

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

Meeting Date: July 22, 2009

Request Approval of the Refunding of Up to \$4,500,000 Aggregate Principal Amount of California Infrastructure and Economic Development Bank Tax-Exempt Variable Rate Demand Industrial Development Revenue Bond Series 1999A

Prepared by: *Deanna Hamelin*

Issuer: California Enterprise Development Authority (CEDA)	Total Amount Requested: Up to
	Refunding Amount: \$4,500,000 TE
Borrower and User: RRR Real Estate Company, LLC, RBR Meat Company, Inc., Rose & Shore, Inc., and Rite-Way Meat Packers, Inc., or a related entity	Application No.: 09-0004
Location: City of Vernon (Los Angeles County)	Refunding Approval Resolution No.: 09-0004

Borrower/User/Background: RRR Real Estate Company, LLC, R B R Meat Company, Inc., Rose & Shore, Inc., and Rite-Way Meat Packers, Inc. (the Borrower, the User and the Company) were organized or incorporated in the State of California on March 1, 1999, November 9, 1961, December 13, 1968 and January 28, 1976, respectively.

The Company is comprised of the affiliated corporations listed above. The Officers of the Corporation are: Irwin Miller, President; Max Miller, Vice President; and Carol Miller, Secretary/Treasurer.

Current Request: At its March 10, 1999 meeting, the California Debt Limit Allocation Committee (CDLAC) approved the Allocation Resolution No. 99-7 for \$5,400,000 in tax-exempt Industrial Development Bond (IDB) allocation for the California Infrastructure and Economic Development Bank (CIEDB or the Issuer) on behalf of the R B R Meat Company, Inc. Project (the Project). The Company is seeking to refund the outstanding tax-exempt IDBs, which total approximately \$4,500,000 and were issued pursuant to a June 1, 1999 Loan Agreement between the Borrower, Wells Fargo Bank, National Association (the Private Placement Purchaser), and the CIEDB (the Issuer).

CEDA will issue the tax-exempt bonds on a Private Placement basis to GE Government Finance, Inc., which is a qualified institutional buyer (QIB) as defined by U.S. Securities and Exchange Commission (SEC) Rule 144A. The refunding bonds will:

- Be secured by the Project;
- Be used to pay off the bonds issued by CIEDB in June 1999; and,
- Have a fixed interest rate at the time of closing based on the 20-year U.S. interest rate swap index.

The financing provides the Company with a 20-year fixed rate loan secured by the deed of trust on the Borrower’s facilities at 5151 Alcoa Avenue, Vernon, California.

The June 1999 bonds are being refunded because the initial terms of the private placement were due to be renegotiated with Wells Fargo Bank in June 2009. Given the tumultuous nature of the banking industry in recent months, the Company wants the stability of a long-term fixed rate deal and wants to avoid renewal and interest rate risks associated with the new private placement terms offered by Wells Fargo Bank. Obtaining a 20-year fixed rate will allow the Company to focus on its business.

CIDFAC’s statute requires that the issuing authority make a finding that refunding existing IDBs “will be of benefit to a company or holders of such bonds, subject to the provisions of the proceedings.”¹ In its Resolution of Official Intent to Issue Bonds, CEDA finds that the refunding will have a significant economic benefit to the Company by restructuring its debt obligations, extending the maturity date of the bonds, and reducing interest rate risk.

Public Benefits: With respect to public benefits associated with a refunding, CIDFAC’s statute states that “... a proposed issuance of refunding bonds shall be evaluated solely under the requirement...” that the Commission finds that “...the proposed issuance is fair, just, and equitable to the purchaser of the bonds, and that the bonds proposed to be issued and the methods to be used by an authority in issuing them are not such as, in its opinion, will work a fraud on the purchaser thereof.”² Therefore, CIDFAC staff did not complete a new analysis of the Project’s public benefits.

Attachment A is CDLAC’s 1999 staff summary of the Project. The summary shows that, in its 1999 CDLAC application, the Company indicated the Project would produce the following public benefits:

1. Create 135 new jobs (16 skilled, 110 unskilled, and 9 management positions).
2. Provide employment opportunities for current welfare recipients.
3. Consolidate two facilities into a single facility to reduce energy consumption.
4. Benefit the local area and State economy through increased spending and taxes.

