

CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION
Meeting Date: October 22, 2008
*Request for Amended Initial and Final Resolution for Tax-Exempt and Taxable Bond Approval
 and Tax-Exempt Bond Allocation Approval*

Prepared by: *Deanna Hamelin*

Issuer:	California Enterprise Development Authority (CEDA)	Amount Requested:	\$8,220,000 TE \$1,780,000 TX
Co-Borrowers:	Ramar Marina Ltd. L.P., Prime Equities, L.P., Ramar International Corporation and/or a related or affiliated entity	Application No.:	08-0005
User:	Ramar International Corporation and/or a related or affiliated entity	IR & FR No.:	08-0005 (Amended)
Location:	City of Pittsburg (Contra Costa County)	Allocation No.:	08-0005A

Borrower/User/Background: Ramar Marina Ltd. L.P., Prime Equities L.P. (Co-Borrowers), Ramar International Corporation (Co-Borrower and User), and/or a related or affiliated entity (collectively the Company), doing business as Ramarfoods, Orientex, Magnolia, Bestaste, and Pampanga’s Best, were incorporated or formed in California in 2005, 2000, and 1968, respectively. The Company is a leading manufacturer of a variety of fresh and frozen Filipino and Asian food products, including egg rolls, skewered meats, and a variety of desserts and ice-creams. These products are sold through various chain stores, brokers, distributors and wholesalers including Seafood City, Island Pacific, Albertsons and Ranch 99.

Current Request: At the March 26, 2008 Commission meeting, Initial and Final Resolution number 08-0005 for \$6,000,000 in tax-exempt and taxable bonds was approved for Ramar Marina Ltd. L.P. and Ramar International Corporation (see Exhibit I, CIDFAC staff’s March 26th report). This current request is for an amendment to the Initial and Final Resolution to reflect the increase in the tax-exempt bond amount to \$8,220,000, a taxable bond amount of \$1,780,000, and other changes in the proposed Project and finance structure. In addition, the Issuer requests a transfer of tax-exempt bond allocation from the State’s 2008 CIDFAC private activity bond allocation for an amount not to exceed \$8,220,000 for the Ramar International Corporation Project.

The following is a list of changes to the Project since the Commission approved the IR/FR at its March 26, 2008 meeting:

Status Of Permit/Other Required Approvals:

The March 3, 2008 TEFRA held by the City of Pittsburg did not provide a 14-day notice period in accordance with California Debt Limit Allocation Committee (CDLAC) and Commission practices. A second TEFRA hearing was held by the City of Pittsburg on October 20, 2008. The City noticed

and approved the issuance of tax-exempt and taxable bonds in an amount not to exceed \$10,000,000.

Public Benefits:

At the March 26th 2008 CIDFAC meeting, staff reported awarding the Project a total of 30 verifiable points. While none of the 30 points was based upon the creation or retention jobs, the Company represented that it employed approximately 137 individuals in California and expected to create a total of 67 new jobs statewide within two years of completion of the Project.

While the Project still qualifies for the 30 points in the same categories, staff is awarding an additional three (3) points in the Leveraging category. The total Project cost is \$10,092,800, of which \$8,220,000 will be refinanced with tax-exempt IDB financing. The remaining Project costs will be covered by \$1,780,000 in taxable bonds and by the Borrower’s private funds. The additional award brings the Project’s total points up to 33.

Ownership and Legal Structure Information:

At the time of the March 26th Commission meeting, the Issuer contemplated that there would be two expected co-borrowers, Ramar Marina Ltd. L.P. and Ramar International Corporation. Since then, the Issuer has reported that a third co-borrower, Prime Equities, L.P., has been added. The principal shareholders of this limited partnership are:

Susan Quesada.....	32.67%
Ronald Quesada.....	32.67%
Primo Quesada, Jr.	32.66%
Shareholders with less than 10% ownership	2.00%
Total:	100%

Anticipated Timeline:

The building was acquired on April 8, 2005 from George and Judith Stephens. Renovation of the facility began in June 2006 and is anticipated to be completed by November 2008. Equipment purchases have commenced and will continue for a period of about 24 months after bond issuance.

