

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

Meeting Date: September 24, 2008

Request for Approval of Initial and Final Resolution and Tax Exempt Bond Allocation

Prepared by: *Deanna Hamelin*

Issuer:	California Enterprise Development Authority (CEDA)	Amount Requested:	\$3,000,000 TE
Borrower:	Olive Lane Industrial Park, LLC and/or affiliates	Application No.:	08-0015
User:	Kieran Label Corp. and/or affiliates	IR & FR No.:	08-0015
Location:	City of San Diego (San Diego County)	Allocation Resolution No.:	08-0015A

Borrower/User/Background: Olive Lane Industrial Park, LLC (the Borrower) and Kieran Label Corp. (the User or KLC) were organized or incorporated on June 19, 2006 and March 25, 1982, respectively. The Borrower’s sole member is Olive Lane Industrial Park, General Partnership. The General Partnership has only one partner, the Vanier Family Limited Partnership, for which the general partners are Denis Vanier and Dino Vanier. The User has three major shareholders: V&A Trust, Denis Vanier and Dino Vanier.

KLC is in the business of producing stock and custom roll, sheet and continuous tag, and pressure sensitive labels. Its major customers include Forms Desk and HMS Industries.

Project Information: Bond proceeds will be used to refinance the cost of a new, 54,750 square foot building on a site purchased by the Borrower in the summer of 2006. KLC will occupy a 40,000 square-foot space, while 6,300 square feet will be leased to a major customer of the User. The construction costs of the leased portion of the building will not be refinanced with tax-exempt IDB proceeds. The remaining space will be used for KLC’s future expansion.

Anticipated Timeline: Construction of the new building was completed in early August 2008.

Prior Actions/Financing: None.

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 45 verifiable points. While none of the 45 points assigned are based upon the creation or retention of jobs, the User anticipates creating 23 jobs within two years of Project completion.

RELOCATION OF COMPANY OPERATIONS (No point evaluation required): The User is relocating from the City of El Cajon to the City of San Diego. The User provided a letter from Melissa Ayres, Director of Community Development, in which she acknowledges the relocation

and states that the City of El Cajon does not object to the issuance of bonds for this Project. (See Attachment A.)

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: (a) will be adequately secured; (b) will be fair, just and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Staff’s final determination of qualification of the bonds will be subject to its review of final bond documents prior to the issuance of bonds.

Status Of Permit/Other Required Approvals:

- On January 7, 2008, CEDA executed a Declaration of Official Intent to Issue Bonds in an amount not to exceed \$5,600,000 in tax-exempt IDBs for the Project.
- A TEFRA hearing was held by the County of San Diego on August 5, 2008. The County noticed and approved the issuance of tax-exempt and taxable bonds in an amount not to exceed \$3,000,000.
- On August 6, 2008, CEDA adopted a reimbursement resolution for the Project in an aggregate amount not expected to exceed \$3,500,000 in tax-exempt bonds.
- The Project involves the refinancing of the cost of a new manufacturing building. All land use, zoning approvals, and permits have been obtained. The Borrower provided confirmation that no additional land use or zoning approvals or permits are required to accommodate the Project.

Financing Details: CEDA will issue a tax-exempt bond on a private placement basis. Union Bank of California, which is a Qualified Institutional Buyer (QIB) as defined by the U.S. Securities and Exchange Commission (SEC) Rule 144A, will purchase the bond. The bond will be:

- secured by the land and the building; and,
- used to pay off a bridge loan.

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 bond purchaser must sign a “traveling” sophisticated investor letter, which will outline the private placement requirements and restrictions, and which will remain with the bonds in the event they are sold or traded at a later date.
- The security of the private placement debt must be collateral provided by the Borrower.
- The bonds must be issued in minimum denominations of \$250,000.

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 \$7,500.¹

¹ California Code of Regulations Title 10, Chapter 8, Article 3, §6070

Financing team:

Issuer: CEDA
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Union Bank of California

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. 08-0015 for an amount equal to \$3,000,000 in tax-exempt bonds and Allocation Resolution No. 08-0015A for an amount equal to \$3,000,000 in tax-exempt IDB allocation for the Issuer for the Kieran Label Corp. 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. 08-0015.

