



STATE OF WASHINGTON
DEPARTMENT OF COMMUNITY,
TRADE AND ECONOMIC DEVELOPMENT

The 2004 Private Activity Bonds Authorized by the Bond Cap Allocation Program

A Report to the Legislature

May 2005



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 2004 Bond Cap for Washington State was equal to \$80 per capita (based on resident population) or \$490,515,600.

Just over \$151.4 million of this 2004 Cap was allocated to low- and moderate-income housing projects that together created or rehabilitated an estimated 2,053 affordable housing units.

An additional \$3.2 million supported small issue manufacturing projects, creating or retaining an estimated 51 jobs.

This report summarizes the use of the 2004 state ceiling for tax-exempt Private Activity Bonds (the state Bond Cap) for the period of January 1 to December 31, 2004. 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% 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 2004 Bond Cap for Washington State was equal to \$80 per capita (based on resident population) or \$490,515,600. Just over \$151.4 million of this 2004 Cap was allocated to low- and moderate-income housing projects that together created or rehabilitated an estimated 2,053 affordable housing units. An additional \$3.2 million supported small issue manufacturing projects, creating or retaining an estimated 51 jobs. \$68.7 million in 2004 Cap was used to finance loans to Washington

*\$68.7 million in 2004
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finance loans to
Washington students.*

students. The balance supported exempt facility projects; financed mortgage assistance for first-time homebuyers; or was allocated as carryforward for future housing projects. Beyond allocations of current-year Cap, in 2004 the Washington State Housing Finance Commission used \$85.5 million of its past carryforward to finance an extra seven housing projects, or 1,335 housing units. The Student Loan Finance Association used \$60 million in carryforward to finance added 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 2004 State Bond Cap* takes a more direct look at Washington State's Bond Cap activity in 2004. The third section, *2004 State Bond Cap Allocation By Category*, lists the projects awarded 2004 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 2004 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 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% of Mortgage Revenue Bond allocations must be used to finance residences for first-time homebuyers. The initial set-aside for the Housing category is sub-divided between the Washington State Housing Finance Commission (80%) and Local Housing Authorities (20%).



Housing Resources Group - The Gilmore Building before and after renovation, 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.

Under the code, these three districts are allowed an aggregate amount of \$750 million of the Bond Cap Allocation. Once that dollar figure 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)



*SCAFCO Corporation - Grain Systems Division
Spokane, Washington*

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 6-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
- Local furnishing of electricity or gas
- Furnishing water
- Hazardous waste disposal
- Sewage treatment
- Solid waste disposal
- Local district heating and cooling



*Cedar Grove Composting - Gore Composting Bed
Maple Valley, Washington*

Under the Tax Reform Act of 1986, multifamily 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 (2000-2004)

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, and to \$75 in 2002 and 2003 to keep pace with inflation. In 2004 the Bond Cap formula was adjusted again to \$80 per capita.

**TABLE 1
SUMMARY OF ISSUANCES 2000-2004
(in Thousands)**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Total Allocation	\$287,818	\$368,382	\$449,097	\$455,174	\$490,516
Annual Allocation/Issuance					
- Housing	\$ 73,302	\$111,154	\$179,733	\$169,962	\$189,189
- Small Issue	\$ 39,425	\$ 22,195	\$ 17,520	\$ 16,820	\$ 3,191
- PUD		\$ 65,620	\$ 44,905	\$ 16,680	
- Exempt Facility	\$ 49,359	\$ 60,915	\$ 77,475	\$ 46,365	\$ 30,935
- Student Loan	\$ 50,000	\$ 68,400	\$107,850	\$ 63,700	\$ 68,650
Total Annual Allocation	\$212,086	\$328,284	\$427,483	\$313,527	\$291,966
Carryforward Allocation					
- Housing	\$ 75,732	\$ 40,098	\$ 21,614	\$ 81,647	\$198,550
- Student Loan				\$ 60,000	
Total Carryforward	\$ 75,732	\$ 40,098	\$ 21,614	\$141,647	\$198,550

As seen in Table 1, the amount issued in any one category fluctuates. The Student Loan 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.

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 2004 membership list is provided in Appendix C.

