



STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT

The 2005 Private Activity Bonds Authorized by the Bond Cap Allocation Program

A Report to the Legislature

June 2006



Juli Wilkerson
Director



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A Report to the Legislature from
**Washington State Department of Community, Trade
and Economic Development**

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INTRODUCTION

Under federal tax law, the 2005 Bond Cap for Washington State was equal to \$80 per capita (based on resident population) or \$496,303,040.

Just under \$95.6 million of this 2005 Cap was allocated to low- and moderate-income housing projects that together created or rehabilitated an estimated 2,027 affordable housing units.

An additional \$14.4 million supported small issue manufacturing projects, creating or retaining an estimated 413 jobs.

This report summarizes the use of the 2005 state ceiling for tax-exempt Private Activity Bonds (the state Bond Cap) for the period of January 1 to December 31, 2005. The current allocation process is in response to the Federal Tax Reform Act of 1986, Chapter 39.86 of the Revised Code of Washington, and Chapter 365-135 of the Washington Administrative Code.

The state Bond Cap is the maximum level of tax-exempt Private Activity Bonds (PABs) that can be issued in the state in a given year. The Tax Reform Act defines Private Activity Bonds as bonds used to fund projects or programs that have more than 10 percent private participation, although other rules or definitions may apply on a case-by-case basis. Because of this private interest, PABs are generally taxable. However, if a project falls within one of the eligible categories established by the U.S. Congress and can demonstrate significant public benefit, the project may receive tax-exempt status through an allocation of the state's Bond Cap.

In Washington, the Department of Community, Trade and Economic Development (CTED) is responsible for administering the state's Bond Cap through the Bond Cap Allocation Program (BCAP). The state Bond Cap is initially allocated among six categories, or set-asides, at the start of each year. The first five categories represent the principal categories of bond use. They include: Small Issue Manufacturing, Public Utility Districts, Housing, Exempt Facilities, and Student Loans. The sixth category, Remainder, is a general set-aside. It receives a small allocation to be used when the initial allocation for another category is exhausted.

Under federal tax law, the 2005 Bond Cap for Washington State was equal to \$80 per capita (based on resident population) or \$496,303,040. Just under \$95.6 million of this 2005 Cap was allocated to low- and moderate-income housing projects that together created or rehabilitated an estimated 2,037 affordable housing units. An additional \$14.4 million supported small issue manufacturing projects, creating or retaining an estimated 413 jobs. \$44.9 million in 2005 Cap was used to finance solid waste

\$44.9 million in 2005 Cap was used to finance solid waste disposal projects under the exempt facility category.

Another \$98.6 million was used to finance enhancements to three hydroelectric facilities in Washington State.

disposal projects under the exempt facility category. Another \$98.7 million supported enhancements to three hydroelectric facilities in Washington State. The balance was allocated as carryforward to finance future affordable housing projects and mortgage assistance for first-time homebuyers. Beyond allocations of current-year Cap, in 2005 the Washington State Housing Finance Commission used \$163.6 million of its past carryforward to finance an extra 17 housing projects, or 2,660 housing units. It also used \$11.9 million in carryforward to finance home mortgage loans.

This report is divided into three sections. The first section entitled *Bond Cap Allocation Program* describes each of the bond use categories mentioned above and displays the historical allocations across these categories over the past five years. The second section titled *Allocation of the 2005 State Bond Cap* takes a more direct look at Washington State's Bond Cap activity in 2005. The third section, *2005 State Bond Cap Allocation By Category*, lists the projects awarded 2005 Bond Cap allocations by bond use category.

The report concludes with three appendices. The first provides information on carryforward allocations. The second examines job creation under this year's Small Issue category. The third and final appendix lists the members of the 2005 Bond Cap Advisory Group.

BOND CAP ALLOCATION PROGRAM

The Bond Cap Allocation Program authorizes the issuance of a class of bonds called qualified Private Activity Bonds. This authorization allows bonds for a project to be issued as tax-exempt based on the expected public benefits. As a general rule, tax-exempt bonds offer better interest rates – and thus lower-cost financing – than taxable bonds or conventional loan financing. Bond buyers are willing to accept lower rates because they do not pay tax on the interest gained from tax-exempt bonds. Bonds that come under the classification of qualified Private Activity Bonds include bonds with private financial backing for the purposes of industrial development, housing, and student loans. In some cases, traditional governmental activities such as solid waste disposal, water distribution, provision of electricity or gas, mass commuting, and disposal of wastewater or hazardous waste can also be included under PABs.

