

MINUTES

**California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 587
Sacramento, California
August 25, 2010**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Acting Chairwoman, called the California Industrial Development Financing Advisory Commission (CIDFAC) meeting to order at 10:35 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Cindy Aronberg for John Chiang, State Controller
Cynthia Bryant for Ana J. Matosantos, State Director of Finance
Colleen Monahan for Preston DuFauchard, California Corporations
Commissioner, Department of Corporations
Stanton Hazelroth for Dale Bonner, Secretary, Business,
Transportation and Housing Agency

Staff Present: Tom Dresslar, Executive Director
Sherri Kay Wahl, Deputy Executive Director

Quorum: Ms. Redway declared a quorum was present.

2. APPROVAL OF JULY 28, 2010 MEETING MINUTES

Ms. Redway asked if there were any questions or comments concerning the July 28, 2010 meeting minutes. There were none.

Ms. Redway asked if there was a motion to approve the minutes.

Ms. Aronberg moved approval; upon a second, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT (INFORMATION ITEM)

Mr. Dresslar reported that the California Debt Limit Allocation Committee (CDLAC) approved staff's request in July for additional allocation of \$40 million. There are indications of up to \$70 million in potential projects from now until the end of the year.

Mr. Dresslar also stated that AB 2437 (Bill) is making its way to the Governor's desk. It was approved in the Senate yesterday, and going back to the Assembly for concurrence. The Bill creates a program apparatus at the State level to run a revolving loan fund for businesses. CIDFAC would be the entity charged with running the program. There are some proposals pending before Congress that would provide states with funding from the Federal government for the revolving loan funds. There is a chance the Bill could make it through Congress by

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the end of the year. Hopefully the Bill will become law. The Governor has not stated a position on it yet, but it is a good small-business bill so it is likely he will look favorably upon it. If that happens, CIDFAC will be in that much better of a position to get the program started if the Federal Government provides the financing. The program is designed to hold the General Fund harmless, as the fees charged to the participants would cover the ongoing administrative costs.

Lastly, given the continued economic struggles and tightened credit market, it was decided that clarification of CIDFAC's policy with regard to credit enhancement on projects coming to the Commission was appropriate. By the end of the current week, this information will be posted to the CIDFAC website and sent out to the mailing list. The clarification will state that there is no requirement for credit enhancement on CIDFAC deals. If the applicant is unrated or rated below A, there are 3 options: 1) credit enhancement 2) private placement or 3) public offering, although with this option there are requirements for minimum denominations and the bonds must be sold to qualified institutional buyers.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE INITIAL AND FINAL RESOLUTION FOR TAX-EXEMPT (TE) BONDS AND REQUEST FOR TE INDUSTRIAL DEVELOPMENT BOND (IDB) ALLOCATION

1) BTL Machine, Inc.

Presented by: Patricia Tanous, Bond Program Manager

Staff introduced Jim Kordas, GE Government Finance.

The Issuer, the California Municipal Finance Authority (CMFA), on behalf of the Borrower and User, BTL Machine, Inc., requested approval of an Initial and Final Resolution and Tax-exempt IDB Allocation for an amount not to exceed \$5.2 million in tax-exempt bond financing.

BTL Machine is a manufacturer of machined parts and complex assemblies primarily for the aerospace and defense industries. Bond proceeds will be used to finance the purchase of new manufacturing equipment.

The project received a total of 75 points out of 147 possible. The company anticipates hiring an additional 40 employees within 2 years of project completion.

Staff recommended approval of the Initial and Final Resolution and IDB Allocation for an amount equal to \$5.2 million for CMFA for the BTL Machine, Inc. project. Staff's recommendation is subject to staff analysis and approval of final bond documents and receipt of bond counsel opinion as set forth in the Initial and Final Resolution.

Ms. Redway asked if there were any questions or comments from the Board, or the public. There were none.

Ms. Redway asked if there was a motion to approve the staff recommendation.

Ms. Bryant moved approval; upon a second, the motion passed unanimously.

