

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

Meeting Date: April 22, 2009

Request for Tax Exempt Bond Allocation Approval

Prepared by: *Melissa Kwong*

Issuer:	California Infrastructure and Economic Development Bank (I-Bank)	Amount Requested:	\$10,000,000
Borrower:	Olam West Coast, Inc., dba Key Food Ingredients and/or affiliates	Application No.:	09-0003
User:	Olam West Coast, Inc., dba Key Food Ingredients and/or affiliates	Allocation Resolution No.:	09-001-03
Location:	City of Firebaugh (Fresno County)		

Borrower/User/Background: Olam West Coast, Inc., dba Key Food Ingredients (the Borrower, the User, or the Company) was incorporated in November 2008 in Delaware. The Borrower is 100% owned by Olam Americas, Inc., a wholly-owned subsidiary of Olam International Ltd which is a publicly-traded company based in Singapore. Olam West Coast dehydrates and processes vegetables mainly for McCormick and Company, Inc., a spice manufacturer. Other customers include Champagne Foods Limited, Campbell Soup Company and The Clorox Company. The Company anticipates selling 90% of its products outside of California, a small percentage of which is expected to be sold overseas.

Project Information: In December 2008, the Company purchased a vacant dehydration facility in Firebaugh, California. The facility sits on 84 acres, and consists of 28 buildings that occupy 639,871 square feet and house existing equipment. The bond proceeds will be used to reimburse a portion of the cost of land, the cost of acquiring the buildings, the cost of building renovations, and allowable costs associated with refurbishing the existing equipment. The Company will use its own funds to cover Project costs not covered by bond proceeds. According to I-Bank staff, "...a tax analysis is underway by bond counsel regarding the eligible allocation for equipment and building. From the beginning of the process, the borrower has believed the project will comply with IRS rules. The borrower fully understands the IRS requirements relating to the limit of 25% of bond proceeds for the land portion, the minimum 15% requirement for rehabilitation of existing buildings, and the rules regarding purchase of used equipment...the borrower states if certain expenses are determined as non-eligible, then those expenses will not be funded with bond proceeds, but separate company funds." A letter in support of the Project was provided by Fresno County Supervisor Phil Larson (see Attachment A).

Anticipated Timeline: The purchase of the facility was completed in December 2008. Renovation of the existing buildings and refurbishment of existing equipment began in January 2009 and are anticipated to be complete by July 2009.

Prior Actions/Financing: None

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.

PUBLIC BENEFITS: Consistent with CDLAC guidelines, the Project was awarded a total of 41 points. Five of the 41 points are based on the creation of 175 direct, full-time jobs.

RELOCATION OF COMPANY OPERATIONS (No point evaluation required): The project does not involve a relocation of Company operations.

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 that will be issued in connection with the Project will: (a) be adequately secured; (b) be fair, just, and equitable to a purchaser of the bonds; and (c) not work a fraud on the bond purchaser. Final determination of qualification of the bonds will be subject to review of final bond documents prior to issuance of the bonds.

Status Of Permit/Other Required Approvals:

- On January 26, 2009, the I-Bank executed an Inducement Resolution in an amount not to exceed \$10,000,000 in tax-exempt IDBs for the Project. The I-Bank is scheduled to adopt a final resolution for the Project on May 19, 2009.
- The I-Bank held a TEFRA hearing on February 18, 2009. The I-Bank noticed the issuance of tax-exempt IDBs in an amount not to exceed \$10,000,000. The I-Bank received written and verbal public comments in response to its TEFRA notice. Written comments were in the form of a February 17, 2009 letter from Howard A. Sagaser of Sagaser, Jones & Helsley, a law firm which represents Sensient Dehydrated Flavors LLC. In the letter, Mr. Sagaser requested that the I-Bank delay the TEFRA hearing or deny the Company's application for IDB financing until his clients concerns about the Project are "more fully identified and analyzed." The letter lists economic concerns (i.e., effects of the Project on an oversaturated vegetable dehydration industry and on jobs and local revenues) and environmental concerns (e.g., impacts on agricultural water supplies). **See Attachment B.** At the TEFRA hearing, similar concerns were raised in comments made by Mike Smyth, Senior Director of Manufacturing for ConAgra Foods, and Timothy Bennett, attorney with the Law Offices of Sagaser, Jones & Helsley. **See Attachment C.** The Borrower's written response to these comments is included as **Attachment D.** Further, the Borrower claims that "[r]esearch on the health of the [seasoning and dressing manufacturing industry] indicates that even with the economic recession, food processing is at minimum stable in its growth projections, with some segments experiencing growth due to the 'eat at home' movement. The conclusion is that market share will not be determined by Olam siting its plant at this particular location...The choice of the Firebaugh facility was a strategic economic decision. The site has many advantages: it was previously used for this purpose; there is a vast labor pool, local management expertise, proximity to crop sources, among others...Olam has its own source of well water and has entered into contracts for water. There is no indication that Olam will negatively impact the water supply in the Panoche Water District. Olam is subject to the same limitations and purchase requirements of all other purchasers and users of water."

