THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
July 17, 2019
Staff Report
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:
Tax-exempt: $9,000,000
Taxable-debt: $13,561,102

Project Name:
Name: **Nanosyn Project Series 2019**
Project Address: 30831 Huntwood Avenue
Project City, County, Zip Code: Hayward, Alameda, 94544

Project Sponsor Information:
Name: **30831 Huntwood Avenue, LLC**
Principals: Nikolai Septov and Olga Issakova

Project User Information:
Name: Nanoscale Combinatorial Synthesis, Inc.
Principals: Nikolai Septov, Olga Issakova, Oksana Malysheva and Misha Malysheva

Project Financing Information:
Bond Counsel: Kutak Rock LLP
Underwriter: Not Applicable
Private Placement Purchaser: Well Fargo Bank, N.A.
TEFRA Notice Date: May 28, 2019
TEFRA Adoption Date: June 18, 2019

Description of Proposed Project:

This Project is an expansion of Nanosyn's production faciities in the Bay Area. Nanosyn is a privately held chemistry-based enterprise founded in 1998 by a group of industry experts specializing in the design, synthesis and analysis of small molecule organic compounds for the pharmaceutical industry. Nanosyn has a well-established track record, encompassing well over a hundred business relationships throughout the United States and the rest of the world. The original intent of Nanosyn. Inc. creators was solely resting upon concepts of "miniaturized chemistry" catering to the true needs of the biotech research sectors for cost-efficient and environmentally conscientious nanoscaled compounds. Naturally, with the rapid growth of the company's market share and diversity, Nanosyn evolved into a Chemistry On Demand service provider. Currently, the company offers versatile services that are specifically tailored to each of their client's individual needs. Full utilization of the companies intellectual resources, proprietary technology, state-of-the-art automation and robotics enables them to provide innovative solutions to advance the process of drug discovery. In 2003 and 2004, two of Nanosyn's patents were issued based upon its state-of-the-art core technology and processes. Today, Nanosyn utilizes this technology to generate revenue and to continually develop leading technology based upon automation, robotics, and computational techniques. Nanosyn's headquarters in Santa Clara, California focuses on comprehensive drug discovery and chemistry services. Additionally, they also operate a Phase 1 to commercial cG M P kilo labs in Santa Rosa, CA

Principal products to be manufactured: Pharmaceuticals (Expanding Production Facility)
Number of jobs created: 20
Number of jobs retained: 75
Estimated total development cost: $22,561,102

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: 49 out of 142

Recommendation:

Staff recommends that the Committee approve $9,000,000 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:***
  Aquiring a satellite facility

- ***Type of equipment being purchased:***
  N/A

- ***Principal Products to be manufactured:***
  Pharmaceuticals

- ***Purpose of the Project:***
  To finance the new facility

- ***Estimated Total Development Cost:***
  $22,561,102
- ***Relocation:***
  N/A

- ***Sources of Funds:***

Tax-Exempt Bond Proceeds	$	9,000,000
Taxable Debt	$	13,561,102
Total Sources	$	22,561,102

- ***Uses of Funds:***

Land Acquisition	$	5,201,761
Acquisition o f Existing Buildings	$	14,568,239
Rehabilitation of Existing Buildings	$	1,100,000
New Equipment Purchase & Installation	$	1,280,000
Cost of Issuance (including discount)	$	411,102
Total Uses	$	22,561,102

DESCRIPTION OF PROPOSED PROJECT:

- ***Distressed Community Location:***
  N/A

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

	Jobs Created	Jobs Retained
Management	2	2
Skilled/Semi-skilled	17	71
Unskilled	1	2
Total	20	75

- ***Allocation dollar per job:*** $ 450,000.00

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed	Points Scored
Community Economic Need: 1. Unemployment Rate of Project Area (Source: EDD Local/Statewide rates)	10	0
2. Poverty Rate of Project Area (Source: American FactFinder Census tract)	5	0
3. Median Family Income of Project Area (Source: American FactFinder Census tract)	5	0
Job Creation	35	10
Job Retention	10	0
Workforce and Economic Development	15	5
Employee Benefits	20	15
Average Hourly Wage (Source: Application/Regional MSA)	10	10
Land Use	3	0
Transit Corridor	4	4
Energy Efficiency/Renewable Energy	10	0
Environmentally Preferable Products	5	0
Green Certified Manufacturing Facility	5	0
Leveraging	5	5
Total Points	142	49