Agenda Item 2.

MINUTES

California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 587
Sacramento, California
January 23, 2008

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Acting Chair, called the California Industrial Development Financing Advisory Commission (CIDFAC) meeting to order at 10:43 a.m.

Members Present: Bettina Redway for Chairman Bill Lockyer, State Treasurer
Vince Brown for Michael C. Genest, Director, Department of Finance
Les Kleinberg for John Chiang, State Controller
Preston DuFauchard, California Corporations Commissioner, Department of Corporations
Stanton Hazelroth for Dale Bonner, Agency Secretary, Business, Transportation and Housing Agency

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

Quorum: The Acting Chair declared a quorum

2. APPROVAL OF SEPTEMBER 25, 2007 MEETING MINUTES

Ms. Redway asked if there were any comments on the September 25, 2007, meeting minutes. There were none.

Vince Brown moved to approve the minutes of the September 25, 2007 meeting. Upon a second, the minutes passed with the following vote: Stanton Hazelroth, Aye; Preston DuFauchard, Aye; Les Kleinberg, Aye; Vince Brown, Aye; Bettina Redway, Aye.

3. EXECUTIVE DIRECTOR'S REPORT

Tom Dresslar covered three issues in his Executive Director's report. First, he stated that CIDFAC anticipates receiving 2008 allocation from the California Debt Limit Allocation Committee (CDLAC) in the amount of $120,000,000 for Industrial Development Bond (IDB) financing, of which $20,000,000 is for the Small Business Program (SBP) and $100,000,000 for the core program. Second, he noted CDLAC is considering changes in procedures that will allow CIDFAC to allocate tax-exempt cap to core program projects. This procedural change will benefit applicants and CIDFAC by streamlining the approval process.

Ms. Redway asked if there is any opposition to this procedural change.

Mr. Dresslar replied that CIDFAC staff has not heard of any opposition in the IDB community.

Third, Mr. Dresslar stated that Congress and the President are negotiating an economic stimulus package. Staff has been working with the national association of economic development agencies, which proposes a change to the IDB definition of manufacturing facility so that it covers high-tech, bio-tech and other knowledge-based enterprises. The current definition limits the definition for manufacturing facility to one that produces tangible property. The change would expand the definition to include companies that produce "intangible" property. He noted that the change will have a beneficial effect on California's job growth, and he said that the State Treasurer's Office will be sending letters to the California Senators and to the California congressional delegation to urge them to support the change.

Ms. Redway asked if there were any questions or comments. There were none.

4. BUSINESS ITEMS

A. APPROVAL OF 2008 MEETING CALENDAR

Ms. Redway asked if there were any questions or comments concerning the proposed 2008 meeting calendar. There were none.

Mr. Brown moved to approve the item. Upon a second, the motion passed with the following vote: Stanton Hazelroth, Aye; Preston DuFauchard, Aye; Les Kleinberg, Aye; Vince Brown, Aye; Bettina Redway, Aye.

Introduced to the Commission were: Jeff Baikie, Redbarn Pet Products; Paula Connors, California Enterprise Development Authority (CEDA); and, Dan Bronfman, Growth Capital Associates, Inc.

B. REQUEST TO APPROVE INITIAL AND FINAL RESOLUTIONS FOR TAX-EXEMPT (TE) BONDS

1) **On behalf of Cal-Can Holdings, LLC, Redbarn Pet Products, Inc. and/or related or affiliated entities**, the California Enterprise Development Authority (CEDA) requested approval of the Initial and Final Resolution No. 08-0002 for an amount up to $6,000,000. Bond proceeds will be used to finance the purchase of a 100,000 square foot parcel of land from the City of Long Beach Redevelopment Agency, upon which construction of a new 55,000 square-foot building will take place. Proceeds will also be used for the acquisition of equipment for the new facility. In addition, bond proceeds will be used for building renovations at the Company's current site, which will include upgrade plumbing and environmental control systems. Presented by – Deanna Hamelin.

Ms. Redway asked the Company representatives if they had any comments.

