

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 24, 2010

Consideration and Adoption of the Proposed Revisions to the Procedures of the
California Debt Limit Allocation Committee
(SECTION 20- INDUSTRIAL DEVELOPMENT BOND PROGRAM)

I. ACTION

Approve proposed Industrial Development Bond (IDB) Procedures as (Attachment A).

II. BACKGROUND

Staff recommends general as well as technical changes to the existing CDLAC Industrial Development Bond Program Procedures. These changes are recommended to achieve the following goals for the Industrial Development Bond Program:

- Establishment of point criteria for the IDB Application that will promote the maximum usage of allocation and reflects the true state of manufacturing in California.
- Enable manufacturing firms to receive recognition for the contributions that they make to California's labor sector, economy and environment.
- Establish a fair and objective application for issuers, practitioners and borrowers that will rank projects according to how well they perform.
- Public Benefit: Ensure a process that focuses on the creation of public benefits. Inasmuch as the application process ranks projects according to how much public benefit they provide in comparison to that of other projects, there is a strong incentive for projects to provide as much public benefit as possible.

III. SUMMARY OF REVISED IDB EVALUATION CRITERIA

The proposed Procedures would change the following evaluation criteria for IDB allocation:

- Enhances the Job Category by awarding points to job creation and job retention separately.
- Expands and renames Welfare to Work category to Workforce, Economy and Development. This category includes Welfare to Work, Workforce Training and Exports Outside of California subcategories.
- Replaces Child Care criteria with Employer Retirement Contribution under the newly renamed Health, Dental, Vision and Retirement Category. Revises the employer contribution levels for Health, Dental and Vision to reflect current market amounts.
- Increases the amount of points available for higher than comparable average hourly wages.
- Expands and renames Lands Use/ Energy Efficiency category to Environmental Stewardship. This category includes existing Land Use, Energy Efficiency, and Public Transportation subcategories (with new subsidized transit points), and the new Renewable Energy, Manufacturing of Certified Friendly Products and LEED-Certified Main Facility subcategories.

- Expands the Leverage category to recognize taxable IDB's and taxable loans, private funds and equity.

IV. COMMENTS:

Staff received no verbal comments on the proposed procedures at the public hearing held on March 9th, 2010. In addition, no written comments were received during the 30-day public comment period.

V. RECOMMENDATION:

Approve the proposed Industrial Development Bond Procedures as (Attachment A).

Prepared by Richard C. Fischer.

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 311
SACRAMENTO, CA 95814
TELEPHONE: (916) 653-3255
FAX: (916) 653-6827
<http://www.treasurer.ca.gov/cdlac>

Sean L. Spear, *Executive Director*

MEMBERS

Bill Lockyer, Chairman
State Treasurer

Arnold Schwarzenegger
Governor

John Chiang
State Controller

PROCEDURES OF

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

IMPLEMENTING THE ALLOCATION OF THE STATE CEILING

ON QUALIFIED PRIVATE ACTIVITY BONDS

ADOPTED JANUARY 27, 2010

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE PROCEDURES IMPLEMENTING THE STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS

Section 1. Purpose

I. These procedures implement the Federal Tax Reform Act of 1986, 26 U.S.C. Sections 141, et seq., as amended, which establishes a unified volume ceiling on the aggregate amount of Qualified Private Activity Bonds which can be issued in each state.

II. These procedures set forth the priorities and the Allocation system of the California Debt Limit Allocation Committee in managing the Allocation of California's annual State Ceiling on Qualified Private Activity Bonds as provided in Sections 8869.80, et seq. of the California Government Code, as amended.

III. These procedures establish the process by which potential issuers of Qualified Private Activity Bonds may apply for, and be awarded, an Allocation of the annual State Ceiling in accordance with the provisions and requirements of 26 U.S.C. Sections 141, et seq., as amended, and California Government Code Sections 8869.80, et seq., as amended.

Section 2. Definitions

"Academic Performance Index" means the index created by the Public Schools Accountability Act of 1999 to measure the performance of schools, especially the academic performance of pupils, and to demonstrate comparable improvement in academic achievement by all numerically significant ethnic and socio-economically disadvantaged subgroups within schools. (Education Code 52052).

"Allocation" means the amount of the State Ceiling awarded by the Committee to an Applicant.

"Allocation Round" means a meeting or series of meetings of the Committee during which a predetermined portion of the State Ceiling is made available for Allocation by the Committee to one or more Applicants selected by the Committee during that meeting or series of meetings.

"Allocation Waiver" - election by the county or municipality indicating that they are unable to utilize either a portion or their entire designated award of U.S. Treasury Direct QECB Allocation and/or Recovery Zone Allocation; thereby allowing CDLAC to reallocate the waived allocation.

"Alternative School" means a continuation school, county school, Charter School or other school that meets the definition of alternative school pursuant to Education Code section 58500.

["ANSI" - the American National Standards Institute which facilitates the development of American National Standards by accrediting Standards Developing Organizations for a wide variety of products, manufacturing and industrial processes, and distribution processes for goods, services and energy. ANSI is the only U.S.-based organization that approves standards as American National Standards, and it is the U.S. member in the International Organization for Standardization \(ISO\), the world's largest developer and publisher of international standards.](#)

"API" means the Academic Performance Index.

"Applicable Median Family Income" means the applicable median family income defined by 26 U.S.C. Section 143(f)(4) except that the definition of income contained in subsection B of 26 U.S.C. Section 143(f)(4) shall not apply to Applicants for a Single-Family Housing Program.

“Applicant” means any state or local governmental agency, joint powers authority (JPA), special district, non-profit public benefit corporation that issues only student loan bonds, or any other public agency that is empowered to issue debt.

“Application” means the request by an Applicant to the Committee for an Allocation of the State Ceiling.

“Area Median Income” means the median family income of a county as set by the U.S. Department of Housing and Urban Development.

“Bond Regulatory Agreement” means the agreement between the Issuer, Project Sponsor, and any other third party related to the ownership, financing, and management of a proposed Qualified Residential Rental Project that binds the parties to the commitments made in the Application that resulted in the Allocation for the project and any other requirements mandated by 26 U.S.C. Section 142.

“California Environmental Quality Act Review Process” means a process of environmental review as defined by California Public Resources Code Sections 21000, et seq.

“Carbon Footprint” - for the purposes of the Qualified Energy Conservation Bond Program, carbon footprint will be a measure of Greenhouse Gas Emissions.

“Census Designated Place” means a place designated as a census designated place by the Bureau of the Census.

“CHFA” means the California Housing Finance Agency.