The Project involves the acquisition of land and existing buildings and equipment, rehabilitation of existing buildings and the refurbishing of existing equipment. According to information supplied by the I-Bank and Borrower, the land is zoned for agricultural uses, and all land use and zoning approvals and permits have been obtained. The I-Bank and Borrower provided confirmation that no additional land use or zoning approvals or permits are required to accommodate the Project. However, the Company is in the process of obtaining a water discharge permit and air permits for the construction and operation of the Project. According to I-Bank staff, the Company has applied for its “routine waste discharge to land permit” with the Central Valley Regional Water Quality Control Board. I-Bank staff further state that “[t]he former owner of the facility held a similar waste discharge permit issued from the Regional Board. Unfortunately, the permit lapsed after the facility was closed. Olam is in effect having that permit reinstated through the current application process with the regional Board. The San Joaquin Valley Air Pollution District (‘Air District’) is acting as the ‘Lead Agency’ for compliance with CEQA for both the waste discharge and the air permit...[Air District staff]is close to finishing processing of a routine authorization to construct (ATC) permit for [the Olam facility]. ATC is the board’s nomenclature for this kind of project. It doesn’t necessarily mean there is construction contemplated. It is looking at the fact there was an existing operation that stopped and now the operation is starting up again and that [Air District] is close to filing 30 day public notice...[T]he CEQA declaration is expected to be part of that filing.”

Financing Details:

- The tax-exempt IDBs will be sold in a public offering. The bonds will carry daily, weekly, commercial paper or adjustable interest rates. The rates will reset after periods ranging from one day to greater than one year. The bonds will be secured by a one-year irrevocable, direct-pay Letter of Credit issued by Harris N.A., which may be renewed on an annual basis. The Issuer anticipates the bonds will be rated A+/A-1 on the date of sale. Note that Harris N.A. is an affiliate of the Underwriter, which provided a letter stating there is no “tying” of the underwriting and credit enhancement services for this bond issue.

CIDFAC Fees: In accordance with CIDFAC regulations, the Borrower has paid or will pay CIDFAC an application fee of \$1,250.

Financing team:

Issuer: I-Bank
Bond Counsel: Hawkins Delafield & Wood, LLP
Underwriter: BMO Capital Markets GKST, Inc.

Legal Questionnaire: The Staff has reviewed the 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 Allocation Resolution No. 09-001-003 for an amount equal to \$10,000,000 in tax-exempt IDB allocation for the Issuer for the Firebaugh Dehydration Facility Project.

**Olam West Coast, Inc., dba Key Food
Ingredients**

Bond Amount: \$10,000,000

City of Firebaugh (Fresno County)

Application No. 09-0003

April 22, 2009

STAFF SUMMARY – CIDFAC

Prepared by: *Melissa Kwong*

ISSUE:

On behalf of Olam West Coast, Inc., dba Key Food Ingredients (the Borrower), the California Infrastructure and Economic Development Bank (I-Bank or the Issuer) requests approval of the Allocation Resolution No 09-001-03 for an amount equal to \$10,000,000 in tax-exempt IDB allocation. Bond proceeds will be used for costs associated with renovating and refurbishing a formerly vacant manufacturing plant.

BORROWER/USER:

Olam West Coast, Inc., dba Key Food Ingredients (the Borrower, the User and the Company) was incorporated in November 2008 in Delaware. The Borrower is 100% owned by Olam Americas, Inc., a wholly-owned subsidiary of Olam International Ltd, which is a publicly-traded company based in Singapore. Olam West Coast dehydrates and processes vegetables mainly for McCormick and Company, Inc., a spice manufacturer. Other customers include Champagne Foods Limited, Campbell Soup Company and The Clorox Company. The Company anticipates selling 90% of its products outside of California, a small percentage of which is expected to be sold overseas.

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. None.

PROJECT INFORMATION:

In December 2008, the Company purchased a vacant dehydration facility in Firebaugh, California. The facility sits on 84 acres, and consists of 28 buildings that occupy 639,871 square feet and house existing equipment. The bond proceeds will be used to reimburse a portion of the cost of land, the cost of acquiring the buildings, the cost of building renovations, and allowable costs associated with refurbishing the existing equipment. The Company will use its own funds to cover Project costs not covered by bond proceeds. According to I-Bank staff, “...a tax analysis is underway by bond counsel regarding the eligible allocation for equipment and building. From the beginning of the process, the borrower has believed the project will comply with IRS rules. The borrower fully understands the IRS requirements relating to the limit of 25% of bond proceeds for the land portion, the minimum 15% requirement for rehabilitation of existing buildings, and the rules regarding purchase of used equipment...the borrower states if certain expenses are determined as non-eligible, then those expenses will not be funded with bond proceeds, but separate company funds.” A letter in support of the Project was provided by Fresno County Supervisor Phil Larson (see Attachment A).