Description Of Eligible Bond Use Categories

The Washington State Bond Cap is allocated among the following bond use categories:

1. Housing

The Housing category includes Mortgage Revenue Bonds, Mortgage Credit Certificates, and Exempt Facility Bonds for qualified residential rental projects. Under the Tax Reform Act of 1986, 95 percent of Mortgage Revenue Bond allocations must be used to finance residences for first-time homebuyers. The initial set-aside for the Housing category is subdivided between the Washington State Housing Finance Commission (80 percent) and Local Housing Authorities (20 percent).



*Youngstown Cultural Arts Center (formerly the Frank B. Cooper School) – mixed-use cultural center and artist housing
Deldridge Neighborhoods Development Association, Seattle, Washington*

2. Student Loans

The Student Loan category is reserved for bonds issued to purchase loans from banks for students who are either enrolled in post-secondary schools within Washington State, or are legal residents of Washington enrolled in similar schools outside the state.

3. Public Utility Districts (PUD)

The PUD category is reserved for certain public utility districts described in Section 1317(25) of the Tax Reform Act of 1986. In Washington State, the qualifying PUDs are:

- PUD No.1 of Douglas County,
- PUD No.1 of Chelan County, and
- PUD No.2 of Grant County.



*Priest Rapids Hydroelectric Development
Grant County PUD*

Under the code, these three districts are allowed an aggregate amount of \$750 million of the Bond Cap Allocation. Once that amount is reached, the PUD category will no longer exist. The three PUDs decide among themselves which one will use the allocation each year.

4. Small Issue (Manufacturing)

The Small Issue category is reserved for industrial development projects that qualify for Industrial Revenue Bonds (IRBs) or Industrial Development Bonds (IDBs). Under the tax code, only bonds for manufacturing or processing are eligible for allocation under the Small Issue category. A single allocation from within this category cannot exceed \$10 million. There is also a six-year, \$10 million capital expenditure limit on users.

5. Exempt Facility

While most traditional local government projects can use tax-exempt financing without an allocation from the state Cap, some cannot. The Exempt Facility category is reserved for those local government projects that have a level of private activity that makes them subject to the state Cap. Facilities eligible for tax exemption are limited to the following project-types:

- Mass commuting
- Docks and wharves
- Local furnishing of electricity or gas
- Furnishing water
- Hazardous waste disposal
- Sewage treatment
- Solid waste disposal
- Local district heating and cooling



*Anaerobic Digester – Vander Haak Dairy
Lynden, Washington*

Under the Tax Reform Act of 1986, multi-family rental projects are also defined as Exempt Facilities. However, for classification purposes under RCW 39.86.110, such projects receive bond issuance authority from within the Housing category.

6. Remainder

The Remainder category is a miscellaneous category that can be allocated to projects eligible under any of the five other bond use categories throughout the year, after the specific category has depleted its initial set-aside. This category can also be used when a project meets requirements under the Tax Reform Act, but falls outside the previous categories. For example, non-manufacturing businesses in federally designated enterprise zones may qualify for Bond Cap provided they meet federal and state requirements.

Past Issuances By Category (1999-2005)

Table 1 lists the amount of Bond Cap allocated to each bond use category over the past five years. Up until 2000 the total annual volume cap was determined using a \$50 per capita formula. In accordance with Sections 146(d)(1) and (2) of the Internal Revenue Code, the per capita amount increased to \$62.50 in 2001, to \$75 in 2002 and 2003, and finally to \$80 in 2004 to keep pace with inflation. In 2005 the Bond Cap formula remained at \$80 per capita.

**TABLE 1
SUMMARY OF ISSUANCES 2001-2005
(in Thousands)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total Allocation	\$368,382	\$449,097	\$455,174	\$490,516	\$496,303
Annual Allocation/Issuance					
- Housing	\$111,154	\$179,733	\$169,962	\$189,189	\$95,588
- Small Issue	\$22,195	\$17,520	\$16,820	\$3,191	\$14,400
- PUD	\$65,620	\$44,905	\$16,680		\$98,679
- Exempt Facility	\$60,915	\$77,475	\$46,365	\$30,935	\$44,850
- Student Loan	\$68,400	\$107,850	\$63,700	\$68,650	
Total Annual Allocation	\$328,284	\$427,483	\$313,527	\$291,966	\$253,517
Carryforward Allocation					
- Housing	\$40,098	\$21,614	\$81,647	\$198,550	\$242,786
- Student Loan			\$60,000		
Total Carryforward	\$40,098	\$21,614	\$141,647	\$198,550	\$242,786

