

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

January 26, 2011

STAFF REPORT
REQUEST FOR QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR
THE INDUSTRIAL DEVELOPMENT BOND PROGRAM
(Agenda Item 13)

APPLICATION NUMBER: 11-001

APPLICANT: California Industrial Development Financing Advisory Commission (CIDFAC)

ALLOCATION AMOUNT REQUESTED: \$50,000,000

PROGRAM NAME: Industrial Development Bond (IDB) –statewide programs

DESCRIPTION OF PROPOSED PROGRAM:

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 in financing 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. By providing the allocation to CIDFAC, the Borrower is able to receive their financing and allocation approval at the same time. Monthly CIDFAC meetings also ensure the Borrower does not have to wait 60-90 days for a Committee allocation approval; thus, eliminating the need for expensive interim financing.

COMMENTS:

1. The allocation requested will assist small and midsize manufacturers in accessing tax-exempt bond financing.
2. The Program received 11 applications in 2010, which were awarded allocations totaling \$46.045 million. The projects created approximately 465 jobs. The weighted average hourly wage for new jobs created was \$23.50

RECOMMENDATION:

Staff recommends the Committee award the California Industrial Development Financing Advisory Commission (CIDFAC) \$50,000,000 in Industrial Development Bond Allocation for the purpose of allocating portions of the award to Project Sponsors for the purpose of issuing bonds for IDB projects.

Prepared by Richard Fischer.