

CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION

Request to Approve Issuance of Tax-Exempt (TE) and Taxable (TX) Bonds and Transfer Industrial Development Tax-Exempt Bond (IDB) Allocation

Rudolph Foods Company, Inc.
Application No. 15-0001

February 17, 2015

SUMMARY

Borrower/Project Sponsor and User – Rudolph Foods Company, Inc.

Issuer – California Municipal Finance Authority (CMFA)

Location – City of Beaumont, Riverside County

Requested IDB Approval – \$9,925,000 TE
\$500,000 TX

Requested IDB Allocation Approval – \$9,925,000 TE

Public Benefit Points Awarded – 40 points out of 142 possible

Staff Recommendation – Approval

THE COMPANY

Rudolph Foods Company, Inc. (the Company or the Borrower/User) is a family-owned company and was incorporated on September 8, 1987 in Ohio. The Company currently has seven manufacturing facilities located throughout the United States and three international ventures. The percentage of ownership is as follows:

James E. Rudolph, Richard M. Rudolph, & Kathleen A. Rudolph, as Trustees of the Kathleen Rudolph Irrevocable Trust dated May 3, 2007	16.7%
Susan Cornell	22.2%
James E. Rudolph, as Trustee of the James E. Rudolph Declaration of Trust, dated March 6, 2002	22.2%
Richard M. Rudolph, as Trustee of the Richard M. Rudolph Declaration of Trust, dated April 30, 2002	22.2%
Richard M. Rudolph and James E. Rudolph as Co-Trustees of the Rudolph Family Irrevocable Trust	<u>16.7%</u>
Total:	<u>100.0%</u>

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The Company manufactures, packages, and distributes pork rind pellets, pork rinds, popcorn, and other corn and wheat-based snack foods.

The Company manufactures and sells its snack food products primarily to snack food distributors and retailers throughout the United States and abroad, using its own label as well as certain private labels. Rudolph's brand names include: Rudolph's, Southern Recipe, Gaslamp Popcorn, Grandpa John's, Lee's Pigskins, Pepe's, Rudy's and Whitefeather Foods. Products under the Rudolph's brand are sold at Walmart.

The Rudolph Foods Company has ownership interests in the following entities:

- Gaslamp Popcorn Company, LLC. Rudolph owns 100% of the Class A interests of this entity, representing an 80% ownership interest in the entity.
- Rudolph Europa APS, a Danish Company. Rudolph owns 100% of this entity.
- Americana Industria De Alimentos Ltda., a business organization formed under the laws of Brazil. Rudolph has a 70% ownership interest in this entity.
- Huemex SA de CV, a business organization formed under the laws of Mexico. Rudolph has an 81% ownership interest in this entity.

THE PROJECT

Rudolph Foods Company, Inc. currently operates from two primary locations within California – one located in San Bernardino and the other located in Riverside. The San Bernardino location is comprised of three separately leased facilities which total approximately 35,000 square feet (two are adjacent to one another and a third one is about ¼ mile away). The Company uses these sites to manufacture pork rinds and related snack food products and to warehouse raw materials and finished products. The Riverside site is a 20,000 square foot leased space and is used by the Company to manufacture popcorn and related snack foods. These separate facilities are not adequate to accommodate the Company's current product demands as well as expected future growth. Rudolph Foods will consolidate the San Bernardino and Riverside facility operations into a single, larger facility in the City of Beaumont. The consolidation will support the Company's future growth and increased workforce as well as increase efficiency.

The Company will use bond proceeds to acquire, renovate, rehabilitate and equip an existing, vacant 128,000 square foot building located in the City of Beaumont. Additionally, the Project involves the improvement of two vacant parcels of land (totaling approximately 2.57 acres) located across the street from the building to provide employee parking for the facility. The renovations of the building are necessary to convert the building from a warehouse type facility into a food manufacturing facility. The new equipment to be purchased by bond proceeds includes: rebuilding of a Fryer, three incline conveyors, online seasoners, bulk pack scale and metal detection units, dust collection system, finished case conveyor and mezzanine and distribution system.