As seen in Table 1, the amount issued in any one category fluctuates. The Student Loan, PUD and Exempt Facility categories have had variable demand over the years. The Small Issue category has been declining in activity, largely due to its restrictive criteria and imposed six-year \$10 million capital expenditure limit on users. The Housing category continues to use its full allocation plus any available carryforward and continues to increase in activity. The drop

in annual housing allocations in 2005, as shown in the table, does not indicate a decrease in demand in this category. Rather, it is due to the large amount of carryforward the Washington State Housing Finance Commission received in 2004. The bulk of the Commission's issuances in 2005 were drawn from this carryforward. This carryforward activity – which totaled \$175.4 million in issued PABs – is not reflected in the above table. Table 2 (on page 10) gives a more complete picture of the Cap activity in 2005, including issuances from both this year's Cap and prior carryforward.

Bond Cap Advisory Group

In 1992 the Bond Cap Advisory Group was established to provide input and advice to CTED regarding the allocation of the Bond Cap. The Group's primary purpose is to discuss issues pertaining to Bond Cap, and to assist in making the Bond Cap an effective tool in meeting the state's economic development and public service challenges. Members of the Bond Cap Advisory Group include bond counsels, representatives from bond issuing agencies under each of the bond use categories, and staff from CTED and other state agencies.

The Bond Cap Advisory Group's 2005 membership list is provided in Appendix C.

ALLOCATION OF THE 2005 STATE BOND CAP

In 2005 the Washington State Bond Cap was set at \$496,303,040 based on population figures obtained at the start of the year from the United States Census Bureau. This amount was distributed among the six allocation categories according to state and federal parameters.

As specified in RCW 39.86.120, the following initial allocations (or set-asides) were made to the Cap in 2005 (see Table 2 for dollar amounts).

BOND USE CATEGORY	INITIAL ALLOCATION / SET-ASIDE
Housing	30%
Small Issue (Manufacturing)	24%
Exempt Facility	19%
Student Loan	14%
Public Utility District (PUD)	10%
Remainder	3%

Between January 1 and September 1 of each year the amount of bonds issued from the Cap within each category is limited to the initial allocation, plus any Cap available in the Remainder category. In accordance with RCW 39.86, after September 1 any unused Bond Cap is available for reallocation to other categories that have expended their full initial allocation and have eligible projects awaiting approval. Housing programs will be given priority for the first 50 percent of Bond Cap available for reallocation. The balance can be allocated to projects in the remaining four categories based on public benefit and readiness.

