZFB) Projects

Allocation waived by a county or large municipality, or deemed waived under Section 23.II.B. and 23.II.C, shall be re-allocated by CDLAC to individual qualifying projects on a competitive basis. Applications seeking an allocation must meet the following threshold requirements, and will be scored, according to criteria described below.

A. Minimum Requirements

1. Counties and large municipalities must be in full compliance with reporting requirements in section 2~~3~~4.I and section 2~~3~~4.II of the CDLAC procedures if applicable to apply for Recovery Zone Bond re-allocation.

2. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer is to provide an assignment letter or resolution (if applicable) from ~~on behalf of~~ the county or large municipality stating that a portion of their Recovery Zone Bond allocation has been assigned to the project seeking supplemental allocation. The letter should include: the amount and type of bonds committed, name of the project and the name of the department awarding allocation,

3. A Qualified Recovery Zone Bond Issuer requesting an Allocation for a RZFB Project must provide a~~A~~ letter of support from the municipality's appropriate governing body or bodies or the elected official's approval of the project. This requirement will only be required when the issuer is an entity other then the municipality such as the county or a conduit issuer.

~~3.~~4. A ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer requesting an Allocation for a RZFB Project must provide documentation of the applicable discretionary use permits and approvals from federal, state or local planning agencies for the proposed project at the time of Application. ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuers are not required to have obtained ministerial approvals at the time of Application.

~~4.~~5. The county and ~~large~~ municipality must designate the area that bonds will be utilized in, as a Recovery Zone, and shall include the basis for the designation per ARRA section 1400-1 (b). This requirement is demonstrated by a resolution approved by the county or ~~large~~ municipality.

~~5.Any large municipality requesting an award of re-allocation must have a population of more than one-hundred thousand (100,000), as of December 31, 2007.~~

6. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer's request for an award must be project specific.

7. The maximum face amount of bonds which may be re-allocated to a ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer shall not exceed ten million dollars per project.

8. In the event the round is under-subscribed, the Executive Director may recommend that an exception be granted to the maximum re-allocation limit.

9. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer must provide a legal memo~~written opinion~~ from bond counsel which states that based on a ~~the~~ preliminary review, the proposed project ~~being funded with RZFB~~ qualifies for Recovery Zone Facility Bonds under the American Recovery and Reinvestment Act ~~under the federal guidelines~~ and federal tax law. Bond counsel ~~will need to~~must cite relevant federal tax code in their memo~~opinion~~.

10. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer may request, in writing, an increase to the award of re-allocation not to exceed ten ~~(10)~~ percent of the original re-allocation award. The increase will be at the discretion of the Executive Director. The total amount of the increase will be based on the availability of allocation and project need.

11. The Committee may grant an extension of the expiration date of the re-allocation of up to thirty (30) calendar days; but in no event shall said extension be beyond December 31, 2010. The Committee may delegate its authority to grant extensions to the Executive Director.

12. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer is required to estimate the job impact that the proposed project would achieve. This should be done by estimating the number of construction, temporary, and permanent jobs that will be created by funding the Qualified Business project. These estimates will be used for reporting purposes only and will not be a factor in the evaluation of the proposed project.

13. A county or large municipality that is only requesting all or a portion of re-allocation that was voluntarily waived need only provide a written request and documentation that the project is ready to issue the Recovery Zone Facility Bonds prior to the expiration date of December 31, 2010.

B. Re-Allocation Priority System

Upon a determination that an Application has met the minimum requirements set forth in subsection 23.III above, the following criteria will be used to evaluate, rank and award Allocations from the RZFB re-allocation Pool.

1. Tier 1 Projects

Counties or large municipalities (population of more than 100,000) that voluntarily waived their award of allocation by the Department of Treasury in the American Recovery and Reinvestment Act of 2009 will have first priority in the reallocation application process. As the committee's first priority (Tier 1 projects) the counties and large municipalities that waived their designated allocation may request up to their waived amount by providing the following documentation (no application will be required):