“Charter School” means a charter school established pursuant to Education Code section 47600, et seq., and that is within the jurisdiction of the authority that approved it, and either 1) has an API ranking of 1-5; or 2) does not have an API ranking but 70% or more of the charter school’s pupil enrollment is eligible for free or reduced price meals.

“CIDFAC” means the California Industrial Development Financing Advisory Commission.

“CIEDB” means the California Infrastructure and Economic Development Bank.

“Committee” means The California Debt Limit Allocation Committee established by California Government Code Sections 8869.80, et seq.

“Committee Resolution” means, for any Allocation, the resolution duly adopted by the Committee that among other things, memorializes the grant of the Allocation by the Committee to the Applicant as contemplated by Section 10 of these Procedures.

“Community Revitalization Area” means a Distressed Community for which a comprehensive Community Revitalization Plan has been adopted and efforts specific to the plan have occurred.

“Community Revitalization Plan” means a comprehensive plan adopted by a public entity that details specific efforts being undertaken in a neighborhood or a community, that will result in the improvement of the economic conditions and the quality of life in that area.

“CPCFA” means the California Pollution Control Financing Authority.

“Credit Enhancement” means the additional assurance provided by a third party pursuant to a payment guaranty, letter of credit, bond insurance or other similar vehicle with a marketable investment grade credit rating.

"Credit Enhancer" means the party providing Credit Enhancement. Applicants, other than CHFA, who provide assets, guaranties or revenues for a transaction are not Credit Enhancers for the purpose of these Procedures.

"CTCAC" means the California Tax Credit Allocation Committee.

"CTCAC Extended Low-Income Housing Commitment Agreement" means the agreement between the taxpayer and the housing credit agency binding the parties to the commitments made in the Application to the CTCAC that resulted in the Allocation of low income housing tax credits for the project and any other requirements mandated by 26 U.S.C. Section 42.

"CTCAC Regulations" means the regulations adopted by CTCAC and set forth at Title 4, California Code of Regulations Sections 10300, et seq., as amended.

"Debt Service Coverage Ratio" means the ratio of the net operating income from the project divided by the required debt service on the debt associated with the project.

"Deemed Waived" – means designated Qualified Energy Conservation Bond and/or Recovery Zone Bond Allocation that after July 1, 2010 has not been issued or included in a Plan of Issuance is automatically deemed returned to CDLAC for reallocation.

"Deferred-Payment Financing" means any financing from a public entity in the form of grants, subsidies or loans where the repayment of the financing is deferred into the future or based on residual receipts from the project's cash flow.

"Distressed Community" means a community that the Applicant demonstrates to the satisfaction of the Executive Director is any one or more of the following:

1. A community with an unemployment rate equal to or greater than 125% of the statewide average based on the California Employment Development Department's most recent annual average for sub-county areas.
2. A community with median family income of less than 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 Applicant 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.)
3. A community with a poverty rate equal to or greater than 110% 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 Applicant chooses to identify a project benefit area that is smaller than a city or Census Designated Place such as a census tract or tracts, smaller geographic areas will be used.)
4. A state designated Enterprise Zone (including a Manufacturing Enhancement Area or Targeted Tax Area).
5. A federally designated Empowerment Zone, Enterprise Community or Renewal Community.
6. A redevelopment project area adopted pursuant to California Health and Safety Code Sections 33000 et seq., where the Committee determines that the project area meets the definition of blighted area contained in California Health and Safety Code Section 33030.

"Eligible Administrator" means any person who holds one of the following credentials issued by the California Commission on Teacher Credentialing:

Administrative Services Credential Administrative Services Credential (Examination)
Standard Supervision Credential Standard Administration Credential
General Elementary School Administration Credential General Elementary School Supervision
Credential
General Secondary School Administration Credential General Secondary School Supervision
Credential
General Administration Credential General Supervision Credential
The Supervision Credential General School Principal or Supervisor Credential

“Eligible Classified Employee” means an employee of a school district employed in a position not requiring certification qualifications and who provides administration or service at a high priority school.

“Eligible QECB Reallocation Applicant”- any city, county, state entity or Indian tribal government located in the State of California.

“Eligible QECB Reallocation Issuer”- per IRS Notice 2009-29, “Eligible issuers include States, political subdivisions as defined for purposes of § 103, and entities empowered to issue bonds on behalf of any such entity under rules similar to those for determining whether a bond issued on behalf of a State or political subdivision constitutes an obligation of that State or political subdivision for purposes of § 103 and § 1.103-1(b) of the regulations.”

“Eligible Staff Member” means any person who holds one of the following credentials issued by the California Commission on Teaching Credentialing:

- School Nurse Credential
- Clinical or Rehabilitation Service Credential
- Pupil Personnel Services Credential (e.g. School Counseling, School Social Work, School Psychology and Child Welfare and Attendance)
- Library Media Teacher Service Credential
- Designated Subjects Vocational Education Teaching Credential

“Eligible Teacher” means any person who holds one of the following credentials issued by the California Commission on Teacher Credentialing:

- Single Subject Teaching Credential
- Multiple Subject Teaching Credential
- Specialist Instruction Credential in Special Education
- Specialist Instruction Credential
- Standard Elementary Teaching Credential
- Standard Secondary Teaching Credential
- Standard Early Childhood Education Teaching Credential
- Standard Restricted Special Education Teaching
- General Kindergarten-Primary Teaching Credential
- General Junior High Teaching Credential
- General Elementary Teaching Credential
- Special Secondary Teaching Credential in Art
- General Secondary Teaching Credential
- Special Secondary Teaching Credential in Business Ed
- Special Credential for Teaching Exceptional Children
- Special Secondary Teaching Credential in Homemaking
- Special Secondary Credential for Teaching Lip Reading
- Special Secondary Credential for Teaching the Blind
- Special Secondary Limited Teaching Credential in Music
- Special Secondary Credential for Teaching the Partially Sighted Child
- Special Secondary Teaching Credential in Industrial Arts
- Special Secondary Teaching Credential in Speech Arts
- Special Secondary Teaching Credential in Music
- Special Secondary Credential for Teaching the Mentally Retarded
- Special Secondary Teaching Credential Limited in Agric.

- Special Secondary Teaching Credential in Correction of Speech Defects
- Special Secondary Teaching Credential in Physical Ed.

“Empowerment Zone” means any area that meets the standards for designation as an empowerment zone under 26 U.S.C. Section 1392.

Enterprise Community” means any area that meets the standards for designation as an enterprise community under 26 U.S.C. Section 1392.

“Enterprise Zone” means any area within a city, county, or a city and county that is designated as an enterprise zone by the California Department of Housing and Community Development in accordance with the provisions of Section 7073 of the California Government Code.