KLC PROJECT

Bond Amount: \$3,000,000 TE

City of San Diego (San Diego County)

Application No. 08-0015

September 24, 2008

STAFF SUMMARY – CIDFAC

Prepared by: *Deanna Hamelin*

ISSUE: On behalf of Olive Lane Industrial Park, LLC (the Borrower) and Kieran Label Corp. (the User or KLC), the California Enterprise Development Authority (CEDA or the Issuer) requests approval of the Initial and Final Resolution No. 08-0015 for an amount equal to \$3,000,000 in tax-exempt bonds and Allocation Resolution No. 08-0015A for an amount equal to \$3,000,000 in tax-exempt IDB allocation. Bond proceeds will be used to refinance the cost of a new, 54,750 square foot building.

BORROWER/USER: Olive Lane Industrial Park, LLC (the Borrower) and Kieran Label Corp. (the User or KLC) were organized or incorporated on June 19, 2006 and March 25, 1982, respectively. The Borrower's sole member is Olive Lane Industrial Park, General Partnership. The General Partnership has only one partner, the Vanier Family Limited Partnership, for which the general partners are Denis Vanier and Dinoo Vanier. The User has three major shareholders: V&A Trust, Denis Vanier and Dinoo Vanier.

KLC is in the business of producing stock and custom roll, sheet and continuous tag, and pressure sensitive labels. Its major customers include Forms Desk and HMS Industries.

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 Borrower/User.

Prior Actions and Financings. None.

PROJECT INFORMATION:

Bond proceeds will be used to refinance the cost of a new, 54,750 square foot building on a site purchased by the Borrower in the summer of 2006. KLC will occupy a 40,000 square-foot space, while 6,300 square feet will be leased to a major customer of the User. The construction costs of the leased portion of the building will not be refinanced with tax-exempt IDB proceeds. The remaining space will be used for KLC's future expansion.

The following estimates how the tax-exempt bond proceeds for the Project will be applied:

Construction of New Building.....	\$2,910,000
Private Placement Bank Costs.....	\$30,000
Bond Issuance Expenses	\$60,000
Total:	<u>\$3,000,000</u>

Anticipated Timeline. Construction of the new building was completed in early August 2008.

Status Of Permit/Other Required Approvals:

- On January 7, 2008, CEDA executed a Declaration of Official Intent to Issue Bonds in an amount not to exceed \$5,600,000 in tax-exempt IDBs for the Project.
- A TEFRA hearing was held by the County of San Diego on August 5, 2008. The County noticed and approved the issuance of tax-exempt and taxable bonds in an amount not to exceed \$3,000,000.
- On August 6, 2008, CEDA adopted a reimbursement resolution for the Project in an aggregate amount not expected to exceed \$3,500,000 in tax-exempt bonds.
- The Project involves the refinancing of the cost of a new manufacturing building. All land use, zoning approvals, and permits have been obtained. The Borrower provided confirmation that no additional land use or zoning approvals or permits are required to accommodate the Project.

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 45 verifiable points to the Project as detailed below:

Community Economic Need (15 points):

Unemployment Rate of the Project Area (0 points): No points were awarded for the unemployment rate of the Project area. In accordance with CDLAC procedures, to earn points in this category the 2007 unemployment rate of the county sub-area in which the Project is located must be at least 125% of the 2007 statewide rate. In this case, the 2007 unemployment rate of the project area is 4.6%, which is 85.19% of the 2007 statewide rate of 5.4%.

Poverty Rate of Project Area (5 points): The poverty rate for this Project area is 28.5%, which is 269% of the statewide rate of 10.6%.

Special Designation Area (5 points): The Project is located in a state-designated Enterprise Zone.

Median Family Income (5 points): The Project is located in the City of San Diego, census tract 100.15, where the average median family income is \$30,375. Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 57.3% of the statewide average.

Employment Benefits (Job Creation and Retention = 0 points) Although this Project was not awarded points for job creation or job retention, KLC represents that it currently employs 44 individuals in California and anticipates hiring an additional 23 employees within two years of completion of the Project.

Welfare-to-Work Plan (5 points): The Borrower provided a letter from Mr. Harold Toothacre, Staffing Specialist from the County of San Diego Health and Human Services Agency, indicating its participation in the San Diego CalWorks program. (See Attachment B)

Health Care Benefits (5 points): KLC provided documentation that it contributes to the medical insurance for 42 of its 44 employees. The contribution translates into an average of \$343 per month toward the health care benefits for each employee. The uncovered employees opted out of the KLC's health care plan for personal reasons.

Average Hourly Wage (5 points): KLC's average hourly wage is \$20.62, while the Metropolitan Statistical Area (MSA) for the City of San Diego has an average manufacturing wage of \$15.46. Therefore, KLC's average hourly wage is 133% of the average manufacturing wage for the San Diego area.