Project Costs:

Ramar has been conducting manufacturing operations at the Garcia Avenue and Railroad Lane sites since 1995 and 2002, respectively. The new site in the City of Pittsburg is the Central Avenue site. Ramar purchased the Central Avenue site prior to the inducement period, so the land and building purchase costs cannot be paid for with tax-exempt bonds. The tax-exempt bond proceeds will be used to refinance certain costs incurred in the inducement period, specifically the rehabilitation and improvement of the Central Avenue building(\$5,710,000), acquisition and installation of new equipment at the Central, Garcia and Railroad sites (\$2,263,400), pay the costs of issuance (\$164,400), and credit enhancement (\$82,200) fees.

Taxable proceeds will be used to refinance the cost of acquiring the land and building at the Central Avenue, Garcia and Railroad sites (\$1,645,000) and to pay costs of issuance (\$135,000).

In addition, the Borrower is expected to contribute approximately \$92,800 of its funds to pay an up-front fee required by the Letter of Credit Bank and to pay other credit enhancement costs not covered by tax-exempt or taxable bond proceeds.

FINANCING DETAILS:

Just as reported at the March 26th Commission meeting, the Project will be funded through tax-exempt and taxable Industrial Development Bonds (IDBs) and will be sold in a public offering. The bonds will be variable rate bonds and will be secured by an irrevocable Letter of Credit issued by Bank of the West. The bonds are expected to be rated AA-/F1+ by Fitch three to seven days prior to the sale date.

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 \$25,000.

Recommendation: Staff recommends approval of the Amendment to the Initial and Final Resolution number 08-0005 for \$8,220,000 in tax exempt bonds and \$1,780,000 in taxable bonds. In addition, staff recommends approval of Resolution number 08-0005A transferring a portion of the State’s 2008 qualified private activity bond allocation for small-issue industrial development projects for an amount not to exceed \$8,220,000, to Ramar Marina Ltd. L.P., Prime Equities L.P. and Ramar International Corporation. This transfer of allocation is subject to staff’s analysis and approval of final bond documents, and receipt of bond counsel’s opinion, as set forth in Initial and Final Resolution No. 08-0005 and in IDB Allocation Resolution No. 08-0005A.

AMENDED INITIAL AND FINAL RESOLUTION
OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
INDUSTRIAL DEVELOPMENT BONDS
IR/FR #: 08-0005

WHEREAS, the California Enterprise Development Authority (the “Applicant”) has transmitted the application of Ramar Marina Ltd. L.P., Prime Equities L.P., and Ramar International Corporation (the “Project Sponsors”) for the issuance of \$8,220,000 in tax exempt bonds and \$1,780,000 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 Pittsburg 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 Project described in the application likely will substantially exceed any public detriment from the issuance of tax-exempt bonds in the total principal amount of \$8,220,000 and taxable bonds in the total principal amount of \$1,780,000; 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) Indenture,
- (ii) Loan Agreement,
- (iii) Bond Purchase Contract,
- (iv) Official Statement,
- (v) Remarketing Agreement, and;

(vi) Tax Certificate and Agreement

(vii) 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. 08-0005A
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 \$8,220,000. 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: 08-0005A
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: California Enterprise Development Authority
2. Application No.: 08-0005
3. Project Sponsors: Ramar Marina Ltd. L.P., Prime Equities L.P.,
Ramar International Corporation
4. Project User: Ramar International Corporation
5. Project Name: Ramar International Corporation Project
6. Addresses: 335 Central Avenue, 1101 Railroad Lane,
& 539 Garcia Avenue
Location: Pittsburg, CA 94565
County: Contra Costa County
7. Amount of Allocation: \$8,220,000
8. The Project Sponsor has represented that it reasonably expects the User will use its best efforts to achieve within two years of the completion of the Project the following:
 - participation in the Welfare-to-Work Plan with the Contra Costa County Workforce Services Office of the California Employment Development Department;
 - creation of 67 additional direct full-time jobs, which will include 12 management positions and 55 skilled/semi-skilled positions.