“Enterprise Zone Facility Bond Project” means a project defined by 26 U.S.C. Section 1394.

“Entity” means any individual, partnership, corporation, limited liability company, or association.

“Executive Director” means the Executive Director of the Committee.

“Exempt Facility” means a facility satisfying the requirements of 26 U.S.C. Section 142, except that airports, docks and wharves, governmentally owned solid waste disposal facilities, and Qualified Residential Rental Projects shall not be considered exempt facilities for purposes of these Procedures.

“Exempt Facility Project Pool” means the reserve of the State Ceiling established by the Committee in accordance with Section 4 of these Procedures.

“Extra Credit Teacher Home Purchase Program Eligibility Certificate” means a certificate, in a form to be provided by the Committee, to be completed and submitted by the employing school district, County Office of Education or local Board of Education that certifies to all of the following:

1. The Program Participant is an Eligible Teacher, Eligible Administrator, Eligible Classified Employee, or Eligible Staff Member;
2. The Program Participant is not currently under suspension, and there is not currently pending any disciplinary inquiry, investigation, action or proceeding that could result in the suspension or dismissal of the Program Participant;
3. The entity completing the certificate has verified with the California Commission on Teacher Credentialing that the credential of the Program Participant is not currently under suspension, and there is not currently pending any disciplinary inquiry, investigation, action or proceeding that could result in the suspension or revocation of the credential of the Program Participant;
4. The personnel file of the Program Participant reflects that he or she has not been dismissed from employment with any school or school district for any reason, and that he or she has not been the subject of a disciplinary suspension that has been upheld.

“Extra Credit Teacher Home Purchase Program Pool” means the reserve of the State Ceiling that may be established by the Committee in accordance with Section 4 of these Procedures.

“Extra Credit Teacher Home Purchase Program” means a program offering Mortgage Credit Certificates or loans funded by Mortgage Revenue Bonds to Eligible Teachers, Eligible Administrators, Eligible Classified Employees, and Eligible Staff Members for the purpose of assisting them in becoming homeowners.

“Family Medical Leave Act” means a sanctioned leave of absence in accordance with the provisions of 29 U.S.C. 2601, et seq.

“Federally Assisted At Risk Project” means a property that is at risk of conversion as defined by California Revenue and Taxation Code Section 17058 (c)(4) and by CTCAC Regulation, Section 10325 (g)(5)(B)(i)-(v); or a property that otherwise meets all requirements of Revenue and Taxation Code Section 17058(c)(4) and CTCAC regulations Section 10325(g)(5)(B)(i), except that the federal assistance due to expire within two (2) calendar years of Application to the Committee may include a tax-exempt private activity bond regulatory agreement.

“First Tier Business” means (1) a business that (a) is primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste, (b) is a privately-held or employee-owned entity whose ownership interests are not available to members of the public, and (c) has fewer than 3,000 employees (together with affiliates), based on the average employees per pay period during the most recent twelve (12) months before submittal of an Application; or (2) a business which is not primarily engaged in the collection, recycling, transportation, and/or disposal of solid waste that is classified as a small business under regulations of the California Pollution Control Financing Authority (Title 4, California Code of Regulations, Sections 8001-8083).

[“Forest Stewardship Council” is an international organization with a U.S.-based affiliate, and it is an organization in cooperation with the ISO.](#)

“Gross Rent” means gross rent as defined by Section 42(g)(2)(B) of the Internal Revenue Code. Utility allowances, as provided by Section 42(g)(2)(B)(ii) of the Internal Revenue Code, will be included for purposes of this calculation. Projects that are Federally Assisted At Risk Projects or projects that request low income housing tax credits are required to use Gross Rents for the calculation of restricted rents.

“High Priority School” means a California K-12 public school 1) ranked in the bottom 50% of all schools based on the most recent Academic Performance Index, i.e. schools receiving an API Statewide Ranking of 1, 2, 3, 4 or 5; or 2) that does not have an API ranking but 70% or more of the school's pupil enrollment is eligible for free or reduced price meals.

“Homeownership Assistance” means financial assistance, including down-payment assistance, closing cost assistance, soft-second financing for the purchase of a home, or such alternative homeownership assistance as proposed by the Applicant in the Application and approved by the Committee. The Homeownership Assistance must:

1. Be in a minimum amount of \$7,500 or 3% of the purchase price of the home, whichever is greater;
2. Be structured in the form of either a grant or a deferred payment loan where the payment of principal and interest is deferred until such time as the home is sold or re-financed; and
3. Include an incentive, to be proposed by the Applicant, for Program Participants to fully perform the three (3) year service commitment.

Applicants will not be required to establish a distinct and separate homeownership program; existing programs may be used. The Committee may delegate to the Chair or to the Executive Director of the Committee the authority to accept and consider homeownership assistance of different types or characteristics than those specifically enumerated or required by this definition. The Committee may establish, or concur with the establishment of, higher assistance limits to ensure program participation in high cost areas.

“HOPE VI Project” means a project funded by a grant from the Urban Revitalization Program created by Public Law 102-389 and administered by the Department of Housing and Urban Development under Section 24 of the United States Housing Act of 1937 (42 U.S.C. Section 1437(v)).

[“International Organization of Standardization \(ISO\)”- the world’s largest developer and publisher of international standards.](#)

“Job Creation” means new full-time jobs created by a company that is the subject of an Application. The number of jobs created shall be calculated after deducting any jobs within the State that are eliminated by the company. The Job Creation requirement will begin upon completion of the project and will end two years after the completion of the project. The Job Creation requirement may be monitored by CIDFAC and CIEDB utilizing Employment Development Department employment statistics.

“Job Retention” means full-time jobs that are retained in California by a company that is the subject of an Application. To qualify for job retention credit, the company must be: (1) actively seeking to relocate jobs out of the state; (2) facing the need to eliminate jobs in order to remain in operation in the State; or (3) facing the prospect of closing its State operations. A company may also qualify for Job Retention credit if it is acquired by new owners prior to closing or relocating out of state, and the new owners commit to maintain operations within the State and retain the company’s existing full-time jobs within the State. The number of jobs retained shall be the number of full-time jobs within the State that are on the company’s payroll at the time of Application. The Job Retention requirement will begin upon issuance of the bonds and will end two years after the issuance of bonds. The Job Retention requirement may be monitored by CIDFAC and CIEDB utilizing Employment Development Department employment statistics.

“Large Local Government”- for the purposes of the Qualified Energy Conservation Bond Program, means a county or municipality with a population of 100,000 or more as defined in Section 54D(e)(2)(C) of the Internal Revenue Code, or an Indian tribal government as defined in Section 54D(h) of the Internal Revenue Code.