ALLOCATION OF THE 2004 STATE BOND CAP

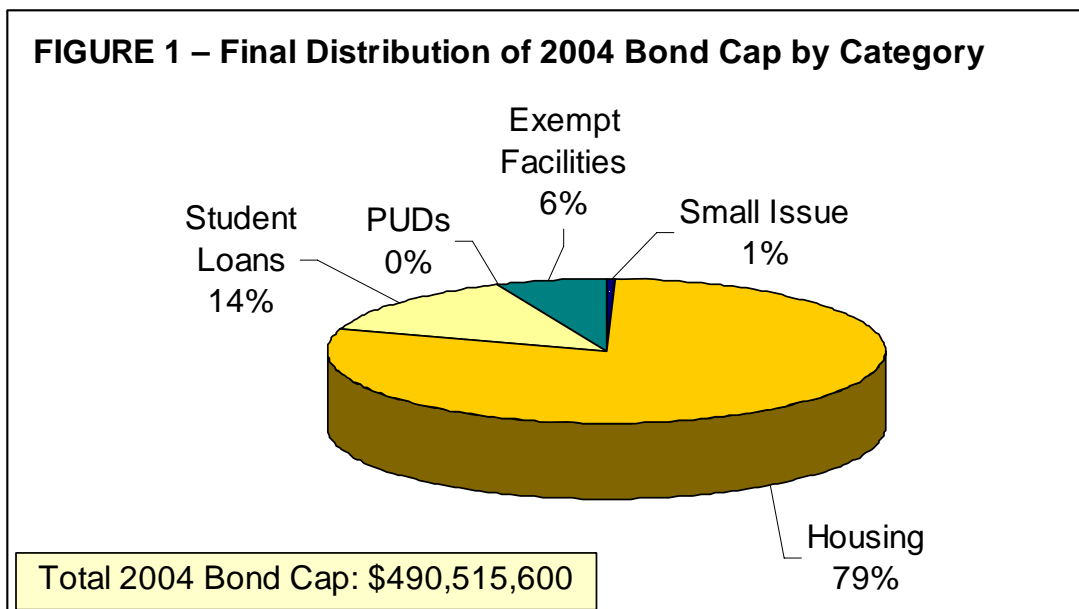
In 2004 the Washington State Bond Cap was set at \$490,515,600 based on population figures obtained at the start of the year from the United States Census Bureau. This amount was distributed among the six allocation categories according to state and federal parameters.

As specified in RCW 39.86.120, the following initial allocations (or set-asides) were made to the Cap in 2004 (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%

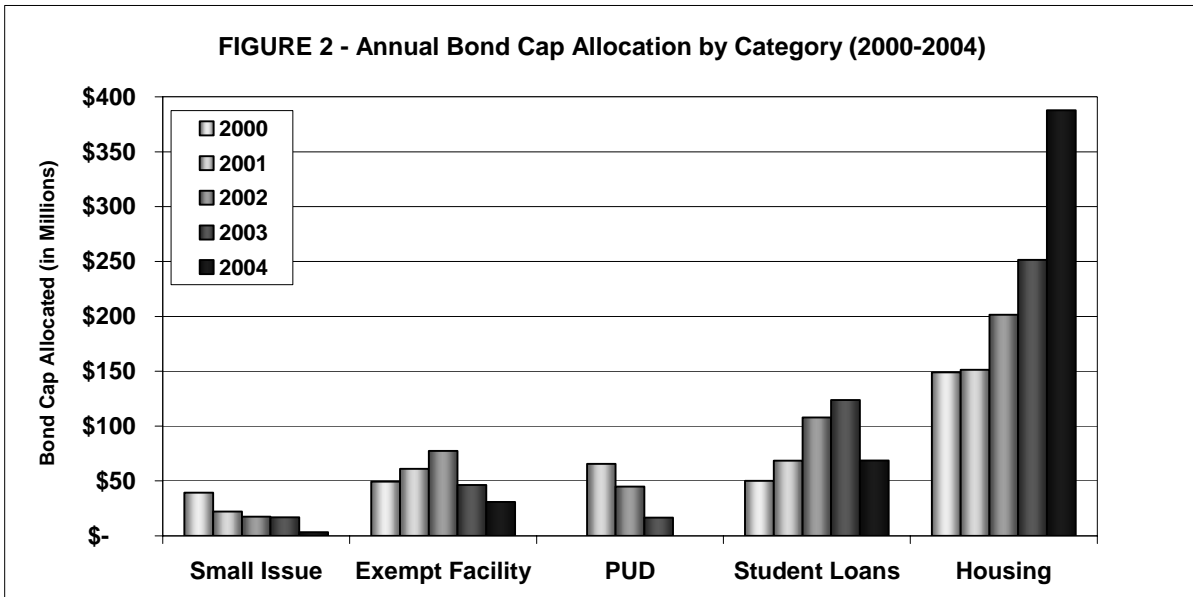
Between January 1 and September 1 of each year the amount of bonds issued from the Cap within each category is limited to the initial allocation, plus any Cap available in the Remainder category. In accordance with RCW 39.86, after September 1 any unused Bond Cap is available for reallocation to other categories that have expended their full initial allocation and have eligible projects awaiting approval. Housing programs will be given priority for the first 50% 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 2004 Cap among the five bond use categories as of December 31, 2004.



