

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

September 22, 2010

Consideration and Approval of a Revision to CDLAC Resolution ARRA-21 for the Lodi Unified School District Project and CDLAC Resolution ARRA-22 for the Rancho California Water District Project
(Agenda Item No. 6)

ACTION:

Approve the revision to CDLAC Resolution ARRA-21 for the purpose of designating Lodi Unified School District as the Issuer of the bonds for the Lodi Unified School District Project, and approve the revision to CDLAC Resolution ARRA-22 for the purpose of designating Rancho California Water District as the Issuer of the bonds for the Rancho California Water District Project; and approve Lodi Unified School District's issuance of bonds as a private placement sale.

BACKGROUND:

Transfers

On May 26th, 2010, the Committee approved the creation of a waiting list for all complete, unfunded & partially funded QECB applications for the May 26th meeting, including the Lodi Unified School District Project and the Rancho California Water District Project ("the Projects"). Specifically, any allocation that was waived on or before August 14th would be used to fund these waiting list projects. During this time period, the Projects both received waived QECB allocation. The districts both decided that the simplest form of QECB financing would be a lease financing structure for their respective projects. This structure requires that the district issue the bonds. However, at the time of application, CAEATFA was identified as both the Applicant and the Issuer for the Projects. As a result, CAEATFA has agreed to relinquish their role as Issuer and fully supports CDLAC's revisions to CDLAC Resolution ARRA-21 and CDLAC Resolution ARRA-22, which designate each district as the Issuer for their respective Project.

Change in Method of Sale

In their original application, Lodi Unified School District intended to issue the bonds as a public offering. In the interim, the district has decided that they would like to issue their QECBs as a private placement, and have secured a commitment from a qualified bond purchaser. CAEATFA has agreed to approve this change.

DISCUSSION:

For the purpose of granting the districts the ability to issue the bonds for the Project, staff recommends that the Committee approve the revisions to CDLAC Resolutions ARRA-21 and ARRA-22. In addition, staff also recommends that the Committee approve Lodi Unified School District's issuance of bonds as a private placement sale. However, prior to the Committee's consideration of the change, CAEATFA must formally approve these changes at its September 22nd board meeting.

RECOMMENDATIONS:

Staff recommends approval of revisions to CDLAC Resolutions ARRA-21 and ARRA-22 for the purpose of designating Lodi Unified School District as the Issuer of the bonds for the Lodi Unified School District Project (ARRA-039), and Rancho California Water District as the Issuer of the bonds for the Rancho California Water District Project (ARRA-043). Staff also recommends that the Committee approve Lodi Unified School District's issuance of bonds as a private placement sale.