

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION
INDUSTRIAL DEVELOPMENT BONDS**

Meeting Date: August 27, 2008

Request for Approval of Initial and Final Resolution and Tax Exempt Bond Allocation

Prepared by: *Deanna Hamelin*

Issuer:	California Enterprise Development Authority (CEDA)	Amount	\$3,665,000 TE
		Requested:	\$60,000 TX
Borrower:	2400 Company, LLC, Pocino Foods Company and/or an established or to be established related or affiliated entity	Application No.:	08-0013
User:	Pocino Foods Company, and/or an established or to be established related or affiliated entity	IR & FR No.:	08-0013
Location:	City of Industry (Los Angeles County)	Allocation Resolution No.:	08-0013A

Borrower/User/Background: 2400 Company, LLC, Pocino Foods Company and/or an established or to be established related or affiliated entity (the Borrower) and Pocino Foods Company (the Company or User) were organized or incorporated in the State of California on October 29, 2004 and September 1965, respectively.

The Company manufactures prepared meats and poultry products, which are distributed to retail, food service and institutional markets. In addition, products are manufactured for private labels and custom formulation. The Company manufactures products such as roast beef, sausage, pastrami, corned beef, pizza toppings, sliced meats, bacon, prime rib, and prepared meals that are ready-to-eat with minimal cooking.

The Company’s products are marketed under the following brand names: F. Pocino & Sons Premium Deli Products, Pocino Deluxe, Meals in Minutes™, Deli King, and Smoke Bar Ranch. The Company’s customers include Smart & Final, Subway, Ralph’s Markets, and Safeway Markets.

Project Information: For 32 years, the Company’s production, sales, and administrative operations have been located in a 60,000 square foot building in the City of Industry. Due to an increase in production and sales, the facility at the Project site is in need of infrastructure upgrades and improvements along with new equipment designed to meet current and future food industry processing standards. Bond proceeds will be used for the acquisition and installation of new meat processing equipment including cutting and sorting tables, ovens, and slicing and packaging equipment. In addition, proceeds will be used for certain improvements to the existing facility, which will consist of upgrades to electrical, drainage and ventilation systems.

Anticipated Timeline: The Project will commence soon after the issuance of the bonds and is expected to be completed in 18-24 months.

Prior Actions/Financing: Prior Action/Financing is listed below.

Description	Date of Bond Issue	Original Amount	Outstanding Amount
Pocino Foods Company	June 1, 2006	\$4,000,000 TE \$1,500,000 TX	\$4,000,000 TE \$1,275,000 TX

Statutory Criteria: 1) Public Benefits, 2) Relocation, and 3) Bond Issue Qualification: Staff has awarded points based on its evaluation of the Project under CDLAC guidelines. Not all statutory criteria are part of the CDLAC point scheme.

PUBLIC BENEFITS: Consistent with CDLAC guidelines, staff awarded the Project a total of 49 verifiable points. Fifteen of the 49 points were awarded for Job Retention.

RELOCATION OF COMPANY OPERATIONS (No point evaluation required):

There is no relocation involved in this Project. The Company will stay at its current location in the City of Industry.

QUALIFICATION OF BOND ISSUANCE (No point evaluation required):

Based on the proposed finance structure, and the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be issued in connection with the Project will: (a) be adequately secured; (b) be fair, just and equitable to a purchaser of the bonds; and (c) not defraud the bond purchaser. Staff’s final determination of qualification of the bonds will be subject to its review of final bond documents prior to issuance.

Status Of Permit/Other Required Approvals:

- On July 7, 2008, CEDA executed a Declaration of Official Intent for the Project.
- A TEFRA hearing was held by the City of Industry on July 24, 2008. The City noticed and approved the issuance of tax-exempt and taxable bonds in an amount not to exceed \$9,000,000.
- On July 25, 2008, CEDA adopted a reimbursement resolution in an amount not to exceed \$9,000,000 in tax-exempt IDBs for the Project.
- The Project involves improvements to an existing building on land that is zoned for industrial and manufacturing uses. No land use or zoning approvals or permits are required to accommodate the Project Sponsor’s operations. Attachment A is letter from the City of Industry which confirms that no land use or zoning approvals or additional permits are required to accommodate the facility.