a. A letter requesting the amount of allocation and a description of the proposed project.
b. A resolution adopted by the governing body of the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer approving the project, which may take the form of a reimbursement resolution or and inducement resolution.
c. A letter of support~~Documentation~~ of the municipality's appropriate governing body's or bodies or elected official's approval of the project. This requirement will only be required when the issuer is an entity other then the municipality such as the county or a conduit issuer.
d. A Recovery Zone designation. The county or large municipality must designate the area that bonds will be utilized in, as a Recovery Zone, and shall include the basis for the designation per ARRA section 1400-1 (b). This requirement is demonstrated by a resolution approved by the applicable county or large municipality.
e. A~~The Qualified Recovery Zone Issuer must provide a~~ legal memo from bond counsel which states that based on a preliminary review, the proposed project qualifies for Recovery Zone Facility Bonds under the American Recovery and Reinvestmnet Act ~~guidelines~~ and federal tax law. Bond counsel ~~will need to~~must cite relevant federal tax code in their memo.
~~e.The Qualified Recovery Zone Issuer must provide a written opinion from bond counsel which states that the project being funded with RZFB qualifies under the federal guidelines. Bond counsel will need to cite relevant federal tax code in their opinion.~~
~~e.~~f. A commitment letter from the credit enhancement provider or the private placement purchaser ~~or underwriter~~ for a minimum of the amount of bonds requested.

2. Tier 2 Projects

Counties or large municipalities (population of more than 100,000) which did not receive an award of allocation by the Department of Treasury in the American Recovery and Reinvestment Act of 2009 will have second priority (Tier 2 projects) in the re-allocation application process. Tier 2 projects must meet the established minimum point threshold. *The following counties will have second priority*: Alpine, Colusa, Del Norte, Fresno, Imperial Inyo, Kern, Lassen, Madera, Marin, Mariposa, Merced, Modoc, Monterey, Napa, San Benito, San Diego, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Sierra, Sutter, Tehama, Tulare, Tuolumne, and Yuba. *The following cities will have second priority*: Bakersfield, Chula Vista, Daly City, Escondido, Fresno, Oceanside, Salinas, San Diego, San Francisco, San Jose, Santa Clara, Sunnyvale, and Visalia. [GM1]

3. Tier 3 Projects

All other projects ~~Counties and large municipalities (population more than 100,000) that received a designated award of allocation from the U.S Department of Treasury and are~~ requesting ~~additional~~ Recovery Zone Facility Bonds are funded as Tier 3 projects. Those agencies that fall into the Tier 1 category but request an award of re-allocation beyond their voluntarily waived amount will also fall into this category for their supplemental request. A complete application will be required for the supplemental request.

4. Waiting list and Tier Priority

Projects that fall into the Tier 1 category will be funded prior to all other projects. Those projects that fall into the Tier 2 category will be funded based on relative score of the project's public benefits and prior to the funding of Tier 3 projects. All projects that do not fall into Tier 1 and 2 will be considered Tier 3 and will be funded based on score (see evaluation criteria below). If necessary and to fully utilize the Recovery Zone Facility Bonds, CDLAC will establish a waiting list for all projects that meet the minimum requirements and have provided an application. These projects will be funded as allocation is received by CDLAC.

5. Ranking Applications

If, after awarding points under subsection ~~V~~C below, two or more Applications are awarded the same number of points, CDLAC will divide the re-allocation requested by each such Application by the number of jobs created by the related project, and will rank the Applications based on the lowest amount of requested re-allocation per job created.

6. Non-Competitive Application Process

If the initial RZFB application round is undersubscribed, CDLAC will accept ~~Recovery Zone~~ applications for the next scheduled committee meeting, allowing for a minimum of 30 days to review the RZFB~~Recovery Zone~~ application. In the event the round is under-subscribed the Executive Director may also recommend that an exception be granted to the maximum re-allocation limit

C. Evaluation Criteria

CDLAC staff will perform all calculations for confirmation of eligibility based on the census tract~~k~~ (s) provided by the applicant.

1. Community Economic Need (25 points maximum)

Applications will be awarded up to twenty-five (25) points for projects that are located in communities according to the following:

a. Unemployment Rate of the Area In Which Project Site Is Located (10 points maximum)

Based on data from the Employment Development Department, the average unemployment rate for the preceding calendar year of the county sub-area in which the Recovery Zone Facility Bond Project is located will be divided by the statewide unemployment rate for the preceding calendar year and multiplied by 100. The following points will be awarded:

i. Ten (10) points to a project located in an area with an unemployment rate that is one hundred seventy-five percent (175%) or more of the statewide average.

ii. Five (5) points to a project located in an area with an unemployment rate that is one hundred twenty-five percent (125%) or more, but less than one hundred seventy-five percent (175%), of the statewide average.

b. Project Area Poverty Rate (5 points maximum)

