



CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

915 Capitol Mall, Room 311
Sacramento, CA 95814
p (916) 653-3255
f (916) 653-6827
cdlac@treasurer.ca.gov
www.treasurer.ca.gov/cdlac

MEMBERS

JOHN CHIANG, CHAIRMAN
State Treasurer

EDMUND G. BROWN JR.
Governor

BETTY T. YEE
State Controller

EXECUTIVE DIRECTOR
Jeree Glasser-Hedrick

FOR CDLAC USE ONLY

Application No. _____

Analyst: _____

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

APPLICATION FOR AN ALLOCATION OF THE STATE CEILING ON QUALIFIED PRIVATE ACTIVITY BONDS FOR A BEGINNING FARMER BOND PROGRAM

ISSUER (Applicant): _____

The Applicant hereby makes Application to the California Debt Limit Allocation Committee (“CDLAC” or “Committee”) for the purpose of providing a beginning farmer bond program as described herein.

The Applicant agrees it is our responsibility to provide the Committee with one original and one duplicate copy of the complete Application, accompanied by a check made payable to the Committee in the amount of ~~\$600~~1200 and a completed Performance Deposit Certification form. We understand that succinct answers providing the requested information are required and if additional space is required, each additional page will be clearly labeled. The Applicant agrees that it is also our responsibility to provide all other information that is deemed by the Committee to be necessary to evaluate the Application. The Applicant understands that the Committee may verify the information provided and analyze materials submitted as well as conduct its own investigation to evaluate the Application. The Applicant recognizes that it has a duty to inform the Committee when any information in the Application or supplemental materials is no longer true and to supply the Committee with accurate information.

The Applicant represents that it has read all applicable State and Federal Government Code sections relevant to Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (including but not exclusively limited to CDLAC Regulations and the Internal Revenue Code and regulations). The Applicant acknowledges that the Committee recommends that the Applicant seek advice from tax counsel.

The Applicant acknowledges that all materials and requirements are subject to change by enactment of federal or state legislation.

In carrying out the development and operation of the proposed program, the Applicant agrees to comply with all applicable federal and state laws regarding unlawful discrimination and will abide by all Committee program requirements.

The Applicant acknowledges that the Application will be evaluated based on federal and state statutes and regulations pertaining to Qualified Private Activity Bonds for beginning farmer bond programs and the Regulations, which identify the minimum requirements, evaluation criteria, priorities and other standards which will be employed to evaluate Applications.

The Applicant acknowledges that the information submitted to the Committee in this Application or supplemental thereto may be subject to the Public Records Act or other disclosure. The Applicant understands that the Committee may make such information public. The Committee will maintain as confidential, certain financial information, but cannot guarantee confidentiality.

The Applicant declares under penalty of perjury that the information contained in the Application, exhibits, attachments, and any further or supplemental documentation is true and correct to the best of its knowledge and belief. The Applicant understands that misrepresentation may result in the cancellation of an Allocation, and any other actions which the Committee is authorized to take.

The Applicant agrees to hold harmless the Committee, its members, officers, agents, and employees from any matters arising out of or related to the awarded Allocation.

The Applicant certifies that it is in compliance with all applicable statutes, laws, rules, and regulations necessary for the transaction of its business.

The Applicant acknowledges that all Application materials are to be **submitted** delivered to the address below, by **4:00 p.m.** on the appropriate date, ~~at the following address:~~

The California Debt Limit Allocation Committee
915 Capitol Mall, Room 311
Sacramento, CA 95814

Signature of Applicant's Senior Official

Print Name

Title

Date _____

Additional information may be obtained by accessing the Committee's web site at <http://www.treasurer.ca.gov/cdlac> or by calling the Committee at (916) 653-3255.

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 at (916) 653-3255 or TDD (916) 654-9922.

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

**APPLICATION FOR AN ALLOCATION OF THE STATE CEILING ON
QUALIFIED PRIVATE ACTIVITY BONDS FOR A BEGINNING FARMER
BOND PROGRAM**

All references to federal statute are cited for informational purposes only. Bond Counsel must be consulted as the requirements are subject to change.

