



Legislation Text

File #: 07-1445, **Version:** 1

Recommendation to receive supporting documentation into the record regarding the Tax and Equity Fiscal Responsibility Act (TEFRA) public hearing, and adopt 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)

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.

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

There is no fiscal impact associated with this item.

Approve recommendation.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH APPROVING THE ISSUANCE BY CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY OF ITS TAX-EXEMPT AND/OR TAXABLE REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$8,400,000 OF THE AUTHORITY'S REVENUE BONDS FOR THE BENEFIT OF CAL-CAN HOLDINGS LLC, REDBARN PET PRODUCTS, INC. AND/OR A RELATED ENTITY FOR THE PURPOSE OF FINANCING OR REFINANCING THE COST OF THE ACQUISITION, AND INSTALLATION OF CERTAIN FACILITIES, PROVIDING THE TERMS AND CONDITIONS FOR SUCH BONDS AND OTHER MATTERS RELATING THERETO HEREIN SPECIFIED

MICHAEL P. CONIWAY
ACTING DIRECTOR OF COMMUNITY DEVELOPMENT

LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:

PATRICK H. WEST
CITY MANAGER