

**CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION
INDUSTRIAL DEVELOPMENT BONDS
Meeting Date: September 24, 2008
Request for Approval of Tax Exempt Bond Allocation**

Prepared by: *Deanna Hamelin*

Issuer:	California Infrastructure and Economic Development Bank (I-Bank)	Amount Requested:	\$10,000,000 TE
Borrower:	Betts Spring Company, Inc. and/or an affiliate	Application No.:	08-0016
User:	Betts Spring Company, Inc. and/or an affiliate	IR & FR No.:	08-0016
Location:	City of Fresno(Fresno County)	Allocation Resolution No.:	08-0016A

Borrower/User/Background: Betts Spring Company, Inc. (the Borrower or the User or the Company) was incorporated in California in April 1868. The Company is owned by William Michael Betts IV (68%) and William Michael Betts V (29%) along with other shareholders with less than 10% ownership each.

The Company serves its customers through three divisions: the Spring Manufacturing division, which specializes in custom suspension and industrial spring application solutions; the Truck Parts and Service division, which serves national and regional trucking fleets via multiple warehouse distribution and service centers; and, the Vehicle Component Manufacturing division, which builds patented manufactured Original Equipment truck components. The Company owns and operates two manufacturing facilities within the state – the Spring Manufacturing facility, currently located in San Leandro, and the Vehicle Component Manufacturing facility in Fresno.

Its major customers include Freightliner, Volvo/Mack, PACCAR, Navistar, Fleet Pride, UPS, and Schneider.

Project Information: The Company is relocating its Spring Manufacturing facility from the City of San Leandro to the City of Fresno in an effort to consolidate this facility with its Vehicle Component Manufacturing facility. The Project site has been owned by the Company for approximately 18 years. Bond proceeds will be used to construct a new, 120,000 square-foot building to house the Spring Manufacturing facility and the Company’s headquarters offices, which will occupy 11,000 square feet. In addition, bond proceeds will be used to acquire and install new equipment, including CNC spring coilers, industrial furnaces and grinders.

Anticipated Timeline: Building construction began in November 2007, and the Company anticipates it will be completed in October 2008. The purchase of the new equipment began earlier this year and is expected to be completed by October 31, 2008. The Company expects to begin its move to the new Fresno facility in January 2009.

Prior Actions/Financing: None.

Statutory Criteria: 1) Public Benefits, 2) Relocation, and 3) Bond Issue Qualification: Staff 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 33 verifiable points, none of which were awarded for job creation or job retention. The Company stated that it expects 10 to 15 employees currently working in San Leandro to relocate to the Fresno facility but that, nonetheless, the relocation will result in the elimination of approximately five jobs. However, the Company also represents that it expects to create an additional 35 jobs within two years of Project completion, which will result in a net gain of 30 new, direct full-time jobs.

RELOCATION OF COMPANY OPERATIONS (No point evaluation required): The Company is relocating from the City of San Leandro in order to consolidate manufacturing and support operations in the City of Fresno. The Company provided a letter from John Jermanis, City Manager of San Leandro, in which he acknowledges the Company’s relocation and states that the City does not object to the issuance of bonds for this Project. (See Attachment A.)

With respect to the Company’s relocation, the applicant wrote, in part: “In an effort to remain competitive against increasingly global competition, Betts Spring Company is consolidating, expanding, and modernizing its manufacturing facilities in Fresno. This will lead to the Company ceasing manufacturing operations at its current San Leandro facility. The Company will attain broader scale in its historically core business by co-locating the enhanced Spring Manufacturing and Vehicle Component Manufacturing operations in the Fresno area...The Company has no excess land in San Leandro CA to expand its existing facilities and operations and found the cost to develop infrastructure in San Leandro to be significantly in excess of comparable sites in locations such as Fresno CA. In addition, the general cost of living, and residential housing cost specifically, has resulted in Company employees being forced to live further and further away from their place of employment. Many of the Company’s employees live more than fifty (50) miles from San Leandro, creating financial and emotional hardship for the employees and their families. The Company believes strongly in conducting business in locales where employees can live in the community where they work.”

