



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

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MEMBERS

FIONA MA, CPA, CHAIR
State Treasurer

GAVIN NEWSOM
Governor

BETTY T. YEE
State Controller

EXECUTIVE DIRECTOR
JUDITH BLACKWELL

AGENDA

January 15, 2021

TIME:
11:00 a.m.

Jesse Unruh Building
Room 587
915 Capitol Mall
Sacramento, CA 95814

Public Participation Call-In Number***
(888) 557-8511
Participant Code: 5651115

OPEN SESSION

1. Call to Order and Roll Call
2. Approval of the Minutes of the December 21, 2020 Meeting (Action Item)
3. Executive Director's Report (Informational Item) – Judith Blackwell
4. Determination and Adoption of the 2021 State Ceiling on Qualified Private Activity Bonds (Action Item)
5. Regulations Update (Informational Item)
6. Carryforward Update (Informational Item)
7. Consideration and Adoption of the Apportionment of the 2021 State Ceiling among the State Ceiling Pools (Action Item)
8. Determination and Adoption of the 2021 State Ceiling on Qualified Public Educational Facility Bonds (Action Item)

9. Consideration and Adoption of the Revised 2021 Calendar

10. Consideration of Appeals

*At the time of this publication, it is not known which Applicants, if any, will file appeals for consideration by the Committee.

11. Public Comment

12. Adjournment

The Committee may take action on any item. Items may be taken out of order.

FOR ADDITIONAL INFORMATION:

Judith Blackwell, Executive Director
California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814
(916) 653-3255

The Agenda is also available on our website: <http://www.treasurer.ca.gov/cdlac>

*** Interested members of the public may use this number to call in to listen to and/or comment on items before the CA Debt Limit Allocation Committee. Additional instructions will be provided to callers once they call the indicated number. This call-in number is provided as an option for public participation but the Committee is not responsible for unforeseen technical difficulties that may occur. The Committee is under no obligation to postpone or delay its meeting in the event such technical difficulties occur during or before the meeting.

The California Debt Limit Allocation Committee complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities, and providing this notice and information given to the members of the California Debt Limit Allocation Committee in appropriate alternative formats when requested. If you need further assistance, including disability-related modifications or accommodations, you may contact the California Debt Limit Allocation Committee no later than five calendar days before the meeting at (916) 653-3255 or TDD (916) 654-9922.

AGENDA ITEM 2

**Approval of the Minutes of the
December 21, 2020 Meeting
(Action Item)**

(will come in a separate file)

AGENDA ITEM 3

Executive Director's Report (Informational Item)

AGENDA ITEM 4

**Determination and Adoption of the
2021 State Ceiling on Qualified Private
Activity Bonds**

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 15, 2021

**DETERMINATION AND ADOPTION OF THE 2021 STATE CEILING ON QUALIFIED
PRIVATE ACTIVITY BONDS**
(Agenda Item No. 4)

ACTION: Adopt the 2021 State Ceiling on qualified private activity bonds.

BACKGROUND: Section 146 of the Internal Revenue Code (the “Code”) limits the amount of qualified (tax-exempt) private activity bond debt that may be issued in a state during a calendar year (“annual State Ceiling”). Section 146(d) of the Code was amended by H.R. 5662, the “Community Renewal Tax Relief Act of 2000 (the “Act”),” to specify that beginning in calendar year 2002 the limit shall be the greater of \$75 multiplied by a state’s population or \$225 million. The Act further specifies that beginning in calendar year 2003 the volume limit may be adjusted annually for inflation. Pursuant to Revenue Procedure 2020-45 published by the Internal Revenue Service, the volume limit on qualified private activity bonds adjusted for inflation for calendar year 2021 is \$110 multiplied by the state’s population.

