

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
May 23, 2007
Executive Summary
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
SMALL-ISSUE INDUSTRIAL DEVELOPMENT BOND PROJECT

Prepared by Richard Fischer.

Applicant: California Municipal Finance Authority

Allocation Amount Requested: \$8,285,375

Project Name: **Prima Noce Packing, Inc.**
Walnut Venture Enterprises, LLC
Project Address: 16461 East Comstock Road
Project City, County, Zip Code: Linden, San Joaquin, 95236

Distressed Community location, with an unemployment rate of 186% of the state.

Project Sponsor Information:
Name: Prima Frutta Packing Inc.
Walnut Venture Enterprises, LLC
Principals: Timothy Sambado and Richard Sambado

Project User Information: (if different from the borrower)
Name: Same as above
Principals:

Project Financing Information:
Bond Counsel: The Law Offices of Ron Lee
Private Placement Purchaser: Bank of America
TEFRA Hearing: April 17, 2007

Description of Proposed Project:

| | |
|---|--|
| Principal products to be manufactured: | Packing Facility for cherries, apples, walnuts |
| Number of jobs created: | 2 |
| Number of jobs retained: | 0 |
| Jobs-to-bond ratio: | \$4,142,688 |
| Estimated total development cost: | \$9,451,272 |

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 \$8,285,375 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:** Two new facilities are currently being constructed at the existing packing shed facility that packs fresh cherries, apples and inshell walnuts. The first new facility which houses the storage, shelling, sorting and packing processes for walnut meats is 43,500 square feet. The second facility is 3,500 square feet of fumigation space.
- **Type of equipment being purchased:**
Variety of walnut processing equipment for packing and storage.
- **Principal products to be manufactured:** Packaging apples, cherries and walnuts.
- **Purpose of the project:** Expanding the packing facility to meet market growth.
- **Estimated total development cost:** \$9,451,272
- **Relocation:** Not applicable
- **Sources of funds:**

| | |
|--------------------------|-------------|
| Tax-Exempt Bond Proceeds | \$8,285,375 |
| Taxable Bond Proceeds | \$1,165,898 |
| Project Sponsor Equity | \$ 0 |
| Other Sources | <u>\$ 0</u> |
| Total Sources | \$9,451,273 |
- **Uses of funds:**

| | |
|---------------------------------------|-------------------|
| Site preparation | \$ 577,630 |
| Construction of New Buildings | \$2,299,000 |
| New Equipment Purchase & Installation | \$6,230,550 |
| Utilities connection | \$ 1,316 |
| Engineering/Architecture | \$ 48,500 |
| Legal, Permits, etc. | \$ 131,819 |
| Cost of Issuance (including discount) | <u>\$ 162,458</u> |
| Total Uses | \$9,451,273 |

DESCRIPTION OF PUBLIC BENEFITS:

- **Distressed community location:**
 - a) Distressed Community location, with an unemployment rate of 186% of the state.
- **Total number of new jobs to be created and jobs to be retained within two years of project completion:**

| | Jobs Created | Jobs Retained |
|---------------|--------------|---------------|
| Management: | 2 | 0 |
| Skilled: | 0 | 0 |
| Semi-skilled: | 0 | 0 |
| Unskilled: | <u>0</u> | <u>0</u> |
| TOTAL | 2 | 0 |

- **Total jobs/Allocation ratio:** 1 job per \$2,761,793 in allocation

EVALUATION SCORING:

| Point Criteria | Maximum Points Allowed | Points Scored |
|---|------------------------|---------------|
| Community Economic Need: | | |
| 1. Unemployment Rate of Project Area | 10 | 10 |
| 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/\$4,142,688) | 25 | 0 |
| Welfare to Work Program Participation | 5 | 5 |
| Employee Benefits | 5 | 0 |
| Average Hourly Wage (\$25.00) | 5 | 5 |
| Land Use | 5 | 0 |
| Transit Corridor | 5 | 0 |
| Energy Efficiency | 5 | 5 |
| Leveraging | 5 | 3 |
| Total Points | 85 | 28 |