

The Department was approached by a couple of quota holders and a banker representing them to request information about the mechanics that would be involved if the State of California were to issue a bond for the purpose of retiring quota.

CDFA provides technical assistance with its programs to anyone that requests it, so we did some research. We are aware Quota is a sensitive topic so it was decided that the information should be provided to those requesting it after it had been shared with this Board.

Here are the general steps that would be involved in having CDFA issue a state bond:

- Hiring an attorney that specializes in government bonds
- Hiring a “municipal advisor” to work on the financial details associated with the proposal and, if applicable, its execution.
- Amendments to the QIP Plan would be required

It should be noted that since the issuance of a bond would involve the State of California putting its credit rating on the line, pursuing this concept would require approval by multiple agencies and levels of state government.

Finally, it is the Department’s position that since the PRB is charged with the responsibility of assisting the Department with the administration of Quota, any request to formally explore this concept should be directed to this Board for analysis and consideration.