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 Project, staff believes that the bonds: (a) will be adequately secured; (b) will be fair, just and equitable to a purchaser of the bonds; and (c) will not defraud the bond purchaser. Staff’s final determination of qualification of the bonds will be subject to its review of the bond documents.

Status Of Permit/Other Required Approvals:

- On January 24, 2007, the Executive Director of the I-Bank executed a reimbursement certificate to induce the Project in an amount not to exceed \$10,000,000 in tax-exempt bonds. The I-Bank will hear a request for approval of a Final Resolution at its October 28, 2008 meeting.

Agenda Item – 4.B.1.

- The I-Bank held a TEFRA hearing for the Project on August 1, 2008.
- The Company provided a letter from Nick Yovino, Director of the City of Fresno’s Planning and Development Department, in which he states that the facility currently complies with the local zoning requirements and no additional local approvals are necessary for the completion of the construction. (See Attachment B.)

Financing Details: The tax-exempt IDBs will be sold by Banc of America Securities, LLC to institutional investors in a public offering. The bonds will be variable rate bonds secured by an irrevocable Direct-Pay Letter of Credit issued by Bank of America, N.A., which has a Standard and Poor’s rating of AA+/A-1+. A “no-tie” letter has been provided (see Attachment C).

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 \$25,000.~~⁺

Financing team:

Issuer: I-Bank
Bond Counsel: Ronald Lee, Esq.
Bond Underwriter: Banc of America Securities, LLC
Credit Enhancement Provider: Bank of America, N.A.

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 Company.

Recommendation: Staff recommends approval of Initial and Final Resolution No. 08-0016 for an amount equal to \$10,000,000 in tax-exempt bonds and Allocation Resolution No. 08-0016A for an amount equal to \$10,000,000 in tax-exempt IDB allocation for the Issuer for the 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. 08-0016.

BETTS SPRING COMPANY, INC.

Bond Amount: \$10,000,000 TE

City of Fresno(Fresno County)

Application No. 08-0016

September 24, 2008

STAFF SUMMARY – CIDFAC

Prepared by: *Deanna Hamelin*

ISSUE:

On behalf of Betts Spring Company, Inc., and/or an affiliate, the California Infrastructure and Economic Development Bank (I-Bank or the Issuer) requests approval of the Initial and Final Resolution No. 08-0016 for an amount equal to \$10,000,000 in tax-exempt bonds and Allocation Resolution No. 08-0016A for an amount equal to \$10,000,000 in tax-exempt IDB allocation. Bond proceeds will be used for the construction of a new building and acquisition and installation of new equipment, for the manufacturing and finishing of leaf, coil, and wire springs by Betts Spring Company, Inc.

BORROWER/USER:

Betts Spring Company, Inc. (the Borrower or the User or the Company) was incorporated in California in April 1868. The Company is owned by William Michael Betts IV (68%) and William Michael Betts V (29%) along with other shareholders with less than 10% ownership each.

The Company serves its customers through three divisions: the Spring Manufacturing division, which specializes in custom suspension and industrial spring application solutions; the Truck Parts and Service division, which serves national and regional trucking fleets via multiple warehouse distribution and service centers; and, the Vehicle Component Manufacturing division, which builds patented manufactured Original Equipment truck components. The Company owns and operates two manufacturing facilities within the state – the Spring Manufacturing facility, currently located in San Leandro and the Vehicle Component Manufacturing facility in Fresno.

Its major customers include Freightliner, Volvo/Mack, PACCAR, Navistar, Fleet Pride, UPS, and Schneider.

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

Prior Actions and Financings. None.