DISCUSSION:

Section 146(j) of the Code further requires that the calculation of the annual State Ceiling be based on the most recent resident population estimate released by the U. S. Bureau of the Census before the beginning of the calendar year. On December 22, 2020, the U.S. Census Bureau issued Press Release #CB20-TPS.104, reporting California’s population as 39,368,078. This is the population estimate for 2020. The population estimate for 2021 will be released at a later date. California’s population decreased by .36% from the population estimate of 39,512,223 used to set the 2020 State Ceiling. The change in the population estimate results in a new 2021 bond volume cap of \$4,330,488,580. In terms of dollars, this is a \$181,705,165 increase from the 2020 State Ceiling. These numbers may need to be adjusted when the final numbers are released.

COMMENTS:

1. The Internal Revenue Service has announced that the 2021 volume limit on qualified private activity bonds adjusted for inflation is \$110 multiplied by a state’s population.
2. The U.S. Census Bureau has reported that California’s population is 39,368,078. Again, this is the population estimate for 2020. The population estimate for 2021 will be released at a later date. This number may need to be adjusted when the final numbers are released.
3. The Committee must determine and announce the 2021 annual State Ceiling as soon as is practicable after the start of the calendar year.
4. Based on the above, the estimated California 2021 State Ceiling on qualified private activity bonds is \$4,330,488,580 (calculated as \$110 x 39,368,078). This number may need to be adjusted when the final numbers are released.

RECOMMENDATION: Adopt the attached resolution establishing the 2021 State Ceiling for qualified private activity bonds at \$4,330,488,580. Again, these numbers may need to be adjusted when the final numbers are released.

Prepared by Sarah Lester

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 21-001

**RESOLUTION ADOPTING THE 2021 STATE CEILING ON
QUALIFIED PRIVATE ACTIVITY BONDS**

WHEREAS, the California Debt Limit Allocation Committee (the “Committee”) is authorized by Chapter 11.8, commencing with Section 8869.80, of the California Government Code (“State Code”) to implement the Federal Tax Reform Act of 1986, 26 U.S.C. Sections 141, et seq. (“Federal Code”), as amended, which establishes a unified volume ceiling (“State Ceiling”) on the aggregate amount of Qualified Private Activity Bonds which can be issued in each state; and

WHEREAS, the Committee is directed by the State Code to establish the annual State Ceiling as soon as practicable after the beginning of the calendar year; and

WHEREAS, the Internal Revenue Service Revenue Procedure 2020-45 announced that for calendar year 2021, the State Ceiling for qualified private activity bonds adjusted for inflation is \$110 multiplied by the state population; and

WHEREAS, the U. S. Bureau of the Census, in Press Release #CB20-TPS.104 dated December 22, 2020 reported the estimated State of California’s population as 39,368,078. This is the population estimate for 2020. The population estimate for 2021 will be released at a later date. This number may need to be adjusted when the final numbers are released.

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. The 2021 State Ceiling on Qualified Private Activity Bonds is hereby adopted as \$4,330,488,580; and

Section 2. This Resolution shall take effect immediately upon its adoption.

* * *

AGENDA ITEM 5

Regulations Update (Informational Item)

AGENDA ITEM 6

**Carryforward Update
(Informational Item)**

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 15, 2021

Carryforward Update (Informational Item)

(Agenda Item No. 6)

DISCUSSION:

CALHFA	\$418,981,656.00
CMFA	\$507,028,561.00
CSCDA	\$124,877,427.00
City of LA	\$429,135,032.00
CPCFA	\$ 23,677,224.00

The above list is a total of private activity bond volume cap allocated for specific projects to the largest bond issuers in the state in 2020, but for which bonds are not expected to be issued until 2021.

By law, this allocation must be “carried forward” by the issuer by its filing of IRS form 8328 on the earlier of (i) February 15, 2021 or (ii) the date of the first issuance of private activity bonds by the issuer in 2021.

In addition to the above amounts allocated to specific projects, \$79,385 of 2020 private activity bond volume cap remained unallocated as of December 21st, 2020, the date of the final CDLAC Committee for the calendar year.