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

Meeting Date: March 26, 2008

Request for Initial and Final Resolution for Tax Exempt and Taxable Bond Approval

Prepared by: *Deanna Hamelin*

Issuer:	California Enterprise Development Authority (CEDA)	Amount Requested:	\$6,000,000
Borrower:	Ramar Marina Ltd. L.P.	Application No.:	08-0005
Co-Borrower/User:	Ramar International Corporation and/or a related or affiliated entity	IR & FR No.:	08-0005
Location:	City of Pittsburg (Contra Costa County)		

Borrower/User/Background: Ramar Marina Ltd. L.P. (the “Co-Borrower”), Ramar International Corporation (the “User” & “Co-Borrower”), and/or a related or affiliated entity, doing business as Ramarfoods, Orientex, Magnolia, Bestaste, and Pampanga’s Best (collectively the “Company”), was incorporated in California in 2005 and 1968, respectively. The Company is a leading manufacturer of a variety of fresh and frozen Filipino and Asian food products, including egg rolls, skewered meats, and a variety of desserts and ice-creams. These products are sold through various chain stores, brokers, distributors and wholesalers including Seafood City, Island Pacific, Albertsons, and Ranch 99.

Project Information: The Company currently owns and operates two facilities in the City of Pittsburg, a 12,000 square foot USDA-certified plant on Garcia Avenue that manufactures meat products and egg rolls and a 24,000 square foot ice cream and dairy plant on Railroad Lane. In addition to manufacturing operations, the Railroad Lane facility also houses the User’s management and administrative operations. The Company’s operations have reached maximum capacity at both facilities, and there is no available space at these facilities to accommodate the Company’s desire for increased production capacity. Bond proceeds will be used to finance the acquisition and renovation of a vacant, 20,000 square foot building at 335 Central Avenue in the City of Pittsburg. The building is currently vacant and at various times housed a roller skating rink and a market. Bond proceeds will also be used for the acquisition and installation of production equipment and material handling systems including a spiral freezer, fryer, egg roll machine, and silos.

Anticipated Timeline: The building was acquired by the Company on April 8, 2005 from George and Judith Stephens. Renovation of the facility began in June 2006 and is anticipated to be completed by March 2008. Equipment purchases have commenced and will continue for 12 to 18 months after bond closing.

Prior Actions/Financing: The Company has no outstanding tax-exempt financings.

Local Government Support: The Company provided a letter from Mr. Brad Nail, Director of Economic Development in the City of Pittsburg, in support of the Project. (See Attachment A.)

Statutory Criteria: 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Points have been awarded based on an evaluation consistent with CDLAC guidelines. CDLAC does not require the evaluation of points for all statutory criteria.

PUBLIC BENEFITS: Consistent with CDLAC guidelines, the Project was awarded a total of 30 verifiable points. While none of the 30 points awarded is based upon the creation or retention jobs, the Company currently employs approximately 137 individuals in California and expects to create a total of 67 new jobs statewide within two years of completion of the Project.

RELOCATION OF COMPANY OPERATIONS (No point evaluation required): The Company will remain in the City of Pittsburg.

QUALIFICATION OF BOND ISSUANCE (No point evaluation required): Based upon the proposed finance structure, and based upon 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.

Status Of Permit/Other Required Approvals:

- The California Enterprise Development Authority (CEDA) approved a reimbursement certificate and a reimbursement resolution in an aggregate amount not to exceed \$6,000,000 for the Project on December 6, 2006 and on February 7, 2007.
- The Project involves the acquisition of land and building that is zoned for commercial and light manufacturing uses. No land use or zoning approvals or permits are required to accommodate the Project Sponsor’s operations. A letter from the City of Pittsburg confirms that no land use or zoning approvals or permits are required to accommodate the planned facility.
- A TEFRA hearing was held by the City of Pittsburg on March 3, 2008, and no comments in support of or in opposition to the Project were received.