PROJECT INFORMATION:

The Company is relocating its Spring Manufacturing facility from the City of San Leandro to the City of Fresno in an effort to consolidate this facility with its Vehicle Component Manufacturing facility. The Project site has been owned by the Company for approximately 18 years. Bond proceeds will be used to construct a new, 120,000 square-foot building to house the Spring Manufacturing facility and the Company’s headquarters offices, which will occupy 11,000 square feet. In addition, bond proceeds will be used to acquire and install new equipment, including CNC spring coilers, industrial furnaces and grinders.

The following provides estimates of how the bond proceeds will be spent:

Construction of New	
Building(s)	\$7,350,000
Acquisition and Installation	
Of New Equipment	\$2,450,000
Bond Issuance Expenses	<u>\$200,000</u>
Total:	<u>\$10,000,000</u>

Anticipated Timeline. Building construction began in November 2007, and the Company anticipates it will be completed in October 2008. The purchase of the new equipment began earlier this year and is expected to be completed by October 31, 2008. The Company expects to begin its move to the new Fresno facility in January 2009.

Status Of Permit/Other Required Approvals:

- On January 24, 2007, the Executive Director of the I-Bank executed a reimbursement certificate to induce the Project in an amount not to exceed \$10,000,000 in tax-exempt bonds. The I-Bank will hear a request for approval of a Final Resolution its October 28, 2008 meeting.
- The I-Bank held a TEFRA hearing for the Project on August 1, 2008.
- The Company provided a letter from Nick Yovino, Director of the City of Fresno’s Planning and Development Department, in which he states that the facility currently complies with the local zoning requirements and no additional local approvals are necessary for the completion of the construction. (See Attachment B.)

STATUTORY CRITERIA: 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Staff 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 33 verifiable points to the Project as detailed below:

Community Economic Need (20 points):

Unemployment Rate of the Project Area (5 points): The 2007 unemployment rate of the county sub-area in which the Project is located is 8.0%, which is 148% of the 2007 statewide rate of 5.4%.

Poverty Rate of Project Area (5 points): The poverty rate for this Project area is 22.83%, which is 215.4% of the statewide rate of 10.6%.

Special Designation Area (5 points): The Project is located in a state-designated Enterprise Zone.

Median Family Income (5 points): The Project is located in the City of Fresno, census tract 12.02, where the average median family income is \$24,809. Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 46.8% of the statewide average.

Employment Benefits (Job Creation and Retention = 0 points) The Company currently employs 210 direct, full-time workers in California. With the Company's relocation from the City of San Leandro to the City of Fresno, and the subsequent consolidation of the respective manufacturing operations, the Company will have a net job loss of five positions. However, within two years of the Project's completion, the Company represents that it will create 35 additional jobs. That will produce a net gain of 30 direct, full-time employees.

Welfare-to-Work Plan (0 points): No information was provided to indicate the Company is participating in a Welfare-to-Work program.

Health Care Benefits (5 points): The Company provided documentation that it contributes to the medical, vision, and dental insurance for 185 of its 210 employees. The contribution translates into an average of \$364 per month toward the health care benefits for each employee. The remaining 25 employees have opted out of coverage. The Company will only permit an employee to opt out of coverage with proof of spousal coverage.

Average Hourly Wage (0 points): The Company's average hourly wage is \$14.55, while the Metropolitan Statistical Area (MSA) for the Bakersfield area has an average manufacturing wage of \$16.33. Therefore, the Company's average hourly wage for its Fresno facility is 89.07% of the average manufacturing wage for the nearby metropolitan area.¹

¹ The Project Area is located in the City of Fresno. However, the Employment Development Department (EDD) Labor Market Information Division does not collect and publish manufacturing wage data for the City of Fresno. Therefore, Staff used data from the closest and most comparable MSA, which is the Bakersfield MSA.

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

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

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 a public transit corridor. The Fresno Area Express (FAX) bus route 41 runs approximately ¼ of a mile from the Project site.

Leveraging (3 points): The total Project cost is \$12,200,000. The Company will borrow \$10,000,000 in the form of tax-exempt IDB financing. The remaining Project costs will be covered by Company equity and conventional financing.

