

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
March 26, 2008
Staff Report
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: \$10,000,000

Project Name: **Real Mex Foods**
Project Address: 3305 E. Vernon Avenue
Project City, County, Zip Code: Vernon, Los Angeles, 90058

Project Sponsor Information:
Name: **Vernon B, LLC**
Principals: Chalmers Equity Corporation and Chalmers Corporation

Project User Information: (if different from the borrower)
Name: **Real Mex Foods**
Principals: Frederick F. Wolfe, Carlos Angulo, Steven L. Tanner

Project Financing Information:
Bond Counsel: Squire Sanders and Dempsy
Underwriter: Not Applicable
Private Placement Purchaser: GE Government Finance
TEFRA Hearing: February, 2008

Description of Proposed Project: The proposed project consists of renovating a 99,000 sq. ft. former meat packaging facility into a bulk foods packaging and distribution facility.

Principal products to be manufactured: Manufacturer and distributor of bulk food packages and individually wrapped retail products.
Number of jobs created: 40
Number of jobs retained: 371
Jobs-to-bond ratio: \$250,000/1
Estimated total development cost: \$10,000,000

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: 20 out of 85

Recommendation:
Staff recommends that the Committee approve \$10,000,000 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:** Renovation of existing 99,000 square foot former meat packing facility.

- **Type of equipment being purchased:** none

- **Principal products to be manufactured:** Manufacturer and distributor of bulk food packages and individually wrapped retail products.

- **Purpose of the project:** Renovating existing building to expand capacity and production.

- **Estimated total development cost:** \$10,000,000

- **Relocation:** Yes, all current positions are moving from Santa Fe Springs to the new site, without the need of transportation assistance. There is no job loss.

- **Sources of funds:**

Tax-Exempt Bond Proceeds	\$10,000,000
Taxable Bond Proceeds	\$ 0
Project Sponsor Equity	\$ 0
Other Sources	<u>\$ 0</u>
Total Sources	\$10,000,000

- **Uses of funds:**

Land Acquisition	\$ 0
Renovation of Existing Building	\$ 9,750,000
New Equipment Purchase & Installation	\$ 0
Legal, Permits, etc.	\$ 0
Cost of Issuance (including discount)	\$ 250,000
Letter of Credit or Bond Insurance Fee	\$ 0
Other Costs	<u>\$ 0</u>
Total Uses	\$10,000,000

DESCRIPTION OF PUBLIC BENEFITS:

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

	Jobs Created	Jobs Retained
Management:	0	31
Skilled/Semi-skilled:	40	340
Unskilled:	<u>0</u>	<u>0</u>
TOTAL	40	371

- **Total jobs/Allocation ratio:** 1 job per \$250,000 in allocation

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	5
3. Special Designation Area	5	0
4. Median Family Income of Project Area	5	0
Job Creation Ratio (1/\$554,375)	25	0
Welfare to Work Program Participation	5	0
Employee Benefits	5	0
Average Hourly Wage	5	0
Land Use	5	5
Transit Corridor	5	5
Energy Efficiency	5	5
Leveraging	5	0
Total Points	85	20

COMMENTS:

1. The Project is located in unincorporated ### County in the community of ###, for which there is (no) unemployment, poverty, or median family income data available from EDD or the U. S. Census Bureau. Section 20.II.A of the CDLAC Procedures provides specific instructions for computing points in the Community Economic Need category. In order to merit points in this category, this application must, in accordance with the Procedures, use: 1) the unemployment data for Census Tract 9201.06 (Los Angeles County), which is the lowest sub-county level applicable to the Project; 2) the poverty data for each of the federal census tracts that are within a mile radius of the proposed Project; and 3) the median family income of Census Tract 9201.06, which is the smaller project benefit area applicable to the Project in the absence of city or CDP income data. (However, the application uses unemployment, poverty, and median family income data for the Cities of San Fernando and Los Angeles, which is not consistent with the CDLAC Procedures. The fourth point criterion does not apply to this application since the Project is not located in a Special Designated Area.) Thus, the Project does (not) ## earn points in the Community Economic Need category.