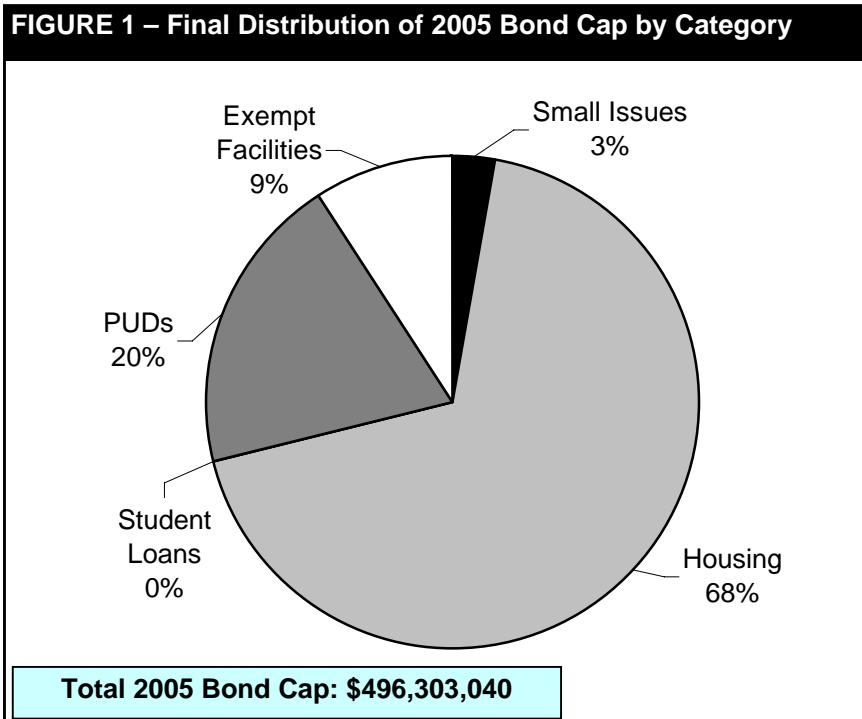
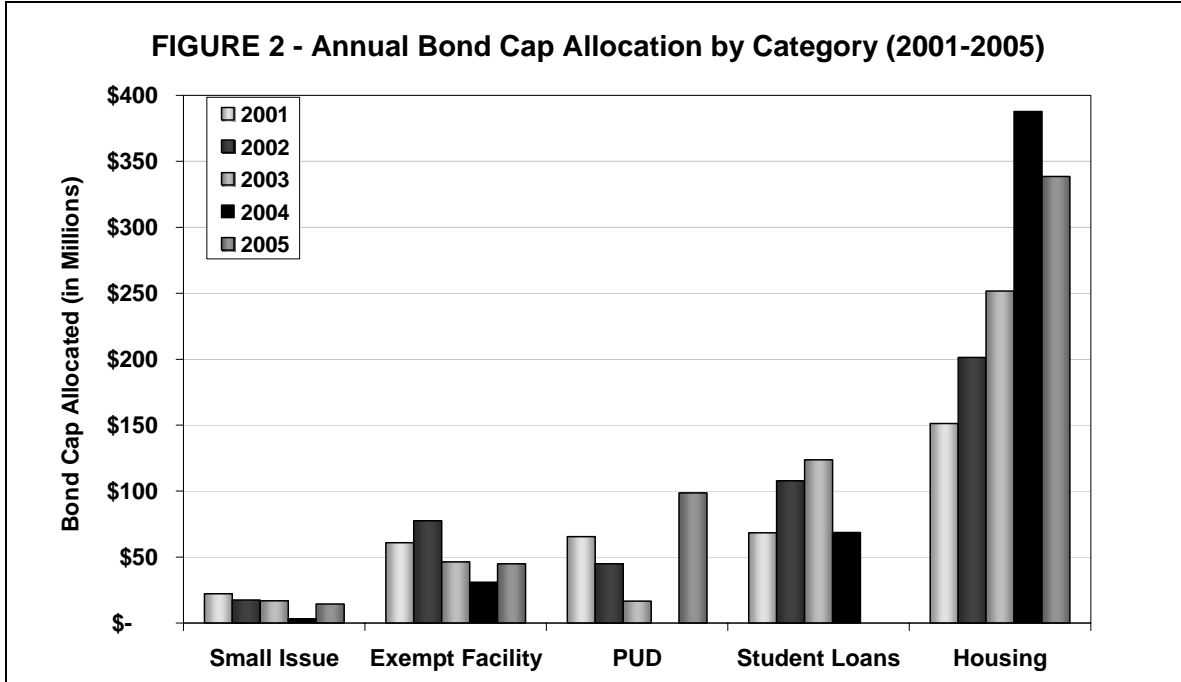


Figure 1 shows the final distribution of 2005 Cap among the five bond use categories as of December 31, 2005.

Factors Influencing Bond Cap Demand in 2006 and Beyond

As shown in Figure 2, this year's Bond Cap distribution varied slightly from past years. Bond Cap usage under the Small Issue and Exempt Facility categories picked up slightly in 2005, after a slow year in 2004. However, usage in these categories still lagged behind historic levels, in part due to low interest rates and, hence, the reduced competitiveness of tax-exempt bonds. This year also saw higher usage under the PUD category. The three qualifying PUDs chose not to access their 2004 set aside and instead requested a double allocation in 2005.



Usage under the Housing category dropped from its 2004 high, but it was still well above historic levels. The bulk of allocations went to the Washington State Housing Finance Commission (WSHFC), mostly in the form of carryforward. The Commission issued over \$255 million in tax-exempt Private Activity Bonds in 2005 using a mix of current-year Cap and carryforward¹. This total included over \$11.9 million in single-family mortgage revenue bonds, and close to \$218 million in multi-family housing bonds². The WSHFC also received \$242.8 million in new carryforward at the close of the year to be used by December 31, 2008. In return, WSHFC's initial allocation for 2006 will be transferred to the Remainder category. \$40 million of this transferred amount will be earmarked for HOPE VI projects, as further discussed below. The balance will be available for general allocation on an as-needed basis.

¹ Under RCW 39.86.150, prior to the end of each year, CTED can allocate any unused Bond Cap to one or more issuers in the form of carryforward. This "carryforward allocation" must be used within three years of the year of allocation. Bonds must only be issued for the project specified in the original CTED Certificate of Approval.