Staff has received a letter from the Company indicating the Project has created of 135 new, full-time jobs, including nine management positions, 16 skilled positions, and 110 unskilled positions. The letter states the Company has not participated in formal welfare-to-work programs to recruit unskilled workers but rather has relied on word-of-mouth and advertising. Further, the letter states the consolidation of the Company’s operations, and installation of energy efficient equipment, has provided significant energy savings and reduced polluting emissions. (See Attachment B)

Status Of Permit/Other Required Approvals:

- On July 21, 2009, CEDA executed a Resolution of Official Intent to Issue Bonds in an amount not to exceed \$4,500,000 in tax-exempt IDBs for the Project.

¹ See Government Code Section 91527(j).

² See Government Code Sections 91531(b)(3) and 91571.

Agenda Item – 4.A.1.

- A TEFRA hearing was held by the City of Vernon on July 20, 2009 for the issuance of the bonds in an amount not to exceed \$4,500,000.

CIDFAC Fees: The Borrower has paid or will pay CIDFAC an application fee of \$1,250 and a closing fee of up to \$11,250.³

Legal Questionnaire: Staff reviewed the Borrower/User 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 Refunding Approval Resolution No. 09-0004 for the refunding of an aggregate principal of up to \$4,500,000 of California Infrastructure and Economic Development Bank Tax-Exempt Variable Rate Demand Industrial Development Revenue Bonds Series 1999A for the Issuer for the R B R Meat Company Inc. 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 Refunding Approval Resolution No. 09-0004.

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

**REFUNDING APPROVAL RESOLUTION
OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
09-0004**

WHEREAS, the California Enterprise Development Authority has reviewed the application of RRR Real Estate Company, LLC, R B R Meat Company, Inc., Rose & Shore, Inc., and Rite-Way Meat Packers, Inc. or a related entity (Applicant) for the refunding of up to \$4,500,000 in tax-exempt 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 total up to \$4,500,000, 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~~issued: 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 representations 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) Loan Agreement,
- (ii) Tax Certificate and Agreement, and
- (iii) 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.

Attachment A

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE

March 10, 1999

REVIEW OF REQUEST FOR PRIVATE ACTIVITY BOND ALLOCATION
(Agenda Item F.30.)

TYPE OF ACTIVITY: Industrial Development (Manufacturing)

ISSUER: California Infrastructure and Economic Development Bank (CIEDB)

ALLOCATION REQUESTED: \$6,000,000

PROJECT NAME: R.B.R. Meat Company, Inc.

- ***Project City:*** Pomona
- ***Project County:*** Los Angeles
- ***Enterprise Zone:*** N/A

PRIVATE BORROWER: RRR Real Estate Company, LLC.

PRIVATE USER: 1) Rite-Way Meat Packers, Inc., an affiliate of the borrower.
2) Rose Shore Meat Company, an affiliate of the borrower.

DESCRIPTION OF PROPOSED PROJECT:

- ***Use of bond proceeds:***
 1. Acquisition of 3.0 acres
 2. Construction of a 50,000 sq.ft. building
 3. Purchase and installation of new equipment
- ***Project's principle products:*** The manufacture and distribution of meat and other food products.
- ***Purpose of project:*** Consolidate operations in a single facility, increase production, expand product line, and accommodate growth.
- ***Other company facilities:*** None.
- ***Relocation:*** Within Los Angeles County, from Los Angeles and Torrance to Vernon.
- ***Total estimated project cost:*** \$6,550,000

DESCRIPTION OF PUBLIC BENEFITS:

- ***Total number of new jobs:*** 135
- ***New jobs mix:*** 16 skilled
110 unskilled
9 management
- ***Jobs-to-Bond ratio:*** 1 job / \$44,444
- ***Ancillary benefits:***
 - a. ***Employment:*** The new unskilled jobs will provide employment opportunities for current welfare recipients. Further, as employment needs rise, the Company would generally hire new employees from the local area.

Attachment A

California Infrastructure and Economic Development Bank
Agenda Item F.30., Page 2

- b. **Resource Conservation:** Consolidation of 2 facilities into a single facility will reduce the amount of energy used by the Company.
- c. **Economy:** The project will benefit the local area and the State in the form of increased spending and taxes.