“Manufacturing Enhancement Area” means an area designated as a manufacturing enhancement area by the California Department of Housing and Community Development in accordance with the provisions of California Government Code Section 7073.8.

“Mixed Income Pool” means the reserve of the Qualified Residential Rental Project Pool that may be established by the Committee in accordance with Section 4 of these Procedures.

“Mixed Income Project” means a Qualified Residential Rental Project having 50% or fewer of its total units designated as Restricted Rental Units.

“Mortgage Credit Certificate” means a mortgage credit certificate as defined by 26 U.S.C. Section 25(c)(1).

“Mortgage Credit Certificate Program” means a program defined by 26 U.S.C. Section 25(c)(2).

“Mortgage Revenue Bond” means a mortgage revenue bond as defined by 26 U.S.C. Section 143(A).

“Net Proceeds” - A minimum of 95% of net proceeds (as defined in section 150(a) (3)) are to be used for “recovery zone property” per section 1400-U-3(b)(1)(A). ARRA Bonds can not be used to purchase land.

“New Construction Projects” means a Qualified Residential Rental Project with 100% of its units constituting new units to the market, and expressly excluding any project that involves rehabilitation or any construction affecting existing residential rental units.

“Plan of Issuance” – mean a report due to CDLAC not later than January 31, 2010 from a county or municipality receiving Qualified Energy Conservation Bond and/or Recovery Zone Bond allocation including a description of the projects to be funded by the unused Qualified Energy Conservation Bond and/or Recovery Zone Bond allocation. In addition, counties and municipalities are encouraged to include a project issuance timeline as part of the Plan of Issuance.

“Program Participant” means an Eligible Teacher, Eligible Administrator, Eligible Classified Employee, or Eligible Staff Member who receives a Mortgage Credit Certificate or a loan funded by Mortgage Revenue Bonds from an issuer receiving an Allocation from the Extra Credit Teacher Home Purchase Program Pool.

“Project Sponsor” means the entity, or an affiliate thereof, using the proceeds of a bond issue to complete the project described in the Application.

“Public Transit Corridor” means that area within one-quarter mile of a route on which there is regular service provided by a transit system or within one-quarter mile of an existing or planned public mass transit guideway or busway station, or within one-quarter mile of a multimodal transportation terminal serving public mass transit operations.

“Qualified Business”- any trade or business except as defined in section 168 (e)(2) and section 144(c)(6)(B):

- a) The rental to others of real property located in a recovery zone shall be treated as a qualified business only if the property is not a residential rental property (as defined in section 168 (e)(2)); and
- b) Such term shall not include any trade or business consisting of the operation of any facility described in section 144(c)(6)(B).

“Qualified Census Tract” means any census tract that is designated by the Secretary of Housing and Urban Development and in which, for the most recent year for which census data is available on household income in such tract, 50% or more of the households have an income which is less than 60% of the Area Median Income for such year.

“Qualified Conservation Purposes”- for the purposes of the Qualified Energy Conservation Bond Program, means conservation purposes that are permitted under Section 54D(f) of the Internal Revenue Code for which bond proceeds may be used.

“Qualified Economic Development Purpose” – Expenditures for purposes of promoting development or other economic activity in a recovery zone: including public infrastructure and construction of public facilities, and expenditures for job training and educational programs.

“Qualified Energy Conservation Bond”- means any qualified tax credit bond issued as part of an issue if: (1) 100 percent of the available project proceeds of such issue are to be used for one or more “qualified conservation purposes” as defined in IRS Notice 2009-29, (2) the bond is issued by a State or local government, and (3) the issuer designates such bonds for purposes of Section 54D(f) of the Internal Revenue Code.

“Qualified Energy Conservation Bond Private Activity Maximum Usage”- means that no more than 30 percent of the Qualified Energy Bond allocation to the State that is allocated to issuers within the State may be used to issue private activity bonds.

“Qualified Energy Conservation Bond Governmental Minimum Usage”- means any Qualified Energy Conservation Bond allocation to the State shall be allocated in turn by the State to issuers within the State in a manner that results in the use of not less than 70 percent of the allocation to such issuers to designate bonds that are not private activity bonds as stated in Section 54D(e)(3) of the Internal Revenue Code.

“Qualified Private Activity Bond” means a bond that satisfies the requirements of 26 U.S.C. Sections 141, et seq.

“Qualified Project Period” shall mean the same as defined in Internal Revenue Code 142(d)(2)(A) and regulations, except that the minimum term shall be 30-years.

“Qualified Recovery Zone Bond Issuer” – Eligible issuers of Recovery Zone Bonds include States, political subdivision as defined for purposes of code 103, and entities empowered to issue bonds on behalf of any such entity under rules similar to those for determined whether a bond issued on behalf of a State or political subdivision constitutes an obligation of the State or political subdivision for purposes of code 103 and 1.103-1(b) of the Income Tax Regulations. Further, eligible issuers include otherwise-eligible issuers in conduit financing issues (as defined in code 1.150-1(b)). An eligible issuer may issue Recovery Zone Bonds based on a volume cap allocation received by the eligible issuer itself or by a conduit borrower or other ultimate beneficiary of the issue of the bonds.

“Qualified Residential Rental Project” means a qualified residential rental project as defined by 26 U.S.C. Section 142(d)(1).

“Qualified Residential Rental Project Pool” means the reserve of the State Ceiling established by the Committee in accordance with Section 4 of these Procedures.

“Qualified Tax Credit Bonds”- for the purposes of the Qualified Energy Conservation Bond Program, it means a bond for which the borrower only pays back the principal on the bond, and the bondholder receives federal tax credits in lieu of traditional bond interest.

“Recovery Zone” – An area designated by the local issuing entity per section 1400U-1(b) defined as meeting one of the following criteria:

- 1) Significant poverty, unemployment, rate of home foreclosures or general distress
- 2) Economically distressed because of military base closure or realignment
- 3) An area which has been designation as an empowerment zone or a renewal community

“Recovery Zone Economic Development Bonds”- means a type of Build America Bond issued before January 1, 2011. The Issuer shall receive a credit from the Treasury Department equal to 45% of the interest payment.

“Recovery Zone Facility Bonds”- means a American Recovery and Reinvestment Act of 2009 (ARRA) created category of bonds that will be treated as exempt facility bonds for the purpose of code section 142, these bonds are limited to issuance in 2009 and 2010.

