

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**October 17, 2018**  
**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:** **Tax-exempt:** \$7,600,000  
**Taxable-debt:** \$1,700,000

**Project Name:**  
**Name:** C.A. Guy LLC/ Exhaust Center, Inc.  
**Project Address:** 1794 West 11th Street  
**Project City, County, Zip Code:** Upland, San Bernardino, 91786

Located in an area in which the Poverty rate is 115% of the statewide rate.

**Project Sponsor Information:**  
**Name:** C.A. Guy LLC  
**Principals:** Gregory S. Mitchell, David J. Mitchell and Robert A. Mitchell

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

**Project Financing Information:**  
**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Not Applicable  
**Private Placement Purchaser:** BBVA Compass Bank, a Qualified Institutional Buyer  
as defined by SEC Rule 144A  
**TEFRA Adoption Date:** August 13, 2018

**Description of Proposed Project:**  
The total construction is anticipated to take between eight to twelve months. The two new buildings will be leased out to Exhaust Center for manufacturing. Exhaust Center will be using the new buildings for additional manufacturing space, as well as, installing a new powder coating line. The buildings are anticipated to have a 40 year useful life and the equipment is anticipated to have a 15 year useful life. The purpose of the project is to provide additional manufacturing space for Exhaust Center, which is needed for business expansion. Currently, Exhaust Center manufactures fuel tank systems, primarily for the RV, Agricultural and Solar industries. Exhaust Center will be bringing its powder coating business in house, which will allow for greater flexibility and faster turnaround time. The expansion will allow Exhaust Center to hire new employees and allow them to continue to operate their business in Upland, California.

**Principal products to be manufactured:** N/A (Expanding Production Facility)  
**Number of jobs created:** 10  
**Number of jobs retained:** 63  
**Estimated total development cost:** \$9,680,158

**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:** 37 out of 142 (REVISED)

**Recommendation:**  
Staff recommends that the Committee approve \$7,600,000 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:*  
 New construction adding 40,0000 Square feet.
- *Type of equipment being purchased:*  
 N/A
- *Principal Products to be manufactured:*  
 Powder Coating facility being added for present manufacturing facility.
- *Purpose of the Project:*  
 To finance the new facility
- *Estimated Total Development Cost:*  
 \$9,680,158
- *Relocation:*  
 N/A

- *Sources of Funds:*

Tax-Exempt Bond Proceeds	\$	7,600,000
Taxable Bond Proceeds	\$	1,700,000
Project Sponsor Equity	\$	0
Other Sources	\$	380,158
<b>Total Sources</b>	<b>\$</b>	<b>9,680,158</b>

- *Uses of Funds:*

Land Acquisition	\$	1,503,875
Site Preparation	\$	950,000
New Building Construction Costs	\$	3,645,700
New Equipment Purchase & Installation	\$	3,000,000
Utilities Connection	\$	103,000
Legal, Permits, etc.	\$	120,000
Cost of Issuance (including discount)	\$	195,000
Interest During Construction	\$	63,483
Engineering/ Architecture	\$	99,100
<b>Total Uses</b>	<b>\$</b>	<b>9,680,158</b>

**DESCRIPTION OF PROPOSED PROJECT:**

- *Distressed Community Location:*  
 N/A
- *Total number of new jobs to be created and jobs to be retained within two years of project completion:*

	Jobs Created	Jobs Retained
<b>Management</b>	1	7
<b>Skilled/Semi-skilled</b>	5	41
<b>Unskilled</b>	4	15
<b>Total</b>	10	63

- *Allocation dollar per job:*                                      \$                      104,109.59

**EVALUATION SCORING: REVISED**

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	3
3. Median Family Income of Project Area	5	0
Job Creation	35	10
Job Retention	10	0
Workforce and Economic Development	15	0
Employee Benefits	20	15
Average Hourly Wage	10	6
Land Use	3	0
Transit Corridor	4	0
Energy Efficiency/Renewable Energy	10	0
Environmentally Preferable Products	5	0
Green Certified Manufacturing Facility	5	0
Leveraging	5	3
<b>Total Points</b>	142	37