Based on the most recent data from the United States Bureau of the Census, the estimated poverty rate of each federal census tract within a 1-mile radius area of the project site, the poverty rate of the census tract(s) will be divided by the statewide poverty rate and multiplied by 100. The following points will be awarded (if there is more than one tract, the poverty rates will be averaged):

a. Five (5) points to a project located in an area in which the poverty rate is over one hundred twenty-five percent (125%) of the statewide poverty rate.

b. Three (3) points to a project located in an area in which the poverty rate is over one hundred ten percent (110%) but not more than one hundred twenty-five percent (125%) of the statewide poverty rate.

c. Five (5) points to a project located in a Special Designation Area (excluding the Recovery Zone designation).

d. Five (5) points to a project located in an area with a median family income of less than eighty percent (80%) of the statewide average based on the most recent census data available for cities or Census Designated Places. (If no city or Census Designated Place level data is available, or if the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer chooses to identify a project benefit area that is smaller than a city or Census Designated Place, such as census tract or tracts, smaller areas will be used.)

e. When a project is located in an area for which there is no available economic data, to determine points Section 24.III.C.1.a ~~3.V.A.1~~ and 24.III.C.1.d~~3.V.A.4~~, the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer may submit alternate information to establish the project's consistency with the intent of the aforementioned point categories. For example, a ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer may submit unemployment and/or median family income data for a neighboring area that is a sub-area, a city, or a Census Designated Place that is in close proximity to the proposed project. The Executive Director shall have the authority to determine whether the alternate information meets intent of the point category for which such information has been submitted.

2. Job Creation (25 points maximum)

a. Applications will be awarded points where the Qualified Business proposes Job Creation. The amount of the Allocation requested in the Application will be divided by the amount of Job Creation proposed by the Recovery Zone Facility Bond Project and verified by the appropriate city or county official. Points will be awarded as follows:

i. Twenty-five (25) points to projects creating one (1) job per $35,000 or less of Allocation.

ii. Fifteen (15) points to projects creating one (1) job per $35,001 to $50,000 of Allocation.

iii. Five (5) points to projects creating one (1) job per $50,001 to $75,000 of Allocation.

b. ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuers are eligible for job creation points when the full-time new job criterion below has been met:

i. Deducting any jobs within the State that currently exist within the company.
ii. The Job Creation requirement must be met within two years after the completion of the project.

3. Welfare To Work Plan (5 points)

Five (5) points will be awarded where the Qualified Business proposes participation in a Welfare-to-Work Plan in conjunction with a local governmental agency, educational agency, or non-profit organization.

4. Payment of Employee and Dependent Medical, Dental, Vision and Child-Care Costs (5 points maximum)

Applications will be awarded points where the Qualified Business contributes toward the cost of employee and dependent medical, vision, dental, and child-care benefits. ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuers must provide a certification letter from each of a Qualified Business' medical, dental, vision and child-care providers certifying to the Qualified Business' average contribution per employee toward the provision of these benefits. This average will be computed by dividing the Qualified Business' total monthly aggregate contribution toward the provision of these benefits by the total number of participating employees. Points will be awarded based on the average dollar amount per participating employee contributed by the Qualified Business toward the cost of benefits as follows:

a. Five (5) points will be awarded to Applications that demonstrate that the Qualified Business will contribute an average of $300 or more per month toward the cost of the medical, dental, vision or child-care benefits for each employee and dependents of the employee of the Recovery Zone Facility Bond Project.

b. Three (3) points will be awarded to Applications that demonstrate that the Qualified Business will contribute an average of $200 or more, but less than $300, per month toward the cost of the medical, dental, vision or child-care benefits for each employee and dependents of the employee of the Recovery Zone Facility Bond Project.

c. One (1) point will be awarded to Applications that demonstrate that the Qualified Business will contribute an average of $100, but less than $200, per month toward the cost of the medical, dental, vision or child-care benefits for each employee and dependents of the employee of the Recovery Zone Facility Bond Project.