Ms. Conners of CEDA stated that this is a great project and that it exemplifies exactly what the bond program is all about. She said that the business needs to expand, and this program enables it to do so. She noted that the project is located in an enterprise zone and in a redevelopment area.

Mr. DuFauchard asked about the placement of the bonds. He noted that the bonds will be sold in a public offering, and he asked about the market's tolerance for bond purchases, whether corporate bonds or tax-exempt municipal bonds, and if the bonds will be sold through a best-efforts offering or a firm commitment for the placement.

Mr. Dan Bronfman of Growth Capital Associates, Inc. replied that the transaction will be fully underwritten. He said the underwriter will purchase the bonds at closing, barring any major market disruptions. He noted that underwriters generally buy these types of bonds with the anticipation of finding a buyer. He said that usually the bond market is a deep market. He said that they are not anticipating a sale for a while, but he has never had a sale delayed due to market conditions.

Mr. DuFauchard asked if the bonds have been rated.

Mr. Bronfman replied that they are beginning the documentation process, but that the bonds will carry US Bank's rating, which he believes is AA-.

Les Kleinberg moved to approve the item. Upon a second, the motion passed with the following vote: Stanton Hazelroth, Aye; Preston DuFauchard, Aye; Les Kleinberg, Aye; Vince Brown, Aye; Bettina Redway, Aye.

Introduced to the Commission were: Doug Stewart, Chief Administrator Officer, ColorGraphics, Inc.; Jim Kordas, GE Government Finance, Inc.; May Smith, Manager, IDA of the City of Los Angeles; and, Ron Lee, Special Counsel to the IDA.

2) **On behalf of Madison/Graham ColorGraphics Interstate Services, Inc., dba ColorGraphics, Inc., and/or a related entity**, the Industrial Development Authority of the City of Los Angeles requested approval of Initial Resolution and Final Resolution 08-0001 for an amount not to exceed $8,600,000 in tax-exempt bonds. Bond proceeds will be used for the purchase of a new commercial printing press. Presented by – Deanna Hamelin.

Ms Redway asked if there were any comments or questions from the public and the Board.

Mr. Brown commented that this Company is one of the largest commercial printers in the United States, with $170,000,000 in annual revenues. He asked how the project qualifies for IDB financing.

Mr. Lee replied that Bond Counsel has had extensive due diligence sessions with the borrower. He stated that he has had discussions concerning this Company's qualifications for IDB financing with Bond Counsel, and that Bond Counsel is comfortable that the borrower is going to meet the $20,000,000 capital expenditure limit within the jurisdiction of the City of Los Angeles. He stated that the borrower does not have any outstanding IDB's. He added that the parent company, Cenveo Corporation, has one or two smaller issues outstanding from a related entity, but that Bond Counsel is comfortable that the amounts outstanding will not exceed federal tax law limits.

Vince Brown asked if the company will have a written opinion at the time of the closing.

Mr. Lee replied that Bond Counsel will provide a written opinion at closing.

Vince Brown specifically wanted to know if the company will have any written documents that essentially will indicate that this company qualifies for IDB financing.

Mr. Lee replied that Bond Counsel will require the Borrower to enter into a tax certificate, which will include representations by the Borrower that it falls within the federal tax law limitations.

May Smith of the IDA of the City of Los Angeles stated that the bond documents along with the overall bond structure are scheduled to be approved by the IDA Board on February 14th. At that point, she stated, the Board is expected to approve the documents as well as a final resolution, at which point bond counsel will be in a position to issue its opinion. Therefore, this particular issue will be fully addressed and qualified.

Mr. Brown moved approved. Upon a second the item passed with the following vote: Stanton Hazelroth, Aye; Preston DuFauchard, Aye; Les Kleinberg, Aye; Vince Brown, Aye; Bettina Redway, Aye.

5. PUBLIC COMMENT

Bettina Redway asked for public comments. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:58 a.m.

Respectfully submitted,

Tom Dresslar
Executive Director