Financing Details: The Project will be funded through tax-exempt and taxable Industrial Development Bonds (IDBs) and will be sold in a public offering. The bonds will be variable rate bonds and will be secured by an irrevocable Letter of Credit issued by Bank of the West.

Financing team:

- Issuer:** CEDA
- Bond Counsel:** Kutak Rock LLP
- Underwriter:** Gates Capital Corporation
- Financial Advisor:** Growth Capital Associates, Inc.

Legal Questionnaire: The Staff has reviewed the Co-Borrowers’/User’s responses to the questions contained in the Legal Status portion of the Application. There was no information disclosed that raises questions concerning the financial viability or legal integrity of the applicants.

Recommendation: Staff recommends approval of Initial and Final Resolution No. 08-0005 for an amount not to exceed \$6,000,000 in tax-exempt and taxable bonds for Ramar International Corporation, Ramar Marina Ltd. L.P. and/or related or affiliated entity, subject to staff analysis and approval of final bond documents, and the receipt of bond counsel’s opinion and CDLAC allocation approval, as set forth in Initial and Final Resolution No. 08-0005.

RAMAR INTERNATIONAL CORPORATION, RAMAR MARINA LTD. L.P. AND/OR A RELATED OR AFFILIATED ENTITY

Bond Amount: \$6,000,000

City of Pittsburg (Contra Costa County)

Application No. 08-0005

March 26, 2008

STAFF SUMMARY – CIDFAC

Prepared by: *Deanna Hamelin*

ISSUE:

On behalf of Ramar Marina Ltd. L.P. (the “Co-Borrower), Ramar International Corporation (the “User” & “Co-Borrower), and/or a related or affiliated entity, doing business as Ramarfoods, Orientex, Magnolia, Bestaste, and Pampanga’s Best (collectively the “Company”), the California Enterprise Development Authority (“CEDA” or the “Issuer”) requests approval of the Initial and Final Resolution No. 08-0005 for an amount up to \$6,000,000. Bond proceeds will be used for the acquisition and renovation of a 20,000 square foot building. Renovation will include the addition of 10,000 square feet for freezer space to accommodate food processing at the facility. Proceeds will also be used for the acquisition and installation of new production equipment and material handling systems at the new facility, including a spiral freezer, fryer, egg roll machine, and silos.

Allocation. The Company anticipates receiving allocation at the April 23, 2008 CIDFAC meeting.

BORROWER/USER:

Ramar Marina Ltd. L.P. (the “Co-Borrower), Ramar International Corporation (the “User” & “Co-Borrower), and/or a related or affiliated entity, doing business as Ramarfoods, Orientex, Magnolia, Bestaste, and Pampanga’s Best (collectively the “Company”), was incorporated in California in 2005 and 1968, respectively. The Company is a leading manufacturer of a variety of fresh and frozen Filipino and Asian food products, including egg rolls, skewered meats, and a variety of desserts and ice-creams. These products are sold through various chain stores, brokers, distributors and wholesalers including Seafood City, Island Pacific, Albertsons, and Ranch 99.

The principal shareholders of the Ramar International Corporation are as follows:

Primo Quesada.....	43.14%
Shareholders with less than 10% ownership.....	<u>56.86%</u>
Total:	100%

The principal shareholders of the Ramar Marina Ltd. L.P. are as follows:

Prime Equities, LTD.....	26.66%
Primo Quesada.....	20.00%

Miguel Dayao.....	6.66%
Edilberto Sanchez	6.66%
Ernesto Magante	6.66%
Manuel Bautista	6.66%
R&J Quesada Family	6.1%
Manina Q. Resmini	4.6%
Lena Q Lionetti.....	4.6%
Mariano Quesada	3.8%
Delfin Quesada.....	3.8%
Liza Q Gomez.....	3.8%
Total	100%

Legal Questionnaire. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. The Company has no outstanding tax-exempt financings.

LOCAL GOVERNMENT SUPPORT:

The Company provided a letter from Mr. Brad Nail, Director of Economic Development in the City of Pittsburgh, in support of the Project. (See Attachment A.)