Factors Influencing Bond Cap Demand in 2004 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 dropped in 2004, in part due to low interest rates and, hence, the reduced competitiveness of tax-exempt bonds. This year also saw no allocations under the PUD category. Instead, the three qualifying PUDs chose to carry forward their entire set-aside to 2005 when they expect to require a double allocation.



While usage under the Housing category hit an all-time high in 2004 the bulk of allocations went to the Washington State Housing Finance Commission (WSHFC). The Commission issued over \$255 million in tax-exempt Private Activity Bonds in 2004 using a mix of current-year Cap and past carryforward¹. This total included over \$37 million in single-family mortgage revenue bonds and close to \$218 million in multi-family housing bonds². The WSHFC also received \$198 million in new carryforward at the close of the year to be used by December 31, 2007. In return, WSHFC's initial allocation for 2005 will be transferred to the Remainder category where it will be divided into three set-asides. \$49.6 million of the transferred amount will be reserved for PUDs based on a pre-determined arrangement described above. \$40 million will be earmarked for HOPE VI projects, as further discussed below. The balance will be available for general allocation on an as-needed basis.

Bond Cap usage by Local Housing Authorities (LHAs) was below average in 2004. LHAs used only \$19 million of the \$29.4 million (or 6% of total Cap) set aside for their usage at the

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 \$132,462,941 in 2004 Cap and \$85,532,059 in prior carryforward.

start of the year. The balance rolled into carryforward at year-end. Rising materials costs, a drop in Housing Trust Fund financing in year two of its biennial budget¹, and the inability of some smaller issuers to make their projects financially viable using Bond Cap and 4% tax credits all contributed to this slower than normal year for LHAs. Demand in this sub-group is expected to rise in 2005.

In addition to these annual fluctuations, below are several developments which will likely impact Cap demand in 2005 and beyond.

1. HOPE VI Set-aside (2004-2008)

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 2004 and the \$40 million set-aside was made available for general allocation. As a further development, in September 2004, WSHFC approved a five-year 9% 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 4% tax credits and Bond Cap. The 9% 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 will be working with Housing Issuers to determine the best process for allocating the HOPE VI set-aside to meet these changing needs.

¹ The Housing Trust Fund had allocated over half of its biennial funding allotment in 2003 and therefore had a lower amount to allocate in the 2004 Spring and Fall rounds.

NewHolly – A look at Seattle’s First HOPE VI Project

Located in South Seattle, NewHolly is one of the first housing communities of its kind in the country. The redevelopment of Holly Park to create NewHolly was funded by public and private contributions and federal HOPE VI grants. The project received Bond Cap allocations in 1997, 1999 and 2002 to help finance different phases of the redevelopment. NewHolly is now a housing and community model for the rest of the nation.

The original Holly Park was built in the 1940's to house defense workers and veterans. In the 1950's Holly Park was converted into public housing and has been managed by the Seattle Housing Authority since. In 1995 the Seattle Housing Authority began the ambitious project of tearing down the aging Holly Park and surrounding community buildings and replacing them with a mix of low-income, moderate-income, market-rate housing and community and health services.

NewHolly was designed to blend into the surrounding neighborhood and to end the stigma and challenges often associated with high concentrations of public housing. All 871 units of the old Holly Park low-income housing were torn down and are in the process of being replaced. When finished, NewHolly will have approximately 1,433 units of new housing along with community services that make up the NewHolly Neighborhood Campus.

The NewHolly Neighborhood Campus complements the housing and community by providing essential community services. These include a learning center, a Seattle Public Library branch, classrooms for South Seattle Community College, Head Start, child care, youth, family, and teen programs, community building activities and employment programs to help residents obtain and keep living-wage jobs.



NewHolly Neighborhood Cluster. Historical Holly Park photo.



Seattle Housing Authority. Construction of NewHolly Phase II.



Seattle Housing Authority. A view of NewHolly Townhomes.

CTED wishes to thank the NewHolly Neighborhood Cluster and the Seattle Housing Authority for the information and photos contained in this outline.