“Recovery Zone Property” – Depreciable property subject to code section 168 or section 179:

Recovery zone property must be depreciable property if:

- a) The property was constructed, reconstructed, renovated or acquired by purchase (as defined in section 179 (d)(2)) by the taxpayer after the date on which the “recovery zone” took effect,
- b) The original use of which in the recovery zone commences with the taxpayer; and
- c) Substantially all of the use of the property is in the recovery zone and is in the active conduct of a “qualified business” by the taxpayer.

"Redevelopment Project Area" means an urbanized area of a community which is a blighted area as defined in Sections 33030-33039 of the California Health and Safety Code, the redevelopment of which is necessary to effectuate the public purposes declared in Sections 33000, et seq. of the California Health and Safety Code.

"Regulatory Mandate" means a local, state or federal government mandate such as California Public Resources Code, Section 40000 et seq. ("AB 939"), a local public health department notice and order, a Regional Water Quality Control Board issued cease and desist order, or similar directive.

"Related Party" means:

1. The brothers, sisters, spouse, ancestors, and direct descendants of a person;
2. A person and corporation where that person owns more than 50% in value of the outstanding stock of that corporation;
3. Two or more corporations, general partnership(s), limited partnership(s) or limited liability corporations connected through debt or equity ownership, in which:
 - A. Stock is held by the same persons or entities for
 1. At least 50% of the total combined voting power of all classes that can vote, or
 2. At least 50% of the total value of shares of all classes of stock of each of the corporations, or
 3. At least 50% of the total value of shares of all classes of stock of at least one of the other corporations, excluding, in computing that voting power or value, stock owned directly by that other corporation;
 - B. Concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or a separate entity from which income is derived;
 - C. Concurrent ownership by a parent or related entity, regardless of the percentage of ownership, or a separate entity where a sale-leaseback transaction provides the parent or related entity with income from the property leased or that creates an undue influence on the separate entity as a result of the sale-leaseback transaction;
 - D. Concurrent ownership by a parent or related entity, regardless of the percentage of ownership, of a separate entity where an interlocking directorate exists between the parent or related entity and the separate entity.
4. A grantor and fiduciary of any trust;
5. A fiduciary of one trust and a fiduciary of another trust, if the same person is a grantor of both trusts;
6. A fiduciary of a trust and a beneficiary of that trust;
7. A fiduciary of a trust and a corporation where more than 50% in value of the outstanding stock is owned by or for the trust or by or for a person who is a grantor of the trust;

8. A person or organization and an organization that is tax-exempt under Subsection 501(c)(3) or (4) of the IRC and that is affiliated with or controlled by that person or the person's family members or by that organization;
9. A corporation and a partnership or joint venture if the same persons own more than:
 - A. 50% in value of the outstanding stock of the corporation; and
 - B. 50% of the capital interest, or the profits' interest, in the partnership or joint venture;
10. One S corporation or limited liability corporation and another S corporation or limited liability corporation if the same persons own more than 50% in value of the outstanding stock of each corporation;
11. An S corporation or limited liability corporation and a C corporation, if the same persons own more than 50% in value of the outstanding stock of each corporation;
12. A partnership and a person or organization owning more than 50% of the capital interest, or the profits' interest, in that partnership; or
13. Two partnerships where the same person or organization owns more than 50% of the capital interests or profits' interests.

The constructive ownership provisions of IRC Section 267 also apply to subsections 1 through 13 above. The more stringent of regulations shall apply as to the ownership provisions of this section.

"Renewal Community" means an area designated as a renewal community by the Secretary of Housing and Urban Development in accordance with the provisions of Section 1400E of the Community Renewal Tax Relief Act of 2000 (26 U.S.C. Section 1400E).

"Renewable Energy" means any device or technology that conserves or produces heat, processes heat, space heating, water heating, steam, space cooling, refrigeration, mechanical energy, electricity, or energy in any form convertible to these uses, that does not expend or use conventional energy fuels, and that uses any of the following electrical generation technologies: (Public Resources Code 26003 (i) (1))

- 1.) Biomass.
- 2.) Solar thermal.
- 3.) Photovoltaic.
- 4.) Wind.
- 5.) Geothermal.

"Report of Action Taken" – A report due to CDLAC not more than three days following the issuance of bond allocation or MCC conversion.

"Reservation of Allocation" means that portion of the State Ceiling allocated by the Committee to a particular Pool or Project.

"Restricted Rental Units" mean those units within a Qualified Residential Rental Project that are restricted to households earning 60% or less of the Applicable Median Family Income pursuant to a Bond Regulatory Agreement or a CTCAC Extended Low-Income Housing Commitment Agreement for a minimum of thirty (30) years.

"Rural Project" means a Qualified Residential Rental Project located in a rural area as defined by California Health and Safety Code Section 50199.21 but shall not include a Mixed Income Project.

"Rural Project Pool" means the reserve of the Qualified Residential Rental Project Pool that may be established by the Committee in accordance with Section 4 of these Procedures.

"Scattered Site Project" means multiple location projects which are:

- A. At-Risk Projects within the same city or within five miles of each other;
- B. Non-At Risk Projects within one mile of each other, provided they are within one zip code unless the projects are located in an area with multiple zip codes within one square mile.

"Service Commitment" means the written agreement of a Program Participant executed and delivered by the Program Participant pursuant to Section 19.II.B.2. or Section 19.III.B.

"Single-Family Housing Program" means a program satisfying the requirements of 26 U.S.C. Section 25 and 26 U.S.C. Section 143.

"Single-Family Housing Program Pool" means the reserve of the State Ceiling established by the Committee in accordance with Section 4 of these Procedures.

"Single-Family Housing Program Bonus Pool" means the reserve of the Single-Family Housing Program Pool that may be established by the Committee in accordance with Section 4 of these Procedures.

"Sinking Fund"- means a fund that the issuer may pay into for the express purpose of using such a fund to pay back interest on the bond issue.

"Sinking Fund Yield Restrictions"- means the federal restrictions on a sinking fund that insure that it is funded in a manner reasonably expected to result in an amount necessary to repay the issue as defined in Sections 54A(d)(4)(C) and 54A(d)(5)(B) of the Internal Revenue Code.

"Small Business Program" means a program that meets the requirements for eligibility established and administered by CIDFAC.

"Small Business Program Pool" means the portion of the Small-Issue Industrial Development Bond Project Pool, established by the Committee pursuant to Section 4 of these Procedures, which may be set aside for the Small Business Program in accordance with Section 4 of these Procedures.

"Small-Issue Industrial Development Bond Project" means a project that meets the requirements for a qualified small-issue bond as described under 26 U.S.C. Section 144.

"Small-Issue Industrial Development Bond Project Pool" means the reserve of the State Ceiling established by the Committee in accordance with Section 4 of these Procedures.