PROJECT INFORMATION:

The Company currently owns and operates two facilities in the City of Pittsburgh, a 12,000 square foot USDA plant on Garcia Avenue that manufactures meat products and egg rolls and a 24,000 square foot ice cream and dairy plant on Railroad Lane. In addition to manufacturing operations, the Railroad Lane facility also houses the User’s management and administrative operations. The Company’s operations have reached maximum capacity at both facilities, and there is no available space at these facilities to accommodate the Company’s desire for increased production capacity. Bond proceeds will be used to finance the acquisition and renovation of a vacant, 20,000 square foot building at 335 Central Avenue in the City of Pittsburgh. The building is currently vacant and at various times housed a roller skating rink and a market. Bond proceeds will also be used for the acquisition and installation of production equipment and material handling systems, including a spiral freezer, fryer, egg roll machine, and silos.

The anticipated Project and issuance costs are listed below:

Acquisition of Existing Building.....	\$1,000,000
Renovation of Existing Building.....	2,165,000
Site Preparation.....	50,000
Acquisition of New Equipment.....	2,500,000
Utilities Connection	100,000

Bond Issuance Expenses	120,000
Engineering/Architecture	65,000
Total:	<u>\$6,000,000</u>

Anticipated Timeline. The building was acquired on April 8, 2005 from George and Judith Stephens. Renovation of the facility began in June 2006 and is anticipated to be completed by March 2008. Equipment purchases have commenced and will continue for a period of 12 to 18 months after bond closing.

Status Of Permit/Other Required Approvals:

- CEDA approved a reimbursement certificate and a reimbursement resolution in an aggregate amount not to exceed \$6,000,000 for the Project on December 6, 2006 and on February 7, 2007.
- The Project involves the acquisition of land and building that is zoned for commercial and light manufacturing uses. No land use or zoning approvals or permits are required to accommodate the Project Sponsor’s operations. A letter from the City of Pittsburg confirms that no land use or zoning approvals or permits are required to accommodate the planned facility.
- A TEFRA hearing was held by the City of Pittsburg on March 3, 2008, and no comments in support of or in opposition to the Project were received.

STATUTORY CRITERIA: 1) Public Benefits, 2) Relocation and 3) Bond Issue Qualification. Points have been awarded based on evaluation consistent with CDLAC guidelines. CDLAC does not require the evaluation of points for all statutory criteria.

- 1) **PUBLIC BENEFITS:** The staff assigned a total of 30 verifiable points to the Project, which are detailed below:

Community Economic Need (15 points):

Unemployment Rate (5 points): The unemployment rate of the county sub-area in which the project is located is 7.0%, which is 142% of the statewide rate of 4.9%.

Poverty Rate (0 points): No points were awarded for the poverty rate of the Project area. To earn points in this category, the poverty rate in the Project area must be at least 110% the statewide rate. The poverty rate for this Project area was 106% of the statewide rate.

Special Designation Area (5 points): The Company provided a letter from the City of Pittsburg confirming that the Project area is located in a state designated Enterprise Zone. (See Attachment A.)

Median Family Income (5 points): The Project is located in the City of Pittsburg, census tract 3100, where the average median family income is \$37,734.

Given that the median family income for the State of California is \$53,025, the median family income for the Project area is 71.2% of the statewide average.

Employment Benefits (Job Creation/Retention = 0 points): Although this Project was not awarded points for job creation or job retention, the Company represents that it currently employs 137 individuals and anticipates hiring an additional 67 employees within two years of completion of the Project.

Welfare-to-Work Plan (5 points): The Company provided a letter from Ms. Velma Bagby, Manager at the California Employment Development Department, Contra Costa County Workforce Service Office, indicating its participation in the CalWorks/Welfare-to-Work program through the One-Stop partnership. (See Attachment B.)

Health Care Benefits (0 points): No information was provided regarding healthcare benefits for the Company's employees.