² The multi-family housing bonds issued by WSHFC made use of \$28,800,000 in 2005 Cap and \$163,550,000 in prior carryforward.

Bond Cap usage by Local Housing Authorities (LHAs) rose back to more traditional levels in 2005 – after a significant drop in 2004. LHAs used \$66 million in Cap to finance affordable housing projects this year. This compared with \$19 million in 2004.

In addition to these annual fluctuations, there are several developments which will likely impact Cap demand in 2006 and beyond:

1. HOPE VI Set-aside (2006-2008)

HOPE VI is a funding program sponsored by the U.S. Department of Housing and Urban Development. Launched in 1992, the program replaces severely distressed public housing projects occupied exclusively by poor families, with redesigned mixed-income housing. The program's objectives are: to improve the living environment for residents of severely distressed public housing; to revitalize sites and neighborhoods where such projects are located; to provide housing that will avoid or decrease the concentration of very low-income families; and to build sustainable communities.

In 2004 CTED began reserving \$40 million in Cap – carried forward from the previous year – to meet the annual needs of HOPE VI projects in Tacoma, Seattle, and King County. This carryforward reserve grew out of a 2003 agreement with Housing Issuers aimed at preventing high HOPE VI demands from exhausting Bond Cap resources for other housing activities. Based on the arrangement, \$40 million in past-year carryforward will be set aside each year between 2004 and 2008 to cover the extra HOPE VI needs.

Ultimately, no HOPE VI projects required Bond Cap in 2005 and the \$40 million set-aside was made available for general allocation. As a further development, in September 2004, WSHFC approved a five-year nine percent tax credit set-aside for selected HOPE VI projects in Tacoma and King County. The projects in question were having difficulty working their financing with four percent tax credits and Bond Cap. The nine percent tax credit set-aside was established on a temporary basis to make them more viable. BCAP still expects a higher than normal demand from Housing Issuers over the next several years (and thus a need for the extra reserve). But, the tax credit set-aside will shift some of this demand from HOPE VI to non-HOPE VI projects. CTED has been working with the Housing Issuers to project shifts in demand so we can better respond to their needs.

2. Purchase of Student Loan Finance Association

In accordance with RCW 39.86.120, 14 percent of the state's annual Cap is set-aside for Student Loans. Until 2004 the Washington State Student Loan Finance Association (SLFA) was the only entity designated by the state to receive this allocation. In December 2004 SLFA sold its assets to Sallie Mae. The purchase changed SLFA from a not-for-profit to a for-profit entity, thereby rendering it ineligible to issue tax-exempt student loan bonds under Bond Cap. This change has left the state with no authorized recipient for the Student Loan portion of the Cap. CTED has been working with the Washington Higher Education Facilities Authority, the Higher Education Coordinating Board and other relevant parties to determine the best use of the Student Loan set-aside in the future, including options for replacing the SLFA. In the interim, the allocation has been made

available for reallocation to other bond use categories on an annual basis. We hope to have a resolution by 2007.

3. Increase to the Industrial Development Bond Limitation

In 2004 the U.S. Congress approved a bill increasing the six-year expenditure limit on Industrial Development Bonds (IDBs) from \$10 million to \$20 million, beginning in 2009. Bond Cap usage under the Small Issue category had progressively decreased over time because the \$10 million limit – set in 1978 – had not kept pace with inflation. Once the expenditure increase takes effect, usage under the Small Issue category is expected to rise. A new bill is currently before Congress to move forward the increase to December 31 2006. If this bill succeeds, Washington’s Bond Cap could see a significant rise in Small Issue activity beginning in 2007.

4. New Programs Being Launched in 2006

Two new programs will be launched in 2006 that will draw from Washington State’s Cap. Both will be housed in the Washington State Housing Finance Commission. The first will consist of a Mortgage Credit Certificate program under the housing category. The second will be a Beginning Farmer/Rancher Loan program under the Small Issue category.

2005 Bond Cap Activity

Tables 2 through 6 on the following pages present a detailed breakdown of the state Bond Cap allocations for 2005. Table 2 shows how the 2005 Cap was distributed among the bond use categories. It also illustrates the order of Cap activity that led to the final distributions and issuances, including:

- the 2005 initial allocations (IA) under each category based on RCW 86.120,
- the 2005 IA transferred to the Remainder category in return for 2004 carryforward,
- the amount of unused carryforward from past years available for issuance in 2005,
- the total Private Activity Bond capacity for 2005 (from 2005 Cap and past carryforward),
- the total Private Activity Bond issuances for the year, and
- the amount of unused Cap (from 2005 and past carryforward) carried forward to 2006.