"Special Designation Area" means a community that the Applicant demonstrates to the satisfaction of the Executive Director is any one or more of the following:

1. A state designated Enterprise Zone (including a Manufacturing Enhancement Area or Targeted Tax Area).

2. A federally designated Empowerment Zone, Enterprise Community or Renewal Community.
3. A redevelopment project area adopted pursuant to California Health and Safety Code Sections 33000 et seq., where the Committee determines that the project area meets the definition of blighted area contained in California Health and Safety Code Section 33030.

“State Ceiling” means the aggregate amount of Qualified Private Activity Bonds that can be issued in California each calendar year as established by 26 U.S.C. Section 146 and as determined and announced by the Committee in accordance with Section 3 of these Procedures.

“State Ceiling Pools” means the state ceiling pools created by the Committee pursuant to Section 4 of these Procedures, including:

1. The Qualified Residential Rental Project Pool, and the Mixed Income Pool, if any, and the Rural Project Pool, if any, within the Qualified Residential Rental Project Pool;
2. The Single-Family Housing Program Pool, and the Single-Family Housing Program Bonus Pool, if any, within the Single-Family Housing Program Pool;
3. The Extra Credit Teacher Home Purchase Program Pool, if any;
4. The Small-Issue Industrial Development Bond Project Pool, if any, within the Small-Issue Industrial Development Bond Project Pool;
5. The Exempt Facility Project Pool; and
6. The Student Loan Program Pool.

“Student Loan Program” means a program that meets the requirements for a qualified student loan bond under 26 U.S.C. Section 144(b).

“Student Loan Program Pool” means the reserve of the State Ceiling established by the Committee in accordance with Section 4 of these Procedures.

“Supplemental Allocation” means the award of Allocation to a Qualified Residential Rental Program Applicant for a project that received Allocation within the preceding three year period from the date of award.

“Sustainable Building Methods” means any methods used in the development or rehabilitation of a qualified residential rental project that will increase energy efficiency by at least 15% above the energy standards set forth by the California Energy Commission Title 24, Part 6 of the California Code of Regulations as amended from time to time.

“Taxable Debt” means taxable bonds or conventional financing from a major financial institution.

“Veteran’s Home Loan Program” means a program administered by the California Department of Veteran’s Affairs, satisfying the requirements of 26 U.S.C. Section 143, and that is restricted to California veterans of military service.

“U.S. Treasury Direct QECB Allocation” – means QECB Allocation that a Large Local Government received directly from the federal government per the American Recovery and Reinvestment Act of 2009.

“Welfare To Work Plan” means a plan as described by Sections 10531, et seq. of the California Welfare and Institutions Code.

Section 20. Allocation System for Small-Issue Industrial Development Bond Projects

The Committee may award a Small-Issue Industrial Development Bond Allocation to CIDFAC for the purposes of administering the IDB Program. In awarding the Allocation to CIDFAC, the Committee will authorize CIDFAC to allocate portions of the award to Local Issuers and the CIEDB for purposes of issuing bonds.

I. Minimum Requirement

An Applicant requesting an Allocation for a Small-Issue Industrial Development Bond 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. Applicants are not required to have obtained ministerial approvals at the time of Application.

II. Evaluation Criteria

Upon a determination that an Application has met the minimum requirements set forth in subsection I., above, the following criteria will be used to evaluate, rank and award Allocations from the Small-Issue Industrial Development Bond Pool.

A. 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:

1. 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 Small-Issue Industrial Development 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:

- a. 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.
- b. 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.

2. 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.

3. Five (5) points to a project located in a Special Designation Area.

4. 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 Applicant 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.)

5. When a project is located in an area for which there is no available economic data, to determine points under Sections 20.II.A.1 and 20.II.A.4, the Applicant may submit alternate information to establish the project's consistency with the intent of the aforementioned point categories. For example, an Applicant 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.

B. ~~Jobs Creation and Job Retention~~ (25-35 points maximum)

Applications will be awarded up to thirty-five (35) points for projects that create and/or retain jobs according to the following:

1. Job Creation (25 points maximum)

Applicants are eligible for job creation points when the full-time new job criterion below has been met:

- a. Deducting any jobs within the State that currently exist within the company;
and
- b. The Job Creation requirement will begin two years after the completion of the project.

The Job Creation requirement will be monitored by CIDFAC and CIEDB utilizing Employment Development Department employment statistics.

Applications will be awarded points where the Project Sponsor proposes Job Creation, and/or Job Retention. The amount of the Allocation requested Based on

the Project Sponsor's representation that they will make their best efforts to increase the number of direct, full-time employees at the Project site within two years of Project completion, in the Application will be divided by the amount of Job Creation or Job Retention proposed by the Small Issue Industrial Development Bond Project and verified by the appropriate city or county official. points will be awarded as follows:

- a. ~~1.~~ Twenty-five (25) points to projects creating ~~or retaining one (1) job per \$35,000 or less of Allocation~~ a 31% or more increase in the manufacturer's workforce job increase.
- b. ~~2.~~ Fifteen (15) points to projects creating ~~or retaining one (1) job per \$35,001 to \$50,000 of Allocation~~ a ~~21~~ a 21% to 30% increase in the manufacturer's workforce job increase.
- c. ~~3.~~ Five Ten (510) points to projects creating ~~or retaining one (1) job per \$50,001 to \$75,000 of Allocation~~ a 10% to 20% increase in the manufacturer's workforce job increase.

Job Creation:

~~Applicants are eligible for job creation points when the full-time new job criterion below has been met:~~

- a. ~~Deducting any jobs within the State that currently exist within the company.~~
- b. ~~The Job Creation requirement will begin two years after the completion of the project.~~

~~The Job Creation requirement will be monitored by CIDFAC and CIEDB utilizing Employment Development Department employment statistics.~~

~~1.~~ 2. Job Retention (10 points maximum):

Project Sponsors eligible for points for job retention pursuant to this Section are those entities that in the absence of the requested Allocation will be:

- a. Forced to downsize or retool in order to remain in operation;
- b. ~~2.~~ At risk of closing local operations; or
- c. ~~3.~~ Acquired prior to closing or relocating by new ownership that commits to maintain company operations and retain existing full-time jobs within the State.

To qualify for job retention points, the Applicant shall comply with both a. and b. as follows:

~~1.~~

a. a.) Either:

- i. Provide a verification letter from the appropriate local governmental entity stating that the Project Sponsors business is at risk of closing local

operations, and that the requested Allocation and retention of the Project Sponsor's business is an integral part of its plan to maintain the health of the local economy and retain employment.

