

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

**Meeting Date: September 24, 2008**

***Request Approval of the Refunding of \$5,275,000 Aggregate Principal Amount of California  
Infrastructure and Economic Development Bank Tax-Exempt and Taxable Variable Rate Demand  
Industrial Development Revenue Bonds Series 2006A and B***

Prepared by: *Deanna Hamelin*

<b>Issuer:</b> California Enterprise Development Authority (CEDA)	<b>Total Amount</b> \$3,665,000 TE <b>Requested:</b> \$60,000 TX <b>Refunding Amount:</b> \$4,000,000 TE \$1,275,000 TX
<b>Borrower:</b> 2400 Company, LLC, Pocino Foods Company and/or an established or to be established related or affiliated entity	<b>Application No.:</b> 08-0013
<b>User:</b> Pocino Foods Company, and/or an established or to be established related or affiliated entity	<b>IR &amp; FR No.:</b> 08-0013
<b>Location:</b> City of Industry (Los Angeles County)	<b>Allocation Resolution No.:</b> 08-0013A <b>Refunding Approval Resolution No.:</b> 08-0013B

**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<sup>TM</sup>, Deli King and Smoke Bar Ranch. The Company's customers include Smart & Final, Subway, Ralph's Markets and Safeway Markets.

**Current Request:** At its August 27, 2008 meeting, the Commission approved the Initial and Final Resolution No. 08-0013 for \$3,665,000 in tax-exempt bonds and \$60,000 in taxable bonds and Allocation Resolution No. 08-0013A for \$3,665,000 in tax-exempt bonds for the Issuer for the Pocino Foods Company Project (the Project).

This financing will include the refunding of \$4,000,000 in tax-exempt and 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). (See Attachment A.) The refunding portion of the

## Agenda Item – 4.C.1.

transaction is before the Commission today. The Project remains the same as it was presented at the August 27, 2008 meeting. (See Attachment B)

The 2006 bonds combined with the new 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.

**CIDFAC Fees:** At the Commission's August 27, 2008 meeting, staff reported that, 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. However, with consideration of the principal amount of the refunding, the Borrower will pay a closing fee of up to \$22,500.

**Recommendation:** Staff recommends approval of Refunding Resolution No. 08-0013B for the refunding of an aggregate principal of \$5,275,000 of California Infrastructure and Economic Development Bank Tax-Exempt and Taxable Variable Rate Demand Industrial Development Revenue Bonds Series 2006A and B 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 and Refunding Resolution No. 08-0013B.

**FINAL RESOLUTION  
OF THE  
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING  
ADVISORY COMMISSION (CIDFAC)**

WHEREAS, the California Enterprise Development Authority has reviewed the application of 2400 Company LLC, Pocino Foods Company and/or an established or to be established related or affiliated entity (Applicant) for the issuance of \$3,665,000 in tax-exempt bonds and \$60,000 in taxable bonds and the refunding of \$4,000,000 in tax-exempt bonds and \$1,275,000 in taxable bonds and has found that said application complies with the provisions of the California Industrial Development Financing Act and has certified to the California Industrial Development Financing Advisory Commission (the Commission) that it has approved such application and the transmitted said application to the Commission and the information necessary to permit review by the Commission; and

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

NOW, THEREFORE, the Commission resolves as follows:

1. The Commission, conditionally finds that the proposed issuance and refunding of bonds, which in aggregate totals \$5,275,000 qualifies under the provision of Article 5 of Title 10 of the Government Code, and further finds that:

(a) the refunded bonds will be adequately secured and the funds available from the applicant will apparently be sufficient to pay the principal of and interest on the bonds to be use: and

(b) based on its review of the preliminary material submitted to it, the proposed issuance of the refunding bonds will be fair just and equitable to the purchaser of the bonds, and that the methods proposed to be used in issuing the refunding bonds are not such as will work a fraud upon the purchaser of the bonds.

2. The Commission, based upon the representation of the Applicant, does determine that the refunding will be of benefit to the Company or holders of the original bonds.

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) that the final documents, when ready for execution, 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,
- (vi) Tax Certificate and Agreement, and
- (vii) Other documents which, in the opinion of Commission staff, are necessary to the review of the transaction; and,

(c) that the Commission staff determine that the final documents associated with the transaction have been developed in form and content substantially similar to the preliminary documents on which the findings under (1) above are based.

4. The resolution shall cease to be effective if the above described refunding bonds have not been issued six months from the date of its adoption.

5. In compliance with the provision of the California Industrial Development Financing Act (Section 91574 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.

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September 11, 2008

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

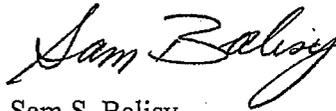
Re: 2400 Company, LLC / Pocino Foods Company (the "Applicant")

Dear Eileen:

This will confirm that the Applicant will be undertaking the refunding of \$4,000,000 California Infrastructure and Economic Development Bank Tax-Exempt Variable Rate Demand Industrial Development Revenue Bonds, Series 2006A (Pocino Foods Company Project) and \$1,275,000 California Infrastructure and Economic Development Bank Taxable Variable Rate Demand Industrial Development Revenue Bonds, Series 2006B (Pocino Foods Company Project) (collectively, the Refunded Bonds") together with the issuance of \$3,725,000 of tax-exempt and taxable bonds by the California Enterprise Development Authority. The issuance of the Refunded Bonds is being undertaken by the Applicant to achieve cost and structuring efficiencies for the financings in the future.

Please feel free to contact me if you have any further questions.

Very truly yours,



Sam S. Balisy

**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*

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

\$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.<sup>1</sup>

**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.

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<sup>1</sup> 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<sup>TM</sup>, 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.

<b>Description</b>	<b>Date of Bond Issue</b>	<b>Original Amount</b>	<b>Outstanding Amount</b>
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 .....	\$73,300
<b>Total: .....</b>	<b><u>\$3,665,000</u></b>

**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.<sup>2</sup>

**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.

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<sup>2</sup> 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 includes 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.<sup>3</sup>

**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.

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<sup>3</sup> 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.