Anticipated Project and Issuance Costs

	<u>To be paid from TE bond proceeds</u>	<u>To be paid from all other sources*</u>
Acquisition of Land	\$207,110	\$690,305
Acquisition of Existing Building(s)	\$3,268,681	\$2,551,875
Rehabilitation of Existing Building(s)	\$3,094,054	\$0
Acquisition of New Equipment		
(a) Invoice	\$3,165,155	\$8,162
Bond Issuance Expenses	<u>\$190,000</u>	<u>\$0</u>
Total:	<u>\$9,925,000</u>	<u>\$3,250,342</u>

*Other sources include the Company’s private funds and the taxable IDBs.

Anticipated Timeline

The Borrower expects to complete the purchase of the land and building at the end of February 2015. The Company expects to commence the building renovations as soon as possible following its acquisition of the properties. It is anticipated that the construction/renovation will take up to two years to complete. The equipment purchases are anticipated to begin within two years of the bond issuance depending on completion of the construction and renovation of the Project site.

Financing Details

The tax-exempt IDB will be sold on a private placement basis in accordance with CIDFAC’s private placement policy¹ to GE Government Finance Inc. (GEGF). GEGF, which is a qualified institutional buyer (QIB) as defined by the U.S. Securities and Exchange Commission (SEC) Rule 144A, will purchase the bond for its own investment portfolio or that of a GE affiliate. The bond will be secured by the real estate and equipment that are financed with the bond proceeds.

Financing Team

- Issuer: California Municipal Finance Authority
- Private Placement Provider: GE Government Finance, Inc.
- Bond Counsel: Jones Hall, APLC
- Escrow Agent: U.S. Bank

¹ The bonds will be issued in accordance with CIDFAC’s private placement policy, which has the following requirements:

- The bond purchaser must be a sophisticated investor as defined under SEC Rule 144A.
- The sophisticated investor must sign a “traveling” sophisticated investor letter, which will outline the requirements and restrictions related to sophisticated investors and will follow the bonds in the event the bonds are re-sold or traded at a later date.
- The security for the private placement debt must be collateral provided by the Borrower.
- The bond will be issued in a minimum denomination of \$250,000.

PROJECT EVALUATION

PUBLIC BENEFITS: The Project received 40 points out of a possible 142 pursuant to the California Debt Limit Allocation Committee (CDLAC) scoring system for IDB Projects. The award of points is detailed below:

A. Community Economic Need (5 of 20 points).

1. Unemployment Rate of the Project Area (5 of 10 points). In accordance with CDLAC Regulations, points are awarded in this category if the 2014 unemployment rate of the county sub-area in which the Project is located is at least 125 percent of the 2014 statewide rate. The unemployment rate of this Project area is 133 percent of the statewide rate. Therefore, the Project received 5 points in this subcategory.

2. Poverty Rate of Project Area (0 of 5 points). In accordance with CDLAC Regulations, the most recent data from the U.S. Bureau of the Census, which in this case is Census 2010 (5 year) data, is used to determine if the Project qualifies for points in this category. Points are awarded in this category if the poverty rate is at least 110 percent or more of the statewide rate. The poverty rate for this Project area is 8.1 percent, which is 50.9 percent of the Census 2010 statewide rate of 15.9 percent. Therefore, the Project received no points in this subcategory.

3. Median Family Income (0 of 5 points). In accordance with CDLAC Regulations, the most recent data from the U.S. Bureau of the Census, which in this case is from Census 2010, is used to determine if the Project qualifies for points in this category. Points are awarded if the Project is located in an area with a median family income of less than 80 percent of the statewide average. The Project is located in the City of Beaumont where the average median family income is \$81,029. The median family income for the State of California is \$69,661. So, the median family income for the Project area is 116.3 percent of the statewide average. Therefore, the Project did not receive points in this subcategory.

