

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 25, 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 Enterprise Development Authority

Allocation Amount Requested: \$8,500,000

Project Name: **Semper Virens Bakery Food Cooperative, Inc.**
Project Address: 2225/2249 South McDowell Boulevard Extension
Project City, County, Zip Code: Petaluma, Sonoma, 94954

Project Sponsor Information: Semper Virens Bakery Food Cooperative, Inc.
Name: dba: Alvarado Street Bakery, Alvarado St. Bakery
Principals: Michael Girkout, Thomas Schneider and Karin Anderson

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

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Gates Capital Corporation
Credit Enhancement Provider: Comerica Bank
TEFRA Hearing: March 20, 2007

Description of Proposed Project:
(Description and purpose of project, renovation or new construction, the number of square feet to be constructed/renovated)

The acquisition and renovation of an existing vacant 68,800 square foot building.

Principal products to be manufactured: Organic whole grain breads, bagels, rolls, tortillas and other baked items.

Number of jobs created: 21

Number of jobs retained: 120

Jobs-to-bond ratio: 1 job / \$60,284

Estimated total development cost: \$11,525,000

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: 31 out of 85

Recommendation:
Staff recommends that the Committee approve \$8,500,000 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:** The acquisition and renovation of an existing vacant 68,800 square foot building. The project site is a portion of a larger, contiguous building. Improvements to the building will be made to accommodate the Project Sponsor’s production operations. A letter from the Project Sponsor detailing the project description and type of business structure they maintain was received by the CDLAC staff.
- **Type of equipment being purchased:** Equipment acquisition will include high efficiency ovens, freezers, packaging and material handling systems.
- **Principal products to be manufactured:** Organic whole grain breads, bagels, rolls, tortillas and other baked items.
- **Purpose of the project:** The Project Sponsor’s current facility is operating at capacity and the space within the facility is fully utilized. There is no room to add additional production equipment and overcrowding in the plant has lead to inefficiencies. The new facility will provide space needed to install new more efficient production equipment, support systems and has adequate onsite parking.
- **Estimated total development cost:** \$11,525,000
- **Relocation:** The borrower’s current facility is inadequate to support current and future operations. A relocation letter from the City of Rohnert Park has been received documenting the relocation and no objection to the bond issuance.

- **Sources of funds:**

Tax-Exempt Bond Proceeds	\$ 8,500,000
Taxable Bond Proceeds	\$ 0
Project Sponsor Equity	\$ 0
Other Sources	<u>\$ 3,025,000</u>
Total Sources	\$11,525,000

- **Uses of funds:**

Land Acquisition	\$ 2,000,000
Existing Building(s) Acquisition	\$ 4,717,500
Rehabilitation of Existing Building(s)	\$ 1,300,000
Utilities Connection	\$ 500,000
Used Equipment Purchase & Installation	\$ 2,667,500
Engineering/Architecture	\$ 75,000
Legal, Permits, etc.	\$ 50,000
Cost of Issuance (including discount)	\$ 215,000
Other Costs	<u>\$ 0</u>
Total Uses	\$11,525,000

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 after two years
Management:	1	12	13
Skilled & Semi-skilled:	15	97	112
<u>Unskilled:</u>	<u>5</u>	<u>11</u>	<u>16</u>
TOTAL	21	120	141

- *Total jobs/Allocation ratio:* 1 job per \$60,284 in allocation
- *Letters of support received:* US Representative Lynn Woolsey

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/\$60,284)	25	5
Welfare to Work Program Participation	5	5
Employee Benefits	5	5
Average Hourly Wage (\$18.38 per hour)	5	1
Land Use	5	5
Transit Corridor	5	5
Energy Efficiency	5	5
Leveraging	5	0
Total Points	85	31