As shown in Table 2, in 2005 the Private Activity Bond capacity was \$733,437,476. This amount included \$496,303,040 in 2005 Cap and \$237,134,436 in carryforward from the previous three years. By year-end, \$428,925,558 in tax-exempt PABs had been issued against this limit, leaving a balance of \$304,511,917 in unused capacity to carry forward to 2006.

Tables 3 through 6 give a program- or project-specific account of Cap distribution within four of the bond use categories. The Student Loan category is not represented since it had no activity in 2005. Each table lists the allocation requests under one bond use category, indicating the issuer, the principal user of the bond issuance, and the amounts requested, authorized, and issued for each request.

**TABLE 2
2005 BOND CAP ACTIVITY**

		HOUSING	SMALL ISSUES	PUDS	EXEMPT FACILITIES	STUDENT LOANS	REMAINDER	TOTAL
(a)	2005 Initial Allocation (IA)	\$ 148,890,912	\$ 119,112,730	\$ 49,630,304	\$ 94,297,578	\$ 69,482,426	\$ 14,889,091	\$ 496,303,040
(b)	2005 IA Reallocated to Remainder	\$ 119,112,730	\$ -	\$ -	\$ -	\$ -	\$(119,112,730)	\$ -
(c)	Available Carryforward (From Previous 3 Years)	\$ 237,134,436	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,134,436
(a - b + c)	TOTAL PRIVATE ACTIVITY BOND CAPACITY IN 2005 (from 2005 and prior Cap)	\$ 266,912,618	\$ 119,112,730	\$ 49,630,304	\$ 94,297,578	\$ 69,482,426	\$ 134,001,821	\$ 733,437,476
(d)	Issued from 2005 Cap	\$ 95,588,279	\$ 14,400,000	\$ 98,678,853	\$ 44,850,000	\$ -	\$ -	\$ 253,517,132
(e)	Issued from Prior Carryforward	\$ 175,408,426	\$ -	\$ -	\$ -	\$ -	N/A	\$ 175,408,426
(d + e)	TOTAL PRIVATE ACTIVITY BONDS ISSUED IN 2005 (from 2005 and prior Cap)	\$ 270,996,705	\$ 14,400,000	\$ 98,678,853	\$ 44,850,000	\$ -	N/A	\$ 428,925,558
(f)	Prior Carryforward Remaining at Year-End	\$ 61,726,010	\$ -	\$ -	\$ -	\$ -	N/A	\$ 61,726,010
(g)	New Carryforward Authorized in 2005	\$ 242,785,908	\$ -	\$ -	\$ -	\$ -	N/A	\$ 242,785,908
(f + g)	UNUSED CAP CARRIED FORWARD TO 2006 (from 2005 and prior Cap)	\$ 304,511,917	\$ -	\$ -	\$ -	\$ -	N/A	\$ 304,511,917

2005 STATE BOND CAP ALLOCATION BY CATEGORY
(in thousands)

**TABLE 3
HOUSING**

Issuer Name	Project or Program Principal User	Amount¹ Requested	Amount² Authorized	Amount³ Issued
Capitol Hill Housing Improvemt	CHIPP-Silvian Apartments LLC	\$2,000	\$2,000	\$2,000
Snohomish Co. Housing Auth	Housing Hope / Avondale	\$1,450	\$1,450	\$1,450
Snohomish Co. Housing Auth	HASCO-Whispering Pines LP	\$1,690	\$1,690	\$1,593
Housing Finance Commission	Multifamily Program	\$28,800	\$28,800	\$28,800
Housing Finance Commission	Carryforward-Multifamily Prog	\$147,786	\$147,786	\$0
Housing Finance Commission	Carryforward-Single Family Prog	\$95,000	\$95,000	\$0
King County Housing Authority	DASH-Bellevue Portfolio	\$7,600	\$7,600	\$7,320
King County Housing Authority	Eernisse Apartments	\$3,800	\$3,800	\$3,550
Renton Housing Authority	DASH-Renton Fifth & Williams	\$7,600	\$7,600	\$0
Seattle Housing Authority	HRG-Stone Way Apts	\$8,900	\$8,900	\$8,900
Seattle Housing Authority	DNDA-Cooper School	\$3,600	\$3,600	\$3,600
Seattle Housing Authority	High Rise Renovation Phase I	\$25,000	\$25,000	\$22,800
Tacoma Housing Authority	Conifer Portfolio	\$12,200	\$12,200	\$12,175
Tacoma Housing Authority	Parkland Family Vista LLC	\$3,400	\$3,400	\$3,400
Vancouver Housing Authority	Mill Creek Projects	\$6,900	\$6,900	\$0
TOTALS		\$355,726	\$355,726	\$95,588