CDLAC awarded this previously unallocated “lump sum” to CALHFA to be combined with 2020 volume cap awarded to CalHFA for specific projects. CalHFA is expected to add the lump sum amount to its total “carryforward” amount for 2021. This \$79,385 lump sum is the only allocation of 2020 volume cap that was not designated for specific projects.

As stated above, volume cap is formally carried forward by each issuer’s timely filing of IRS Form 8328 on its due date; these numbers are therefore preliminary until each such date.

Prepared by Richard Fischer

AGENDA ITEM 7

**Consideration and Adoption of the
Apportionment of the 2021 State
Ceiling among the State Ceiling Pools
(Action Item)**

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 15, 2021

**CONSIDERATION AND ADOPTION OF THE APPORTIONMENT OF THE 2021 STATE
CEILING AMONG THE STATE CEILING POOLS**

(Agenda Item No. 7)

ACTION:

Establish the amounts for each of the State Ceiling Pools for the 2021 program year in accordance with Section 5010 of the Committee's Regulations implementing the allocation of the State Ceiling on Qualified Private Activity Bonds.

BACKGROUND:

California's population as recently reported by the U.S. Census Bureau is 39,368,078 resulting in a State Ceiling of \$4,330,488,580 for 2021. While the multiplier supplied by the IRS of \$110 per capita increased for 2021, the State's population declined from 39,512,223 to the current number. In accordance with the Regulations, at the beginning of each calendar year the Committee must establish and announce the amounts the Committee expects to apportion to each of the State Ceiling Pools for the program year.

DISCUSSION:

In making recommendations for the 2021 pool amounts, staff surveyed the entire development community with more specific outreach to the Issuers to determine estimated demand. Staff is recommending that all pools be competitive in 2021 with the exception of the IDB pool that is too small to divide into separate rounds. At its December 21, 2020 meeting, the Committee approved the following apportionments of the 2021 State Ceiling Volume Cap:

As always, the Committee has the right to reallocate at a future meeting if circumstances warrant. The following list estimates demand and provides a recommendation for each program pool.

- **Qualified Residential Rental Projects (QRRP).** QRRPs will again take center stage. With AB101 monies stewarded by CalHFA and HCD, we expect to see substantial increases in new construction demand for affordable and mixed-income units. The Committee directed staff to create a new pool called BIPOC (Black, Indigenous and Other People of Color). Staff was also directed to create set-asides in the New Construction Pool for 2021 that included a Homeless set-aside, an Extremely Low Income/Very Low Income (ELI/VLI) set-aside, a State Funded: Mixed Income set-aside and a set-aside for Geographic Regions (New Construction only).

For QRRP, staff recommends allocation of \$3,170,915,293 for the New Construction Pool, \$111,914,657 for the Rural New Construction Pool, \$ 313,361,041 for the Preservation Pool, \$22,382,931 for the Other Rehabilitation Pool and \$111,914,657 for the BIPOC (Black, Indigenous and Other People of Color). The New Construction Pool will further sub-allocate to the following: \$559,573,287 for the Homeless set-aside \$671,487,944 for

the Extremely Low Income/Very Low Income (ELI/VLI) set-aside, \$447,658,630 for the State Funded: Mixed Income set-aside and \$1,492,195,432 for Geographic Regions set-aside.

- With the dissolution of the California Industrial Development Financing Advisory Commission (CIDFAC) in AB-1547, the **Industrial Development Bond (IDB)** program, CDLAC is now the administrator allocation for the program. \$10,000,000 of the 2021 Ceiling will go toward IDB projects based on demand.
- **Exempt Facility Pool (EXF)** will receive an allocation of \$590,000,000. Several issuers have project demand for pollution control, solid waste, and other facilities. In addition, we expect to allocate \$200 million to the Xpress West Trains project. If the Committee does not approve the train project, the \$200 million of 2021 volume cap will revert to the Committee for reallocation.