Financing Details: The bonds will be sold in a public offering. The bonds will be variable rate, repayable over a period up to 30 years and will be secured by an irrevocable Letter of Credit issued by City National Bank. The issue is expected to carry City National Bank’s Fitch rating, which is A-/F1.

This financing will includes the refunding of \$4,000,000 in tax-exempt and ~~\$1,500,000~~a

\$1,275,000 balance in taxable IDBs that were originally issued on June 1, 2006 by the California Infrastructure and Economic Development Bank (I-Bank). ~~The current outstanding balances are \$4,000,000 and \$1,275,000.~~ The 2006 bonds combined with the new Bbonds will result in a transaction totaling \$9,000,000, which will be enhanced in its entirety by one direct-pay letter of credit issued by City National Bank. The Company will request CIDFAC approval of the refunding at the scheduled September 24, 2008 Commission meeting, which is prior to anticipated bond issuance date.

CIDFAC Fees:

In accordance with CIDFAC regulations, the Borrower has paid or will pay CIDFAC an application fee of \$1,250 and a closing fee of up to \$9,312.50.¹

Financing team:

Issuer: CEDA
Bond Counsel: Kutak Rock LLP
Underwriter: Gates Capital Corporation
Financial Advisor: Growth Capital Associates, Inc.
Credit Enhancement Provider: City National Bank

Legal Questionnaire: Staff reviewed the Borrower's/User's responses to the questions contained in the Legal Status portion of the Application. The responses did not disclose any information that raises questions concerning the financial viability or legal integrity of the companies.

Recommendation: Staff recommends approval of Initial and Final Resolution No. 08-0013 for an amount equal to \$3,665,000 in tax-exempt bonds and \$60,000 in taxable bonds and Allocation Resolution No. 08-0013A for an amount equal to \$3,665,000 in tax-exempt IDB allocation for the Issuer for the Pocino Foods Company Project. Staff's recommendation is subject to staff analysis and approval of final bond documents and receipt of bond counsel's opinion as set forth in Initial and Final Resolution No. 08-0013.

¹ California Code of Regulations Title 10, Chapter 8, Article 3, §6070

POCINO FOODS COMPANY

Bond Amount: \$3,665,000 TE

\$60,000 TX

City of Industry (Los Angeles County)

Application No. 08-0013

August 27, 2008

STAFF SUMMARY – CIDFAC

Prepared by: *Deanna Hamelin*

ISSUE:

On behalf of 2400 Company, LLC (the Borrower) and Pocino Foods Company (the Company or User), the California Enterprise Development Authority (CEDA or the Issuer) requests approval of the Initial and Final Resolution No. 08-0013 for an amount equal to \$3,665,000 in tax-exempt bonds and \$60,000 in taxable bonds and Allocation Resolution No. 08-0013A for an amount equal to \$3,665,000 in tax-exempt IDB allocation. Bond proceeds will be used for the acquisition and installation of equipment and improvements to an existing facility.

BORROWER/USER:

The Borrower and the User were organized or incorporated in the State of California on October 29, 2004 and September 1965, respectively.

The Company manufactures prepared meats and poultry products, which are distributed to retail, foodservice, and institutional markets. In addition, products are manufactured for private labels and custom formulation. The Company manufactures products such as roast beef, sausage, pastrami, corned beef, pizza toppings, sliced meats, bacon, prime rib, and prepared meals that are ready-to-eat with minimal cooking.

The Company’s products are marketed under the following brand names: F. Pocino & Sons Premium Deli Products, Pocino Deluxe, Meals in Minutes™, Deli King, and Smoke Bar Ranch. The Company’s customers include Smart & Final, Subway, Ralph’s Markets, and Safeway Markets.

Legal Questionnaire. Staff reviewed the Borrower’s/User’s responses to the questions contained in the Legal Status portion of the Application. They did not disclose any information that raises questions concerning the financial viability or legal integrity of the Company.

Prior Actions and Financings. Prior Action/Financing is listed below.