Land Use/Energy Efficiency/Public Transit Corridor (10 points):

Land Use (0 points): This Project does not involve the reuse of a vacant or abandoned building or abandoned land with developed infrastructure.

Energy Efficiency (5 points): KLC provided a letter from Energy Wise Lighting, Inc., manufacturer of the lighting fixtures that it purchased for its new facility, which indicates a reduction in energy usage by 15.5% compared to other lighting options considered. (See Attachment C)

Public Transit Corridor (5 points): KLC provided verification that the Project site is located in a public transit corridor. A San Diego Metro Transit bus stop is ¼ of a mile from the Project site.

Leveraging (5 points): The total Project cost is \$6,500,000, of which \$3,000,000 will be refinanced with tax-exempt IDB financing. The remaining Project costs will be covered by a loan from Union Bank of California in the approximate amount of \$1,800,000 and Borrower's equity.

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):**
KLC is relocating from the City of El Cajon to the City of San Diego. It provided a letter from Melissa Ayres, Director of Community Development for the City of El Cajon, in which she acknowledges the relocation and states that the City does not object to the issuance of bonds for this Project. (See Attachment A.)
- 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 that will be issued in connection with the Project: (a) will be adequately secured; (b) will be fair, just, and equitable to a purchaser of the bonds; and (c) will not work a fraud upon the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to the issuance of bonds.

FINANCING DETAILS:

The California Enterprise Development Authority (CEDA) will issue a tax-exempt bond on a private placement basis. Union Bank of California, which is a qualified institutional buyer (QIB) as defined by the U.S. Securities and Exchange Commission (SEC) Rule 144A, will purchase the bond. The bond will be:

- secured by the land and the building; and,
- used to pay off a bridge loan.

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 bond purchaser must sign a “traveling” sophisticated investor letter, which will outline the private placement requirements and restrictions, and which will remain with the bond in the event they are sold or traded at a later date.
- The security of the private placement debt must be collateral provided by the Borrower.
- The bonds must be issued in minimum denominations of \$250,000.

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 \$7,500.²

FINANCING TEAM:

Issuer: CEDA
Bond Counsel: Kutak Rock LLP
Private Placement Purchaser: Union Bank of California

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

RECOMMENDATION:

Staff recommends approval of Initial and Final Resolution No. 08-0015 for an amount equal to \$3,000,000 in tax-exempt bonds and Allocation Resolution No. 08-0015A for an amount equal to \$3,000,000 in tax-exempt IDB allocation for the Issuer for the Kieran Label Corp. 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. 08-0015.

INITIAL AND FINAL RESOLUTION
OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
INDUSTRIAL DEVELOPMENT BONDS
IR/FR #: 08-0015

WHEREAS, the California Enterprise Development Authority (the “Applicant”) has transmitted the application of Olive Lane Industrial Park, LLC (the “Project Sponsor”) for the issuance of \$3,000,000 in tax exempt 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 County of San Diego 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 acquisition of the facility described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the total principal amount of \$3,000,000; 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) 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;

(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. 08-0015A
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 \$3,000,000. 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: 08-0015A
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: CEDA
2. Application No.: 08-0015
3. Project Sponsor: Olive Lane Industrial Park, LLC
and/or affiliates
4. Project User: Kieran Label Corp. and/or affiliates
5. Project Name: Kieran Label Corp. Project
6. Address: 2321 Siempre Viva Court
Location: San Diego, CA 92154
County: San Diego County
7. Amount of Allocation: \$3,000,000
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:
 - Participation in San Diego County’s CalWorks program; and,
 - The creation of 23 additional, direct full-time jobs.

**CITY OF EL CAJON****COMMUNITY DEVELOPMENT**

June 27, 2008

Ms. Eileen Marxen
California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 470
Sacramento, California 95814

Re: Kieran Label Corporation

Dear Ms. Marxen:

The City of El Cajon (the "City") understands that Kieran Label Corporation (the "Corporation"), currently located at 1925 Gillespie Way, Suite A, El Cajon, CA 92020 (the "El Cajon Facility") will be relocating its operations to a new facility located at 2321 Siempre Viva Court San Diego, CA 92154 (the "Otay Mesa Facility"). It is our further understanding that the Corporation expects to apply to the California Industrial Development Financing Advisory Commission for approval relating to the issuance of industrial development revenue bonds (the "Bonds") to finance a portion of the cost of constructing and installing the Otay Mesa Facility.

This letter is to verify that the City has no objection to the issuance of the Bonds for the benefit of the Corporation to finance a portion of the cost of constructing and installing the Otay Mesa Facility.