RECOMMENDATION:

Staff recommends apportionment of the 2021 State Ceiling Pools per the attached chart that further includes apportionment by allocation round. Any changes in the 2021 State Ceiling Volume Cap due to changes in the population will be adjusted in the Exempt Facility Pool.

Prepared by Sarah Lester

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 15, 2021
Agenda Item No. 7

2021

2021 Apportionment Recommendation

Board-Approved Apportionment of the State Ceiling

Based on Board Approved QRRP/Non-housing split

Total Year Pools	% of 60% Split	Round 1 April	% of 60% Split	Round 2 August	% of 60% Split	Round 3 December	% of 60% Split	Round 4 % of Pool	Round 5 % of Pool	Round 6 % of Pool
HOUSING TOTAL Available		Available for April (40%)		Available for August (40%)		Remaining Available (20%)				
\$3,730,488,580		\$1,492,195,432		\$1,492,195,432		\$746,097,716				
60% Split										
\$2,238,293,148										
Other Rehabilitation	\$22,382,931 1.00%	\$8,953,173 1.00%	\$8,953,173 1.00%	\$8,953,173 1.00%	\$8,953,173 1.00%	\$4,476,586 1.00%				
Preservation	\$313,361,041 14.00%	\$125,344,416 14.00%	\$125,344,416 14.00%	\$125,344,416 14.00%	\$125,344,416 14.00%	\$62,672,208 14.00%				
BIPOC	\$111,914,657 5.00%	\$44,765,863 5.00%	\$44,765,863 5.00%	\$44,765,863 5.00%	\$44,765,863 5.00%	\$22,382,931 5.00%				
Rural New Construction	\$111,914,657 5.00%	\$44,765,863 5.00%	\$44,765,863 5.00%	\$44,765,863 5.00%	\$44,765,863 5.00%	\$22,382,931 5.00%				
New Construction										
(Homeless)	\$559,573,287 25.00%	\$223,829,315 25.00%	\$223,829,315 25.00%	\$223,829,315 25.00%	\$223,829,315 25.00%	\$111,914,657 25.00%				
(ELI/VLI)	\$671,487,944 30.00%	\$268,595,178 30.00%	\$268,595,178 30.00%	\$268,595,178 30.00%	\$268,595,178 30.00%	\$134,297,589 30.00%				
(State Funded: Mixed Income)	\$447,658,630 20.00%	\$179,063,452 20.00%	\$179,063,452 20.00%	\$179,063,452 20.00%	\$179,063,452 20.00%	\$89,531,726 20.00%				
40% Split										
\$1,492,195,432										
(Geographic Regions)										
Coastal Region	\$313,361,041 21.00%	\$125,344,416 21.00%	\$125,344,416 21.00%	\$125,344,416 21.00%	\$125,344,416 21.00%	\$62,672,208 21.00%				
City of Los Angeles	\$268,595,178 18.00%	\$107,438,071 18.00%	\$107,438,071 18.00%	\$107,438,071 18.00%	\$107,438,071 18.00%	\$53,719,036 18.00%				
Balance of LA County	\$253,673,223 17.00%	\$101,469,289 17.00%	\$101,469,289 17.00%	\$101,469,289 17.00%	\$101,469,289 17.00%	\$50,734,645 17.00%				
Bay Area Region	\$253,673,223 17.00%	\$101,469,289 17.00%	\$101,469,289 17.00%	\$101,469,289 17.00%	\$101,469,289 17.00%	\$50,734,645 17.00%				
Inland Region	\$253,673,223 17.00%	\$101,469,289 17.00%	\$101,469,289 17.00%	\$101,469,289 17.00%	\$101,469,289 17.00%	\$50,734,645 17.00%				
Northern Region	\$149,219,543 10.00%	\$59,687,817 10.00%	\$59,687,817 10.00%	\$59,687,817 10.00%	\$59,687,817 10.00%	\$29,843,909 10.00%				
Multifamily Projects Subtotal:	\$3,730,488,580	\$1,492,195,432	\$1,492,195,432	\$1,492,195,432	\$1,492,195,432	\$746,097,716				
NON-HOUSING										
Industrial Development	\$10,000,000 2%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%				
Exempt Facility	\$590,000,000 98%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%				
Non-Housing Total:	\$600,000,000	\$0	\$0	\$0	\$0	\$0				
GRAND TOTAL:	\$4,330,488,580	\$1,492,195,432	\$1,492,195,432	\$1,492,195,432	\$1,492,195,432	\$746,097,716				