Description	Date of Bond Issue	Original Amount	Outstanding Amount
Pocino Foods Company	June 1, 2006	\$4,000,000 TE \$1,500,000 TX	\$4,000,000 TE \$1,275,000 TX

PROJECT INFORMATION:

For 32 years, the Company’s production, sales, and administrative operations have been located in a 60,000 square foot building in the City of Industry. Due to an increase in production and sales, the facility at the Project site needs infrastructure upgrades and improvements, and new equipment designed to meet current and future food industry processing standards. Bond proceeds will be used to acquire and install new meat processing equipment including cutting and sorting tables, ovens, and slicing and packaging equipment. In addition, proceeds will be used for certain improvements to the existing facility, which will consist of upgrades to electrical, drainage and ventilation systems.

The following is an estimate of the application of the tax-exempt bond proceeds for the Project:

Rehabilitation of Existing	
Buildings	\$1,400,000
Acquisition and Installation	
Of New Equipment	\$2,111,700
Engineering/Architecture.....	\$65,000
Legal/Permits	\$15,000
Bond Issuance Expenses	<u>\$73,300</u>
Total:	<u>\$3,665,000</u>

Anticipated Timeline. The Project will commence soon after the issuance of the bonds and is expected to be completed in 18-24 months.

Status Of Permit/Other Required Approvals:

- On July 7, 2008, CEDA executed a Declaration of Official Intent for the Project.
- A TEFRA hearing was held by the City of Industry on July 24, 2008. The City noticed and approved the issuance of tax-exempt and taxable bonds in an amount not to exceed \$9,000,000.
- On July 25, 2008, CEDA adopted a reimbursement resolution in an amount not to exceed \$9,000,000 in tax-exempt IDBs for the Project.
- The Project involves improvements to an existing building on land that is zoned for industrial and manufacturing uses. No land use or zoning approvals or permits are required to accommodate the Project Sponsor’s operations. Attachment A is letter from the City of Industry which confirms that no land use or zoning approvals or additional permits are required to accommodate the facility.

STATUTORY CRITERIA: 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Staff has awarded points based on its evaluation of the Project under CDLAC guidelines. Not all statutory criteria are part of the CDLAC point scheme.

- 1) **PUBLIC BENEFITS:** Staff assigned a total of 49 verifiable points to the Project as detailed below:

Community Economic Need (20 points):

Unemployment Rate of the Project Area (5 points): The unemployment rate of the county sub-area in which the project is located is 8.6%, which is 159.3% of the statewide rate of 5.4%

Poverty Rate of Project Area (5 points): The poverty rate for this Project area is 13.68%, which is 129.1% of the statewide rate of 10.6%.

Special Designation Area (5 points): The Project is located in the Redevelopment Project Area 3 within the City of Industry.

Median Family Income (5 points): The Project is located in the City of Industry, census tract 4082.02, where the average median family income is \$35,167. Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 66.3% of the statewide average.

Employment Benefits (Job Retention = 15 points): The Company currently employs 84 direct, full-time workers. The Company represents that it will retain all 84 positions and create 16 additional direct, full-time jobs within two years of the Project's completion. In addition, the Company provided a letter from Jeff Parriott, Council Member of the City of Industry, in which Mr. Parriott states that "...at various times, Pocino has seriously considered locating its operations outside of California, evaluating sites in Nevada, Arizona, Utah, and Iowa. Without IDB financing for Pocino's project, the City and the State of California would be in danger of losing the jobs currently at Pocino and forsaking the future jobs Pocino is expected to create." (See Attachment A.) In its 2006 application, the Company represented that it would create six direct, full-time employees within two years of project completion. In its May 2006 report to the Commission, staff reported the following award of points based upon the creation of additional jobs:

"Employment Benefits (Job Creation-10 points): The Company currently employs 84 direct full time employees, two direct part time employees and 87 full-time contracted and/or leased employees through the Intertec employment agency located in El Monte, California. The Company will retain its current workforce and anticipates creating six new direct skilled/semi-skilled positions within two years of completion of the Project. The retention of current direct jobs and the creation of additional direct jobs translate into a ratio of one job for every \$43,956 in bond proceeds."

However, as the company indicated in its 2008 application, it did not create these six additional direct, full-time jobs. Attachment B is a letter from the Company which explains that, for various reasons, the Company has instead hired 12 additional leased employees. Based upon the Company's explanation of its hiring practices and based upon information provided in the 2008 application, staff awarded 15 points for job retention. Note that, even if credit was given for job creation, the number of points awarded would still be 15.