PROJECT FINANCING INFORMATION:

Proposed Issuance Date: May 25, 1999 or within 90 days of receiving allocation

Bond Counsel: Kutak Rock

Private Placement Purchaser: Wells Fargo Bank

Credit Enhancement: Not necessary, as the transaction is a private placement

Bond Rating: A/A-1 anticipated

TEFRA Hearing: February 11, 1999

FACTORS AFFECTING USE OF ALLOCATION: None, according to the applicant and borrower.

COMMENTS:

1. The project's jobs-to-bond ratio (1 job/\$44,444) is within the preferred ratio of 1 new job created with every \$50,000 of bond proceeds.
2. The project is **not** located within a designated enterprise zone.

RECOMMENDATION: Approve a reduced amount of \$5,400,000 with the standard conditions. Staff further recommends that the Committee approve the full release of the performance deposit if at least 80% of the allocation is used to issue bonds for the project, with any amount less than 80% utilization being **subject to forfeiture without appeal**. However, the amount of allocation requested exceeds \$5 million. Therefore, the allocation has been reduced by 10%. The project will create 135 new jobs within 2 years of completion and will have a revised job-to-bond ratio of 1 job/\$40,000.

#99-083

Attachment A

March 24, 1999

Blake Fowler, Secretary
Board of Directors
California Infrastructure and Economic Development Bank
801 K Street, Suite 1600
Sacramento, CA 95814

Dear Mr. Fowler:

**RE: RESOLUTION ATTESTING TO THE
TRANSFER OF PRIVATE ACTIVITY BOND ALLOCATION**

Enclosed is a copy of Resolution No. 99-7, adopted by the California Debt Limit Allocation Committee on March 10, 1999, transferring \$5,400,000 of the 1999 State ceiling on private activity bonds to the California Infrastructure and Economic Development Bank for the R.B.R. Meat Company, Incorporated project. The resolution provides important information pertaining to the use of the allocation. Please read it carefully and keep a copy in your permanent files.

The following is additional information pertaining to the use of the allocation for this project:

1. Contingencies: Section 1 of the resolution specifies the conditions for using the allocation to issue bonds for the project. You are advised to read Section 1 of the resolution very carefully.
2. Performance Deposit: This letter provides written authorization to you to release \$3,000 of the performance deposit certified in support of your application. This amount corresponds to the reduction made by the Committee in the total amount of bond allocation requested.

The remaining performance deposit certified in support of this project (\$27,000) is to remain on deposit until you receive written authorization from the Committee that it may be released. This written release will be provided once the Committee receives the "Report of Action Taken" form indicating that the full amount of allocation transferred was used for the

Attachment A

Blake Fowler
March 24, 1999
Page 2

issuance of bonds for the specific project. The full amount of the deposit will be released if at least 80% of the allocation is used for the issuance of bonds. If an amount less than 80% of the allocation is used to issue bonds, a proportionate amount of the deposit will be subject to forfeiture *without appeal*.

3. Reporting of Issuance: Enclosed is a "Report of Action Taken" form to be used to report the issuance of bonds pursuant to Section 3 of the Resolution.

4. IRS Certification: The IRS-required certification will be prepared and sent to bond counsel once the Committee receives the "Report of Action Taken" form.

5. Fee To Be Paid: Upon receipt of the "Report of Action Taken" form, an invoice for this project will be issued. If the full amount of the allocation is used to issue the bonds, the fee payable upon issuance will be \$1,590 ($\$5,400,000 \times .00035$ minus \$300 initial application fee).

Please consult the Committee's procedures for a fuller explanation of the use of allocation or call me or Carolyn Lutton of my staff at 916/653-3255.