2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):**

The Company is relocating from the City of San Leandro in order to consolidate manufacturing and support operations in the City of Fresno. The Company provided a letter from John Jermanis, City Manager of San Leandro, in which he acknowledges the Company’s relocation and states that the City does not object to the issuance of bonds for this Project. (See Attachment A.)

With respect to the Company’s relocation, the applicant wrote, in part: “In an effort to remain competitive against increasingly global competition, Betts Spring Company is consolidating, expanding, and modernizing its manufacturing facilities in Fresno. This will lead to the Company ceasing manufacturing operations at its current San Leandro facility. The Company will attain broader scale in its historically core business by co-locating the enhanced Spring Manufacturing and Vehicle Component Manufacturing operations in the Fresno area...The Company has no excess land in San Leandro CA to expand its existing facilities and operations and found the cost to develop infrastructure in San Leandro to be significantly in excess of comparable sites in locations such as Fresno CA. In addition, the general cost of living, and residential housing cost specifically, has resulted in Company employees being forced to live further and further away from their place of employment. Many of the Company’s employees live more than fifty (50) miles from San Leandro, creating financial and emotional hardship for the employees and their families. The Company believes strongly in conducting business in locales where employees can live in the community where they work.”

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 that the bonds issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not defraud the bond purchaser. Staff’s final determination of qualification of the bonds will be subject to staff’s review of the bond documents.

FINANCING DETAILS:

The tax-exempt IDBs will be sold by Banc of America Securities, LLC to institutional investors in a public offering. The bonds will be variable rate bonds secured by an irrevocable Direct-Pay Letter of Credit issued by Bank of America, N.A., which has a Standard and Poor’s rating of AA+/A-1+. A “no-tie” letter has been provided (see Attachment C).

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 \$25,000.~~²

FINANCING TEAM:

Issuer: I-Bank
Bond Counsel: Ronald E. Lee
Bond Underwriter: Banc of America Securities, LLC
Credit Enhancement Provider: Bank of America, N.A.

RECOMMENDATION:

Staff recommends approval of Initial and Final Resolution No. 08-0016 for an amount equal to \$10,000,000 in tax-exempt bonds and Allocation Resolution No. 08-0016A for an amount equal to \$10,000,000 in tax-exempt IDB allocation for the Issuer for the 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. 08-0016.

² California Code of Regulations Title 10, Chapter 8, Article 3, §6070

**THE CALIFORNIA INDUSTRIAL DEVELOPMENT
FINANCING ADVISORY COMMISSION
RESOLUTION NO. 08-0016A
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 Infrastructure and Economic Development Bank (“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 \$10,000,000. 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.

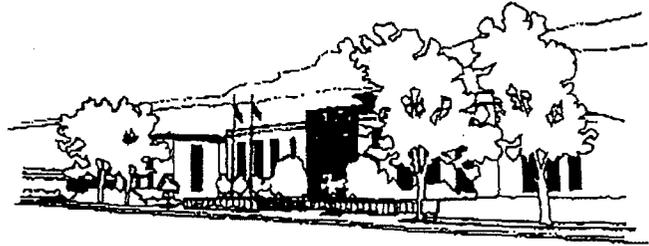
Section 13. This Resolution shall take effect upon its adoption.

EXHIBIT A

**RESOLUTION NO: 08-0016A
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: The California Infrastructure and Economic Development Bank
2. Application No.: 08-0016
3. Project Sponsor: Betts Spring Company, Inc. and/or an affiliate
4. Project User: Betts Spring Company, Inc. and/or an affiliate
5. Project Name: Betts Spring Company Project
6. Address: 2843 South Maple Avenue
Location: Fresno, CA 93725
County: Fresno County
7. Amount of Allocation: \$10,000,000
8. The Project Sponsor has represented that it reasonably expects to use its best efforts to achieve the creation of 35 additional, direct full-time positions within two years of the completion of the Project.