AGENDA ITEM 8

**Determination and Adoption of the
2021 State Ceiling on Qualified Public
Educational Facility Bonds
(Action Item)**

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 15, 2021

**DETERMINATION AND ADOPTION OF THE 2020 STATE CEILING ON QUALIFIED
PUBLIC EDUCATIONAL FACILITY BONDS**

(Agenda Item No. 8)

ACTION: Adopt the 2021 State Ceiling on Qualified Public Educational Facility Bonds.

BACKGROUND:

Qualified Public Educational Facility Bonds (QPEFs) are tax-exempt private activity bonds issued to finance the construction, renovation and furnishing of primary and secondary school facilities. The program, Qualified Public Educational Facilities Bonds (QPEFB), makes traditional long-term, fixed-rate, tax-exempt financing available to for-profit commercial real estate developers, expanding the landscape of capital structures for public school development. The QPEFB Program will provide tax exempt private activity bond allocation to state and local bond-issuing agencies to provide public elementary and secondary schools with financing for the construction or improvement of their facilities. These bonds are designed to provide tax-exempt conduit financing for turnkey private development of public elementary and secondary school facilities.

The volume cap for QPEF bonds that can be issued in California for each program year is specified in Title 26 USCA section 142(k). The limit for the Qualified Public Educational Facility Bond Program is calculated by multiplying the state population by ten dollars (\$10), and totals \$393,680,780 for the 2021 program year. This number may need to be adjusted when the final population number is release.

Pursuant to Internal Revenue Code Section 26 U.S.C. Section 142(k)(B)(ii) Rules for carryforward of unused limitation. A State may elect to carry forward an unused limitation for any calendar year for 3 years following the calendar year in which the unused limitation arose under rules similar to the rules of Section 146(f), except that the only purpose for which the carryforward may be elected is the issuance of exempt facility bonds described in subsection (a)(13).

DISCUSSION:

Title 26 USCA Section 146 (j) of the Code requires that the calculation of the annual State Ceiling be based on the most recent resident population estimate released by the U. S. Bureau of the Census before the beginning of the calendar year. On December 22, 2020, the U.S. Census Bureau issued Press Release #CB20-TPS.104, reporting California's population as 39,368,078 resulting in a bond volume cap of \$4,330,488,580. This is the population estimate for 2020. The population estimate for 2021 will be released at a later date.

In accordance with CDLAC Regulations, Section 5020 (j) and (k), as soon as practicable after the beginning of each calendar year, and before any Applications are considered, the Committee shall determine and announce what amount, expressed both as a percentage and as a dollar amount, of the Qualified Public Educational Facility Bonds State Ceiling that shall be available for allocation during the year and in each Allocation Round to the Qualified Public Educational Facility Bond Program.

COMMENTS:

1. The Internal Revenue Service has announced that the 2021 volume limit on Qualified Public Educational Facility Bonds is \$10 multiplied by a state's population.
2. The U.S. Census Bureau has reported that California's population is 39,368,078. This is the population estimate for 2020. The population estimate for 2021 will be released at a later date.
3. The Committee must determine and announce the 2021 annual State Ceiling for Qualified Public Educational Facility Bonds as soon as is practicable after the start of the calendar year.
4. Based on the above, the California 2021 State Ceiling on Qualified Public Educational Facility Bonds is \$393,680,780 (calculated as \$10 x 39,368,078). Again, this is the population estimate for 2020. The population estimate for 2021 will be released at a later date.