**TABLE 4
SMALL ISSUE**

Issuer Name	Project or Program Principal User	Amount Requested	Amount Authorized	Amount Issued
WA Econ Dev Finance Auth	PSPL, Inc.	\$2,000	\$2,000	\$2,000
IDC of Spokane County	Sonderen Packaging, Inc.	\$2,000	\$2,000	\$2,000
WA Econ Dev Finance Auth	Four Corners Capital, LLC	\$7,500	\$7,500	\$7,500
WA Econ Dev Finance Auth	Sound Sleep Products	\$2,900	\$2,900	\$2,900
TOTALS		\$14,400	\$14,400	\$14,400

¹ Amount Requested: Amount of Bond Cap requested by the Issuer in their application to CTED.

² Amount Authorized: Amount of tax-exempt private activity bonds the Issuer was eventually authorized to issue for the project, as approved in the Certificate of Approval provided by CTED.

³ Amount Issued: Amount of tax-exempt private activity bonds eventually issued for the project.

2005 STATE BOND CAP ALLOCATION BY CATEGORY
(Continued)
(in thousands)

**TABLE 5
PUBLIC UTILITY DISTRICTS (PUD)**

Issuer Name	Project or Program Principal User	Amount Requested	Amount Authorized	Amount Issued
Douglas County PUD No. 1	Wells Hydroelectric Project	\$43,233	\$43,233	\$43,233
Grant County PUD No. 2	Wanapum Hydroelectric Devt	\$51,000	\$51,000	\$47,115
Grant County PUD No. 2	Priest Rapids Hydroelectric Devt	\$8,334	\$8,334	\$8,331
TOTALS		\$102,567	\$102,567	\$98,679

**TABLE 6
EXEMPT FACILITY**

Issuer Name	Project or Program Principal User	Amount Requested	Amount Authorized	Amount Issued
WA Econ Dev Finance Auth	Waste Management Inc.	\$27,000	\$27,000	\$27,000
WA Econ Dev Finance Auth	Harold LeMay Enterprises, Inc.	\$17,000	\$17,000	\$17,000
IDC of Port of Bellingham	FPE Renewables, LLC	\$850	\$850	\$850
TOTALS		\$44,850	\$44,850	\$44,850

APPENDIX A

Carryforward Allocations

When an allocation is made within the Housing, Student Loans, or Exempt Facility category, and is not used before December 31 of the allocation year, the issuer may request that the approved allocation be "carried forward" into the following year. This process is referred to as a carryforward allocation. If the carryforward is authorized, the issuer will have three years from the year of authorization in which to issue the bonds derived from that authority. Bonds must be issued only for the project specified in the original Certificate of Approval.

When CTED grants a carryforward to an issuer, the amount of that carryforward may be deducted from the issuing category's initial allocation for the following year. All reductions in initial allocation will be placed in the Remainder category where they may be later reallocated to any of the bond use categories, as needed.

The following three tables display carryforward activity for the BCAP from 1985 to the present.

