

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

Applicant: California Enterprise Development Authority

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

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

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

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

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

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: 23 out of 100

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:*

| | Jobs Created |
|-----------------------------|---------------------|
| Management | 16 |
| Skilled/Semi-Skilled | 52 |
| Unskilled | 39 |
| Total | 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 |
| Total Points | 100 | 23 |