

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
November 17, 2010

Staff Report

**REQUEST FOR AN AWARD OF THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009
RECOVERY ZONE FACILITY BOND RE-ALLOCATION**

Prepared by: Sara Lester

Applicant: California Municipal Finance Authority

Allocation Amount Requested: **Tax-exempt:** \$12,000,000

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

Qualified Business Information:
Name: OHR BioStar Energy, LLC
Principals: William Love, John Martin and Ken Rosentreter

Project Financing Information:
Bond Counsel: Jones Hall, A Professional Law Corporation
Underwriter: Stern Brothers & Co.
Credit Enhancement: Not Applicable
Private Placement Purchaser: Stern Brothers & Co.
Public Sale: Not Applicable
TEFRA Hearing: September 2, 2010
Adoption of Recovery Zone Designation Date: January 26, 2010

Description of Proposed Project:

The Proposed Project will create clean renewable energy from waste and waste products that are currently being landfilled and/or trucked to other disposal sites. Besides eliminating the pollution caused by the trucking of the waste to disposal sites, the renewable natural gas produced by the project will be used, in part, to power natural gas-powered public transit and other fleet vehicles, thereby displacing the use of fossil fuels.

Principal production: Renewable energy
Number of jobs created: 36
Jobs-to-bond ratio: 1/\$333,333
Estimated total development cost: \$43,332,480

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 100

Recommendation:

Staff recommends that the Committee approve \$12,000,000 in Recovery Zone Facility Bond re-allocation.

DETAILS OF PROJECT FINANCING:

- *Sources of Funds:*

Tax-Exempt Bond Proceeds (RZFB)	\$	12,000,000
Tax-Exempt Bond Proceeds (QECCB)	\$	28,700,000
Other Sources	\$	2,632,480
Total Sources	\$	43,332,480

- *Uses of Funds:*

Site Preparation	\$	1,928,000
Construction of New Building(s)	\$	2,950,260
Utilities Connection	\$	2,152,000
Acq. & Installation of New Equip (Inv.)	\$	18,911,440
Acq. & Installation of New Equip (Insta)	\$	9,420,480
Engineering/Architecture	\$	2,990,000
Legal, Permits, etc.	\$	767,300
Bond Issuance Expenses	\$	664,000
Capitalized Interest	\$	3,549,000
Total Uses	\$	43,332,480

JOB CREATION:

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

	Jobs Created
Management	2
Skilled/Semi-Skilled	18
Unskilled	16
Total	36

- *Total Jobs/Allocation Ratio:* 1 job per \$333,333 in allocation.

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed	Points Scored
Community Economic Need:		
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 job per \$333,333 in allocation.)	25	0
Welfare to Work Program Participation	5	5
Employee Benefits	5	0
Average Hourly Wage	5	0
Land Use	6	0
Transit Corridor	7	0
Energy Efficiency	7	0
Leveraging	15	15
Total Points	100	20