OR

ii. ~~_____~~ b) Project Sponsor P provides written evidence from the Project Sponsor that the company, within two years prior to the submission of an application for tax-exempt IDB financing, engaged a "site selector" to find possible relocation sites outside of California.

b.2. Certify in the Application that the Project Sponsor will retain the specified jobs for a two-year period after the issuance of Bonds. The Committee may verify jobs retained at any time during the two year period.

Eligible jobs for the calculation and award of points will be those that would be lost by virtue of the listed factors in the absence of the requested Allocation.

C. ~~Welfare To Work Plan~~ Workforce and Economic Development (5-15 points maximum)

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

2. Workforce Training: Five (5) points will be awarded ~~to IDB projects where the Project Sponsor participates in one or more training, retraining or apprenticeship of the programs offered by any of the following state agencies, certified training facilities or postsecondary institutions:~~

a. ~~The State's Employment Training Panel;~~

b. ~~Workforce Investment Act programs and the Apprenticeship Program through The State Department of Industrial Relations;~~

c. ~~A In addition to above, community college;~~

d. ~~Us, universities;~~

e. ~~A, adult school; or~~

f. ~~s, A Regional Occupational Programs or , and private training agencies approved by the Bureau of Private Postsecondary and Vocational Education that offer training programs.~~

~~To qualify for points in this category, the Project Sponsor must provide copies of official documentation of its current or pending participation in one of the above programs. Such documentation shall include: (1) a copy of an executed contract between the Project Sponsor and the provider; or (2) a formal letter from the provider addressed to the Project Sponsor acknowledging the Project Sponsor's current or pending participation in the program.~~

3. Exports Outside of California: An Application can be awarded up to five (5) points in this category. An officer or owner of the Project Sponsor must certify in writing on Project Sponsor letterhead that it exports, or in the case of the construction of a new manufacturing facility at a new Project site, anticipates that it will export as part of its business plan:

a. In excess of 30% of its products manufactured at the Project site (5 points)
Up to 20% of its products manufactured at the Project site (2 points)

b. Up to 30% of its products manufactured at the Project site (3 points)

c. Up to 20% of its products manufactured at the Project site (2 points)
In excess of 30% of its products manufactured at the Project site (5 points)

~~D. Payment~~ D. Payment of Employee and Dependent Medical, Dental, Vision and ~~Child-Care~~ Retirement Costs (5-20 points maximum)

1. Health, Dental and Vision (15 points maximum)

Applications will be awarded points where the Project Sponsor contributes toward the cost of employee and dependent medical, ~~dental, vision, and vision dental, and child-care~~ benefits. Applicants must provide a certification letter from each of a Project Sponsor's medical, dental, ~~and~~ vision ~~and child-care~~ providers certifying to the Project Sponsor's average contribution per employee toward the provision of these benefits. The Project Sponsor must confirm that it will offer such benefits to employees hired in accordance with representations made with respect to the JOBob CREATION creation category found above (Section 20.II.B.1). This average will be computed by dividing the Project Sponsor'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 toward the cost of benefits as follows:

a. ~~1. Five-Fifteen~~ (15) points will be awarded to Applications that demonstrate that the Project Sponsor will contribute an average of ~~\$300-330~~ or more per month toward the cost of the medical, dental, vision or child-care benefits for each participating employee and dependents of the employee of the Small-Issue Industrial Development Bond Project.

b. ~~2. Three-Ten~~ (310) points will be awarded to Applications that demonstrate that the Project Sponsor will contribute an average of ~~\$200-220~~ or more, but less than ~~\$300-330~~, per month toward the cost of the medical, dental, vision or child-care benefits for each participating employee and dependents of the employee of the Small-Issue Industrial Development Bond Project.

c. ~~3. One-Five~~ (45) points will be awarded to Applications that demonstrate that the Project Sponsor will contribute an average of ~~\$100-110~~, but less than ~~\$200-220~~, per month toward the cost of the medical, dental, vision or child-care benefits for each participating employee and dependents of the employee of the Small-Issue Industrial Development Bond Project.

2. ~~—~~ Retirement (5 points)

~~Five (5) points.~~ An Application can be awarded up to five (5) points in this category. The Project Sponsor must provide specific documentation to show it contributes to

the 401 (K) or other retirement account for each participating employee and must confirm that it will offer such benefits to employees hired in accordance with the representations made with respect to the Job Creation category found above (Section 20.II.B.1)JOB CREATION category.

E. Average Hourly Wage (~~5-10~~ points maximum)

Applications will be awarded up to ~~five-ten (510)~~ 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 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 when the Project Sponsor certifies that the average hourly wage of existing employees and of employees who will be hired in accordance with representation under the Job Creation category, when compared to the most recent Median Hourly Production Occupation wage for the Metropolitan Statistical Area in which the project is located ("Job Wage") based as reported and periodically updated by on the U.S. Department of Labor - Bureau of Labor Statistics Series Code.~~ If a project is: (1) not located in a Metropolitan Statistical Area for which the ~~Bureau of Labor Statistics 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:

1. ~~Five-Ten (510)~~ points for a Project Wage that is one hundred twenty-five percent (125%) or more of the Job Wage;
2. ~~Three-Six (36)~~ 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;
3. ~~One-Three (43)~~ points 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.

F. ~~Land Use/Energy Efficiency~~Environmental Stewardship (~~45-27~~ points maximum)

1. Land Use (3 points)

Three (3) points will be awarded to projects that involve the reuse of: (a) vacant or abandoned buildings; or (b) vacant or abandoned land with developed infrastructure, excluding land where the immediate prior use was agricultural, open space or other similar use. Land Use: Projects that involve the reuse of (a) vacant or abandoned buildings or (b) vacant or abandoned land with developed infrastructure, excluding land where the immediate prior use was agricultural, open space or other similar use. (3 points)

1. ~~Five (5) points will be awarded to projects that reuse:~~
 - a. ~~Vacant or abandoned buildings; or~~

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

2. Public Transportation (4 points maximum):

a. Projects that are located within ¼ of a mile of a regular route stop within a Public Transit Corridor or, in areas where there is no public transportation system, the Project Sponsor has an adopted transportation system management plan (3 points):

OR

b. Projects that are located within a ¼ of a mile of a regular route stop within a Public Transit Corridor and where the Project Sponsor provides written evidence of offering public transit subsidies for employees at the Project site (4 points).