The anticipated Project and issuance costs are listed below:

	To be paid from bond proceeds	To be paid from all other sources
Acquisition of Land	\$500,000	\$2,000,000
Acquisition of Existing Buildings	1,250,000	
Fees and Other Charges Related to Sale		15,000
Rehabilitation of Existing Buildings and Refurbishment of Existing Equipment	7,950,000	
Acquisition and Installation of Used Equipment		500,000
Legal, Permits, Etc.	100,000	
Bond Issuance Expenses	200,000	
Totals	\$10,000,000	\$2,515,000

Anticipated Timeline. The purchase of the facility was completed in December 2008. Renovation of the existing buildings and refurbishment of existing equipment began in January 2009 and are anticipated to be complete by July 2009.

Status Of Permit/Other Required Approvals:

- On January 26, 2009, the I-Bank executed an Inducement Resolution in an amount not to exceed \$10,000,000 in tax-exempt IDBs for the Project. The I-Bank is scheduled to adopt a final resolution for the Project on May 19, 2009.
- The I-Bank held a TEFRA hearing on February 18, 2009. The I-Bank noticed the issuance of tax-exempt IDBs in an amount not to exceed \$10,000,000. The I-Bank received written and verbal public comments in response to its TEFRA notice. Written comments were in the form of a February 17, 2009 letter from Howard A. Sagaser of Sagaser, Jones & Helsley, a law firm which represents Sensient Dehydrated Flavors LLC. In the letter, Mr. Sagaser requested that the I-Bank delay the TEFRA hearing or deny the Company’s application for IDB financing until his clients concerns about the Project are “more fully identified and analyzed.” The letter lists economic concerns (i.e., effects of the Project on an oversaturated vegetable dehydration industry and on jobs and local revenues) and environmental concerns (e.g., impacts on agricultural water supplies). **See Attachment B.** At the TEFRA hearing, similar concerns were raised in comments made by Mike Smyth, Senior Director of Manufacturing for ConAgra Foods, and Timothy Bennett, attorney with the Law Offices of Sagaser, Jones & Helsley. **See Attachment C.** The Borrower’s written response to these comments is included as **Attachment D.** Further, the Borrower claims that “[r]esearch on the health of the [seasoning and dressing manufacturing industry] indicates that even with the economic recession, food processing is at minimum stable in its growth projections, with some segments experiencing growth due to the ‘eat at home’ movement. The conclusion is that market share will not be determined by Olam siting its plant at this particular location...The choice of the Firebaugh facility was a strategic economic decision. The site has many advantages: it was previously used for this purpose; there is a vast labor pool, local management expertise, proximity to crop sources, among others...Olam has its own source of well water and has entered into contracts for water. There is no indication that Olam will negatively impact the water supply in the Panoche Water

District. Olam is subject to the same limitations and purchase requirements of all other purchasers and users of water.”

- The Project involves the acquisition of land and existing buildings and equipment, rehabilitation of existing buildings and the refurbishing of existing equipment. According to information supplied by the I-Bank and Borrower, the land is zoned for agricultural uses, and all land use and zoning approvals and permits have been obtained. The I-Bank and Borrower provided confirmation that no additional land use or zoning approvals or permits are required to accommodate the Project. However, the Company is in the process of obtaining a water discharge permit and air permits for the construction and operation of the Project. According to I-Bank staff, the Company has applied for its “routine waste discharge to land permit” with the Central Valley Regional Water Quality Control Board. I-Bank staff further state that “ [t]he former owner of the facility held a similar waste discharge permit issued from the Regional Board. Unfortunately, the permit lapsed after the facility was closed. Olam is in effect having that permit reinstated through the current application process with the regional Board. The San Joaquin Valley Air Pollution District (‘Air District’) is acting as the ‘Lead Agency’ for compliance with CEQA for both the waste discharge and the air permit...[Air District staff]is close to finishing processing of a routine authorization to construct (ATC) permit for [the Olam facility]. ATC is the board’s nomenclature for this kind of project. It doesn’t necessarily mean there is construction contemplated. It is looking at the fact there was an existing operation that stopped and now the operation is starting up again and that [Air District] is close to filing 30 day public notice...[T]he CEQA declaration is expected to be part of that filing.”

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 awarded a total of 41 points to the Project, which are detailed below:

Community Economic Need (20 points):

Unemployment Rate of the Project Area (5 points): In accordance with CDLAC procedures, points are awarded in this category if the 2008 unemployment rate of the county sub-area in which the Project is located is at least 125% of the 2008 statewide rate. In this case, the 2008 unemployment rate of the Project area is 10.6%, which is 147.22% of the statewide rate of 7.2%.

Poverty Rate of Project Area (5 points): In accordance with CDLAC procedures, the most recent data from the U.S. Bureau of the Census, which in this case is Census 2000 data, is used to determine if the Project qualifies for points in this category. The poverty rate for this Project area is 23.2%, which is 218.9% of the Census 2000 statewide rate of 10.6%.