Welfare-to-Work Plan (0 points): No information was provided that indicated that the Company plans on participating in a Welfare-to-Work program.

Health Care Benefits (3 points): The Company provided documentation that it contributes to the medical insurance for 64 of its 84 employees. The contribution translates into an average of \$252 per month toward the health care benefits for each employee. The uncovered employees opted out of the Company’s health care plan for personal reasons.

Average Hourly Wage (5 points): The Company’s average hourly wage is \$28.23, while the Metropolitan Statistical Area (MSA) for the City of Los Angeles has an average manufacturing wage of \$14.89. Therefore, the Company’s average hourly wage is 190% of the average manufacturing wage for the nearby Los Angeles area.²

Land Use/Energy Efficiency/Public Transit Corridor (5 points):

Land Use (0 points): This Project does not involve the reuse of a vacant or abandoned building or vacant land.

Energy Efficiency (0 points): The Borrower/User did not provide information regarding the Project’s energy efficiency.

Public Transit Corridor (5 points): The Company provided verification that the Project site is within two blocks of a Foothill Transit District route 482 bus stop.

Leveraging (1 point): The total Project cost is \$3,725,000. The Company will borrow \$3,665,000 in the form of tax-exempt bonds. The remaining Project costs will be financed with taxable bonds.

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** This Project does not involve relocation. The Company will remain at its current location in the City of Industry.
- 3) **QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based on the proposed financial structure and the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds issued in connection with the Project will: (a) be adequately secured; (b) be fair, just, and equitable to a purchaser of the bonds; and (c) not defraud the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior issuance.

² The Project Area is located in the City of Industry. However, the Employment Development Department (EDD) Labor Market Information Division does not collect and publish manufacturing wage data for the City of Industry. Therefore, Staff used data from the closest and most comparable MSA, which is the Los Angeles MSA.

FINANCING DETAILS:

The ~~b~~Bonds will be sold in a public offering. The ~~b~~Bonds will be variable rate, repayable over a period up to 30 years and will be secured by an irrevocable Letter of Credit issued by City National Bank. The issue is expected to carry City National Bank’s Fitch rating, which is A-/F1.

This financing will include the refunding of \$4,000,000 in tax-exempt and ~~\$1,500,000 \$1,275,000 balance~~ in taxable IDBs that were originally issued on June 1, 2006 by the California Infrastructure and Economic Development Bank (I-Bank). ~~The current outstanding balances are \$4,000,000 and \$1,275,000.~~ The 2006 bonds combined with the new ~~B~~bonds will result in a transaction totaling \$9,000,000, which will be enhanced in its entirety by one direct-pay letter of credit issued by City National Bank. The Company will request CIDFAC approval of the refunding at the scheduled September 24, 2008 Commission meeting, which is prior to anticipated bond issuance date.

CIDFAC FEES:

In accordance with CIDFAC regulations, the Borrower has paid or will pay CIDFAC an application fee of \$1,250 and a closing fee of up to \$9,312.50.³

FINANCING TEAM:

Issuer: CEDA
Bond Counsel: Kutak Rock LLP
Underwriter: Gates Capital Corporation
Financial Advisor: Growth Capital Associates, Inc.
Credit Enhancement Provider: City National Bank

RECOMMENDATION:

Staff recommends approval of Initial and Final Resolution No. 08-0013 for an amount equal to \$3,665,000 in tax-exempt bonds and \$60,000 in taxable bonds and Allocation Resolution No. 08-0013A for an amount equal to \$3,665,000 in tax-exempt IDB allocation for the Issuer for the Pocino Foods Company Project. Staff’s recommendation is subject to staff analysis and approval of final bond documents and receipt of bond counsel’s opinion as set forth in Initial and Final Resolution No. 08-0013.