5. Average Hourly Wage (5 points maximum)

Applications will be awarded up to five (5) points based on a comparison of (a) the average hourly wage of the jobs created by the Recovery Zone Facility Bond Project ("Project Wage") based on a letter from the Qualified Business certifying the amount of the Project Wage, to (b) the most recent average hourly general manufacturing wage for the Metropolitan Statistical Area in which the project is located ("Job Wage") based on the Bureau of Labor Statistics Series Code from the Employment Development Department. If a project is (1) not located in a Metropolitan Statistical Area for which the Employment Development Department keeps hourly wage data; or (2) not located in any Metropolitan Statistical Area, the Executive Director will set the Job Wage based upon the Job Wage of a comparable area. The Project Wage will be divided by the Job Wage and multiplied by 100. Points will be awarded as follows:

a. Five (5) points for a Project Wage that is one hundred twenty-five percent (125%) or more of the Job Wage;

b. Three (3) points for a Project Wage that is one hundred fifteen percent (115%) or more but less than one hundred twenty-five percent (125%) of the Job Wage;

c. One (1) point for a Project Wage that is one hundred five percent (105%) or more but less than one hundred fifteen percent (115%) of the Job Wage.

6. Land Use/Energy Efficiency (20 points maximum)

a. Six (6) points will be awarded to projects that reuse:

i. Vacant or abandoned buildings; or

ii. Vacant or abandoned land with developed infrastructure (excluding land whose immediate prior use was agricultural, open space or other similar use).

b. Seven (7) points will be awarded to projects that are located within ¼ mile of a Public Transit Corridor, or in areas where there is no public transportation system; the Qualified Business has an adopted transportation system management plan. This plan must be submitted at the time of Application.

c. Seven (7) points will be awarded to projects that 1) utilize designs, materials or techniques to reduce energy usage ~~or generate on site energy~~ by at least fifteen percent (15%) or 2) generate at least fifteen percent (15%) of the project's total usage through renewable energy sources. ~~on the part of the Qualified Business~~. Reduced energy usage shall be compared to the following benchmarks: (1) for building construction or rehabilitation, the most recent California Energy Commission Energy Efficiency Standards for Non-Residential Buildings; and (2) for equipment to be purchased and installed, the current per energy unit output of equipment currently in use by the Qualified Business. Evidence should include a utility company letter indicating that energy savings are projected or a written certification from an energy efficiency consultant.

7. Leverage (15 points maximum)

The Committee will award points to Applications for Recovery Zone Facility Bond Projects where the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer demonstrates that the financing of the project will include Taxable Debt such that the Taxable Debt will supplant the use of tax-exempt bond financing. The ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer must provide documentation showing that the proceeds of the Taxable Debt will be used for project expenses directly related to job creation. To receive points for utilizing the Qualified Energy Conservation Bonds (QECB) the ~~Qualified Recovery Zone~~Qualified Recovery Zone Bond Issuer must provide documentation that they have received an award from the county or municipality evidence by a letter or they must be concurrently applying for the CDLAC QECB pool.

a. Ten (10) points for projects utilizing Taxable Debt greater than twenty percent (20%) of total project costs.

b. Five (5) points for projects utilizing Taxable Debt greater than ten percent (10%) and up to twenty percent (20%) of total project costs.

c. Three (3) point for projects utilizing Taxable Debt of up to ten percent (10%) of total project costs.

d. Five (5) ***bonus points*** for projects utilizing Qualified Energy Conservation Bonds in their project.

ATTACHMENT C
PUBLIC COMMENT ON PROPOSED RECOVERY ZONE BOND PROGRAM PROCEDURE REVISIONS WITH STAFF RECOMMENDATIONS
CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
January 27, 2010

The comments listed below are comments received from the public in response to the draft revisions that were made available for a 30-day public comment period that began on November 18, 2009 and ended on December 18, 2009. Staff received five letters commenting on the draft Procedures. Verbal comments were also received at the public hearings held on December 4th, 2009 and December 9th, 2009. Staff's response and a recommendation of "Accept" or "Reject" are included for each comment. Of the public comments that staff accepted, some have resulted in a corresponding revision of the Proposed Procedures.

Item #	Section	Comments	Commentator	Staff Recommendations	Accept / Reject (A/R)
			Section 23 & 24: Recovery Zone Bonds		
1	Section 23 & 24.III.5	The procedures as proposed prevent small cities (population of less than 100,000) from applying directly for a CDLAC reallocation award. Counties with initial allocation may have exhausted their award and may not be willing to apply for funds on behalf of a small city, preventing funds from filtering down throughout the State. **Suggestion**: Several small cities would like the application process to be directly accessible to all jurisdictions. This will enable small cities to attract business to their respective areas.	Richard Watson and James Hamill, Program Managers for California Statewide Communities Development Authority; Paula Connors for the I-Bank; Stanton Hazelroth, Executive Director of the I-Bank; and Dominic DiMare on behalf of the City of West Sacramento	This proposal should be accepted. Limiting the reallocation of Recovery Zone Bonds to large local governments would provide an unnecessary barrier for small jurisdictions that could utilize this financing tool. Staff recommends that the proposed procedures be revised and that definition of eligible applicants be expanded to include all cities and counties in the State of California.	A