PART I – FINANCING TEAM INFORMATION

1. Name of Applicant (**Issuer**):

Mailing Address:
City, State, Zip Code:

Federal Identification No.:

For mailing of official documents:

Name of Senior Official: Telephone #: ()
Title of Senior Official: Fax #: ()
E-mail:

For questions concerning application:

Name of Contact Person: Telephone #: ()
Title of Contact Person: Fax #: ()
Mailing Address: E-mail:
City, State, Zip Code:

2. Name of Bond Counsel Firm:

Name of Attorney: Telephone #: ()
Mailing Address: Fax #: ()
City, State, Zip Code: E-mail:

3. Name of Bond Underwriter Firm:

Name of Agent: Telephone #: ()
Mailing Address: Fax #: ()
City, State, Zip Code: E-mail:

4. Name of Financial Advisor Firm:

Name of Agent: Telephone #: ()
Mailing Address: Fax #: ()
City, State, Zip Code: E-mail:

5. Name of Credit Enhancement Provider (if applicable):

Name of Agent: Telephone #: ()
Mailing Address: Fax #: ()
City, State, Zip Code: E-mail:

PART II – ALLOCATION/BOND ISSUE INFORMATION

1. Amount of allocation requested: \$
2. Proposed date of bond issuance:
3. Indicate whether bonds will be sold in a public offering or in a private placement:

Indicate whether bonds will be variable or fixed rate:

If bonds carry a variable rate:

- A. Identify the index:
 - B. How frequently will be bonds be re-marketed and by whom?
 - C. Is there is a feature to allow a conversion to a fixed rate at some time in the future? If so, under what conditions and when?
4. Briefly describe the bond sale structure (Include, at a minimum, the amount, closing deadlines, security/collateral provided, guaranties, anticipated closing date, etc.)

Provide the credit enhancement commitment or commitment to purchase privately placed bonds. (See Article 6 of Chapter 1 of the CDLAC Regulations) (Attachment C, if more than one commitment, label Attachments in sequential order as C-1, C-2, etc.)

5. Anticipated bond rating (see Article 6 of Chapter 1 of the CDLAC Regulations):

	<u>Rating</u>	<u>Date Rating Anticipated</u>
Fitch		
Moody's		
Standard & Poor's		
Other		

6. Indicate the amount of taxable bonds and other taxable securities that will be issued in conjunction with the proposed tax-exempt bonds: \$
7. Indicate whether this is a single or a multiple jurisdiction Program:

If a multiple jurisdictional Program, provide a list of the participating jurisdictions in which bond proceeds will be used to finance loans (Submit list labeled as Attachment A).

Formatted: Underline

Formatted: Underline

8. List the types of loans expected to be financed and the average loan amount:

- A. Purchase Land:
 - i. average acreage per purchase
 - ii. total acres purchased through program
 - iii. average loan amount
 - iv. percentage of total number of loans
- B. Construction of Building(s) or Other Farm Improvements:
 - i. average loan amount
 - ii. percentage of total number of loans
- C. Purchase Breeder Livestock
 - i. type
 - a. average number of heads per purchase
 - b. total number of heads purchased through the program
- D. Purchase Depreciable Equipment/Machinery
 - i. average loan amount
 - ii. percentage of total number of loans

Indicate if the numbers indicated above are estimates or program requirements imposed by the Issuer:

Estimates: _____

Program Requirements: _____

PART III – PROGRAM INFORMATION

1. Proposed Program Description

Provide a narrative of the proposed Program that, at a minimum, includes a description of all of the following (**Attachment B**):

- A. The population to be served (e. g. income levels and experience of the expected Borrowers).
- B. The land, farm buildings/other farm improvements, depreciable equipment/machinery and/or breeder livestock expected to be acquired and per loan and aggregate cost.
- C. Any reservation(s) of bond proceeds for specific purposes that target lower income individuals, specific loan types (i.e.: land, equipment, breeder livestock, construction/renovation), certain census tracts or areas, or specific agricultural purposes (e.g.: dairy farming, specific crops, etc.).
- D. Anticipated number and type of the following items expected to be financed with bond proceeds:
 1. commercial loans,
 2. contract sales,
 3. direct investment (down-payment assistance, or subordinate investor equity)
- E. The length of time that the proposed bond proceeds are expected to be available to fund eligible loans and the anticipated monthly issuance rate of loan originations over the expected term. Include an explanation of the basis for the anticipated origination rate and a description of the factors that could positively or negatively influence this rate.
- F. The Program's loan interest rates (annual percentage rate) and fees charged to borrowers. If at a variable rate, describe how the rate will be calculated.
- G. Other rebate and incentive programs offered to program participants directly in conjunction with the proposed Program.
- H. Any program requirements (lender requirements, cost-effectiveness metrics, maximum income levels, farming experience/education requirements, financial courses/training, etc.)
- I. The Program's marketing plan.
- J. The Program's loan qualification plan specifying how appropriate program uses, eligibility and loan limits will be confirmed.
- K. The Program's plan for verification of beginning farmer's access to sufficient operating capital and source; access to equipment & breeder livestock (loans for land purchase) and access to land (loan for equipment or breeder livestock purchase).
- L. The Program's post-issuance compliance monitoring plan.
- M. If applicable, the program's history (the loan types offered, category usage, etc.)
- N. Any special features unique to the proposed Program.