³ California Code of Regulations Title 10, Chapter 8, Article 3, §6070

INITIAL AND FINAL RESOLUTION
OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
INDUSTRIAL DEVELOPMENT BONDS
IR/FR #: 08-0013

WHEREAS, the California Enterprise Development Authority (the “Applicant”) has transmitted the application of 2400 Company, LLC, Pocino Foods Company and/or an established or to be established related or affiliated entity (the “Project Sponsor”) for the issuance of \$3,665,000 in tax exempt bonds and \$60,000 in taxable bonds under the provisions of the California Industrial Development Financing Act, and has transmitted said application to the California Industrial Development Financing Advisory Commission (the “Commission”) and the information necessary to permit review of said application by the Commission, and has informed the Commission that it has adopted a resolution declaring its intention to issue such bonds and that the City of Industry has held a public hearing regarding the issuance of the bonds and has approved the issuance of the bonds by the Applicant; and

WHEREAS, the Commission has reviewed the application and the materials submitted with the application.

NOW, THEREFORE, the Commission resolves as follows;

Section 1. The Commission, based on its review of the application and the information submitted therewith, does determine that:

(a) the public benefits from the Project described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the total principal amount of \$3,665,000; and

(b) use of the Project described in the application and the operation of the facility described in the application are reasonably necessary to prevent the relocation of substantial operations of the Project Sponsor from an area within the State of California to an area outside of the State of California.

Section 2. The Commission conditionally finds that the proposed issuance of the bonds qualifies under the provisions of Article 5 of Title 10 of the Government Code, and further finds that:

(a) the bonds will be adequately secured and the funds available to the Applicant will be sufficient to pay the principal of and interest on the bonds to be issued; and

(b) based on its review of the preliminary material submitted to it and as provided for under Government Code Section 91571, the proposed issuance will be fair, just and equitable to a purchaser of the bonds, and that the bonds proposed to be issued and the methods to be used by the Authority in issuing them will not be such as will work a fraud upon the purchaser thereof.

Section 3. The Commission determines that it is appropriate to the proposed transaction that the qualification of the proposed issuance be subject to the following conditions:

(a) the Bond Counsel Opinion, when ready for execution, shall be submitted to Commission staff;

(b) the final legal documents, when ready for execution, shall be submitted to Commission staff for its review. Submitted documents shall include:

- (i) Indenture,
- (ii) Loan Agreement,
- (iii) Bond Purchase Contract,

- (iv) Official Statement,
- (v) Remarketing Agreement, and;
- (vi) Tax Certificate and Agreement
- (vii) Other documents which, in the opinion of Commission staff, are necessary to the review of the transaction;

(c) the Commission staff shall determine that the final documents associated with the transaction have been developed in form and content substantially similar to the representations in the application on which are based the findings under Section 2. above;

(d) the bonds, when issued, are within the maximum limitation of bonds authorized in the California Industrial Development Financing Act (Section 91573(a) of California Government Code);

(e) the Commission shall receive all applicable fees prior to the issuance of the bonds, unless the bond documents indicate that such fees are to be paid from the proceeds of the bonds; and

(f) the Project Sponsor agrees to comply with Section 91533(l) of the Government Code relating to the payment of prevailing wages.

Section 4. This Resolution shall cease to be effective if the above-described bonds have not been issued within six months after the date of adoption of this Resolution.

Section 5. In compliance with the provision of the California Industrial Development Financing Act (Section 91754 California Government Code), the qualification of the proposed bond issue by this resolution is permissive only, and does not constitute a recommendation or endorsement of the bonds so qualified by the Commission.

**THE CALIFORNIA INDUSTRIAL DEVELOPMENT
FINANCING ADVISORY COMMISSION
RESOLUTION NO. 08-0013A
RESOLUTION TRANSFERRING A PORTION OF THE 2008 STATE CEILING
FOR QUALIFIED PRIVATE ACTIVITY BONDS FOR A
SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT**

WHEREAS, that the California Debt Limit Allocation Committee (“CDLAC”) awarded allocation to the California Industrial Development Financing Advisory Commission (the “Commission”) for the purpose of awarding a portion of the allocation to local and State issuers; and

WHEREAS, the Commission has the authority to transfer a portion of its allocation to local and State issuers; and

WHEREAS, the Commission has received an application (“Application”) from the California Enterprise Development Authority (“Applicant”) requesting a transfer to the Applicant of a portion of the 2008 State Ceiling on Qualified Private Activity Bonds (the “State Ceiling”) under Section 146 of the Internal Revenue Code of 1986, as amended, for use by the Applicant to issue bonds or other obligations (“Bonds”) for a project as specifically described in Exhibit A (“Project”) (capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Procedures of the CDLAC Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (“CDLAC’s Procedures”)); and