B. Job Creation (10 of 35 points). Points are awarded in this category based on the borrower and/or user's representation that it will use its best efforts to increase the number of direct, full-time employees at the Project site within two years of Project completion by at least 10 percent. The company represents that it currently employs 84 direct, full-time employees at the Project site. The company represents that it anticipates hiring an additional 10 direct, full-time employees, which equates to approximately 12 percent increase, within two years of completion of the Project. Therefore, the Project received ten points in this category.

C. Job Retention (0 of 10 points). Points are awarded in this category based on the Borrower's or User's representation that it has considered moving operations out of state.

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There was no such representation in the application materials received, and therefore the Project received no points in this category.

D. Average Hourly Wage (10 of 10 points). In accordance with CDLAC Regulations, the most recent data from the Bureau of Labor Statistics, which in this case is May 2013, is used to determine if the Project qualifies for points in this category. Points are awarded if the company's average hourly wage is at least 105 percent of the nearest Metropolitan Statistical Area (MSA) average hourly wage. The company's weighted average hourly wage is \$15.42 while the MSA for Riverside/San Bernardino/Ontario area average 2013 manufacturing wage for the occupation of food production was \$12.27. Therefore, the company's average hourly wage is 125.7 percent of the average manufacturing wage for the Riverside/San Bernardino/Ontario area.

E. Workforce and Economic Development (2 of 15 points).

1. Welfare-to-Work Plan (0 of 5 points). The Company did not provide any information indicating participation in a welfare-to-work program.

2. Workforce Training (0 of 5 points). The Company did not provide information indicating participation in a workforce training program.

3. Exports Outside California (2 of 5 points). The Company provided written certification that it will export approximately 20 percent of its product outside of California. (See Attachment A).

F. Health Care Benefits (0 of 15 points). The Company provided information that it maintains self-funded medical and dental insurance for its employees but the documentation of the benefits was not sufficient according to the CDLAC regulations.

G. Payment of Retirement Benefits (5 of 5 points). The Company provided information indicating that it contributes to an employee-sponsored defined contribution plan for payment of retirement benefits for its employees.

H. Environmental Stewardship (3 of 27 points).

1. Land Use (3 of 3 points). This Project involves the reuse of vacant land and/or buildings.

2. Public Transit Corridor (0 of 4 points). The Company did not provide information regarding the Project being located within a public transit corridor.

3. Energy Efficiency and Renewable Energy (0 of 15 points). The Company did not provide information regarding the Project's energy efficiency.

4. Manufacturer of Certified Environmentally Preferable Products (0 of 5 points). The Company did not provide information indicating that the Project produces or will produce environmentally preferable products.

I. Leveraging (5 of 5 points). The total Project cost is approximately \$13.175 million. The Company will borrow \$9.925 million of the Project costs in the form of tax-exempt IDBs, which will cover approximately 75.3% of the Project costs. The remaining 24.7% of Project costs will be covered by the Company's private funds and the taxable IDBs.

RELOCATION OF COMPANY OPERATIONS

The Company currently operates from two leased sites in southern California – one located in San Bernardino comprised of three facilities and the other in Riverside. The Rudolph Foods Company is relocating its operations to a single, larger facility located in the City of Beaumont. The Company provided letters from Georgeann Hanna, City Clerk from the City of San Bernardino and Deanna Lorson, Assistant City Manager from the City of Riverside, both of which acknowledge the relocation of Rudolph Foods Company operations. (Please see Attachments B and C.)

QUALIFICATION OF BOND ISSUANCE

Based on the proposed financial structure, and the application and other materials submitted to CIDFAC for this Project, staff believes 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. Final determination of qualification of the bonds will be subject to staff's review of final bond documents prior to the issuance of the bonds.

