

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 21, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
SMALL-ISSUE INDUSTRIAL DEVELOPMENT BOND PROJECT

Prepared by Richard C. Fischer

Applicant: Industrial Development Authority of the County of Alameda

Allocation Amount Requested: \$3,300,000

Project Name: **Caravan Trading Company**
Project Address: 33300 Western Avenue
Project City, County, Zip Code: Union City, Alameda, 94587-2211

Project Sponsor Information:
Name: Caravan Trading Company
Principals: Joseph M. Maroun, Carmen Maroun, Joseph J. Maroun,
Will Maroun

Project User Information:
Name: Caravan Trading Company
Principals: Same individual names as above

Project Financing Information:
Bond Counsel: Lofton & Jennings
Underwriter: E.J. De LaRosa & Co., Inc.
Credit Enhancement Provider: Comerica Bank
Private Placement Purchaser: Not Applicable

Description of Proposed Project:

Principal products to be manufactured:	Frozen and fresh baked bread and sweet goods, frozen pastry dough and sweet fresh dough.
Number of jobs created:	47
Number of jobs retained:	256
Jobs-to-bond ratio:	\$10,891
Estimated total development cost:	\$3,437,625

Legal Questionnaire:

Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. Legal issues disclosed by the Project Sponsor were vetted and were not determined to be grounds to deny the application. No information was disclosed in the application to question the financial viability of the Project or legal integrity of the Applicant.

Total Points: 35 out of 85

Recommendation:

Staff recommends that the Committee approve \$3,300,000 in tax-exempt bond allocation.

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ALLOCATION AMOUNT REQUESTED: \$3,300,000

PROJECT NAME: Caravan Trading Company

Project Address: 33300 Western Avenue
Project City, County, Zip Code: Union City, Alameda, 94587-2211

PROJECT SPONSOR INFORMATION:

Name: Caravan Trading Company
Principals: Joseph M. Maroun, Carmen Maroun, Joseph J. Maroun,
Will Maroun
Address: 33300 Western Avenue
Union City, Alameda, 94587-2211
Phone: (510) 487-2600

PROJECT USER INFORMATION:

Name: Caravan Trading Company
Principals: Same as Project Sponsor
Address: Same as Project Sponsor
Phone: Same as Project Sponsor

PROJECT FINANCING INFORMATION:

Bond Counsel: Lofton & Jennings
Underwriter: E.J. De LaRosa & Co., Inc.
Credit Enhancement Provider: Comerica Bank
TEFRA Hearing: February 27, 2007

DESCRIPTION OF PROPOSED PROJECT:

Description of project, renovation or new construction, the number of square feet to be constructed/renovated:

The acquisition of new manufacturing machines.

Type of equipment being purchased:

900 mm Laminator-make-up Table,
Spiral Freezer, Water Chiller, Bowl Lift,
Extra Bowl, Conveyor/ packaging equipment,
Bagel Forming Line, Bagel Mixer,
Metal Detector, and Mixer Bowls.

Principal products to be manufactured:

Frozen and fresh baked bread and sweet goods, frozen pastry dough and sweet fresh dough.

Purpose of the project:

Caravan has experienced a steady growth in demand for its bakery goods and the equipment is needed to meet the company's growth projections for the next three to five years.

Estimated total development cost: \$3,437,625

Relocation:

Not Applicable

Sources of funds:

Tax-Exempt Bond Proceeds	\$3,500,000
Taxable Bond Proceeds	\$ 0
Project Sponsor Equity	\$ 0
Other Sources	<u>\$ 137,625</u>
Total Sources	\$3,637,625

Uses of funds:

Equipment Acquisition and Installation	\$3,485,000
Engineering/Architecture	\$ 15,000
Cost of Issuance (including discount)	\$ 105,625
Letter of Credit or Bond Insurance Fee	\$ 32,000
Other Costs (explain)	<u>\$ 0</u>
Total Uses	\$3,637,625

DESCRIPTION OF PUBLIC BENEFITS:

Distressed community location:

Not applicable.

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

	Jobs Created	Jobs Retained	Total Jobs Retained
Management:	2	7	9
Skilled & Semi Skilled:	18	32	50
Unskilled:	<u>27</u>	<u>217</u>	<u>244</u>
TOTAL	47	256	303

Total jobs/Allocation ratio: 1 job per \$10,891 in allocation (\$3,300,000 /303)

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed	Points Scored
<u>Community Economic Need:</u>		
1. Unemployment Rate of Project Area	10	0
2. Poverty Rate of Project Area	5	0
3. Special Designation Area	5	0
4. Median Family Income of Project Area	5	0
Job Creation Ratio (1/\$10,891)	25	25
Welfare to Work Program Participation	5	0
Employee Benefits	5	5
Average Hourly Wage	5	0
Land Use	5	0
Transit Corridor	5	5
Energy Efficiency	5	0
Leveraging	5	0
Total Points	85	35

COMMENTS:

1. The proposed Project will create an estimated 47 new jobs and retain 256 existing jobs for a total of 303 jobs. This results in jobs-to-bond ratio of one new job for every \$10,891 of allocation and the Project received 25 points in this category.
2. The Project User will participate in a Welfare-to-Work Program in hiring its new employees.
3. The Project User contributes an average of \$599.61 a month towards the cost of health benefits for its employees and dependents.
4. The proposed Project has received a total score of 35 points.
5. Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. Legal issues disclosed by the Project Sponsor were vetted and were not determined to be grounds to deny the application. No information was disclosed in the application to question the financial viability of the Project or legal integrity of the Applicant.

RECOMMENDATION:

Staff recommends that the Committee approve \$3,300,000 in tax-exempt bond allocation.

Staff Report prepared by Richard C. Fischer.