2. Purchase of Student Loan Finance Association

In accordance with RCW 39.86.120, 14% of the state's annual Cap is set-aside for Student Loans. To date, the Washington State Student Loan Finance Association (SLFA) has been 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. As a result, the state no longer has a designated recipient for the Student Loan portion of the Cap. CTED is 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 will be available for reallocation to other bond use categories on an annual basis.

3. Increase to the Industrial Development Bond Limitation

In 2004 the U.S. Congress approved a bill increasing the 6-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 in 2009, usage under the Small Issue category is expected to rise.

As a potential complement to this IDB expenditure increase, the Council of Development Finance Agencies is currently spearheading a national effort to expand the IDB definition of “manufacturing facility” to include high-tech industries and value-added agricultural companies. If approved, it will permit small manufacturers in these sectors to use tax exempt financing to grow their businesses and further increase Cap usage under the Small Issue category.

2004 Bond Cap Activity

Tables 2 through 6 on the following pages present a detailed breakdown of the state Bond Cap allocations for 2004. Table 2 shows how the 2004 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 2004 initial allocations (IA) under each category based on RCW 86.120,
- the 2004 IA transferred to the Remainder category in return for 2003 carryforward,
- the amount of unused carryforward from past years available for issuance in 2004,

- the total Private Activity Bond capacity for 2004 (from 2004 Cap and past carryforward),
- the total Private Activity Bond issuances for the year, and
- the amount of unused Cap (from 2004 and past carryforward) carried forward to 2005.

As shown in Table 2, in 2004 the Private Activity Bond capacity was \$674,632,120. This amount included \$490,515,600 in 2004 Cap and \$184,116,520 in carryforward from the previous three years. By year-end, \$437,497,685 in tax-exempt PABs had been issued against this limit, leaving a balance of \$237,134,436 in unused capacity to carry forward to 2005.

Tables 3 through 6 give a program- or project-specific account of Cap distribution within four of the bond use categories. The PUD category is not represented since it had no activity in 2004. 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
2004 BOND CAP ACTIVITY**

		HOUSING	SMALL ISSUES	PUDS	EXEMPT FACILITIES	STUDENT LOANS	REMAINDER	TOTAL
(a)	2004 Initial Allocation (IA)	\$ 147,154,680	\$ 117,723,744	\$ 49,051,560	\$ 93,197,964	\$ 68,672,184	\$ 14,715,468	\$ 490,515,600
(b)	2004 IA Reallocated to Remainder	\$ 61,647,060	\$ -	\$ -	\$ -	\$ -	\$ (61,647,060)	\$ -
(c)	Available Carryforward (From Previous 3 Years)	\$ 124,116,520	\$ -	\$ -	\$ -	\$ 60,000,000	\$ -	\$ 184,116,520
(a - b + c)	TOTAL PRIVATE ACTIVITY BOND CAPACITY IN 2004 (from 2004 and prior Cap)	\$ 209,624,141	\$ 117,723,744	\$ 49,051,560	\$ 93,197,964	\$ 128,672,184	\$ 76,362,528	\$ 674,632,120
(d)	Issued from 2004 Cap	\$ 189,189,485	\$ 3,191,141	\$ -	\$ 30,935,000	\$ 68,650,000	N/A	\$ 291,965,626
(e)	Issued from Prior Carryforward	\$ 85,532,059	\$ -	\$ -	\$ -	\$ 60,000,000	N/A	\$ 145,532,059
(d + e)	TOTAL PRIVATE ACTIVITY BONDS ISSUED IN 2004 (from 2004 and prior Cap)	\$ 274,721,544	\$ 3,191,141	\$ -	\$ 30,935,000	\$ 128,650,000	N/A	\$ 437,497,685
(f)	Prior Carryforward Remaining at Year-End	\$ 38,584,461	\$ -	\$ -	\$ -	\$ -	N/A	\$ 38,584,461
(g)	New Carryforward Authorized in 2004	\$ 198,549,975	\$ -	\$ -	\$ -	\$ -	N/A	\$ 198,549,975
(f + g)	UNUSED CAP CARRIED FORWARD TO 2005 (from 2004 and prior Cap)	\$ 237,134,436	\$ -	\$ -	\$ -	\$ -	N/A	\$ 237,134,436