2) A& C Investments, LLC

Presented by: Patricia Tanous, Bond Program Manager

Staff introduced Jonathan Stevens, A&C Investments, LLC and Jim Kordas, GE Government Finance.

The Issuer, CMFA, on behalf of A&C Investments, LLC and Los Altos Food Products, requested approval of an Initial and Final Resolution and Tax-exempt IDB Allocation for an amount not to exceed \$10 million in tax-exempt bond financing.

The company is a manufacturer of cheese products. Bond proceeds will be used to reimburse the company for costs of construction of a new food production facility with cold storage.

The project received a total of 60 points out of 147 possible. The company anticipates hiring an additional 157 employees within 2 years of project completion.

Staff recommended approval of the Initial and Final Resolution and IDB Allocation for an amount equal to \$10 million for CMFA for the Los Altos Food Products, Inc. project. The staff approval is contingent upon the receipt of certification documentations indicating that the TEFRA hearing was held on the scheduled date and that no negative comments were received.

Ms. Redway asked if there were any questions or comments from the Board, or the public. There were none.

Ms. Redway asked if there was a motion to approve the staff recommendation.

Mr. Hazelroth moved approval; upon a second, the motion passed unanimously.

B. REQUEST FOR TAX-EXEMPT IDB BOND ALLOCATION

1) KAKS Properties, LLC

Presented by: Patricia Tanous, Bond Program Manager

Staff introduced Tara Dunn, California Infrastructure and Economic Development Bank (CIEDB) and Brett Burningham, Hydro Systems, Inc.

KAKS Properties, LLC is the borrower for this project and Hydro Systems Inc. is the user. The company is a manufacturer of acrylic and gel-coat whirlpool and other types of bathtubs, and laundry sinks.

Bond proceeds will be used to finance the purchase and installation of solar panel

modules which will be mounted to the roof of the existing facility.

The project received a total of 25 points, with the bulk of the points coming from the energy efficiency categories.

Staff recommended approval of an Allocation Resolution for an amount equal to \$1.54 million in Tax-exempt IDB Allocation and a refunding amount of \$960,000 for CIEDB for the Hydro Systems Project.

Ms. Redway asked if there were any questions or comments from the Board, or the public. There were none.

Ms. Redway asked if there was a motion to approve the staff recommendation.

Ms. Aronberg moved approval; upon a second, the motion passed unanimously.

C. REQUEST FOR APPROVAL TO ISSUE RECOVERY ZONE FACILITY BONDS (RZFB)

1) Western State Design, Inc.

Presented by: Patricia Tanous, Bond Program Manager

Staff introduced Keith Sutton, Alameda County Industrial Development Authority (IDA).

The issuer, the Alameda County IDA, on behalf of the borrower and user, Western State Design, Inc., requested approval of an Initial and Final Resolution for the issuance of RZFBs for an amount not to exceed \$10.5 million. The City of Hayward has allocated \$2.75 million and the County of Alameda has allocated \$7.75 million to total \$10.5 million in RZFBs for the issuer for the project.

The company is a distributor of commercial laundry equipment. RZFBs will be used to renovate and furnish the building and convert it to a commercial laundry operation and for new laundry and mechanical equipment.

Staff has verified that the project is eligible for RZFB financing. Staff has received executed copies of the documents that verify Recovery Zone Designation and Allocation as well as the Inducement and Final Resolutions and the TEFRA requirements.

Staff recommended approval of Initial and Final Resolution for an amount equal to \$10.5 million in Recovery Zone Facility Bonds for the issuer for the Western State Design, Inc. Project.

Ms. Redway asked if there were any questions or comments from the Board, or the public. There were none.

Ms. Redway asked if there was a motion to approve the staff recommendation.

Ms. Bryant moved approval; upon a second, the motion passed unanimously.

5. PUBLIC COMMENT

Ms. Redway asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments or concerns, the meeting adjourned at 10:47 am.

Respectfully submitted,

Sherri Kay Wahl
Deputy Executive Director