RESOLUTION 76-25

RESOLUTION SUPPORTING LEGISLATION AUTHORIZING THE USE OF INTEREST INCOME TO REPAY $10 MILLION APPROPRIATION

WHEREAS, Section 41801 of the Health and Safety Code requires that the Agency repay from its first sale of General Obligation bonds the $10 million appropriation used to establish the Supplementary Bond Security Account; and

WHEREAS, it is infeasible to use General Obligation bond proceeds to repay that appropriation since the Agency would have no revenues with which to make principal and interest payments on such bonds; and

WHEREAS, the HBCC believes that the Agency should be self-sufficient and not call upon the general taxing powers of the State to make payments on the Agency's bonds.

NOW, THEREFORE BE IT ENACTED by the Board of Directors of the California Housing Finance Agency:

(1) The General Counsel is authorized and directed to draft legislation to amend Section 41715 to provide:

(a) That interest on the $10 million be paid into an escrow account pledged to the repayment of the appropriation until such time as the account has accumulated $10 million, at which time the interest income will be used to repay the appropriation and subsequent interest will accrue to the General Fund; and

(b) That this repayment procedure be substituted for the procedure specified in Section 41801.

(2) The General Counsel is authorized and directed to appear before the Legislature, legislative committees, legislative members and consultants and to represent the proposed legislation as the legislative position of the Agency.