WHEREAS, the Project Sponsor (as defined in Exhibit A) has represented certain facts and information concerning the Project in the Application, which the Applicant has confirmed; and

WHEREAS, in evaluating the Project and potential allocation of a portion of the State Ceiling to the Applicant for the benefit of the Project, the Commission has relied upon the

written facts and information provided in the Application and otherwise by the Project Sponsor and the Applicant; and

WHEREAS, it is appropriate for the Commission to make a transfer of a portion of the State Ceiling (“Allocation”) in order to benefit the Project described in the Application.

NOW, THEREFORE, the California Industrial Development Financing Advisory Commission resolves as follows:

Section 1. There will be a transfer to the Applicant an amount of the State Ceiling equal to \$3,665,000. Such Allocation may be used only by the Applicant and only for the issuance of Bonds for the Project, as specifically described in Exhibit A. All of the terms and conditions of Exhibit A are incorporated as though fully set forth herein (this resolution, together with Exhibit A, hereinafter referred to as the “Resolution”).

Section 2. The terms and conditions of this Resolution shall be incorporated in appropriate documents relating to the Bonds, and the Project Sponsor, the Applicant and their respective successors and assigns will be bound by such terms and conditions.

Section 3. Any modification to the Project made prior to the issuance of the Bonds must be reported to the Executive Director and, if the Executive Director determines such modification to be material in light of the Commission’s Procedures, such modification shall require reconsideration by the Commission before the Allocation may be used for the Project. Once the Bonds are issued, the terms and conditions set forth in this Resolution shall be enforceable by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. The Commission may, as circumstances warrant, consent to changes in the terms and conditions set forth in this Resolution in the event the Commission is advised of changes in the Project.

Section 4. Prior to the issuance of the Bonds, any material changes in the structure of the credit enhancement and not previously approved by the Commission shall require approval of the Commission Chair or the Executive Director.

Section 5. The Applicant is not authorized to use the Allocation transferred hereby to make a carryforward election with respect to the Project. The Applicant is not authorized to transfer the Allocation to any governmental unit in the State other than this Commission.

Section 6. The potential Allocation transferred herein shall automatically revert to this Commission unless the Applicant has issued Bonds for the Project by the close of business within 90 days of the award of Allocation. In the case of extreme hardship, the Executive Director may extend this date by up to five (5) business days.

Section 7. Within twenty-four (24) hours of using the Allocation to issue the Bonds, the Applicant shall notify the Commission's staff and CDLAC's staff in writing (which may be by electronic or facsimile communication) that the Allocation has been used. Each notification to the Commission and to CDLAC shall identify the Applicant, the project or program, the date the Allocation was used, and the amount of the Allocation used.

Section 8. Within fifteen (15) calendar days of the issuance of the Bonds, the Applicant or its counsel shall formally transmit to CDLAC information regarding the issuance of the Bonds by submitting, in a form prescribed by and made available by CDLAC a completed Report of Action Taken.

Section 9. Any differences between the amount of Bonds issued and the amount of the Allocation granted in Section 1 of this Resolution shall automatically revert to the Commission. If at any time prior to the expiration date set forth in Section 6 of this Resolution the Applicant determines that part or all of the Allocation will not be used to issue Bonds by that date,

the Applicant shall take prompt action by resolution of its governing board or by action of its authorized officer to return such unused Allocation to the Commission.

Section 10. The staff of the Commission is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain, for the term of the Bonds, a copy of this Resolution in the Applicant's official records. The Commission staff is further directed to retain a copy of this Resolution in the files of the Commission (or any successor thereto) for the same period of time.

Section 11. In consideration of the potential Allocation to be transferred to the Applicant and the Project Sponsor, the Applicant and the Project Sponsor shall comply with all of the terms and conditions contained in this Resolution and ensure that these terms and conditions are included in the documents related to the Bonds. Further, the Applicant and the Project Sponsor expressly agree that the terms and conditions of this Resolution may be enforced by the Commission through an action for specific performance or any other available remedy, provided however, that the Commission expressly agrees not to take such action or enforce any such remedy that would be materially adverse to the interests of the Bondholders. In addition, the Applicant and the Project Sponsor shall ensure that the Bond documents, as appropriate, expressly provide that the Commission is a third party beneficiary of the terms and conditions set forth in this Resolution.