Sincerely yours,

Phyllis F. Klein
Executive Director

Enclosures

cc: Jeffrey Emanuels, CIEDB
Sam Balisy, Kutak Rock
Eric Whitlow, Wells Fargo Bank

Attachment A

CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
RESOLUTION NO. 99-7

**RESOLUTION TRANSFERRING A PORTION
OF THE 1999 STATE CEILING FOR PRIVATE ACTIVITY BONDS**

WHEREAS, the California Debt Limit Allocation Committee ("Committee") has received an application ("Application") from the **California Infrastructure and Economic Development Bank** ("Applicant") for the transfer to the Applicant of a portion of the 1999 State Ceiling for Private Activity Bonds under Section 146 of the Internal Revenue Code of 1986, for use by the Applicant to issue bonds or other obligations ("Bonds") for a Project as specifically described in Exhibit A ("Project"); and

WHEREAS, the Applicant has represented in the Application certain facts and information concerning the Project; and

WHEREAS, the Committee in evaluating the Project has relied upon the written facts and information represented in the Application by the Applicant as well as any comments made before the Committee in oral presentation of the Applicant; and

WHEREAS, it appears appropriate for the Committee to make a transfer of a portion of the 1999 State Ceiling for Private Activity Bonds in order to benefit such Project as described in the Application;

NOW, THEREFORE, the California Debt Limit Allocation Committee resolves as follows:

Section 1. There is hereby transferred to the Applicant an amount of the 1999 State Ceiling for Private Activity Bonds equal to **\$5,400,000**. Such allocation may only be used by the Applicant for the issuance of Bonds for the Project, as specifically described in Exhibit A and represented in the Application. Any modification to the Project may require reconsideration by the Committee before the allocation may be used for the Project. Any changes in the structure of the credit enhancement not previously approved shall require Committee approval. 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 set forth herein to any other governmental unit in the State except this Committee.

Section 2. The allocation transferred herein shall automatically revert to this Committee unless the Applicant has issued Bonds for the Project by close of business **June 8, 1999**. No extensions may be provided by the staff.

Section 3. The Applicant shall notify the Committee in writing or by facsimile within twenty-four (24) hours of the bond closing that the financing is complete and reporting the exact amount of Bonds issued. The Applicant shall formally transmit this information using the applicable "Report of Action Taken" form in accordance with Section 14 of the Committee's

Attachment A

RESOLUTION NO. 99-7

Page 2

1999 Procedures. Any difference between the amount of Bonds issued and the amount of the allocation granted in Section 1 shall automatically revert to the Committee. If at any time prior to **June 8, 1999**, applicant determines that part or all of the allocation transferred in Section 1 will not be used to issue Bonds by that date, the Applicant shall take prompt action by resolution of its governing board to return such unneeded allocation to the Committee.

Section 4. The staff of the Committee is authorized and directed to transmit a copy of this Resolution to the Applicant together with a request that the Applicant retain a copy of this Resolution in the Applicant's official records for the term of all private activity bonds issued by the Applicant during this calendar year. The Committee staff is further directed to retain a copy of this Resolution in the files of the Committee (or any successor thereto) for the same period.

Section 5. This Resolution shall take effect immediately upon its adoption.

* * *

CERTIFICATION

I, Phyllis F. Klein, Executive Director of the California Debt Limit Allocation Committee, hereby certify that the above is a full, true, and correct copy of the Resolution adopted at a meeting of the Committee held in the Employment Development Department Building, 722 Capitol Mall, Auditorium, Sacramento, California 95814, on March 10, 1999, at 10:00 a.m. with the following votes recorded:

AYES : State Treasurer Philip Angelides
Annette Porini for Governor Gray Davis
State Controller Kathleen Connell
NOES : None
ABSENT: None

Phyllis F. Klein, Executive Director

Date: March 24, 1999

Attachment A

EXHIBIT "A"
To Resolution No. 99-7
(Corrected June 2, 1999)

ISSUER : California Infrastructure and Economic Development Bank

APPLICATION # : 99-083

TYPE OF PROJECT : Manufacturing

PRIVATE BORROWER NAME : RRR Realty Company, LLC
R B R Meat Company, Incorporated
Rose & Shore, Incorporated
Rite-Way Meat Packers, Incorporated

PRIVATE USER NAME : R.B.R. Meat Company, Incorporated
R B R Meat Company, Incorporated
Rose & Shore, Incorporated
Rite-Way Meat Packers, Incorporated

LOCATION : Vernon, California

TOTAL : \$5,400,000

Attachment A

June 2, 1999

Sam S. Balisy, Esq.
Kutak Rock
117 E. Colorado Blvd., Suite 210
Pasadena, CA 91105-1952

Dear Mr. Balisy:

RE: Corrected Exhibit A to CDLAC Resolution No. 99-7
(RRR Realty Company, CDLAC Application #99-083)

Enclosed is a corrected Exhibit A to the above-named Resolution adopted by the California Debt Limit Allocation Committee on March 10, 1999, transferring a tax-exempt private activity bond allocation of \$5,400,000 to the California Infrastructure and Economic Development Bank for the above-name project.

