

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 26, 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 Enterprise Development Authority

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**Allocation Amount Requested:** \$7,300,000

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**Project Name:** **Le Pafe, Incorporated**  
**Project Address:** 7547 Telegraph Road and 1221 Date Street  
**Project City, County, Zip Code:** Montebello, Los Angeles, 90640

**Located in the South Montebello Industrial Redevelopment Project Area**

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**Project Sponsor Information:**  
**Name:** Le Pafe, Incorporated  
**Principals:** Jonathan Lau and Valerie Lau

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**Project User Information:**  
**Name:** Le Pafe, Incorporated  
**Principals:** Same individual names as above

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**Project Financing Information:**  
**Bond Counsel:** Kutak Rock LLP  
**Underwriter:** Gates Capital Corporation  
**Credit Enhancement Provider:** Manufacturers Bank  
**TEFRA Hearing:** July 11, 2007

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**Description of Proposed Project:**

<b>Principal products to be manufactured:</b>	Variety of baked & frozen desserts & breads
<b>Number of jobs created:</b>	110
<b>Number of jobs retained:</b>	220
<b>Jobs-to-bond ratio:</b>	\$22,121
<b>Estimated total development cost:</b>	\$7,700,000

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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:** 59 out of 85

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**Recommendation:**  
Staff recommends that the Committee approve \$7,300,000 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:**  
Telegraph Facility: This vacant 45,000 square foot facility will have improvements made to accommodate a new modern baking facility, including new or upgraded ventilation, electrical and drainage systems.  
  
Date Facility: This 25,000 square foot building is the current site of the company’s administrative division and manufacturing operation. Improvements will include installation of new equipment.
- **Type of equipment being purchased:** Both facilities will be having new ovens, mixers, refrigerators, freezers and production workstations.
- **Principal products to be manufactured:** Variety of baked & frozen desserts & breads.
- **Purpose of the project:** The Date Facility is fully utilized with the Project Sponsor’s current operations. There is no room in this facility to accommodate increased production capacity, new production equipment and additional employees. Adding the Telegraph Facility allows the Project Sponsor to achieve several objectives: 1) more than doubling production capacity; 2) ability to add innovative new products; 3) increase efficiency by having a state-of-the-art baking operation; and 4) have room to add employees
- **Estimated total development cost:** \$7,700,000
- **Relocation:** N/A.
- **Sources of funds:**

Tax-Exempt Bond Proceeds	\$7,300,000
Taxable Bond Proceeds	\$ 0
Project Sponsor Equity	\$ 0
Other Sources	<u>\$ 400,000</u>
Total Sources	\$7,700,000
- **Uses of funds:**

Rehabilitation of Existing Building(s)	\$3,040,000
New Equipment Purchase & Installation	\$4,285,000
Legal Permits, etc.	\$ 140,000
Bond Issuance Expenses	<u>\$ 235,000</u>
Total Uses	\$7,700,000

**DESCRIPTION OF PUBLIC BENEFITS:**

- **Distressed community location:** South Montebello Industrial Redevelopment Project Area
- **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:	20	30	50
Skilled & Semi-skilled:	90	190	280
Unskilled:	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL</b>	<b>110</b>	<b>220</b>	<b>330</b>

- **Total jobs/Allocation ratio:** 1 job per \$22,121 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	5
4. Median Family Income of Project Area	5	5
Job Creation Ratio (1/\$22,121)	25	5
Welfare to Work Program Participation	5	5
Employee Benefits	5	3
Average Hourly Wage	5	1
Land Use	5	5
Transit Corridor	5	5
Energy Efficiency	5	0
Leveraging	5	0
<b>Total Points</b>	<b>85</b>	<b>39</b>