2004 STATE BOND CAP ALLOCATION BY CATEGORY
(in thousands)

**TABLE 3
HOUSING**

Issuer Name	Project or Program Principal User	Amount¹ Requested	Amount² Authorized	Amount³ Issued
Bellingham Housing Auth	Meadow Wood Townhouses	\$ 5,030	\$ 5,030	\$ 0
King County Housing Auth	MSC-Radcliffe Place LLC	\$ 10,098	\$ 10,098	\$ 10,098
Seattle Housing Authority	HRG-Genesee Housing	\$ 5,000	\$ 5,000	\$ 4,600
Seattle Housing Authority	DNDA-Croft Place Townhomes	\$ 2,860	\$ 2,860	\$ 2,805
Seattle Housing Authority	SHA-Ritz Apartments	\$ 1,500	\$ 1,500	\$ 1,500
Seattle Housing Authority	DNDA-Cooper School	\$ 3,600	\$ 0	\$ 0
Seattle Housing Authority	HRG-Stone Way Apts	\$ 8,300	\$ 0	\$ 0
WA St Housing Finance Comm	Multifamily Program	\$ 53,600	\$ 53,600	\$ 53,600
WA St Housing Finance Comm	Single Family Program	\$ 37,724	\$ 37,724	\$ 37,724
WA St Housing Finance Comm	Multi-family Program	\$ 32,160	\$ 32,160	\$ 32,160
WA St Housing Finance Comm	Multi-family Program	\$ 28,350	\$ 28,350	\$ 28,350
WA St Housing Finance Comm	Multi-family Program	\$ 18,353	\$ 18,353	\$ 18,353
WA St Housing Finance Comm	Carryforward-Single Family Prog	\$ 18,550	\$ 18,550	\$ 0
WA St Housing Finance Comm	Carryforward-Multi-family Prog	\$ 180,000	\$ 180,000	\$ 0
TOTALS		\$ 405,124	\$ 393,224	\$ 189,189

**TABLE 4
SMALL ISSUE**

Issuer Name	Project or Program Principal User	Amount Requested	Amount Authorized	Amount Issued
WA Econ Dev Finance Auth	Lawrence B. Stone Properties	\$ 2,631	\$ 2,631	\$ 2,513
WA Econ Dev Finance Auth	Posey Properties - Lamiglas, Inc.	\$ 1,800	\$ 679	\$ 679
WA Econ Dev Finance Auth	PSPL, Inc.	\$ 2,800	\$ 2,800	\$ 0
TOTALS		\$ 7,231	\$ 6,110	\$ 3,191

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.

2004 STATE BOND CAP ALLOCATION BY CATEGORY
(Continued)
(in thousands)

**TABLE 5
EXEMPT FACILITY**

Issuer Name	Project or Program Principal User	Amount Requested	Amount Authorized	Amount Issued
PUD No. 1 of Whatcom County	same	\$ 3,000	\$ 3,000	\$ 2,910
WA Econ Dev Finance Auth	Cedar Grove Composting	\$ 27,610	\$ 27,610	\$ 23,610
Yakima County Public Corp	Oord Dairy	\$ 4,415	\$ 4,415	\$ 4,415
TOTALS		\$ 35,025	\$ 35,025	\$ 30,935

**TABLE 6
STUDENT LOANS**

Issuer Name	Project or Program Principal User	Amount Requested	Amount Authorized	Amount Issued
Student Loan Finance Association	Student Loan Program	\$ 68,672	\$ 68,672	\$ 68,650
TOTAL		\$ 68,672	\$ 68,672	\$ 68,650

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 2004	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	\$ 43,062,598	\$ 43,062,598	\$ 38,584,461 **
04	\$198,549,975	12/31/2007	\$ -	\$ -	\$198,549,975 **
TOTAL CARRYFORWARD AVAILABLE					\$237,134,436 **

* Past use deadline. No longer available.

** \$237,134,436 allocated to Washington State Housing Finance Commission.

APPENDIX A: Carryforward Allocations (Continued)

STUDENT LOANS

Year	Carryforward Total	Use Deadline	Total Used	Used in 2004	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 2004	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

2004 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
WA Econ Dev Finance Auth	Lawrence B. Stone	Spokane	\$ 2,513	38
WA Econ Dev Finance Auth	Posey Properties - Lamiglas	Cowlitz	\$ 679	13
TOTALS			\$ 3,191	51

APPENDIX C

Bond Cap Advisory Group – 2004 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
Melinda Barnes	Grant County PUD No.2
Ron Strabbing	Grays Harbor County
Dan Watson	King County Housing Authority
Peter Antolin	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)
Ralph Kosanovich	WA Student Loan Finance Association
Scott Taylor	Washington Public Ports Association
Maureen Morris	Washington State Association of Counties
Kim Herman	Washington State Housing Finance Commission (WSHFC)