Section 12. The Project Sponsor or its successor-in-interest shall provide certifications of compliance with the terms and conditions set forth in this Resolution when reasonably requested by the Commission.

Section 13. This Resolution shall take effect upon its adoption.

EXHIBIT A

**RESOLUTION NO: 08-0013A
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: CEDA
2. Application No.: 08-0013
3. Project Sponsor: 2400 Company, LLC, Pocino Foods Company, and/or an established or to be established related or affiliated entity
4. Project User: Pocino Foods Company, and/or an established or to be established related or affiliated entity
5. Project Name: Pocino Foods Company Project
6. Address: 14250 Lomitas Avenue
Location: City of Industry, CA 91746
County: Los Angeles County
7. Amount of Allocation: \$3,665,000
8. The Project Sponsor has represented that it reasonably expects the User will use its best efforts to achieve the following within two years of the completion of the Project:
 - The retention of 84 direct, full-time positions.

Attachment A

P.C



CITY OF INDUSTRY

Incorporated June 18, 1957

July 22, 2008

Ms. Paula Connors
Executive Director
California Enterprise Development Authority
550 Bercut Drive, Suite G
Sacramento, CA 95814

Re: Pocino Foods Company Project

Dear Ms. Connors:

The City of Industry is pleased that Pocino Foods Company has made the commitment to undertake the substantial capital investment necessary to improve and expand its manufacturing operations in our community. Having been located on Lomitas Avenue for over 30 years, Pocino is one of the oldest businesses in the City. While there is constant pressure to consider expanding outside of California where operating costs are often lower, the choice Pocino had made to stay in the City of Industry is another demonstration of the company's long-term commitment to its workforce and supporting the economic vitality of the local community.

The availability of low-interest rate IDB financing was an important factor in Pocino's decision to undertake this investment in new equipment and upgraded facilities. We encourage the California Enterprise Development Authority (CEDA) and California Industrial Development Financing Advisory Commission to approve Pocino's application for IDB financing as quickly as possible to avoid any possible delays with the project and future expansion plans. For our part, the City will be conducting the required TEFRA hearing and joining CEDA as an Associate Member to facilitate this IDB financing.

Pocino will be undertaking this project at its current processing facility located at 14250 Lomitas Avenue. This facility is zoned for industrial and manufacturing uses. No zoning or land use approvals are required to accommodate Pocino's operations.

The food processing business cluster is a critical element in our regional economy. This cluster provides permanent "core" jobs that pay higher than average wages and, perhaps more importantly, provide training, skills and advancement opportunities for low-skilled workers. The quality jobs provided by Pocino would be very difficult to replace should the company move elsewhere.

P.O. Box 3366, City of Industry, California 91744-0366 • Administrative Offices: 15625 E. Stafford St. • (626) 333-2211 • Fax (626) 961-6795

Attachment A

JUL 24 2008 12:40PM Growth Capital HSSO.

310-453-8194

p.3

Ms. Paula Connors
July 22, 2008
Page Two

At various times Pocino has seriously considered locating its operations outside of California, evaluating sites in Nevada, Arizona, Utah and Iowa. Pocino estimates that these locations could have produced significant operations savings. The availability of more cost effective IDB financing was an important factor in the company's decision to maintain and expand its operations in California. Without IDB financing for Pocino's project, the City and the State of California would be in danger of losing the jobs currently at Pocino and forsaking the future jobs Pocino is expected to create. Furthermore, at a minimum, the absence of lower cost IDB financing will place Pocino at a competitive disadvantage compared to meat processing companies located in other states.

As a result, we strongly encourage the California Enterprise Development Authority and the California Industrial Development Financing Advisory Commission to take the retention of Pocino's current workforce and potential for new positions into consideration as their request for IDB financing is evaluated.

Please do not hesitate to call if you have any questions.