Pursuant to your letter of May 17, 1999, the enclosed Exhibit A correctly identifies the private borrowers, who are also the private users, of the bond proceeds as named in your letter. The project location has also been corrected.

Please accept my apology for the delay in responding to your correspondence. You may contact me directly at 916/653-3461 if you have any questions.

Sincerely,

Carolyn Lutton
Program Manager

Enclosure

Cc: Blake Fowler, California Infrastructure and Economic Development Bank
Jeff Emanuels, California Infrastructure and Economic Development Bank
Eric Whitlow, Wells Fargo Bank

Attachment A

June 22, 1999

Sam S. Balisy, Esq.
Kutak Rock
117 East Colorado Boulevard, Suite 210
Pasadena, CA 91105

Dear Mr. Balisy:

RE: IRS CERTIFICATION (#99-083)

Enclosed is the required certification stating that the bonds issued by the California Infrastructure and Economic Development Bank for the R B R Meat Company, Inc. project met the requirements of Section 146 of the Internal Revenue Code.

If you have any questions, please do not hesitate to contact me or Carolyn Lutton of my staff at the above number.

Sincerely yours,

Phyllis F. Klein
Executive Director

cc: Jeffrey Emanuels, CIEDB
Eric Whitlow, Wells Fargo Bank

Attachment A

CERTIFICATE PURSUANT TO SECTION 149 (e) (2) (F)
OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

The undersigned hereby certifies as follows:

1. This certification is made in order to comply with Section 149 (e) (2) (F) of the Internal Revenue Code of 1986, as amended (the "Code") and Section 1.25-4T(d) of Part I, of Title 26 of the Code of Federal Regulations. I am an official of the State of California duly designated under State law to make this certification.
2. This certification is based upon information filed with the California Debt Limit Allocation Committee (the "Committee") and information compiled by the Committee.
3. The private activity bond issue(s) identified in Exhibit A of this certificate met the requirements of Section 146 of the Code.

Date: June 22, 1999

Phyllis F. Klein, Executive Director
California Debt Limit Allocation Committee

* * *

Exhibit A

\$5,400,000 Loan Agreement, dated as of June 1, 1999, by and among the California Infrastructure and Economic Development Bank, RRR Real Estate Company, LLC, R B R Meat Company, Inc., Rose & Shore, Inc., Rite-Way Meat Packers, Inc. and Wells Fargo Bank, National Association

June 3, 1999

CUSIP# None

EIN#68-0304653

Address of Issuer: California Infrastructure and Economic Development Bank
801 K Street, Suite 1600
Sacramento, Ca 95814

Attachment B



EST. 1821

5151 Alcoa Ave. Vernon, CA 90058

Ph. (323) 826-2155 / Fax (323) 826-2150

Eileen Marxen

CIDFAC

815 Capitol Mall, Suite 470

Sacramento, CA 95814

Eileen,

The project financed with proceeds of the Loan Agreement, dated as of June 1, 1999 among Wells Fargo Bank, National Association, California Infrastructure and Economic Development Bank, and RRR Real Estate Company, LLC (and certain affiliates), has resulted in the creation of 135 new full time jobs, including 9 management, 16 skilled and 110 unskilled positions. While our company has not participated in formal welfare-to-work programs, we have hired a significant number of unskilled workers over the years through word-of-mouth and advertising. In addition, by consolidating our operations from two old facilities into one new facility, we have experienced significant energy savings due to the energy-efficient equipment at the new facility (which also results in reduced pollution emissions) as well as the elimination of our past need to transport goods and materials between our two prior facilities by trucks on a daily basis.

Based on the foregoing, I confirm that the public benefits outlined in our 1999 application to California Debt Limit Allocation Committee have been reached.

Sincerely,

A handwritten signature in cursive script that reads "Irwin Miller".

Irwin Miller, President