

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
September 26, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
SMALL-ISSUE INDUSTRIAL DEVELOPMENT BOND PROJECT

Prepared by Walter Akiyama.

Applicant: California Infrastructure & Economic Development Bank

Allocation Amount Requested: \$6,500,000

Project Name: Applied Aerospace Structures Corporation
Project Address: 3437 S. Airport Way
Project City, County, Zip Code: Stockton, San Joaquin, 95206

Located in the State Enterprise Zone in the City of Stockton, with an unemployment rate of 186% of the state average, poverty rate of 256% of the state average and median family income of less than 80% of the statewide average.

Project Sponsor Information:
Name: Applied Aerospace Structures, Corp.
Principals: John Rule, Burton Weil, Rhonda Ward and Cornelius Tanis

Project User Information:
Name: Same as Project Sponsor
Principals: Same as Project Sponsor

Project Financing Information:
Bond Counsel: Kutak Rock, LLP
Underwriter: Not applicable
Credit Enhancement Provider: Not applicable
Private Placement Purchaser: Bank of America, N.A.
TEFRA Hearing: August 21, 2007

Description of Proposed Project:
The proposed project consists of building an additional 27,000 square feet of manufacturing space on vacant land at the Project Sponsor's current location and the purchase of related equipment.
Principal products to be manufactured: Space communications satellite and ground system structures, aircraft flight control surfaces, electronic enclosures and other lightweight composite and metallic structures for space, and commercial aircraft.
Number of jobs created: 112
Number of jobs retained: 30
Jobs-to-bond ratio: \$45,775
Estimated total development cost: \$6,540,000

Legal Questionnaire:
The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points: 65 out of 85

Recommendation:
Staff recommends that the Committee approve \$6,500,000 in tax-exempt bond allocation.

DESCRIPTION OF PROPOSED PROJECT:

- ***Description of project, renovation or new construction, the number of square feet to be constructed/renovated:***
The proposed project consists of building an additional 27,000 square feet of manufacturing space on vacant land at the Project Sponsor’s current location and the purchase of related equipment.

- ***Type of equipment being purchased:***
Static test cage, routing machines, bridge cranes, freezers, laser projectors, ply cutters, clean and prime upgrades and air conditioning units

- ***Principal products to be manufactured:***
Space communications satellite and ground system structures, aircraft flight control surfaces, electronic enclosures and other lightweight composite and metallic structures for space, and commercial aircraft.

- ***Purpose of the project:***
To add additional manufacturing space, which will enable the Project Sponsor to further expand its product lines and stay competitive.

- ***Estimated total development cost:*** \$6,540,000

- ***Relocation:*** Not applicable

- ***Sources of funds:***

Tax-Exempt Bond Proceeds	\$6,500,000
Other Sources	<u>\$ 40,000</u>
Total Sources	\$6,540,000

- ***Uses of funds:***

Site Preparation	\$ 50,000
Construction of New Building(s)	\$1,465,000
New Equipment Purchase & Installation	\$4,770,000
Engineering/Architecture	\$ 65,000
Legal, Permits, etc.	\$ 20,000
Cost of Issuance (including discount)	<u>\$ 170,000</u>
Total Uses	\$6,540,000

DESCRIPTION OF PUBLIC BENEFITS:

- ***Distressed community location:***
Located in the State Enterprise Zone in the City of Stockton, with an unemployment rate of 186% of the state average, poverty rate of 256% of the state average and median family income of less than 80% of the statewide average.

- **Total number of new jobs to be created and jobs to be retained within two years of project completion:**

	Jobs Created	Jobs Retained
Management:	7	2
Skilled:	105	28
Semi-skilled:	0	0
Unskilled:	0	0
TOTAL	112	30

- **Total jobs/Allocation ratio:** 1 job per \$45,775 in allocation

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed	Points Scored
<u>Community Economic Need:</u>		
1. Unemployment Rate of Project Area	10	10
2. Poverty Rate of Project Area	5	5
3. Special Designation Area	5	5
4. Median Family Income of Project Area	5	5
Job Creation Ratio (1/\$45,775)	25	15
Welfare to Work Program Participation	5	0
Employee Benefits	5	5
Average Hourly Wage	5	5
Land Use	5	5
Transit Corridor	5	5
Energy Efficiency	5	5
Leveraging	5	0
Total Points	85	65