Very truly yours,

CITY OF EL CAJON

By

Melissa Ayres

Director of Community Development



County of San Diego
HEALTH AND HUMAN SERVICES AGENCY

1750 5th Avenue, San Diego, CA 92101
(619) 557-3378, Fax: (619) 557-3265

July 7, 2008

Dear Mr. Vanier:

Thank you for contacting us regarding participation in the services offered by our CalWORKs program. We offer comprehensive welfare to work services in San Diego. We also work with community nonprofits and other governmental organizations to ensure a large candidate pool. We provide career counseling and coaching services to candidates, thereby ensuring that candidates will be better prepared. With respect to your specific requirements, we have an extensive network of candidates who are ready, able and interested to interview for positions in manufacturing and warehouse services.

We understand that you are acquiring a new label manufacturing facility in the City of San Diego and will be hiring new employees over the next several years. We appreciate the fact that Kieran Label Corporation has agreed to participate in our welfare to work program and will consider candidates from our applicant pool who are qualified in one or more of your target criteria for employment.

San Diego CalWorks has a strong record of working with employers such as Kieran Label Corporation to provide win-win employment opportunities for candidates who aspire to move beyond welfare and into the regular work force. Our office looks forward to working with you.

Sincerely,

A handwritten signature in cursive script that reads "Harold Toothacre".

Harold Toothacre



Office: 541-484-7123
 Toll Free: 866-873-8546
 Fax: 541-344-6416

Energy Wise Lighting was founded in 1993 by Peter Greenberg. Over the last decade and a half we have sold, manufactured and designed lighting fixtures that have saved our customers millions in energy costs. With awards from various utility companies and the U.S. Department of Energy, we have retrofitted numerous U.S. government buildings. Our clients include NASA, the U.S. Air Force, the National Institutes of Health, the U.S. Postal Service, many school districts and numerous companies in the private sector. Since 2001, we have sold over 45,000 T5 HO fixtures.

In May, 2008 Kieran Label purchased fifty-eight of our Premium 6-lamp T5 HO lighting fixtures with occupancy/photo sensors for their new facility. They were originally planning to install eighty-five 400 watt metal halide fixtures, which are similar to the lighting fixtures they have in their existing facility. T5 HO fixtures use 50% less energy than comparable metal halide fixtures and generate substantially less heat. The T5 HO bulbs that came with their fixtures have a rated life of 100,000 hours. This is five times the rated life of a 400 watt metal halide bulb, which is 20,000 hours. By employing the use of individual occupancy/photo sensors, they will generate additional energy savings estimated at around 50% due to their skylight system. Each fixture has three levels of light output that can be increased or decreased depending upon the ambient level of light detected by the photo sensor. The occupancy works to turn off the entire fixture if the area around the fixture is unoccupied for a set amount of time. By combining T5 HO technology with an occupancy/photo sensor, they will generate substantial savings over a traditional metal halide lighting system.

The most common unit of measuring the output of light from a lighting fixture is the lumen. After adjusting for depreciation, fixture design efficiency and the scotopic/photopic ratio, our 6-lamp T5 HO fixture has a lumen output that is around 50% greater than a traditional 400 watt metal halide.

Kieran Label's average monthly electrical consumption in KWh is 48,414. Their current monthly usage from lighting alone is 9,110 KWh. Their new energy efficient lighting system will consume an estimated 1,588 KWh per month. This is based on a 50% savings from their occupancy/photo sensors. This will lead to a total estimated overall energy consumption reduction of 15.5%.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Post".

Rick Post
 Energy Wise Lighting, Inc.

2950 Allane Lane, Suite B | Eugene, Oregon 97402

www.energywisegroup.com



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Office: 541-484-7123
 Toll Free: 866-873-8546
 Fax: 541-344-6416

Kieran Label: Energy Savings Calculations for Lighting

Current average electrical usage per month (KWh):	48414
Total hours per month:	390
Percentage of time lights will be off due to occupancy/photo sensors:	50%
Electrical usage from lighting per month with 85 400 watt metal halides (KWh): $85 \times .460 \text{ KW} \times 390 \text{ hrs} =$	9110
Electrical usage from lighting per month with 58 6-lamp T5 HO fixtures w/ sensors (KWh): $58 \times .351 \text{ KW} \times 390 \times (1 - .5 \text{ sensor savings}) =$	1588
Total KWh saved per month	7522
Percentage reduction in overall electrical use: $7522 \text{ KWh} / 48414 \text{ KWh} =$	15.54%

2950 Allane Lane, Suite B | Eugene, Oregon 97402
www.energywisegroup.com