

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 26, 2008
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
SMALL-ISSUE INDUSTRIAL DEVELOPMENT BOND PROJECT

Prepared by Richard Fischer.

Applicant: California Enterprise Development Authority

Allocation Amount Requested: \$7,000,000

Project Name: EVAPCO, Inc.
Project Address: 1900 West Almond Avenue
Project City, County, Zip Code: Madera, Madera, 93637

Located in A State Designated Enterprise Zone, with an unemployment rate of 202% of the state average.

Project Sponsor Information:
Name: EVAPCO, Inc
Principals: Wilson E. Bradley, William G. Bartley, James W. Bowles and William E. Kahlert

Project User Information: SAME
Name:
Principals:

Project Financing Information:
Bond Counsel: Kutak, Rock LLP
Underwriter: Not Applicable
LOC Provider: M&T Bank
Private Placement Purchaser: TBD
TEFRA Hearing: December 11, 2007

Description of Proposed Project:
Expansion of an existing 90,000 square foot manufacturing facility by an additional 40,000 square feet.

Principal products to be manufactured: Evaporative Condensers, Closed Circuit Coolers and Cooling Towers
Number of jobs created: 33
Number of jobs retained: 177
Jobs-to-bond ratio: 1:212,121
Estimated total development cost: \$7,150,000

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: 28 out of 85

Recommendation:
Staff recommends that the Committee approve \$7,000,000 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:** Expansion of an existing 90,000 square foot manufacturing facility by an additional 40,000 square feet.
- **Principal products to be manufactured:** Evaporative Condensers, Closed Circuit Coolers and Cooling Towers.
- **Purpose of the project:** To increase production capacity
- **Estimated total development cost:** \$7,150,000
- **Relocation:** None
- **Sources of funds:**

Tax-Exempt Bond Proceeds	\$7,000,000
Taxable Bond Proceeds	\$ 0
Project Sponsor Equity	\$ 0
Other Sources	<u>\$ 150,000</u>
Total Sources	\$7,150,000
- **Uses of funds:**

Land Acquisition	\$ 0
Construction of New Building(s)	\$4,500,000
Equipment Purchase & Installation	\$2,500,000
Legal, Permits, etc.	\$ 25,000
Cost of Issuance (including discount)	\$ 125,000
Letter of Credit or Bond Insurance Fee	\$ 0
Other Costs	<u>\$ 0</u>
Total Uses	\$7,150,000

DESCRIPTION OF PUBLIC BENEFITS:

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

	Jobs Created	Jobs Retained
Management:	3	17
Skilled Semi Skilled:	29	158
<u>Unskilled:</u>	<u>1</u>	<u>2</u>
TOTAL	33	177

- **Total jobs/Allocation ratio:** 1 job per \$212,121 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	0
3. Special Designation Area	5	5
4. Median Family Income of Project Area	5	0
Job Creation Ratio (1/\$212,121)	25	0
Welfare to Work Program Participation	5	5
Employee Benefits	5	0
Average Hourly Wage	5	3
Land Use	5	0
Transit Corridor	5	5
Energy Efficiency	5	0
Leveraging	5	0
Total Points	85	28

COMMENTS:

1. The Project is located in unincorporated ### County in the community of ###, for which there is (no) unemployment, poverty, or median family income data available from EDD or the U. S. Census Bureau. Section 20.II.A of the CDLAC Procedures provides specific instructions for computing points in the Community Economic Need category. In order to merit points in this category, this application must, in accordance with the Procedures, use: 1) the unemployment data for Census Tract 9201.06 (Los Angeles County), which is the lowest sub-county level applicable to the Project; 2) the poverty data for each of the federal census tracts that are within a mile radius of the proposed Project; and 3) the median family income of Census Tract 9201.06, which is the smaller project benefit area applicable to the Project in the absence of city or CDP income data. (However, the application uses unemployment, poverty, and median family income data for the Cities of San Fernando and Los Angeles, which is not consistent with the CDLAC Procedures. The fourth point criterion does not apply to this application since the Project is not located in a Special Designated Area.) Thus, the Project does (not) ## earn points in the Community Economic Need category.