2	Section 23 & 24.III.9	It has been requested that the requirement of a legal opinion from bond counsel be further clarified. Due to the extensive cost of a lengthy legal opinion this may put projects at a disadvantage prior to receiving funding. **Suggestions**: • This requirement should be a condition of approval to be provided prior to bond issuance. • In the CDLAC Procedures, we should clarify that the legal opinion only needs to be preliminary. • Require a memo, rather than a legal opinion from a bond counsel firm. The memo would state that counsel's initial review of the project has shown that the project qualifies under the relevant ARRA program and IRS codes.	Richard Watson and James Hamill, Program Managers for CSCDA; Paula Connors of the I-Bank; and Stanton Hazelroth, Executive Director of the I-Bank	This proposal should be accepted. The proposed procedures will be revised to require a legal "memo" rather than a legal opinion from bond counsel. In the legal memo, bond counsel must state that the project meets the requirements of ARRA by citing the applicable IRS code. CDLAC will require this with the application to ensure project eligibility for an award of allocation.	A
3	Section 23 & 24.III.7	The maximum allocation of 10 million per project may deter shovel ready larger projects from applying for CDLAC-reallocated Recovery Zone Bonds. Limiting the allocation would be artificial and inappropriate. **Suggestions**: • The cap should be increased to at least $30 million • The cap per project should be	Richard Watson, Program Manager of CSCDA; Paula Connors of the I-Bank; Ronald Bates, City Manager of City of South Gate; Mona Dmitrenko, Executive Director of California Enterprise Development Authority; and Dan Broufman of Growth Capital Association	This proposal should be accepted. The proposed Recovery Zone Facility Bonds procedures will be revised to increase the maximum allocation from $10 million to $20 million. The Recovery Zone Economic Development Bond maximum will remain at $10 million since these projects may combine BAB's for additional financing if necessary. The CDLAC proposed procedures allow for the waiver of the maximum allocation should the round be undersubscribed. California's goal is to fund as many projects as possible	A

		eliminated.		to stimulate the economy throughout the state.	
4	Section 24.III.B.1	The Tier Priority system as proposed favors those counties and large municipalities that initially received an allocation. The Tier Priority system as proposed continues to support a flawed system. The jurisdiction that had the highest unemployment rate in the state did not receive an allocation from the U.S. Department of Treasury. **Suggestions:** • Jurisdictions having a 10% or higher unemployment rate should be CDLAC's first priority and should be given the maximum points in the Community Economic Needs (25 points) category. Unemployment rates are an indicator of economic crisis within a community. • A city or county that voluntarily waives its allocation should receive second priority based on the initial waiver. City and Counties that did not receive allocation should be first priority. • Those jurisdictions that received an initial allocation should prove to CDLAC that their process is working and will result in a bond issuance	Richard Watson and James Hamill, Program Managers for California Statewide Communities Development Authority; Dan Broufman of Growth Capital Association; Ricardo Noguera, Director of Economic Development Department for the City of Visalia; and Mona Dmitrenko, Executive Director of California Enterprise Development Authority	This proposal should be rejected. The proposed procedures give 1st priority to jurisdictions that waive their initial allocation and return for reallocation up to the amount they have waived. However, the jurisdiction will need to provide evidence that the project will issue bonds within the required timeframe. CDLAC believes this will encourage some jurisdictions to waive their allocation. 2nd priority is given to those jurisdictions that were specifically excluded from the original ARRA Recovery Zone allocations. 3rd priority is given to all other projects such as those seeking gap financing. Unemployment rate is not the only measure of need for economic recovery resources. Having a solely unemployment-based evaluation category would eliminate other valuable indicators of impact and need such as poverty and average income levels. Congress and the U.S. Treasury elected to have RZBs allocated directly to communities first. CDLAC does not believe it is appropriate to severely reduce the time that Congress and the Treasury have provided to these communities to identify and issue bonds for their eligible projects.	R

