

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 22, 2010**  
**Staff Report**

**REQUEST FOR AN AWARD OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**  
**RECOVERY ZONE FACILITY BOND RE-ALLOCATION**

*Prepared by: Crystal Alvarez*

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**Applicant:** California Enterprise Development Authority

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**Allocation Amount Requested:** **Tax-exempt:** \$19,825,000

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**Project Information:**  
**Project Name:** Redondo Beach Hotel (Supplemental to ARRA-048)  
**Project Address:** 2410/2420 Marine Avenue  
**Project City, County, Zip Code:** Redondo Beach, Los Angeles 90277

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**Qualified Business Information:**  
**Name:** TRCF Redondo, LLC  
**Principals:** Bradley Wagstaff

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**Project Financing Information:**  
**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Piper Jaffray & Co.  
**Public Sale:** Investor letters provided  
**TEFRA Hearing:** June 15, 2010  
**Adoption of Recovery Zone Designation Date:** January 26, 2010

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**Description of Proposed Project:**  
Two Hotels, Residence Inn and Hilton Garden Inn, operations will include guest services including room accommodations, meeting facilities, restaurant facilities, and guest transportation.  
**Principal production:** Hotel Services  
**Number of jobs created:** 107 (45 jobs captures in application ARRA-048)  
**Jobs-to-bond ratio:** 1/ \$420,561 (Total Request is 45M)  
**Estimated total development cost:** \$60,050,000

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**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.

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**Total Points:** 23 out of 100

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**Recommendation:**  
Staff recommends that the Committee approve \$19,825,000 in Recovery Zone Facility Bond re-allocation with the following conditions: 1) the bonds shall be marketed and sold only to qualified institutional buyers, 2) bonds shall be sold in denominations of no less than \$100,00, and 3) no less than three business days prior to issuance, the applicant shall report to CDLAC staff information on all bond purchase commitments.

**DETAILS OF PROJECT FINANCING:**

- *Sources of Funds:*

Tax-Exempt Bond Proceeds	\$	45,000,000
Other Sources	\$	15,050,000
Total Sources	\$	60,050,000

- *Uses of Funds:*

Fees and other charges related to sale	\$	5,809,334
Construction of New Building(s)	\$	30,109,941
Acquisition and Installation of New Equip	\$	7,103,844
Engineering/Architecture	\$	411,122
Legal, Permits, etc.	\$	369,607
Bond Issuance Expenses	\$	1,146,605
Interest During Construction	\$	7,648,885
DSRF/ Operating Reserve	\$	7,450,662
Total Uses	\$	60,050,000

**JOB CREATION:**

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

	<b>Jobs Created</b>
<b>Management</b>	16
<b>Skilled/Semi-Skilled</b>	52
<b>Unskilled</b>	39
<b>Total</b>	107

- *Total Jobs/Allocation Ratio:* 1 job per \$185,280 in allocation.

**EVALUATION SCORING:**

Point Criteria	Maximum Points Allowed	Points Scored
Community Economic Need:		
1. Unemployment Rate of Project Area	10	0
2. Poverty Rate of Project Area	5	5
3. Special Designation Area	5	0
4. Median Family Income of Project Area	5	0
Job Creation Ratio (1 job per \$185,280 in allocation.)	25	0
Welfare to Work Program Participation	5	0
Employee Benefits	5	0
Average Hourly Wage	5	5
Land Use	6	6
Transit Corridor	7	7
Energy Efficiency	7	0
Leveraging	15	0
<b>Total Points</b>	100	23