City of San Leandro
Civic Center, 835 E. 14th Street
San Leandro, California 94577



Office of the City Manager 510-577-3351
FAX 510-577-3340

July 18, 2008

California Infrastructure and Economic Development Bank
Mr. Stanton Hazelroth, Executive Director
1001 I Street, 19th Floor
Sacramento, CA 95814

Re: BETTS SPRING COMPANY RELOCATION PROJECT

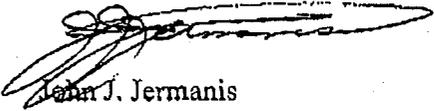
Dear Mr. Hazelroth:

The City of San Leandro, Alameda County has been made aware that Betts Spring Company Inc., presently located at 2100 Williams Street, San Leandro CA 94577, is in the process of constructing a facility in the City of Fresno, CA and will relocate their operations to this site in the fourth quarter of 2008. Further, it is our understanding that the company is seeking to utilize tax-exempt industrial development bonds to finance a portion of the costs associated in acquiring and equipping their new facility in Fresno.

This letter is to verify that the City of San Leandro has no objection to the issuance of Industrial Development Bonds for the benefit of the Betts Spring Company in their relocation project.

Please feel free to contact me at (510) 577-3390 if you have any questions.

Very truly yours,


John J. Jermanis
City Manager

cc: Mike Betts, President, Betts Spring Company

City of



2600 Fresno Street • Third Floor
Fresno, California 93721-3604
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www.fresno.gov

Planning and Development Department

Nick P. Yovino
Director

August 7, 2008

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I-BANK

VIA FACSIMILE (916) 322-6314

Mr. Stanton Hazelroth
Executive Director
California Infrastructure and Economic Development Bank
1001 "I" Street, 19th Floor
Sacramento, CA 95814

RE: Betts Spring Company, Inc. 2008 Volume Cap Application

Dear Mr. Hazelroth:

We are delivering this letter to your office in connection with Betts Spring Company, Inc. (the "Applicant") request for an allocation of 2008 Volume Cap for the financing of a facility to be used for the manufacturing of springs and related metal applications in Fresno, California (the "Facility"). With our permission, the Applicant has commenced construction of the Facility. The Facility currently complies with the local zoning ordinance and the Applicant has obtained permission to continue to complete the construction of the Facility. Currently, there are no remaining discretionary approvals from any local agency to be obtained in order for the Applicant to complete the construction of the Facility.

We do, however, expect the Applicant to continue to coordinate with our office in the construction process to ensure that all local regulations and requirements with respect to the Facility are satisfied.

If you need any additional information or have any questions, please do not hesitate to contact Economic Development Project Manager, Martin Wendels at 559-621-8362 or Planning Manager, Kevin Fabino at 559-621-8046.

Very Truly Yours,

A handwritten signature in black ink, appearing to read "N. Yovino".

NICK P. YOVINO
Director

cc: Martin Wendels, Project Mgr., Economic Dev. Dept.
Kevin Fabino, Planning Manager



Lawrence N. Tonomura
Managing Director
Banc of America Securities LLC

September 9, 2008

VIA E-MAIL AND FACSIMILE AT (916) 653-3241

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

Re: California Infrastructure and Economic Development Bank
Variable Rate Demand Industrial Development Revenue Bonds,
(Betts Spring Company Project) Series 2008

Dear Ms. Marxen:

In connection with your review of the proposed tax-exempt bond financing for Betts Spring Company, please receive this letter as confirmation that there is no "tying" of those services provided by Banc of America Securities, LLC, as underwriter of the Bonds, to those services provided by Bank of America, N.A., as the letter-of-credit provider for the issuance of Bonds.

If you have any questions or if I may be of any further assistance, please do not hesitate to contact me at 415-622-8202.

Very truly yours,

Lawrence N. Tonomura
Managing Director,
Banc of America Securities LLC

Cc: Tara Dunn, California Infrastructure and Economic Development Bank

Banc of America Securities LLC, member NYSE/NASD/SIPC, is a subsidiary of Bank of America Corporation

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