

MINUTES

**California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 587
Sacramento, California
February 6, 2007**

1. CALL TO ORDER & ROLL CALL

Bill Lockyer, Chairman, called the California Industrial Development Financing Advisory Commission (CIDFAC) meeting to order at 10:34 a.m.

Members Present: Bill Lockyer, State Treasurer
Vince Brown for Michael C. Genest, Director, Department of Finance
Cindy Aronberg for John Chiang, State Controller
Preston DuFauchard, California Corporations Commissioner,
Department of Corporations
Stanton Hazelroth for Barry Sedlik, Acting Agency Secretary,
Business, Transportation and Housing Agency

Staff Present: Tom Dresslar, Executive Director
Eileen Marxen, Deputy Executive Director

Quorum: The Chairman declared a quorum

2. APPROVAL OF OCTOBER 24, 2006 MEETING MINUTES

Bill Lockyer asked if there were any additions, corrections, or deletions to the October 24, 2006 meeting minutes. There were none. Chairman Lockyer then asked for a motion to approve the October 24, 2006 meeting minutes.

Mr. Hazelroth moved to approve the item; upon a second, the motion was unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Tom Dresslar opened with the Executive Director's report. He noted one project was on the February agenda, 430 Lesser Street, LLC, a Small Business Program project that includes tax-exempt financing for a total of \$2,625,000. Mr. Dresslar stated that approval of the tax-exempt SBP allocation for this Project will be contingent upon CIDFAC's receipt of the California Debt Limit Allocation Committee's (CDLAC's) allocation for the SBP. He stated that staff anticipates a greater volume of IDB applications this year due to a change in federal tax law that took effect on January 1, 2007.

4. BUSINESS ITEMS

A. CONTRACT ITEM: RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE CONTRACTS AND INTERAGENCY AGREEMENTS

The Commission is authorized by statute to enter into contracts and interagency agreements. The Commission may delegate to the Executive Director for the Authority to enter into contracts on behalf of the Commission. This item requests delegation of authority for the newly appointed Executive Director, Mr. Dresslar, to execute contracts and interagency agreements in amounts up to \$100,000. Presented by – Eileen Marxen.

Ms. Marxen pointed out to the Board Members that they have two versions of the staff report and resolution before them. The amended version incorporates the request to set a threshold for the Executive Director to report on contracts entered into that do not exceed \$100,000 but are for an amount of \$10,000 or more. Staff could recommend the passage of either item.

Mr. DuFauchard questioned whether the same reporting requirements would apply to contracts entered into by the Deputy Executive Director under the Resolution previously approved by the Commission.

Ms. Marxen stated that the Deputy Executive Director's Resolution does not have these reporting requirements. However, with the provision in this Resolution, any contracts that the Deputy Executive Director would enter into on behalf of the Commission would be reported to the Commission. The Executive Director would report to the Board any contracts that Executive Director or the Deputy Executive Director enter into on behalf of the Commission in amounts between \$10,000 and \$100,000.

Chairman Lockyer asked if there were any public comments. There were none.

Ms. Aronberg moved approval of the amended Resolution; upon a second, the motion was unanimously approved.

B. REQUEST TO APPROVE INITIAL AND FINAL RESOLUTIONS FOR TAX-EXEMPT (TE) BONDS FOR THE SMALL BUSINESS PROGRAM (SBP) AND REQUEST FOR TE ALLOCATION FOR THE SBP

- 1) Michael Smith introduced Nick Gerson, owner of the Company, Walt Vennemeyer, Financial Advisor for Progressive Capital and Keith Sutton, Business Development Director, Alameda County Industrial Development Authority.

On behalf of 430 Lesser Street, LLC and its successors and assigns (Borrower) and White Brothers (User), the Alameda County Industrial Development Authority requested approval of Initial and Final Resolution No. 07-0001 for an amount up to \$2,625,000 in tax-exempt bonds. The Company has leased the 430 Lesser Street building for the last twelve years. The facility is an 18,000 square-foot, single-story wood and concrete building used for manufacturing, raw material storage and offices. Bond proceeds will be used to purchase the land, the existing building and rehabilitation of the existing building. The company anticipates that its purchase of the building will be completed in March 2007. The purchase of this facility will allow the Company to remain in the building and will accommodate future growth. Presented by – Michael Smith.

Chairman Lockyer asked the Board Members if there were any questions or comments.

Ms. Aronberg asked if the wood used in the Company's manufacturing of wood products is from sustainable sources. She stated that she would like the flexibility of looking at the issue of sustainability in the future.

Mr. Gerson stated sources of wood are from all over the world and most wood sources are renewable because a tree can be planted in the place where the last tree was harvested. The majority of these species are renewable, sustainable and are harvested in an ecologically sound manner. In addition, the company offers for sale molding which is made from wood that is recycled.

Further discussion continued among the Board Members and CIDFAC staff concerning the matter of sustainability and the possibility of including a sustainability criteria into the project point scheme. The issue of sustainability and its application to small businesses in California also was discussed. Chairman Lockyer stated that a sustainability criteria is a topic for future discussion concerning amendments to the existing point scheme.

Chairman Lockyer further stated that he is delighted to see this Company prosper for 100 years, and he hopes that they have another 100 years of operations.

Mr. Brown commented that the CalWorks program, which the Company is participating in is very important in urban areas, and he appreciates the Company's efforts to participate in the program.

With respect to the issue of sustainability, Mr. DuFauchard stated that, for market-driven or demand-driven products, staff may look at allocating points to businesses that encourage the use of materials from sustainable sources and that educate consumers about sustainable sources of materials.

Mr. Vennemeyer thanked the Board Members for their efforts on the first deal of the year. He stated that he appreciates the Board Members interest in the project and in the program.

Mr. Brown motioned to approve the item; upon a second, the motion was unanimously approved.

There being no further business, public comments, or concerns, the meeting was adjourned at 10:52 A.M.

Respectfully submitted,

Tom Dresslar
Executive Director