HOUSING

Year	Carryforward Total	Use Deadline	Total Used	Used in 2005	Unused Balance
86	\$117,890,000	12/31/1989	\$ 52,495,000	\$ -	\$ 65,395,000*
87	\$109,755,000	12/31/1990	\$ 109,755,000	\$ -	\$ -
88	\$ 26,975,000	12/31/1991	\$ 26,975,000	\$ -	\$ -
89	\$ 88,481,305	12/31/1992	\$ 60,000,000	\$ -	\$ 28,481,305*
90	\$ 2,585,000	12/31/1993	\$ 2,585,000	\$ -	\$ -
91	\$ 74,170,104	12/31/1994	\$ 74,170,104	\$ -	\$ -
92	\$ 46,725,000	12/31/1995	\$ 46,725,000	\$ -	\$ -
93	\$ 62,765,000	12/31/1996	\$ 62,765,000	\$ -	\$ -
94	\$206,548,405	12/31/1997	\$ 206,548,405	\$ -	\$ -
95	\$ 15,181,000	12/31/1998	\$ 15,181,000	\$ -	\$ -
96	\$ 30,171,046	12/31/1999	\$ 30,171,046	\$ -	\$ -
97	\$ 14,782,156	12/31/2000	\$ 14,782,156	\$ -	\$ -
98	\$ 38,562,275	12/31/2001	\$ 38,562,275	\$ -	\$ -
99	\$ 51,461,796	12/31/2002	\$ 51,461,796	\$ -	\$ -
00	\$ 75,731,888	12/31/2003	\$ 75,731,888	\$ -	\$ -
01	\$ 40,098,287	12/31/2004	\$ 40,098,287	\$ 20,855,000	\$ -
02	\$ 21,614,461	12/31/2005	\$ 21,614,461	\$ 21,614,461	\$ -
03	\$ 81,647,059	12/31/2006	\$ 81,647,059	\$ 38,584,461	\$ -
04	\$198,549,975	12/31/2007	\$ 136,823,965	\$ 136,823,965	\$ 61,726,009**
05	\$242,785,908	12/31/2008			\$242,785,908**
TOTAL CARRYFORWARD AVAILABLE					\$304,511,917

* Past use deadline. No longer available.

** \$304,511,917 allocated to Washington State Housing Finance Commission, including \$202,820,369 to its Multi-family program and \$101,691,549 to its Single Family program.

APPENDIX A: Carryforward Allocations (Continued)

STUDENT LOANS

Year	Carryforward Total	Use Deadline	Total Used	Used in 2005	Unused Balance
85	\$ 64,000,000	12/31/1988	\$ 45,000,000	\$ -	\$ 19,000,000*
86	\$ 50,000,000	12/31/1989	\$ 50,000,000	\$ -	\$ -
87	\$ 45,000,000	12/31/1990	\$ -	\$ -	\$ 45,000,000
03	\$ 60,000,000	12/31/2006	\$ 60,000,000	\$ 60,000,000	\$ -
TOTAL CARRYFORWARD AVAILABLE					\$ -0-

EXEMPT FACILITY

Year	Carryforward Total	Use Deadline	Total Used	Used in 2005	Unused Balance
92	\$ 73,000,000	12/31/1995	\$ -	\$ -	\$ 73,000,000*
94	\$ 26,000,000	12/31/1997	\$ 26,000,000	\$ -	\$ -
TOTAL CARRYFORWARD AVAILABLE					\$ -0-

* Past use deadline. No longer available.

APPENDIX B

2005 Job Creation and Retention Expected Through the Bond Cap Allocation Program

Issuer Name	Project or Program Principal User	County	Amount Issued (in Thousands)	Expected # of Jobs Created or Retained
IDC of Spokane County	Sonderen Packaging, Inc.	Spokane	\$ 2,000	10
WA Econ Dev Finance Auth	PSPL, Inc.	Lewis	\$ 2,000	39
WA Econ Dev Finance Auth	Four Corners Capital, LLC	Spokane	\$ 7,500	335
WA Econ Dev Finance Auth	Sound Sleep Products	Pierce	\$ 2,900	29
TOTALS			\$ 14,400	413

APPENDIX C

Bond Cap Advisory Group – 2005 Membership List

NAME	AGENCY
Jim Justin	Association of Washington Cities
Sheila Gall	Association of Washington Cities
John Harmon	Bellingham/Whatcom County Housing Authority
Debbie Litchfield	Chelan County PUD No. 1
Lisa Vatske	CTED – Housing Division
Yvette Lizée-Smith	CTED – Bond Cap Allocation Program
Steven Washington	CTED – Community Development Programs
Stephen Buxbaum	CTED – Housing Division
Nancy Ousley	CTED – Local Government Division
Wyatt Scheibner	Douglas County PUD No.1
Susan Suess	Economic Development Board for Tacoma-Pierce County
Hugh Spitzer	Foster Pepper & Shefelman PLLC
Ron Strabbing	Grays Harbor County
Dan Watson	King County Housing Authority
Mike Woods	Office of Financial Management
Alice Blado	Office of the Attorney General
Allan Martin	Office of the State Treasurer
Julie Collins	Port of Tacoma
Cynthia Weed	Preston, Gates & Ellis LLP
Michael Cade	Thurston County EDC
Jonathan Hayes	WA Economic Development Finance Authority (WEDFA)
Maureen Morris	Washington State Association of Counties
Kim Herman	Washington State Housing Finance Commission (WSHFC)