		prior to August 15th, ideally they should issue May 2010. • Combine both Tiers 1 and 2			
5	Section 24.III.C	The procedures do not give weight to construction jobs in the evaluation criteria and the definition of job creation is unclear. **Suggestion:** Include job retention, as well as temporary jobs created during construction and/or installation as part of the evaluation criteria.	Richard Watson and James Hamill, Program Managers for California Statewide Communities Development Authority; Dan Broufman of Growth Capital Association	This proposal should be rejected. California's priority is to provide new permanent jobs to those communities that have been most impacted by the employment decline.	R
6	Sections 23 & 24	Suggests that the ARRA Sections of the Procedures add unnecessary length to the Procedures. **Suggestion**: Remove the RZB section from the Procedures and add it is an addendum to the Procedures.	Dan Broufman of Growth Capital Associates	This proposal should be rejected. According to the STO legal office, we must include all programs in the adopted CDLAC procedures. As such, we cannot take these ARRA Programs out of the Procedures and put them in an addendum. When the program becomes nonexistent or dormant, staff will recommend that it be removed from the Procedures.	R
7	Misc.	It is requested that CDLAC consider an open application period between February and August, providing an opportunity for shovel ready projects to issue bonds on a monthly basis throughout the year. Projects generally take 3-6 months to issue bonds.	Paula Connors of I-Bank; Stanton Hazelroth, Executive Director of I-Bank; Mona Dmitrenko, Executive Director of California Enterprise Development Authority	This proposal should be rejected. However, should the Recovery Zone Bond Program be undersubscribed, staff will consider additional allocation meetings. The procedures will be revised to reflect the ability to have multiple meeting as needed.	A/R

8	Section 23 & 24.III.C	The proposed procedures have a three level priority system that further ranks projects based on 13 point categories. No other state has such a system and many borrowers may not be familiar with the application process. The process is cumbersome and time consuming. **Suggestions**: • The competitive criteria should be the number of jobs retained or created rather then a complicated IDB point system. • Streamline the evaluation process by utilizing a one-page short form or express application. • Due to the difficulty of obtaining a letter of credit, companies that secure a LC should not be required to complete a complicated IDB point system	Paula Connors of I-Bank; Stanton Hazelroth, Executive Director of I-Bank; Mona Dmitrenko, Executive Director of California Enterprise Development Authority	This proposal should be rejected. CDLAC anticipates a competitive process and has proposed an evaluation and ranking system that favors readiness and maximizes the public benefit opportunities; thereby strengthening California's communities and economy. The issuance deadline for RZB's is December 31, 2010. Due to the short timeframe to issue RZB's; projects that may receive an award of allocation must demonstrate that they are in a high state of readiness and are prepared to issue bonds within the normal CDLAC timeframes..	R
9	Section 23 & 24	Joint Powers Authorities should have the ability to directly receive an allocation, not project specific, from CDLAC. There maybe multi-jurisdictional projects wherein a joint powers authority would better serve as issuer through cost and time savings.	James F. Hamill and Richard Watson, Program Managers for California Statewide Communities Development Authority	This proposal should be rejected. The proposed RZFB procedures do not allow for the assignment of a lump sum allocation. However, a JPA may apply per project on behalf of a county or municipality, or multiples thereof.	R
10	Section 23 & 24.111.A.2	Request clarification as to the form and content of an assignment letter to insure they include the proper information.	James Hamill and Richard Watson, Program Managers for California Statewide Communities Development Authority	This proposal should be accepted. The proposed procedures will be revised to provide information as to what is required in the assignment letter. Only projects seeking gap financing (i.e additional allocation) must provide an assignment letter	A

11	Section 23 & 24.III.C.6.a.ii	Facility bonds cannot be used to finance land, it is suggested points awarded in this category be removed.	James Hamill, Program Manager for California Statewide Communities Development Authority	This proposal should be rejected. As a matter of public policy awarding points for vacant land reuse reduces blight in communities. Whether RZB proceeds can be used for the purchase of land is a different matter.	R
12	Section 23&24.III.C.6	Award points to projects that utilize on-site renewable energy generation technologies such as solar, wind, fuel cells, and bio-gas digesters. Projects should provide long-term benefits to customers owning or hosting the renewable generation.	James Hamill, Program Manager for California Statewide Communities Development Authority	This proposal should be accepted. The proposed RZB procedures will be revised as suggested. Under the Land Use/Energy Efficiency evaluation criteria, points will also be awarded to projects that generate their own renewable energy.	A