

MINUTES

**California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 587
Sacramento, California
September 17, 2013**

1. CALL TO ORDER & ROLL CALL

Michael Paparian, Chairperson, called the California Industrial Development Financing Advisory Commission (CIDFAC or Commission) meeting to order at 10:38 a.m.

Prior to roll-call, Mr. Paparian explained that the Governor's reorganization plan moved around and consolidated several agencies, two of which are voting members of CIDFAC: the Department of Corporations and the Business, Transportation and Housing Agency. He stated that those entities no longer exist; their functions were transferred to two new entities, but the CIDFAC statute maintains the heads of those two entities as voting members. He continued that a clean-up piece of legislation had passed the legislature designating successor agencies to serve on CIDFAC, including the Department of Business Oversight and the Governor's Office of Business and Economic Development (GoBiz). Mr. Paparian introduced Lila Mirrashidi for the Department of Business Oversight and explained that Panorea Avdis for GoBiz would hopefully be arriving shortly. He stated that until the legislation is signed by the Governor, Ms. Mirrashidi and Ms. Avdis would not be voting members of the Commission.

Members Present: Michael Paparian for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Eraina Ortega for Michael Cohen, Department of Finance

Advisory Member Present: Lila Mirrashidi for the Department of Business Oversight

Staff Present: Sherri Kay Wahl, Deputy Executive Director

Quorum: The Chairperson declared a quorum

2. APPROVAL OF AUGUST 21, 2012 MEETING MINUTES

Mr. Paparian asked if there were any questions or public comment concerning the August 21, 2012 meeting minutes. There were none.

Mr. Paparian asked if there was a motion.

Mr. Gordon moved approval of the minutes and there was a second from Mr. Paparian. Ms. Ortega abstained. There was a discussion regarding the approval of the minutes.

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Mr. Gordon asked if there would be any legal ramifications to not adopting the minutes, since Ms. Ortega abstained and the two additional Board Members would likely abstain as well. Robert Hedrick, Legal Counsel, stated that there would be no legal ramifications. Mr. Hedrick explained that there is no blanket prohibition on board members voting on minutes despite not having been at the meeting. He continued that if board members could touch base with their predecessor or loop back and satisfy themselves, they would be perfectly free to vote if they so choose. Ms. Wahl stated that staff keeps recordings of the minutes, if the members felt they needed to assure themselves that the minutes were prepared correctly.

The minutes were passed by the following vote: Michael Paparian for the State Treasurer, aye; Alan Gordon for the State Controller, aye; Eraina Ortega for the Director of Finance, abstain.¹

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Wahl stated that it had been over a year since the last CIDFAC Board Meeting, and that some of the Board Members were new to the Commission. She explained that CIDFAC advises local governments and independently reviews industrial development bond (IDB) applications for provision of public benefits and to approve the sale of IDBs by local governments. The primary objective of CIDFAC is to provide manufacturers in California with an alternative, low-cost source of funds to finance capital expenditures which will increase employment or otherwise contribute to economic development. Ms. Wahl stated that CIDFAC carefully reviews the public benefits generated by a project, particularly with respect to job creation; determines whether the benefits will significantly outweigh any detrimental public effects from the project; and maintains a state-wide perspective to ensure that one entity of the state is not adversely affected by the issuance of IDBs by another jurisdiction.

Ms. Wahl explained that the local jurisdiction initiates the IDB application process on behalf of the business and that either the issuing authority or CIDFAC recommends a financing team. She stated that in today's case, the issuer came with its team. She continued that bond counsel conducts a preliminary analysis of the project to ensure compliance with Federal Tax Law requirements. The IDBs require either a financial institution willing to issue a line of credit for the base amount of the bonds or a qualified institutional investor willing to purchase the bonds. She stated that staff will present the latter case to the Board.

Ms. Wahl explained that CIDFAC staff reviews the IDB application to ensure it meets eligibility requirements and works in conjunction with the California Debt Limit Allocation Committee (CDLAC) to complete a staff report at the issuer's request. Upon the Commission's approval and receipt of the CDLAC IDB allocation, the finance team, the business, and CIDFAC staff work together on the financing to bring it to a closing.

Mr. Gordon asked Ms. Wahl how much allocation CDLAC put aside for CIDFAC in 2013.

¹ After the meeting, Mr. Hedrick reviewed CIDFAC's statute and determined that it allowed an action taken by a majority of those voting, so long as a quorum was present. There was a quorum present and a majority of those voting was two, so the minutes can stand as approved.

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Ms. Wahl responded with \$50 million. Mr. Gordon asked how much had been used thus far. Ms. Wahl explained that none of the money had been used as this was the first application received in 2013. Mr. Gordon then asked if there was carry-over from 2012. Ms. Wahl stated that IDBs do not qualify for carry-over allocation.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE ISSUANCE OF TAX-EXEMPT BONDS AND TRANSFER INDUSTRIAL DEVELOPMENT BOND (IDB) ALLOCATION

Presented by: Andrea Gonzalez, Staff Services Analyst

Staff introduced: Terence Yeh, Executive Vice President, AMG Huntington Beach, LLC
Sam Clineff, GE Government Finance, Inc.

Staff requested approval of an Initial and Final Resolution for \$3,891,340 in tax-exempt bonds and \$608,660 in taxable bonds, and an Allocation Resolution for \$3,891,340 in tax-exempt IDB allocation.

The company is exclusively an aerospace and defense focused enterprise, committed to achieving success in aligned manufacturing and sourcing strategies providing industry-lead capabilities. Bond proceeds will be used to finance the acquisition and installation of new equipment for the manufacturing of metal components and subassemblies for the aeronautic and defense industries.

The Project received a total of 34 points out of 147 possible. The company anticipates hiring an additional 5 employees within 2 years.

Staff recommended approval of Initial and Final Resolution No. 13-0001 for \$3,891,340 in tax-exempt bonds and \$608,660 in taxable bonds, and Allocation Resolution No. 13-002-001 for \$3,891,340 in tax-exempt IDB allocation for the Issuer for the AMG Huntington Beach, LLC Project.

Mr. Paparian asked if there were any questions or comments from the Board or public. There were none.

Mr. Paparian asked for clarification regarding what the company manufactures. Mr. Yeh stated that the company has a very long history; it was founded in 1941. The company makes medium to large sized panels and structural parts that go into both commercial Boeing airplanes as well as fighter jets such as the F-18 and F-15. He stated that some of the panels the company produces are approximately 40 feet high by 25 feet wide. He continued that the company also makes a wide range of different types of cockpit-related panels and stated that they create very complex, large aluminum or titanium panels with varying curves, shapes, and holes.

Mr. Paparian thanked him for maintaining the company's business in California.

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Mr. Paparian asked if there was a motion.

Mr. Gordon moved approval of the item and there was a second from Ms. Ortega. The item was unanimously approved.

PUBLIC COMMENT

Mr. Paparian 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 10:51 a.m.

Respectfully submitted,

Sherri Kay Wahl
Deputy Executive Director