Special Designation Area (5 points): The Project is located in the Fresno County Regional Enterprise Zone.

Median Family Income (5 points): In accordance with CDLAC procedures, the most recent data from the U.S. Bureau of the Census, which in this case is from

Census 2000, is used to determine if the Project qualifies for points in this category. The Project is located in Firebaugh, census tract 84.02, where the average median family income is \$27,734. Given that the Census 2000 median family income for the State of California is \$53,025, the median family income for the Project area is 52.3% of the Census 2000 statewide average.

Employment Benefits (Job Creation/Retention = 5 points): The Company projects that it will create 175 direct, full-time jobs within two years of Project completion.

Welfare-to-Work Plan (5 points): The Company provided a letter from Esther Cuevas, Director of Corporate Locations, Economic Development Corporation of Fresno County, indicating the Company's participation in the County's BEAR Action Network program, (see Attachment E).

Health Care Benefits (5 points): Since the Company currently does not have California-based employees, it provided health care benefit information from a similar facility located in the State of Georgia. This information shows the Company contributes an average of \$490.89 per month for each of the 241 employees at the Georgia plant for medical and dental insurance. The Universal Blanchers health and dental plan is offered to all of the parent company's U.S.-based employees. The Company provided a letter in which it confirms that it will offer health care benefits comparable to that offered at its Georgia facility to all employees at the Firebaugh facility (see Attachment F).

Average Hourly Wage (1 point): In accordance with CDLAC procedures, the most recent data from the Bureau of Labor Statistics, which in this case is 2007, is used to determine if the Project qualifies for points in this category. The Company's average hourly wage is \$14.37, while the Metropolitan Statistical Area (MSA) for Fresno County has an average 2007 manufacturing wage of \$13.30. Therefore, the Company's average hourly wage is 108.03% of the average manufacturing wage for the Fresno area.

Land Use/Energy Efficiency (5 points):

Land Use (5 points): This Project involves the reuse of a vacant building with developed infrastructure.

Energy Efficiency (0 points): No information was provided concerning the energy efficiency of the Project.

Public Transit Corridor (0 points): The Company did not provide any documentation that the Project site is located in a public transit corridor.

- 2) **RELOCATION OF COMPANY OPERATIONS (No point evaluation required):** The project does not involve a relocation of Company operations.
- 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 will: (a) be adequately secured; (b) be fair, just, and equitable to a purchaser

of the bonds; and (c) not work a fraud on 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 tax-exempt IDBs will be sold in a public offering. The bonds will carry daily, weekly, commercial paper, or adjustable interest rates. The rates will reset after periods ranging from one day to greater than one year. The bonds will be secured by a one-year irrevocable, direct-pay Letter of Credit issued by Harris N.A., which may be renewed on an annual basis. The I-Bank anticipates the bonds will be rated A+/A-1 on the date of sale. Note that Harris N.A. is an affiliate of the Underwriter, which provided a letter stating there is no “tying” of the underwriting and credit enhancement services for this bond issue.

CIDFAC FEES: In accordance with CIDFAC regulations, the Borrower has paid or will pay CIDFAC an application fee of \$1,250.

FINANCING TEAM:

Issuer: I-Bank
Bond Counsel: Hawkins Delafield & Wood, LLP
Underwriter: BMO Capital Markets GKST, Inc.

RECOMMENDATION:

Staff recommends approval of Allocation Resolution No. 09-001-03 for an amount equal to \$10,000,000 tax-exempt IDB allocation for the Issuer for the Firebaugh Dehydration Facility Project.

**THE CALIFORNIA INDUSTRIAL DEVELOPMENT
FINANCING ADVISORY COMMISSION
RESOLUTION NO. 09-001-003
RESOLUTION TRANSFERRING A PORTION OF THE 2009 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 Infrastructure and Economic Development Bank (“Applicant”) requesting a transfer to the Applicant of a portion of the 2009 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 Commission Implementing the Allocation of the State Ceiling on Qualified Private Activity Bonds (the “Commission’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 represented in the Application 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 \$10,000,000. 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: 09-001-03
(A SMALL-ISSUE INDUSTRIAL DEVELOPMENT PROJECT)**

1. Applicant: California Infrastructure and Economic Development Bank (I-Bank)
2. Application No.: 09-0003
3. Project Sponsor: Olam West Coast, Inc., dba Key Food Ingredients and/or affiliates
4. Project User: Olam West Coast, Inc., dba Key Food Ingredients and/or affiliates
5. Project Name: Firebaugh Dehydration Facility
6. Address: 47641 West Nees Avenue
Location: Firebaugh, CA 93622
County: Fresno County
7. Amount of Allocation: \$10,000,000
8. The Project Sponsor has represented that it will use its best efforts to achieve within two years of the completion of the Project the following:
 - Participation in the Fresno County Economic Development Corporation’s BEAR Action Network; and,
 - The creation of 175 direct, full-time jobs.