Sincerely,



Jeff Parriott
Council Member

JP:cg

Attachment B

Pocino Foods Company
14250 Lomitas Avenue
City of Industry, California 91746
Telephone: (626) 968-8000 - Fax: (626) 968-0196

August 13, 2008

Ms. Eileen Marxen
Deputy Executive Director
California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 457
Sacramento, CA 95814

Re.: Pocino Foods Company

Dear Ms. Marxen:

This letter is in response to your request for clarification regarding the number of new employees hired by Pocino Foods Company (the "Company") in connection with the bond issue completed by the Company in 2006. When the Company initially filed its application for bond financing in 2006, our expectation was that the Company would hire an additional six employees within two years after the completion of the project. As you know from our current request for additional bond financing, the Company utilizes leased employees extensively. While our intent has been and continues to be to increase the number of employees working for the Company, I wanted to give you a little background on how our hiring process.

During the process of completing the extensive improvements to our facility, our internal staff resources have been stretched thin. To properly undertake the hiring of new employees, an extensive amount of work is involved and our human resources staff is understaffed at this time. With the complicated regulatory process and employer risks that exist in California, employers must be extremely diligent in hiring new employees. We have relied on an outside agency to identify and screen skilled workers for our production jobs. Increasingly, many companies cannot afford to undertake the extensive background checks, residency verification, health screening and the myriad other considerations in hiring new employees. Through our outside employment agency, we have hired an additional 12 employees since January 2007. Our total employee count has increased by 12 people since the completion of our 2006 bond issue and our total labor costs have increased accordingly. We believe that while the new hires have been leased employees, the Company has effectively employed 12 additional California residents who may have been previously unemployed or under-employed. Detailed below is a list of the individuals hired and their corresponding start dates.

<u>Name</u>	<u>Date Started</u>
Cesar Jaimes	01/25/2007
Alberta Corona	01/26/2007
Marlene Solis	05/15/2007
Ma Del Refugio Lopez	08/14/2007
Joel Montelongo	08/27/2007

Attachment B

Maria Avalos	08/29/2007
Marina Campos	12/06/2007
Irma Virgen Salazar	01/16/2008
Aixa Aleman	02/27/2008
Rafael Lopez	02/18/2008
Germain Alday	03/04/2008
Alejandro Lopez-Pardo	06/06/2008

Many of our leased employees have been with the Company for many years and there is a strong association between the Company and the employee. For them most part, the employees do not view themselves any differently than the Company's employees and all employees are treated equally. The only real difference is that for leased employees, their compensation is paid by another organization. Their compensation and benefits are essentially the same as those of Company employees. In fact, the cost of leased employees is in excess of the cost of Company employees. However, the initial leasing of employees affords the Company greater flexibility to more efficiently hire new workers and effectively respond to customer needs.

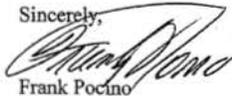
Many of our own employees were previously leased employees. After a period of time, the Company is able to effectively evaluate the skills of the leased employee and insure that they are well suited for the position. In many cases, the Company elects to hire the leased employee directly when it meets the needs of the Company and the employee. In addition, as the Company's sales grow, additional management personnel will be hired as Company employees. However, this hiring process may take longer while production and sales are increasing.

I also wanted to give you an update on our project which may also help you understand our need for flexibility in the hiring of new workers. While we have diligently proceeded with the completion of the project we funded with the proceeds of the 2006 bond issue, the entirety of the work has not been completed. During the course of the project, we realized that we needed to expand the breadth of the project if we are to remain competitive and meet the needs of our clients. We considered relocating a new facility outside of the State to accommodate the additional production capacity but ultimately decided on the expansion which we hope to fund with the additional bonds to be approved by your agency this month. Some of our future growth is driven by the growth of our sales to the fast food industry. With low margins and critical time demands, we have to respond quickly to our client's needs. Leased employees provide us with a quick solution to these constraints. In the end, the Company is responsible for the hiring of new employees and contributes to employment growth in the State.

I hope that this information is helpful to you in understanding our business and hiring process. We have made a significant capital commitment in the State and hope to be a viable employer of many new workers in the years to come. We sincerely appreciate your support of our project.

Please do not hesitate to contact me if you have any additional questions regarding this matter.

Sincerely,



Frank Poccino