STATUS OF PERMITS/OTHER REQUIRED APPROVALS

- The CMFA approved the Inducement Resolution in an aggregate amount not to exceed \$10,000,000 in tax-exempt IDBs for the Project on November 21, 2014. CMFA adopted a final resolution for the Project on February 6, 2015.
- A TEFRA hearing was held by the City Council of the City of Beaumont on February 3, 2015. Two members of the public spoke out and indicated that while not opposed to the project itself, they were opposed to the City incurring additional debt. The City Administrator and the City Attorney informed the public that the debt is not an obligation of the City. The City Council passed unanimously.
- The Project site has a prior conditional use imposed on the property which has limited the use of the building for warehouse uses because of limited parking spaces. This does not prohibit the premises from being used for manufacturing provided that adequate remote parking is provided. As part of the Project, the Company is purchasing two vacant parcels of land located across the street from the facility, and these parcels will be used for remote parking for the facility. This part of the project will satisfy the parking

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requirements of the zoning code and the site can be used for manufacturing purposes as intended.

The proposed uses of the premises are permitted under the applicable zoning code for the approvals necessary to begin construction. However, necessary building permits will be required prior to commencement of improvements.

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.

PRIOR ACTIONS AND FINANCINGS

None.

CIDFAC FEES

In accordance with CIDFAC regulations, the Company has paid CIDFAC an application fee of \$1,250² and will pay a closing fee of up to \$24,812.50.

RECOMMENDATION

Staff recommends approval of Initial and Final Resolution No. 15-0001 for \$9,925,000 in tax-exempt bonds and \$500,000 in taxable bonds and Allocation Resolution No. 15-2-001 for \$9,925,000 in tax-exempt IDB allocation for CMFA for the Rudolph 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.15-0001.

Staff report by: Deanna Hamelin

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

Attachment A



January 14, 2015

Ms. Doreen Smith
Manager
California Industrial Development Financing Advisory Commission
915 Capitol Mall, Room 457
Sacramento, CA 95814

Re: Rudolph Foods Company, Inc.

Dear Ms. Smith:

Rudolph Foods Company, Inc. (the "Company") is making an application (the "Application") to the California Industrial Development Financing Advisory Commission ("CIDFAC") for the purpose of providing Industrial Development Bond Financing for a Small-Issue Industrial Development Bond Project. The Company is seeking industrial development bond financing to fund the acquisition, renovation and equipping of an approximately 128,000-square foot food manufacturing facility located at 920 W. Fourth Street, Beaumont, California 92223, and the acquisition and improvement of two parcels comprising approximately 2.57 acres of vacant land for employee parking, situated directly across the street from such facility. The project is more fully described in the Company's Application.

As required by Part VI, Item 4C of the Application, the purpose of this letter is to certify to CIDFAC that the Company anticipates it will export outside of the State of California up to 20% of the products to be manufactured at the Company's new project site (to be located in Beaumont, CA).

If additional information is needed, please advise.

Very truly yours,

Rudolph Foods Company, Inc.

A handwritten signature in black ink, appearing to read "Michael Harper", written over the typed name.

Michael Harper
Chief Financial Officer and VP Finance

6575 Bellefontaine Rd PO Box 509
Lima, OH 45802
Telephone 419-648-3611
Fax 419-648-4087

1050 Progress Circle
Lawrenceville, GA 30243
Telephone 770-339-6952
Fax 770-339-0630

3660 Pipestone Road
Dallas, TX 75212
Telephone 214-638-2204
Fax 214-638-2112

1010 South Sierra Way
San Bernardino, CA 92408
Telephone 909-383-7463
Fax 909-383-2153

Attachment B.



OFFICE OF THE CITY CLERK
GEORGEANN "GIGI" HANNA - CITY CLERK
300 North "D" Street • San Bernardino • CA 92418-0001
909.384.5002 • Fax: 909.384.5158
www.sbcity.org

January 15, 2015

California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 457
Sacramento, California 95814

Attention: Doreen Smith, Manager

Re: Rudolph Foods Company, Inc.

Dear Ms. Smith:

Rudolph Foods Company, Inc. (the "Company"), a manufacturer of snack food products in our city, has informed us that leased facilities in our city will be relocated to a new facility, along with other operations of the Company. As part of that move they have indicated that they will be relinquishing their Business Registrations with the City of San Bernardino and relocating to Beaumont.