2. Program Pipeline and Historical Loan Information

Provide the following demand/supply information:

<p>A. Total number of loan requests currently in the Applicant’s pipeline for:</p> <ol style="list-style-type: none"> 1. Land 2. Construction/renovations 3. Breeder Livestock 4. Equipment/Machinery 	
<p>B. Average estimated loan request amounts loans currently in the pipeline for:</p> <ol style="list-style-type: none"> 1. Land 2. Construction/renovations 3. Breeder Livestock 4. Equipment/Machinery 	
<p>C. Number of loans provided by Applicant in program jurisdiction within the past 12 months for:</p> <ol style="list-style-type: none"> 1. Land 2. Construction/renovations 3. Breeder Livestock 4. Equipment/Machinery 	
<p>D. Average loan amount for loans provided by Applicant in program jurisdiction within the past 12 months for:</p> <ol style="list-style-type: none"> 1. Land 2. Construction/renovations 3. Breeder Livestock 4. Equipment/Machinery 	

Additional information may be provided to explain the number of loans anticipated to be originated and the types of qualified loans expected to be available for use with the bond proceeds. (**Attachment C**)

3. Qualifying Loan Programs and Lenders

Provide name and contact information for participating lenders and term sheets for qualifying loans. (**Attachment D**)

4. Maximum Loan Amounts

The purpose of this section is to establish maximum loan amounts per the United States Internal Revenue Code (IRC). Issuers may institute lower program limits as desired but must adhere to the loan limits outlined in the applicable sections of the IRC. Refer to statute for more information. Input the maximum loan amounts for individual projects below:

<u>Type</u>	<u>Program Maximum</u>
A. Land	<input type="text"/>
B. Construction/Renovations	<input type="text"/>
C. Breeder Livestock	<input type="text"/>
D. Equipment/Machinery	<input type="text"/>

PART IV – MINIMUM REQUIREMENTS

Applicants are advised to read IRC Sections 144 and 147 and the Committee’s Regulations regarding the Beginning Farmer Program when answering the following questions.

All Applicants must certify that its program will meet the following minimum requirements: **(Attachment E)**

A. The beginning farmer must:

1. Be a California resident;
2. Be at least 18 years of age;
3. Be a “First Time Farmer” as defined by the IRC;
4. Be the principal operator of the farm;
5. Use loan proceeds to purchase land within California or eligible breeder livestock, equipment/machinery and/or new construction or renovations for use in farming operations solely within California;
6. Only use the agricultural land, agricultural improvements and depreciable agricultural property for farming by the beginning farmer, his/her spouse, his/her minor children, or any combination thereof;
7. Not use loan proceeds to procure seed, feed, feeder livestock, fertilizer, personal residence (in excess of the IRC exceptions) or as otherwise prohibited and/or limited by the IRC; and
8. Not exceed the lifetime aggregate amount of all loans for any borrower permitted by the IRC.

B. The Issuer must certify that each participating lender will:

1. Ensure that all of the proceeds of the Bond be used for the acquisition of farmland, construction or reconstruction of improvements or equipping of farmland, or the purchase of property of a character subject to the allowance for depreciation under IRC § 167 or other authorized costs.
2. Verify the accuracy of all certifications of each Beginning Farmer and all other information with respect to the Project or Beginning Farmer set forth in an Application.
3. Ensure that none of the proceeds of the Bond will be used to provide working capital or the financing of inventory, supplies or other ineligible operating expenses.
4. Prior to the approval of the issuance of the bond, not finance or otherwise advance moneys to the Beginning Farmer or any Related Person in connection with the Project which the Beginning Farmer expects to finance with proceeds of the Bond in any manner inconsistent with applicable prohibitions and/or limitations set forth in the IRC.

PART V – EVALUATION CRITERIA

1. Past Program Performance

For each allocation round, programs will be evaluated based on the percentage of the previous year’s allocation used by each applicant in comparison to the percentage of the previous year’s allocation used by the other applicants in the allocation round. Provide the information requested below **and** provide evidence documenting the Program’s performance over the past three years. Applicants must demonstrate that First Time Farmer Program Allocation from the past year has been used to issue First Time Farmer bonds. (**Attachment F**)

Input the total allocation awarded in the previous calendar year and the total allocation used in the previous calendar year in the chart below.

a. Total allocation awarded in the previous calendar year:	
b. Total allocation used in the previous calendar year:	
c. Percentage of previous year’s allocation used (a/b):	0%

2. Proposed interest rate vs. actual interest rate

For each allocation round, programs will be evaluated and ranked based on each applicant’s deviation between the currently proposed and previous year’s actual average interest rates in comparison to the allocation round’s other applicants’ proposed and previous year’s actual average interest rates.

- a. Proposed interest rate:
- b. Previous actual average interest rate:

3. Potential Public Benefit Calculations

Programs will be further evaluated and ranked on how effectively they will achieve the following program goals relative to their competitor’s performance: (1) Ensuring the lowest interest rates to borrowers; and (2) Serving the maximum number of eligible farmers with the allocation. In the event of a tie, applications demonstrating the greatest public benefit will receive the allocation.