RECOMMENDATION:

Adopt the attached resolution establishing the 2021 State Ceiling for Qualified Public Educational Facility Bonds at \$393,680,780.

Prepared by Sarah Lester

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

RESOLUTION NO. 21-002

**RESOLUTION ADOPTING THE 2021 STATE CEILING ON QUALIFIED PUBLIC
EDUCATIONAL FACILITY BONDS**

WHEREAS, the California Debt Limit Allocation Committee (the “Committee”) is authorized by Section 142 (k) of the Internal Revenue Code, which establishes a volume ceiling (“State Ceiling”) on the aggregate amount of Qualified Public Educational Facility Activity Bonds which can be issued in each state; and

WHEREAS, the Committee is directed by the State Code to establish the annual State Ceiling as soon as practicable after the beginning of the calendar year; and

WHEREAS, the Internal Revenue Service Revenue Code Section 142(k) established a volume ceiling on the aggregate amount of Qualified Educational Facility Bonds that can be issued. The volume ceiling is the product of ten dollars (\$10) multiplied by the state population in each calendar year;

WHEREAS, the U. S. Bureau of the Census, in Press Release #CB20-TPS.104, dated December 22, 2020, reported the State of California’s population as 39,368,078. This is the population estimate for 2020. The population estimate for 2021 will be released at a later date.

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. The 2021 State Ceiling on Qualified Public Educational Facility Bonds is hereby adopted as \$393,680,780; and

Section 2. This Resolution shall take effect immediately upon its adoption.

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AGENDA ITEM 9

**Consideration and Adoption of the
Revised 2021 Calendar**

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
2021 MEETING SCHEDULE AND APPLICATION DUE DATES***

Meeting Dates

January 15, 2021	11:00 A.M. Committee Meeting - State Ceiling & Other
April 28, 2021	11:00 A.M. Committee Meeting (First Round - QRRP Allocation Awards)
June 16, 2021	11:00 A.M. Committee Meeting
August 11, 2021	11:00 A.M. Committee Meeting (Second Round - QRRP Allocation Awards)
September 29, 2021	11:00 A.M. Committee Meeting
November 17, 2021	11:00 A.M. Committee Meeting
December 8, 2021	11:00 A.M. Committee Meeting (Third Round - QRRP Allocation Awards)

Application Due Dates

February 4, 2021	4:00 P.M. Applications due for April 28 Meeting (First Round - 40% of QRRP Allocation Available)
February 25, 2021	4:00 P.M. Non QRRP Applications due for April 28 Meeting
April 15, 2021	4:00 P.M. Non QRRP Applications due for June 16 Meeting
May 13, 2021	4:00 P.M. Applications due for August 11 Meeting (Second Round - 40% of QRRP Allocation Available)
June 10, 2021	4:00 P.M. Non QRRP Applications due for August 11 Meeting
July 29, 2021	4:00 P.M. Non QRRP Applications due for September 30 Meeting
September 9, 2021	4:00 P.M. Applications due for December 8 Meeting (Third Round - Balance of QRRP Allocation Available)
September 16, 2021	4:00 P.M. Non QRRP Applications due for November 17 Meeting
October 7, 2021	4:00 P.M. Non QRRP Applications due for December 8 Meeting

Physical meetings will be held at:

Jesse Unruh Building
915 Capitol Mall, Room 587
Sacramento, CA 95814

Participants and the Public will be able to participate virtually and via conference call line.

2021 is a competitive allocation year. All meeting dates and application due dates are subject to change.

Non QRRP applications may apply at regular Committee meetings or QRRP Committee Meetings

*Schedule subject to Committee approval at January 15, 2021 meeting.

AGENDA ITEM 10

Appeals