

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

Public Benefit Analysis Small-Issue Industrial Development Bond Projects 2003 First Round

Small-Issue Industrial Development Bonds (IDBs) are tax-exempt private activity bonds that are issued through state and local governmental agencies to assist manufacturing facilities finance capital expenditures. Today, most IDBs support expansions of existing manufacturing. IDBs offer considerable interest rate savings to small and midsize manufacturers in contrast to conventional loans. When used by manufacturers, IDBs serve to retain and create new jobs within their communities.

The California Debt Limit Allocation Committee ("Committee") is responsible for administering California's annual tax-exempt private activity bond program, known as "the annual State ceiling". For calendar year 2003, California's State ceiling is \$2.633 billion. Each year the Committee divides the annual State ceiling among several bond programs, known as "Program Pools", including the Small-Issue Industrial Development Bond Project Pool. For calendar year 2003, the Committee reserved \$92 million, or 3.5%, of the State ceiling for the IDB Project Pool. The \$92 million of bond authority will be allocated in three allocation rounds and to three sub-pools, (i.e. Small-Issue Industrial Development Project Pool, the Small Business Program Pool and the Energy Finance Program Pool).

The Committee awarded a total of \$51,960,000 in IDB allocation in the First Allocation Round of 2003. This represents 56% of the 2003 \$92 million IDB Project Pool and 2% of the 2003 \$2.633 billion State ceiling. The Committee awarded \$4.96 million to an individual Small-Issue Industrial Development Bond Project, \$30 million to the Energy Finance Program and \$17 million to the Small Business Program.

The Small-Issue Industrial Development Bond Project funded in Round 1 will create a total of 79 new jobs in unincorporated Los Angeles County (Valencia), of which 2 are management, 30 skilled, 14 semi-skilled and 33 unskilled jobs. The new jobs will produce a weighted average hourly wage of \$16.92.

The Energy Finance Program Pool funds the manufacture and/or installation of energy efficiency systems and renewable energy technologies that will result in efficient use of energy resources and manageable energy costs for manufacturers. The Program seeks to reduce impacts on the environment from energy use, encourage increased and successful investment in California's manufacturing sector and contribute to a healthy local economy. In awarding the allocation to the California Consumer Power and Conservation Financing Authority (Power Authority), the Power Authority will have the option of issuing tax-exempt bonds or transferring allocation to local issuers and/or the California Infrastructure and Economic Development Bank (CIEDB) for the issuance of bonds. The Power Authority, local issuers and/or CIEDB will have until mid-November 2003 to issue bonds. Any unused allocation will revert back to CDLAC to reallocate to other programs.

The Small Business Program Pool funds small businesses on an ongoing basis throughout the year. In awarding the Allocation to the California Industrial Development Financing Advisory Commission (CIDFAC), the Committee has authorized CIDFAC to transfer portions of the Allocation to local issuers and the California Infrastructure and Economic Development Bank (CIEDB) for purposes of issuing bonds under the Program on behalf of qualified Small Businesses. CIDFAC, local issuers and/or CIEDB will have until mid-November 2003 to issue bonds. Any unused allocation will revert back to CDLAC to reallocate to other programs.

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2003 First Round Summary

Program Pool	Allocation Amount	Number of Projects	# of New Mngmt Jobs	# of New Skilled Jobs	# of New Semi-skilled Jobs	# of New Unskilled Jobs	Total # of New Jobs Created	Weighted Average Hourly Wage
Small-Issue Industrial Development Bond Project Pool	\$4,960,000	1	2	30	14	33	79	\$16.92
Energy Finance Program Pool	\$30,000,000	TBA	TBA	TBA	TBA	TBA	TBA	TBA
Small Business Program Pool	\$17,000,000	TBA	TBA	TBA	TBA	TBA	TBA	TBA
TOTALS	\$51,960,000	1	2	30	14	33	79	\$16.92

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2003 First Round Benefits

Program Pool	Applicant/ Issuer	Allocation Amount	Project Name	Project City	Project County	Located within a Distressed Community	# of New Mngmt Jobs	# of New Skilled Jobs	# of New Semi-Skilled Jobs	# of New Unskilled Jobs	Total # of New Jobs Created	Weighted Average Hourly Wage
Small-Issue Industrial Development Bond Project Pool	California Infrastructure & Economic Development Bank	\$4,960,000	Hydro Systems, Inc.	Unincorporated Los Angeles	Los Angeles	No	2	30	14	33	79	\$16.92