This letter is to acknowledge receipt of that notice from Rudolph Foods Company.

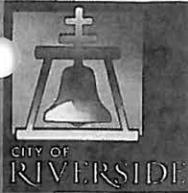
Very truly yours,

A handwritten signature in cursive script that reads 'Georgeann Hanna'.

Georgeann "Gigi" Hanna
City Clerk

CITY OF SAN BERNARDINO
ADOPTED SHARED VALUES: Integrity • Accountability • Respect for Human Dignity • Honesty

Attachment C.



Office of the
City Manager

January 14, 2015

California Industrial Development Financing
Advisory Commission
915 Capitol Mall, Room 457
Sacramento, California 95814
Attention: Doreen Smith, Manager

Re: Rudolph Foods Company, Inc.

Dear Ms. Smith:

Rudolph Foods Company, Inc. (the "Company"), a manufacturer of snack food products in our city, has informed us that it has applied to the California Municipal Finance Authority for industrial development bond financing to purchase a new facility in Beaumont, California. The Company's leased facilities in our city will be relocated to the new facility, along with other operations of the Company.

The Company has also informed us that after examining other options, it is in their best business judgment to make this move. We are told that the Beaumont facility will allow them to consolidate operations from two leased facilities, producing greater efficiency. Given Beaumont's relatively close proximity to Riverside, we are hopeful that Randolph Foods will be able to retain the majority of their current workforce, including Riverside residents.

The Company has indicated that if they could not complete the purchase of the new Beaumont facility, a relocation of their operations out of state was likely. While we have enjoyed having the Company as a corporate citizen in our community, we do not wish to interfere with the Company's best business judgment, nor do we wish to see them relocate to another state. Therefore, we acknowledge their move to Beaumont.

Very truly yours,

Deanna Lorson
Assistant City Manager
City of Riverside

1313292.2

3900 Main Street • Riverside, CA 92522 • 951.826.5553 • www.riversideca.gov

**INITIAL AND FINAL RESOLUTION OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
INDUSTRIAL DEVELOPMENT BONDS
IR/FR #: 15-0001**

WHEREAS, the California Municipal Finance Authority (the “Applicant”) has transmitted the application of Rudolph Foods Company (the “Project Sponsor”) for the issuance of \$9,925,000 in tax-exempt bonds and \$500,000 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 Beaumont 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 the public benefits described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the total principal amount of \$9,925,000 tax-exempt and \$500,000 taxable; and

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) Loan Agreement,

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- (ii) Tax Regulatory Agreement,
- (iii) Escrow Agreement, and;
- (iii) 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. 15-2-001
RESOLUTION TRANSFERRING A PORTION OF THE 2015 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 Municipal Finance Authority (“Applicant”) requesting a transfer to the Applicant of a portion of the 2015 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 Regulations of the CDLAC Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (“CDLAC’s Regulations”)); 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 \$9,925,000. 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 or Deputy Executive Director or Commission Chair

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and, if the Executive Director or Deputy Executive Director or Commission Chair 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 or the Deputy 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 or the Deputy Executive Director or the Commission Chair 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. In addition, the Applicant shall provide the Commission with a copy of the final Official Statement, Private Placement Agreement, or other appropriate sale document.

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

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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: 15-2-001
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: California Municipal Finance Authority (CMFA)
2. Application No.: 15-0001
3. Borrower, Project Sponsor and User: Rudolph Foods Company and/or a related entity
4. Project Name: Rudolph Foods Company Project
5. Project Description: Acquisition of Land and Existing Buildings, Rehabilitation of Existing Buildings and Acquisition and Installation of New Equipment
6. Address: 920 W. 4th Street
Location: Beaumont, CA 92223
County: Riverside County
7. Amount of Allocation: \$9,925,000
8. The Borrower has represented that it reasonably expects to use its best efforts to achieve the following within two years of the completion of the Project:
 - Creation of 10 additional direct, full-time positions.