

CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6169 • Fax (562) 570-5836

December 11, 2007

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive supporting documentation into the record regarding the Tax and Equity Fiscal Responsibility Act (TEFRA) public hearing, and adopt the attached Resolution approving the issuance of revenue bonds by the California Enterprise Development Authority (CEDA) to benefit Cal-Can Holdings LLC, Redbarn Pet Products, Inc., in an amount not to exceed \$8,400,000. (District 1)

DISCUSSION

The California Enterprise Development Authority (CEDA) will loan \$8,400,000 of CEDA's revenue bonds, notes or other obligations (the "Bonds") for the benefit of Cal-Can Holdings LLC, Redbarn Pet Products, Inc. and/or any related entity (collectively, the "Borrower") to, among other things, finance, refinance or reimburse the Borrower for the (1) acquisition of land located at 2110 West Cowles Street, Long Beach and construction of an approximate 55,000 square foot building as a pet food production and distribution facility and administrative offices; (2) acquisition of two buildings located at 2148 and 2165 West 16th Street, Long Beach for renovation and remodeling as pet food production facility; (3) installation of equipment and furnishings at such facilities (collectively, the "Facilities"); (4) payment of capitalized interest with respect to the Bonds; (5) funding of a reserve fund, if necessary, with respect to the Bonds; and (6) payment of certain costs of issuance in connection with the Bonds.

CEDA does not charge any fees for membership. Any bonds issued by CEDA are special, limited obligations only of CEDA, payable solely through the payment of principal and interest from the borrower. In most cases, CEDA secures its bonds with a letter of credit from a bank with a minimum rating of A/A-1 from Standard and Poor's or comparable minimum rating from another nationally recognized rating agency. Neither the faith or credit, nor the taxing power of the City, any member of CEDA, the state or any political subdivision is pledged to the repayment of the bonds.

The Internal Revenue Service (IRS) Code requires that CEDA seek approval from the City Council of the bonds issued, a portion of which will benefit the Facilities within the City. A Tax and Equity Fiscal Responsibility Act (TEFRA) public hearing notification was published in the Press-Telegram on November 2, 2007. The TEFRA hearing was held on November 16, 2007 at 9:00 a.m.

The public hearing, required by Federal tax law regulations, was conducted by the City Treasurer in the sixth floor conference room at City Hall. No public comment was presented.

This matter was reviewed by Assistant City Attorney Heather A. Mahood and Budget Management Officer Victoria Bell on November 26, 2007.

TIMING CONSIDERATIONS

City Council action is requested on December 11, 2007 to facilitate the forthcoming revenue bonds issuance.

FISCAL IMPACT

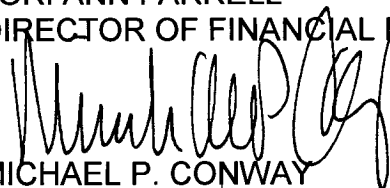
There is no fiscal impact associated with this item.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,


LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO


MICHAEL P. CONWAY
ACTING DIRECTOR OF COMMUNITY DEVELOPMENT

MAK:DN:
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ATTACHMENT

APPROVED:


PATRICK H. WEST
CITY MANAGER

1 RESOLUTION NO.

2

3 A RESOLUTION OF THE CITY COUNCIL OF THE

4 CITY OF LONG BEACH APPROVING THE ISSUANCE BY

5 CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

6 OF ITS TAX-EXEMPT AND/OR TAXABLE REVENUE

7 BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO

8 EXCEED \$8,400,000 OF THE AUTHORITY'S REVENUE

9 BONDS FOR THE BENEFIT OF CAL-CAN HOLDINGS LLC,

10 REDBARN PET PRODUCTS, INC. AND/OR A RELATED

11 ENTITY FOR THE PURPOSE OF FINANCING OR

12 REFINANCING THE COST OF THE ACQUISITION, AND

13 INSTALLATION OF CERTAIN FACILITIES, PROVIDING THE

14 TERMS AND CONDITIONS FOR SUCH BONDS AND

15 OTHER MATTERS RELATING THERETO HEREIN

16 SPECIFIED

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18 WHEREAS, Cal-Can Holdings LLC and Redbarn Pet Products, Inc.