Attachment A



County of Fresno
BOARD OF SUPERVISORS
SUPERVISOR PHIL LARSON – DISTRICT ONE

February 19, 2009

Paula Connors
California Infrastructure and Economic Development Bank
1001 Tenth Street, 19th Floor
Sacramento, CA 95814

Re: Olam West Project

Dear Ms. Connors:

Olam West has submitted a project application for consideration to the California Industrial Development Financing Advisory Commission (CIDFAC). As the Fresno County Board of Supervisor representing the project area, I am in full support of the Olam West expansion of its manufacturing operations in our region. The facility that Olam West is acquiring has been vacant for several years and is zoned for industrial and manufacturing uses.

Olam West's decision to locate in Fresno County is important to our region and California. The current recession in the manufacturing sector and the spiraling costs of doing business in California have caused many manufacturers to relocate their production operations to other states or even overseas. This project will directly result in many new jobs in this culturally rich but economically challenged area.

To make this project feasible, Olam West is seeking to obtain industrial development bond (IDB) financing to fund a portion of the cost of the project. The availability of more cost effective IDB financing was a critical element in the company's decision to locate its operations in Fresno County.

I encourage the CIDFAC to take these new jobs and the importance of this project in to full consideration as you evaluate Olam West's request for bond financing. If I can be of further assistance, please do not hesitate to contact me at my office or by cell at (559) 288-9287.

Sincerely,

A handwritten signature in black ink, appearing to read "Phil Larson".

Phil Larson

Biola - Cantua Creek - Dos Palos - Easton - Firebaugh - Five Points - Helm - Herndon - Highway City
Kerman - Mendota - Mercy Hot Springs - Rolinda - San Joaquin - Three Rocks - Tranquillity
Room 300, Hall of Records / 2281 Tulare Street / Fresno, California 93721-2198 / (559) 488-3541 / FAX (559) 488-6830 / 1-800-742-1011
Internet Address: www.fresno.ca.gov
Equal Employment Opportunity • Affirmative Action • Disabled Employer

Attachment B

HOWARD A. SAGASER
TIMOTHY JONES
MICHAEL S. HELSLEY
PATRICK D. TOOLE
SCOTT D. LAIRD
JOHN P. KIRSEY
MELODY A. HAWKINS*
TRACIE L. GOODWIN
TIMOTHY A. BENNETT
DAVID E. DODDS**
SUMMIT S. SHILLON

* Also admitted in Texas
** Admitted in Oregon

LAW OFFICES
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February 17, 2009

Via Facsimile (916) 322-6314 and United States Mail

California Infrastructure And Economic Development Bank
c/o Roma Cristia-Plant, Assistant Executive Director
1001 I Street, 19th Floor
Sacramento, California 95814

Re: Proposed Multi-Modal Industrial Development Revenue
Bonds to Finance Vegetable Dehydration Facility at
47641 West Nees Avenue, Firebaugh, California 93622

Members of the Committee:

This law firm represents Sensient Dehydrated Flavors LLC ("Sensient"), who has several concerns regarding the potential effects of the proposal for Olam West Coast, Inc. ("Olam") to acquire bond proceeds to finance the acquisition and rehabilitation of an abandoned vegetable dehydration facility in Firebaugh, California (the "Proposed Project"). For the foregoing reasons, Sensient requests that the California Infrastructure And Economic Development Bank ("Committee") continue its hearing, or in the alternative, deny the Olam application until these concerns, and economic and environmental impacts, can be more fully identified and analyzed.

Over Saturated Industry. At the outset, I believe that it is important for the Committee to understand the sensitive nature of the vegetable dehydration industry in the State of California. Over the past decade, the vast majority of vegetable dehydration facilities have either dissolved or consolidated as a result of a number of global, regional, state and local marketplace and environmental factors. De Francesco & Sons, Basic Vegetable Products, and Empire Foods have each fallen victim to the destabilized industry. Olam, whose principals are based in Singapore, with no apparent expertise in

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Attachment B

SAGASER, JONES & HELSLEY

February 17, 2009

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the California vegetable dehydration industry, seeks to enter the market already suffering from over saturation.

Agricultural & Water Impacts. There is no information concerning what impacts the Proposed Project may have on the central San Joaquin Valley's agricultural industry and water resources. Without this information, it is impossible to determine whether the Proposed Project would have significant effects directly on agricultural users, and indirectly on the dehydrated food processing industry statewide. Therefore, a water supply assessment should be required and circulated to inform the farmers, cities, counties, and public of any impacts as a result of the Proposed Project. For example, farmers on the Westside of Fresno County were informed that they would receive no federal water deliveries this season. (The Fresno Bee, "Fresno Westlands growers get some bad news" January 28, 2009, attached hereto as Exhibit "A") Competition in the marketplace is healthy, but not to the detriment of the regional economic benefit. If farmers continue to struggle to obtain water deliveries and the result is that crop yields suffer, there simply will not be enough vegetable commodities to support the California dehydrated food processing industry.