~~2. Five (5) points will be awarded to projects that are located within a Public Transit Corridor, or in areas where there is no public transportation system, the Project Sponsor has an adopted transportation system management plan. This plan must be submitted at the time of Application.~~

3. Energy Efficiency/ Renewable Energy (10 points maximum):

~~a. 31. Five (5) points will be awarded to projects~~ Projects that utilize designs, materials or techniques to reduce energy usage by at least fifteen (15%) on the part of the Project Sponsor 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. Evidence should include a utility company letter indicating that energy savings are projected or a written certification from an energy efficiency consultant. (5 points)

~~a. b. 2.~~ Projects that involve the installation and use of renewable energy (as defined under California Public Resources Code 26003) equipment to power the production process. The Project Sponsor must provide written documentation from its utility company which specifies the installation or planned installation of renewable energy equipment. (5 points)

4. —Manufacturer of Certified Environmentally Friendly Products (5 points):

Five (5) Ppoints will be awarded to projects which produce or will produce environmentally friendly products certified by an ANSI Accredited Standards Developing Organization (e.g., Green Seal, Inc.) or by a widely-recognized and reputable organization accredited as a certifier by an ANSI accredited Standards Developing Organization or by a Forest Stewardship Council (e.g., Scientific Certification Systems, Inc.). The Project Sponsor must provide the current, official documentation of the certification and must provide the percentage of the overall output that is comprised of the certified products. (5 points)

5. —U.S. Green Building Council (USGBC) LEED-Certified Manufacturing Facility: (5 points)

Five (5) pPoints will be awarded to Projects for which bond proceeds will be used to construct U.S. Green Building Council (USGBC) LEED-certified facilities, or to make

improvements to existing facilities that will qualify it for a LEED-certificate. The Project Sponsor must provide either: (1) official documentation of its registration (including evidence of payment of the registration fee) with the USGBC to obtain LEED certification in cases where the project involves the construction of a new facility and construction has not begun or is not complete at the time of application; or (2) official documentation of receipt of either the Certified, Silver Gold or Platinum LEED Certification in cases where construction or improvements and the certification process are completed. (5 points)

G. Leverage (5 points maximum)

The Committee will award points to Applications for Small-Issue Industrial Development Bond Projects ~~where the Applicant 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 Applicant must provide documentation showing that the proceeds of the Taxable Debt will be used for project expenses directly related to job creation for~~ which taxable debt, a taxable loan, and/or private funds or equity will supplement the use of the tax-exempt bond financing. The Project Sponsor must provide overall project costs and certify that one or more of these other sources of financing will be used for projects expenses, with points awarded for achieving the following levels:-

~~1. Five (5) points for projects utilizing Taxable Debt greater than twenty percent (20%) of total project costs~~ Greater than twenty percent (20%) of total project costs will be paid from one or more of these other sources of financing. (5 points).

~~2. Greater than ten percent (10%) and up to twenty percent (20%) of total project costs will be paid from one or more of these other sources of financing. (3 points)~~ Three (3) points for projects utilizing Taxable Debt greater than ten percent (10%) and up to twenty percent (20%) of total project costs.

~~3. One (1) point for projects utilizing Taxable Debt of up to ten percent (10%) of total project costs.~~

H. Ranking Applications

If, after awarding points under this subsection II, two or more Applications are awarded the same number of points, the Executive Director will divide the Allocation amount 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 Allocation per job created.

III. Enterprise/Empowerment Facility Bond Projects. For a proposed Enterprise/Empowerment Zone Facility Bond Project for which the Applicant has determined that job creation is the project's major public benefit, the Applicant shall apply for Allocation under this Section 20, and the criteria under this Section 20 shall be used to evaluate the Application.

IV. Small Business Program

The Committee may award an Allocation to CIDFAC for purposes of administering a Small Business Program. In awarding the Allocation to CIDFAC, the Committee will authorize CIDFAC to transfer portions of the Allocation to Local Issuers and the CIEDB for purposes of issuing bonds under the Program on behalf of qualified Small Businesses. An Applicant may submit an Application to the Small Business Program or the Small-Issue Industrial Development Bond Program; however, an Applicant may not submit Applications for the same project to both programs concurrently.

A. Minimum Requirements

The Minimum Requirements of the Small Business Program shall include, but are not limited to, the following:

1. Bonds will be privately placed with Qualified Institutional Investors as defined by Securities and Exchange Commission guidelines Rule 144A, or issued as a public offering with bond documents approved by CIDFAC.
2. A Project Sponsor shall be a Small Business as defined by CIDFAC.
3. The maximum amount of tax-exempt financing shall be \$4 million annually per Small Business.
4. CIDFAC shall determine the percentage of Small Business projects funded on an annual basis that will be located in Distressed Communities, to be calculated separately for CIDFAC and CIEDB projects.
5. CIDFAC shall determine the minimum ratio of jobs created or retained to Allocation requested.
6. Project Sponsors shall be subject to a prevailing wage requirement. The definition of prevailing wage is contained in California Government Code Section 91533(l).
7. The Applicant 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.

B. Point Allocation Criteria

CIDFAC will implement a system to evaluate, rank, and award Allocation points to eligible Small Business projects that are competing for an Allocation. The Point Allocation Criteria shall include, but are not limited to, the following:

1. Project Sponsor's participation in a Welfare-to-Work Plan.
2. Project Sponsor's payment of employee and dependent medical, dental, vision and child-care costs.
3. Project Sponsor's average hourly wage of new jobs created exceeding the average hourly general manufacturing wage of the area in which the project is located.
4. Project Sponsor's participation in community development/energy efficiency efforts that include the following:
 - a. Project Sponsor's reuse of vacant or developed land and buildings within existing urbanized or rural areas.
 - b. Project Sponsor's location of the project within a Public Transit Corridor.

c. Project Sponsor's location of the project in an area with an unemployment rate that exceeds the statewide average by the amount expressed as a percentage.

d. Project Sponsor's use of materials, to improve energy efficiency.

5. Project Sponsor's use of Taxable Debt to leverage the Allocation.

C. Transfer of Allocation by CIDFAC

1. CIDFAC will transfer, by resolution, Allocation to local issuers based on the total scores of the Small Business Program projects competing in the same month. The Allocations will be awarded in order of high score to low score. CIDFAC may establish a minimum point threshold for receiving Allocation.

2. CIEDB may submit Small Business Program projects to CIDFAC for Allocation provided CIEDB certifies to the CIDFAC Executive Director that the projects are in compliance with all of the Small Business Program Minimum Requirements and Point Allocation Criteria as set forth by CIDFAC. Upon receipt of the CIEDB request for Allocation and certification of compliance, CIDFAC will authorize the transfer of Allocation to CIEDB.

D. Reporting the Transfer and Use of Allocation

1. CIDFAC will report each transfer of Allocation to the.

2. Applicants receiving Allocation under the Program shall comply with the reporting requirements contained in Section 14.