Attachment H must support the information provided below.

A. Average Loan Interest Rate:		
B. Average Loan Amount:		
Public Benefit Score:	0	

4. Additional points (if applying in a competitive round):

Issuers will be awarded points for specialized programs/sub-programs as set forth below:

- A. Job Creation (20 points maximum). Use of a substantial portion of the allocation awarded for programs that will add jobs to local economy (one point per job with a maximum of 20 points). Points will be awarded in the following manner:
- a. one point for each full time job created;
 - b. part time jobs will receive a tenth of a point, rounded to the nearest tenth of a point, based on the job's full time equivalency (e.g.: 50% FTE would receive 0.5 points, etc.).
- B. Borrower Preparation (15 points maximum). A maximum of 15 points will be awarded to programs that provide a technical assistance component for the following areas:
- a. five (5) points will be awarded to Applicants that make available financial management education and/or training;
 - b. five (5) points will be awarded to Applicants that make available land management education and/or training; and/or
 - c. five (5) points will be awarded to Applicants that make available resource conservation education and/or training.

Evidence of the aforementioned technical assistance program(s) shall be submitted with the application and shall include, but is not limited to, third-party contracts or agreements for the provision of training, training schedules, program curricula and narratives describing the training programs and written assurance of the education/training provider that beginning farmers will be eligible for the education/training for a minimum period of twenty-four (24) months after the beginning farmer's financing is approved by the Applicant.

- C. Farm to Fork (9 points). Use of substantial portion of allocation for programs to establish or enhance farming operations producing edible agricultural commodities sold in and consumed by the local community. Evidence of the program shall be submitted with the application and shall include, but is not limited to, a description of the program identifying how the program will operate, proposed buyers and sales contracts.
- D. Family Farms (3 points). Use of a substantial portion of the allocation awarded for programs to acquire family farms by beginning farmers (land, breeder livestock, and/or equipment/machinery).
- E. Under-Represented Borrowers (3 points). Use of substantial portion of allocation for programs designed to facilitate acquisition of farmland, breeder livestock equipment and/or equipment/machinery by veterans, women and/or under-represented populations.

1. Each Applicant for a Qualified Private Activity Bond Allocation must submit evidence to the Committee that it has on deposit in an account in a financial institution an amount **equal to one half of one percent** of the amount of Qualified Private Activity Bond Allocation being requested, **not to exceed \$100,000**. Applicants are advised to read Article 5 of Chapter 1 of the Committee's Regulations.
2. The Performance Deposit Certification Form (see other side) must be filed with the Committee in conjunction with the filing of an Application and by the Application Deadline.
3. The Committee will authorize release or require forfeiture of the deposit as follows:
 - a. If the Committee provides no Allocation, or grants an amount lower than requested by the Applicant, the Committee will authorize release of the deposit or release of a pro rata amount of the deposit so that only one-half of one percent (0.5%) of the Allocation granted is on deposit;
 - b. If the Applicant uses only a portion of the Allocation granted to issue bonds (or convert the Allocation to mortgage credit certificate authority), the Committee will authorize the release of the deposit in accordance with the conditions imposed at the time of Allocation. The Committee will approve the Allocation with the deposit fully refundable if 80% or more of the Allocation is used to issue bonds prior to the expiration date. If less than 80% of the Allocation is used to issue bonds prior to the expiration date, the refundable performance deposit will be pro-rated. For Mortgage Credit Certificate Programs, if 80% or more of the Allocation is converted to mortgage credit certificate authority and at least one mortgage credit certificate is issued prior to the expiration date, the performance deposit will be refunded in full. If less than 80% of the Allocation is converted to mortgage credit certificate authority and at least one mortgage credit certificate is issued prior to the expiration date, the refundable performance deposit will be pro-rated.
 - c. If the Applicant does not use any of the Allocation to issue bonds prior to the expiration date (or convert the Allocation to mortgage credit certificate authority and issue at least one mortgage credit certificate prior to the expiration date), the entire deposit will be forfeited; and
 - d. If the Applicant or the Project Sponsor withdraws the Application in writing prior to the Committee's consideration of the Application, the performance deposit shall be automatically released and no written authorization from the Committee shall be necessary.
4. If the Applicant forfeits all or a part of a deposit pursuant to Article 5 of Chapter 1 of the Committee's Regulations, the Applicant shall send the required amount to the Committee in a check made payable to "The California Debt Limit Allocation Committee". Amounts received will be deposited in the Committee's Fund.
5. Project Sponsors bear the risk of forfeiting all or part of their performance deposit if the Allocation is not used in accordance with the conditions and timeframes set forth in the Committee Resolution.