Effect on Jobs and Local Revenue. There is no information concerning what impacts the Proposed Project may have on property and sales tax revenue from the Olam vegetable dehydration facilities and its related employees. For example, in cities such as Livingston, Turlock, and Greenfield, the tax revenue impacts of the Proposed Project should be analyzed. In an already saturated marketplace the creation of a "new" facility will cause the relocation of jobs, not new jobs. The Proposed Project may temporarily improve Fresno County's unemployment, but many of the employees will likely be relocated workers from Livingston, Turlock, and Greenfield. Again the net effect is that the Proposed Project will cause other cities' unemployment rates to increase and reduce their local revenues. Therefore, the net effect would not be an increased economic benefit to California. Moreover, the Proposed Project may result in the further destabilization of the fragile California dehydrated food industry.

Sensient welcomes open competition. However, Olam is a Singapore based company that is not seeking to compete on the same level playing field as other existing companies, but rather seeks to compete with subsidized loans. The business Olam seeks to revive is the failed Francesco & Sons plant. If the Olam plan requires subsidized loans to succeed, then its business plan must be carefully analyzed.

Summary. In light of the foregoing, Sensient requests that the Committee deny the current Proposed Project. Sensient further requests that, to the extent the Committee wishes to consider approving the Proposed Project and its current application,

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Attachment B

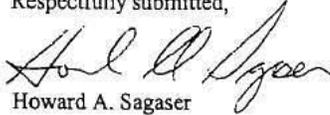
SAGASER, JONES & HELSLEY

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that the Committee continue the approval until the economic and environmental impacts can be more fully identified and analyzed.

Respectfully submitted,



Howard A. Sagaser

Enclosure

{1387/001/00234402.DOC}

Attachment B 2

Attachment C

TRANSCRIPT OF THE PUBLIC HEARING CONDUCTED FOR THE
CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK
CONCERNING THE ISSUANCE OF BONDS FOR
OLAM WEST COAST, INC.

On Wednesday, February 18, 2009 at 9:00 a.m., a public hearing was held in the Conference 110 Room, First Floor, 1001 "I" Street, Sacramento, California. The following is a text of the hearing:

Public Hearing
Relating to the Issuance by the California Infrastructure and
Economic Development Bank of
Industrial Development Bonds for
Olam West Coast, Inc.

Tara Dunn: My name is Tara Dunn. I am a Public Finance Specialist for the California Infrastructure and Economic Development Bank (the "Infrastructure Bank"), and I am conducting this hearing on behalf of, and by authorization of, the Infrastructure Bank. The Infrastructure Bank proposes to issue its multi-modal industrial development revenue bonds in one or more series, in an aggregate principal amount not to exceed \$10,000,000 (the "Bonds") on behalf of Olam West Coast, Inc., a Delaware corporation (the "Corporation").

The proceeds of the Bonds are to be loaned to the Corporation or a related entity to (a) finance and refinance the acquisition, renovation, restoration, improvement, equipping and general development of a vegetable dehydration facility of approximately 640,000 square feet on 84 acres located at 47641 West Nees Avenue, Firebaugh, California 93622 (the "Facilities") in Fresno County (collectively, the "Project"), (b) pay costs of issuance of the Bonds, and (c) pay other related costs and expenses of the Corporation. The Facilities will be owned and operated by the Corporation.

For the interest on the Bonds to be excluded from gross income for federal income tax purposes, Section 147(f)(2) of the Internal Revenue Code of 1986 requires that an "applicable elected representative" of the host governmental unit, as well as an "applicable elected representative" of the issuer, approve the issuance of the bonds. Each such approval must follow a public hearing which has been preceded by reasonable public notice.

This hearing is being conducted pursuant to notices published on February 3, 2009 in *The Sacramento Bee*, a newspaper of general circulation within Sacramento County, and *The Fresno Bee*, a newspaper of general circulation within Fresno County. Upon completion of this hearing, the Treasurer of the State of California, as an "applicable elected representative" of the State of California will consider approval of the proposed issuance of the Bonds.

The Bonds will be paid entirely from repayments by the Corporation under the Loan Agreement. Neither the faith and credit nor the taxing power of the Issuer, the State of California (the "State") or any other political corporation, subdivision or agency of the State is pledged to the payment of the principal of, premium, if any, or interest on, the Bonds, nor shall the Issuer, the State or any other political corporation, subdivision or agency of the State be liable or obligated to pay the principal of, premium, if any, or interest on, the Bonds except to the extent the Issuer is obligated to pay from repayments by the Corporation.

Attachment C

As announced in the published notices, we now offer this opportunity for those wishing to comment on the proposed nature and location of any of the facilities and the proposed issuance of the Bonds to speak or submit written comments as to whether such Bonds should be issued.

For the record, I would like to note that written comments were received on February 17, 2009, from the Law Offices of Sagaser, Jones & Helsley representing Sensient Dehydrated Flavors, LLC. Copies of the written comments are available upon request by contacting the I-Bank at (916) 322-1399 or at ibank@ibank.ca.gov.