19 (collectively, the "Applicant"), have requested that California Enterprise Development

20 Authority ("CEDA") issue its tax-exempt and/or taxable revenue bonds in an aggregate

21 principal amount not to exceed \$8,400,000 (the "Bonds") for the benefit of the Applicant

22 and/or a related or successor entity (the "Borrower") pursuant to Chapter 5 of Division 7

23 of Title 1 of the Government Code of the State, (commencing with Section 6500) (the

24 "Act") to finance, refinance or reimburse the Borrower for the (1) acquisition of an

25 approximately 100,000 square foot parcel of land located at 2110 West Cowles Street,

26 Long Beach, California and construction of an approximate 55,000 square foot building

27 on such land for use as a pet food production and distribution facility; (2) acquisition of

28 two buildings located at 2148 and 2165 West 16th Street, Long Beach, California and the

1 renovation and remodeling of such buildings into pet food production facilities; (3)
2 installation of equipment and furnishings at such facilities (collectively, the "Facilities"); (4)
3 payment of capitalized interest with respect to the Bonds, (5) funding of a reserve fund, if
4 necessary, with respect to the Bonds and (6) payment of certain costs of issuance in
5 connection with the Bonds (collectively, the "Project"); and

6 WHEREAS, the issuance of the Bonds by CEDA must be approved by the
7 governmental unit on behalf of which the Bonds are issued and a governmental unit
8 having jurisdiction over the territorial limits in which the Facilities are located pursuant to
9 the public approval requirement of Section 147(f) of the Internal Revenue Code of 1986,
10 as amended (the "Code"); and

11 WHEREAS, the Facilities are located within the territorial limits of the City of
12 Long Beach (the "City") and the City Council (the "City Council") is the elected legislative
13 body of the City; and

14 WHEREAS, the Authority and the Borrower have requested that the City
15 Council approve the issuance of the Bonds by CEDA and the financing of the Project with
16 the proceeds of the Bonds pursuant to Section 147(f) of the Code; and

17 WHEREAS, it is intended that this Resolution shall comply with the public
18 approval requirements of Section 147(f) of the Code; provided, however, that this
19 Resolution is neither intended to nor shall it constitute an approval by the City Council of
20 the Project for any other purpose; and

21 WHEREAS, a public hearing was held by the City Council on this 11th day
22 of December, 2007, at the meeting which commenced at the hour of 5:00 p.m., at 333
23 West Ocean Boulevard, 14th Floor, Long Beach, California 90802, City Council
24 Chambers, following duly published notice thereof in a newspaper of general circulation
25 in the City of Long Beach, on October ___, 2007, and all persons desiring to be heard
26 have been heard;

27 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
28 follows:

1 Section 1. The City Council hereby approves the issuance of the Bonds,
2 which Bonds may be tax-exempt or taxable as approved by CEDA in its resolution, in an
3 amount not to exceed \$8,400,000 to finance the costs of the Project. This resolution
4 shall constitute "host" approval of the issuance of the Bonds within the meaning of
5 Section 147(f) of the Code and shall constitute the approval of the issuance of the Bonds
6 within the meaning of the Act; provided, however, that this Resolution shall not constitute
7 an approval by the City Council of the Project for any other purposes, including
8 compliance thereof with CEQA, nor does it constitute an approval of the underlying credit
9 or financial structure of the Bonds.

10 Section 2. All actions heretofore taken by the officers, employees and
11 agents of the City with respect to the approval of the Bonds are hereby approved,
12 confirmed and ratified, and the officers and employees of the City and their authorized
13 deputies and agents are hereby authorized and directed, jointly and severally, to do any
14 and all things and to execute and deliver any and all certificates and documents which
15 they or bond counsel may deem necessary or advisable in order to consummate the
16 issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this
17 Resolution.

18 Section 3. This resolution shall take effect immediately upon its adoption
19 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

20 I hereby certify that the foregoing resolution was adopted by the City
21 Council of the City of Long Beach at its meeting of _____, 2007, by the

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following vote:

Ayes: Councilmembers:

Noes: Councilmembers:

Absent: Councilmembers:

City Clerk