Average Hourly Wage (0 points): The Company's projected average hourly wage is \$15.41, while the Oakland Metropolitan Statistical Area (MSA) has an average manufacturing wage of \$18.71 per hour. Therefore, the Company's average hourly wage is 91% of the average manufacturing wage in the Oakland MSA¹, which does not qualify for the points.

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

Land Use (5 points): The Company provided a letter from the City of Pittsburg indicating that the Project includes the reuse of a previously vacant building. (See Attachment A.)

Public Transit Corridor (5 points): The Company provided verification that the Project site is located within a Public Transit Corridor. The Tri-Delta Transit bus routes 70, 392, and 394 are within ¼ of a mile of the Project site.

Energy Efficiency (0 points): No information was provided regarding the energy efficiency of the new manufacturing facility or the new equipment associated with this Project.

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** The Company will remain in the City of Pittsburg.
- 3) **QUALIFICATION OF BOND ISSUANCE (No point evaluation required):** Based upon the proposed finance structure, and based upon the application and other materials submitted to CIDFAC for the proposed Project, staff believes the bonds that will be

¹ The Project Area is located in the Contra Costa MSA. However, the Employment Development Department (EDD) Labor Market Information Division does not collect and publish manufacturing wage data for the Contra Costa County MSA. Therefore, Staff used data from the closest and most comparable MSA, which is the Oakland MSA.

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 issuance of bonds.

FINANCING DETAILS:

The Project will be funded through tax-exempt and taxable Industrial Development Bonds (IDBs) and will be sold in a public offering. The bonds will be variable rate bonds and will be secured by an irrevocable Letter of Credit issued by Bank of the West.

FINANCING TEAM:

Issuer: CEDA
Bond Counsel: Kutak Rock LLP
Underwriter: Gates Capital Corporation
Financial Advisor: Growth Capital Associates, Inc.

RECOMMENDATION:

Staff recommends approval of Initial and Final Resolution No. 08-0005 in an amount not to exceed \$6,000,000 of tax-exempt and taxable bonds for Ramar International Corporation, Ramar Marina Ltd. L.P. and/or related or affiliated parties, which is subject to staff analysis and approval of final bond documents, and the receipt of bond counsel’s opinion and CDLAC allocation approval, as set forth in the Initial and Final Resolution.

INITIAL AND FINAL RESOLUTION
OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
INDUSTRIAL DEVELOPMENT BONDS
IR/FR #: 08-0005

WHEREAS, the California Enterprise Development Authority (the “Authority”) has transmitted the application of Ramar International Corporation, Ramar Marina Ltd. L.P. and/or related or affiliated parties, (the “Applicant”) for the issuance of up to \$6,000,000 of tax exempt and/or taxable bonds under the provisions of the California Industrial Development Financing Act, and has informed the California Industrial Development Financing Advisory Commission (the “Commission”) that it has adopted a resolution declaring its intention to issue such bonds and that the City of Pittsburg has held a public hearing regarding the issuance of the bonds and has approved the issuance of the bonds by the Authority; 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 Project described in the application likely will substantially exceed any public detriment from the issuance of the bonds in the estimated principal amount of \$6,000,000 and

(b) use of the Project described in the application and the operation of the facility described in the application is reasonably necessary to prevent the relocation of

substantial operations of the Applicant 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 apparently 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) that the Bond Counsel Opinion, when ready for execution, be submitted to Commission staff;

(b) that the final legal documents, when ready for execution, be submitted for review by Commission staff. Submitted documents shall include:

- (i) Loan Agreement,
- (ii) Indenture of Trust,
- (iii) Purchase Contract,
- (iv) Bond

- (v) Resolution,
- (v) Letter of Credit,
- (vi) Other documents which, in the opinion of Commission staff, are necessary to the review of the transaction;

(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 representations in the application on which the findings under Section 2. above are based;

(d) that 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) that the Commission receive all applicable fees prior to the issuance of the bonds or that bond documents indicate that such fees are to be paid from the proceeds of the bonds; and

(f) that the Applicant has agreed 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.