Now I open it up for any other comments.

Mike Smyth: My name is Mike Smyth. I'm the Senior Director of Manufacturing for ConAgra Foods. I have a few comments I'd like to make.

First ConAgra does not object to new competition in the dehydrated vegetable industry. Our major products included dehydrated onion, garlic and parsley. In fact in California, there's a well established industry for processing and selling dehydrated vegetables. ConAgra Foods and Gilroy Foods & Flavors is just one of several companies that produces dehydrated vegetables in the State of California. However, given the financial pressures of the State today, we believe limited dollars allocated for business development should be directed to new infrastructure projects particularly those to help alleviate the State's water shortage which could provide a benefit to producers, processors and customers across the agricultural industries, not just the dehydrated vegetable industry.

Additionally it should be noted that the State of California has sufficient production capacity for producing dehydrated vegetable products today. This is due to the fact that production of dehydrated garlic which uses similar processes has shifted to China. California based businesses have accordingly reallocated dehydrated garlic production capabilities to the production of dehydrated onions. Again this illustrates the fact that the State of California does not need to invest in a development of this particular industry and that the State's limited funds could be better invested in bringing new industries to the State.

Lastly we believe that the business development funds are best used when they are used to encourage new infrastructure projects that benefit all participants in the California Ag industry. Thank you.

Timothy Bennett: My name is Timothy Bennett. I'm with the Law Offices of Sagaser, Jones & Helsley. We did submit written comments into the record but I think you've already put that on the record here today. I would like to also offer some additional comments into the record orally. I am located in Fresno, California at 2445 Capitol Street, Fresno, California 93721.

I'm here representing Sensient Dehydrated Flavors, LLC and one of the things in looking at the issuance of these bonds is what is the purpose of the Act and the best that we can understand the purpose of the Act is to in fact ensure that there's a mutual benefit for the people of the State of California. Some of the things that are being proposed here today, it's unclear whether or not, in fact, there's been enough analysis, enough environmental analysis, enough industry analysis to support the issuance of these bonds.

Attachment C

I would just like to briefly speak on a couple of the points that were raised my letter. First, over the course of the last, greater than the last decade, there has been a shrinking in the dehydrated food industry. Something that Mr. Smyth just spoke about was that there has been a shift to a lot of the onion dehydration is now being processed in China... I'm sorry, garlic, and as a result of that there has been a shrinking in the California food industry. Our fear is that can the market sustain the growth that's necessary in order to continue to operate. When you're talking about the mutual benefit, you're talking about job creation and what's not clear is whether or not, in fact, if we introduce a, or I should say, reintroduce a facility, a 700,000 sq ft facility, that has already previously failed back into a market that could not sustain it before, we would like to know what effect, or what analysis has been done to identify whether, in fact, it's going to create new jobs or, in fact, relocate jobs that are currently being supported in other jurisdictions within this same industry.

So the primary thrust of our concerns is - what is the true net effect? Is it a net gain of creation of new jobs or is it, in fact, a net - maintaining the same, or even less, jobs because of the potential financial impact to the California dehydrated food industry as a whole? Cities like Livingston, Turlock and Greenfield, as well as Modesto and Bakersfield all stand to potentially be affected by the introduction of this new plant in Fresno County. We'd like to know where these jobs are coming from and absent an environmental impact analysis, and even a water supply survey, it's hard for us to understand why we would want to move forward with this.

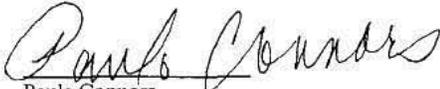
One of the things I raised in the letter by Mr. Sagaser was the fact that California is now suffering from drought as well as from water shortage and on-going water shortage. Until we can get a better understanding about what effect that's going to have on the California commodities industry, it's hard for us to try and come out in support of a project that could potentially be damaging to our industry as a whole. And with that I would just like to say thank you.

Tara Dunn: Thank you. Are there any other comments? There being no further oral or written comments, this hearing is adjourned.



Tara Dunn
Public Finance Specialist, Bond Financing Programs

ATTEST:



Paula Connors
Manager, Bond Financing Programs

Attachment C

Attachment D



Olam Americas, Inc.
1450 Broadway, 36th Floor
New York, NY 10018
telephone (212) 795-8020
facsimile (212) 935-4984
website www.olamonline.com

February 20, 2009

VIA OVERNIGHT COURIER

California Infrastructure And Economic Development Bank
c/o Roma Cristia-Plant, Assistant Executive Director
1001 I Street, 19th Floor
Sacramento, California 95814

Re: Proposed Multi-Modal Industrial Development Revenue
Bonds to Finance Vegetable Dehydration Facility at
47641 West Nees Avenue, Firebaugh, California 93622

Members of the Committee:

This letter shall respond to the February 17, 2009, letter from the law firm of Sagaser, Jones & Helsley sent on behalf of Sensient Dehydrated Flavors, LLC ("Sensient") and the comments raised at the February 18, 2009 public hearing by Mike Smyth on behalf of ConAgra Foods ("ConAgra"). In this letter we will respond to each of the points raised by Sensient and ConAgra. At the outset, however, it is important to note that both Sensient and ConAgra are competitors of Olam West Coast, Inc., and its affiliated companies ("Olam") in the food commodity and spice business.

