

**THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE**  
**September 22, 2010**  
**Staff Report**

**REQUEST FOR A RE-ALLOCATION OF QUALIFIED ENERGY CONSERVATION BOND ALLOCATION  
FOR A QUALIFIED ENERGY CONSERVATION BOND PROJECT/PROGRAM**

*Prepared by: Brady Hill*

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**Eligible QECB Reallocation Applicant:** California Municipal Finance Authority

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**Eligible QECB Reallocation Issuer:** California Municipal Finance Authority

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**Allocation Amount Requested:**  
**Private Activity:** \$35,000,000

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**Project/Program Information:**  
**Name:** Farms to Fuel Project  
**Project/Program Address:** 22675 8th Street East  
**Project/Program City, County, Zip Code:** Schellville, Sonoma, 95476

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**Project Sponsor Information:**  
**Name:** OHR Biostar, LLC (Sonoma Biostar, LLC and Otto H. Rosenstreter Co.)  
**Principals:** John S. Martin and Otto H. Rosenstreter

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**Project Financing Information:**  
**Bond Counsel:** Jones Hall, A Professional Law Corporation  
**Underwriter:** Stern Brothers & Co.  
**Private Placement Purchaser:** Stern Brothers & Co.  
**TEFRA Hearing:** September 2, 2010

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**QECB Reallocation Category and Type:**  
**Qualified Facility Type:** Not Applicable  
**Mass Commuting Type:** Not Applicable  
**Renewable Resource Type (Rural Development):** Applicable  
**Publicly Owned Building Type:** Not Applicable  
**Research Investment Type:** Not Applicable  
**Demonstration Project Type:** Not Applicable  
**Public Education Campaign Type:** Not Applicable  
**Loan/Grant Type:** Not Applicable

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**Qualified Conservation Purpose Requirement:**

The Applicant has provided a legal memo from bond counsel confirming that the project/program meets the "qualified conservation purpose" requirement as defined by IRS Notice 2009-29.

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**Readiness Requirement:**

The Applicant has provided a thorough and complete time schedule for the project/program, and the Applicant has certified that the time schedule is a realistic estimate of their project's/program's timeline.

**Public Entitlements Requirement:**

The Applicant has certified that they have obtained all required public entitlements that are required for QECBs to be issued.

**Description of Public Benefits:**

Estimated Production of Kilowatt Hours of Electricity = 11,000,000 to 44,000,000 kWh per year

**Comments:**

The Farms to Fuel Project took first place in the Renewable Resource (Rural Development) Category based on their total estimated electricity production.

**Details of Project Financing:**

**Estimated Total Project/ Program Cost:** \$37,632,480

**Sources of Funds:**

Qualified Energy Conservation Bond Proceeds	\$	35,000,000
Other Sources	\$	2,632,480
<b>Total Sources</b>	<b>\$</b>	<b>37,632,480</b>

**Uses of Funds:**

	QECB Proceeds	All Other Sources
Site Preparation	\$ 1,978,000	\$ 0
Construction of New Building(s)	\$ 2,200,000	\$ 0
Utilities Connection	\$ 1,467,000	\$ 0
Acquisition and Installation of New Equipment:		
(a) Invoice	\$ 16,514,000	\$ 1,332,480
(b) Installation	\$ 7,700,000	\$ 1,300,000
Engineering/Architecture	\$ 900,000	\$ 0
Legal, Permits, etc.	\$ 750,000	\$ 0
Bond Issuance Expenses (including discount)	\$ 664,000	\$ 0
Other (Capitalized Interest)	\$ 2,827,000	\$ 0
<b>Total Uses</b>	<b>\$ 35,000,000</b>	<b>\$ 2,632,480</b>

**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:** 12 out of 22

[See Attachment A]

**Recommendation:**

Staff recommends that the Committee approve \$35,000,000 in Qualified Energy Conservation Bond Re-Allocation.

**ATTACHMENT A**

**EVALUATION SCORING:**

<b>Qualified Conservation Purpose Points</b>	<b>Maximum Points Allowed</b>	<b>Points Scored</b>
Qualified Facilities	10	0
Mass Commuting Facilities	12	0
Rural Development	12	12
Publicly Owned Building(s) (also show bonus points here)	10	0
Research Investments	10	0
Demonstration Project(s)	10	0
Public Education Campaign(s)	10	0
Loan/Grant Program	10	0
<b>Total Points</b>	<b>22</b>	<b>12</b>

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.