

**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*

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**Applicant:** California Statewide Communities Development Authority

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**Allocation Amount Requested:** \$10,000,000

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**Project Name:** Western Milling Quality Feeds, LLC  
**Project Address:** 15290 C Street  
**Project City, County, Zip Code:** Famoso, Kern, 93250

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**Project Sponsor Information:**  
**Name:** Western Milling Quality Feeds, LLC  
**Principals:** Kevin Kruse, Mark La Bounty, Charles Spicer and Ejnar Knudsen

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**Project User Information:**  
**Name:** Western Milling Quality Feeds, LLC  
**Principals:** Same individual names as above

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**Project Financing Information:**  
**Bond Counsel:** Orrick, Herrington and Sutcliffe, LLP  
**Underwriter:** W. R. Taylor & Company, LLC  
**Credit Enhancement Provider:** Bank of the West  
**Private Placement Purchaser:** Not Applicable

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**Description of Proposed Project:**

<b>Principal products to be manufactured:</b>	Animal feed.
<b>Number of jobs created:</b>	7
<b>Number of jobs retained:</b>	24
<b>Jobs-to-bond ratio:</b>	\$322,581
<b>Estimated total development cost:</b>	\$16,796,159

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**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.

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**Total Points:** 35 out of 85

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**Recommendation:**

Staff recommends that the Committee approve \$10,000,000 in tax-exempt bond allocation.

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SMALL-ISSUE INDUSTRIAL DEVELOPMENT BOND PROJECT***

**APPLICANT:** California Statewide Communities Development Authority

**ALLOCATION AMOUNT REQUESTED:** \$10,000,000

**PROJECT NAME:** Western Milling Quality Feeds, LLC

**Project Address:** 15290 C Street  
**Project City, County, Zip Code:** Famoso, Kern, 93250

**PROJECT SPONSOR INFORMATION:**

**Name:** Western Milling Quality Feeds, LLC  
**Principals:** Kevin Kruse, Mark La Bounty, Charles Spicer and  
Ejnar Knudsen  
**Address:** 31120 West Street  
Goshen, Kern, 93227  
**Phone:** (559) 651-0246

**PROJECT USER INFORMATION:**

**Name:** Western Milling Quality Feeds, LLC  
**Principals:** Same as Project Sponsor  
**Address:** Same as Project Sponsor  
**Phone:** Same as Project Sponsor

**PROJECT FINANCING INFORMATION:**

**Bond Counsel:** Orrick, Herrington and Sutcliffe, LLP  
**Underwriter:** W. R. Taylor & Company, LLC  
**Credit Enhancement Provider:** Bank of the West  
**Private Placement Purchaser:** Not Applicable  
**TEFRA Hearing:** December 12, 2006

**DESCRIPTION OF PROPOSED PROJECT:**

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

Western Milling has installed new animal feed corn transfer, storage, truck shipping, rolling and cooling operations.

**Type of equipment being purchased:**

Grain Animal Feed Commodities storage and shipping operation equipment.

**Principal products to be manufactured:**

Animal Feed.

**Purpose of the project:**

The new facility is an existing facility that will be rehabilitated, updated with new equipment and provide ample room to accommodate production and employment growth.

**Estimated total development cost:**      \$16,796,159

**Relocation:**

N/A

**Sources of funds:**

Tax-Exempt Bond Proceeds	\$10,000,000
Taxable Bond Proceeds	\$ 0
Project Sponsor Equity	\$ 0
Other Sources (LOC)	<u>\$ 6,796,159</u>
Total Sources	\$16,796,159

**Uses of funds:**

Equipment Acquisition and Installation	\$11,044,195
Acquisition of Existing Buildings	\$ 200,000
Rehabilitation of Existing Buildings	\$ 215,000
Construction of New Building	\$ 5,066,964
Acquisition of Land	\$ 70,000
Cost of Issuance (including discount)	\$ 200,000
Other Costs (Interest During Const)	<u>\$ 0</u>
Total Uses	\$16,796,159

**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:	0	1	1
Skilled & Semi Skilled:	6	19	25
Unskilled:	<u>1</u>	<u>4</u>	<u>5</u>
<b>TOTAL</b>	<b>7</b>	<b>24</b>	<b>31</b>

**Total jobs/Allocation ratio:** 1 job per \$322,581 in allocation (\$10,000,000 /31)

**EVALUATION SCORING:**

Point Criteria	Maximum Points Allowed	Points Scored
<u>Community Economic Need:</u>		
1. Unemployment Rate of Project Area	10	5
2. Poverty Rate of Project Area	5	5
3. Special Designation Area	5	0
4. Median Family Income of Project Area	5	5
Job Creation Ratio (1/\$322,581)	25	0
Welfare to Work Program Participation	5	0
Employee Benefits	5	5
Average Hourly Wage	5	5
Land Use	5	0
Transit Corridor	5	0
Energy Efficiency	5	5
Leveraging	5	5
<b>Total Points</b>	<b>85</b>	<b>35</b>

**COMMENTS:**

1. The proposed Project will create an estimated 7 new jobs and retain 24 existing jobs for a total of 31 jobs.
2. The proposed Project's hourly wage is 143.21% of the applicable general manufacturing wage.
3. The Project User contributes an average of \$726.50 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. The Staff has reviewed the applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed that raised any question regarding the financial viability or legal integrity of the applicant.

**RECOMMENDATION:**

Staff recommends that the Committee approve \$10,000,000 in tax-exempt bond allocation.

Staff Report prepared by Richard C. Fischer.