Oversaturated Industry. The spice business, including dehydrated vegetables, is a worldwide business. Olam, Sensient and ConAgra all source, process and market spices on a global basis. Contrary to Sensient's assertions, Olam has extensive experience and expertise in the spice business. Through one of its affiliated companies, Olam produces and markets dehydrated garlic and related products. Moreover, the senior management team at the Firebaugh facility has extensive experience in the vegetable dehydration business. As a global company involved in the sourcing, processing, packaging and trading of agricultural commodities, Olam and its affiliates are keenly aware of the economics of operating a vegetable dehydration business and are committed to the success of the Firebaugh facility.

Olam is not new to California. Anderson Clayton, 100%-owned subsidiary of Olam, has been providing agricultural services to California's growers for 95 years.

A member of The Americas Olam Group

Attachment D 1

Attachment D



Olam Americas, Inc.
1450 Broadway, 36th Floor
New York, NY 10018
telephone (212) 796-8020
facsimile (212) 935-4984
website www.olamonline.com

Agricultural and Water Impacts. The Firebaugh facility will have no detrimental effect on water supplies in the area. The Firebaugh facility draws its water from a well located on the facility property. The adjacent agricultural property receives water from Panoche Water District. Prior to Olam's acquisition of the agricultural property, this property was historically farmed by the prior owner or its tenants. The amount of district water available to the property is limited by available supplies and Panoche Water District policy and is consistent with the historical use of the property.

Contrary to the assertions of its competitors, the operation of the Firebaugh facility is a boon to growers in the Central Valley. It provides a market for onions and an assured source of income for Olam's growers.

Effect on Jobs and Local Revenue. The Firebaugh facility will generate new jobs for Fresno and Madera Counties. The Firebaugh area is economically depressed. Local leaders have welcomed Olam for the jobs it will create and the local income it will generate. In that regard, please find enclosed an article published in the Fresno Bee after the acquisition, quoting the mayor of Firebaugh saying "[w]e are awfully glad to be able to land these companies." The Firebaugh City Manager was also quoted as saying, "[g]iven the economic woes with the state and federal government, what better present than to have these companies coming to our community." Additionally, we will be submitting letters of support from Fresno County Supervisor Phil Larson, in whose district the Firebaugh facility is located and from the Fresno County Economic Development Corporation. Olam is working with the Economic Development Corporation to provide employment opportunities for residents of the area.

Olam's application for I-Bank bond proceeds is entirely consistent with the mission of the I-Bank to finance private development that promotes economic growth, revitalizes communities and enhances quality of life for Californians. Olam is excited about expanding its international food processing business into the State of California. Olam has a long history of hiring on a local basis as well as supporting local farmers and businesses in a socially responsible manner. The start-up and operation of the Firebaugh plant will be no exception.

Please let us know if you would like any further information or documentation.

Very truly yours,

John Gibbons, President
Olam West Coast, Inc.

Attachment D 2

Attachment D

Attachment E



February 18, 2009

Mr. Chuck Davis, Chief Financial Officer
Olam West Coast, Inc.
103 Westpark Drive, Suite E
Peachtree City, Georgia 30269

Dear Mr. Chuck Davis:

Thank you contacting the Economic Development Corporation *servng* Fresno County. We understand that you are acquiring a new facility in Fresno County and will be hiring new employees over the next several years. We are excited that Olam has agreed to and is committed to working with the BEAR Action Network who will connect you to all the local agencies to fill its new positions and obtain additional resources and referrals. The BEAR Action Network will coordinate all recruitments with the Workforce Investment Board, Employment and Temporary Assistance, Employment Development Department and other community based organizations to ensure a large candidate pool.

We are thrilled to have Olam in Fresno County. We look forward to working with you in securing long-lasting meaningful employment opportunities for our residents.

I have enclosed a packet that represents the general services we offer and the incentives we can assist you with. If you have any further questions or would like to have us organize any additional information, please contact me at (559) 476-2507.

Best regards,



Esther Cuevas
Director of Corporate Locations

Enclosure

906 N Street, Suite 120, Fresno, CA 93721 • P.O. Box 1552, Fresno, CA 93716-1552

559.476.2507 • 559.233.2156 fax • www.fresnomedc.com

Attachment E

Attachment F

Olam West Coast, Inc.

March 26, 2009

To Whom It May Concern:

Please be advised that Olam West Coast, Inc. will offer the same benefit package to its employees as reflected in the application.

Sincerely,



Charles K. Davis, Secretary

Attachment F 1