

MINUTES

**California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 587
Sacramento, California
March 17, 2015**

1. CALL TO ORDER & ROLL CALL

Alan Gordon, Chairperson, called the California Industrial Development Financing Advisory Commission (CIDFAC) meeting to order at 10:31 a.m.

Members Present: Alan Gordon for John Chiang, State Treasurer
Lynn Paquin for Betty T. Yee, State Controller
Eraina Ortega for Michael Cohen, Director of Finance
Panorea Avdis for Kish Rajan, Director, Governor's Office of Business
and Economic Development (GoBiz)
Lila Mirrashidi for Jan Lynn Owen, Commissioner,
Department of Business Oversight (DBO)

Staff Present: Reneé Webster-Hawkins, Executive Director, CPCFA

Quorum: The Chairperson declared a quorum

2. APPROVAL OF FEBRUARY 17, 2015 MEETING MINUTES

Mr. Gordon asked if there were any questions or comments concerning the February 17, 2015 meeting minutes. There were none.

Mr. Gordon asked if there was a motion.

Ms. Ortega moved approval of the minutes; there was a second.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Lynn Paquin for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Panorea Avdis for the Director of GoBiz	Abstain
Lila Mirrashidi for the Commissioner of DBO	Aye

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Webster-Hawkins noted the agenda clearly shows that the California Industrial Development Financing Advisory Commission (CIDFAC) has opened its doors for business.

4. BUSINESS ITEMS

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

Gordon Brush Mfg. Co., Inc.

Presented by: Deanna Hamelin, Associate Treasury Program Officer

Staff introduced Dan Bronfman of Growth Capital Associates, Gurbax Sahota of California Association for Local Economic Development (CALED) and chair of California Enterprise Development Authority (CEDA), and Michelle Stephens of CALED and CEDA.

Staff requested approval of Initial and Final Resolution No. 15-0002 for an amount equal to \$10,000,000 in tax-exempt bonds and an Allocation Resolution for an amount equal to \$10,000,000 in tax-exempt IDB allocation.

The company designs, engineers, manufactures and distributes high quality brushes and abrasive products for a wide variety of industries.

The company has a large customer base throughout the United States and world-wide. Major customers include: McMaster-Carr, Grainger, Boeing, the U.S. military, and General Services Administration.

The company relocated its operations from two sites, a facility located in the City of Commerce and a facility in Delavan, Wisconsin, into a single, larger facility located in the City of Industry. The company provided a letter from the City of Commerce acknowledging the company's move.

The company used bond proceeds for the acquisition, renovation, rehabilitation, and equipping of an existing, vacant 182,000 square foot building located in the City of Industry. The building was renovated to meet the needs of the company, which included the construction of offices, restrooms, a break-room, and electrical and ventilation system upgrades.

The project received a total of 47 points out of 142 possible. Although the project did not receive points for job creation, the company anticipates hiring an additional 46 contracted employees within two years of project completion. California Debt Limit Allocation Committee (CDLAC) regs did not allow for points to be awarded for leased or contracted employees, only direct full-time employees.

Staff recommended approval of an Initial and Final Resolution No. 15-0002 for an amount equal to \$10,000,000 in tax-exempt bonds and an Allocation Resolution for an amount equal to \$10,000,000 in tax-exempt IDB allocation for the Issuer for the Gordon Brush Mfg. Co. Project

Mr. Gordon asked if there were any questions or comments from the Board or public.

Mr. Bronfman explained the purpose of the project and benefit of bringing it into California. Ms. Sahota expressed her gratitude to the Authority for helping another manufacturer expand in California.

In response to questions from the Board regarding the employment model and staffing, Mr. Bronfman discussed the positions created and employee relocation.

Mr. Gordon asked if there were any further comments from the Board, or the public. There were none.

Mr. Gordon asked if there was a motion.

Ms. Avdis moved approval of the item; there was a second.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Lynn Paquin for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Panorea Avdis for the Director of GoBiz	Aye
Lila Mirrashidi for the Commissioner of DBO	Aye

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

Spooner's Woodworks, Inc.

Presented by: Andrea Gonzalez, Associate Treasury Program Officer

Staff introduced Dan Bronfman of Growth Capital Associates, Gurbax Sahota of CALED and chair of CEDA), and Michelle Stephens of CALED and CEDA.

Staff requested approval of an Initial and Final Resolution for \$5,555,000 in tax-exempt bonds, \$645,000 in taxable bonds, and Allocation Resolution for \$5,555,000 in tax-exempt IDB allocation.

The company was organized in California in February of 1993. The company was one of the premier architectural woodwork manufacturing firms in Southern California, specializing in high-end millwork and production casework.

Bond proceeds were used to fund the acquisition of an existing, vacant industrial building at the project site. The property consisted of 5.3 acres of land with an approximate 58,000 square foot building situated thereon. The building was constructed in 1990 and previously housed a distribution and manufacturing business. The company

plans to make improvements to the building, including the renovation of offices and upgrades to electrical, dust collection, and ventilation systems. The company received a total of 36 points out of 142 possible. The company anticipates hiring an additional 9 employees within 2 years.

Staff recommended approval of Initial and Final Resolution No. 15-0003 for \$5,555,000 in tax-exempt bonds and \$645,000 in taxable bonds and Allocation Resolution No. 15-2-003 for \$5,555,000 in tax-exempt IDB allocation for CEDA for the Spooner's Woodworks, Inc. Project.

Mr. Bronfman added that the building is currently in foreclosure and the seller is attempting to handle this as quickly as possible

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

Ms. Ortega moved approval of the item; there was a second.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Lynn Paquin for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Panorea Avdis for the Director of GoBiz	Aye
Lila Mirrashidi for the Commissioner of DBO	Aye

C. REQUEST TO APPROVE THE REFUNDING OF UP TO \$1,895,000 AGGREGATE PRINCIPAL AMOUNT OF THE CITY OF OXNARD INDUSTRIAL DEVELOPMENT AUTHORITY TAX-EXEMPT VARIABLE RATE DEMAND INDUSTRIAL DEVELOPMENT REVENUE BOND SERIES 2004A AND REQUEST TO APPROVE ISSUANCE OF NEW TAX-EXEMPT BONDS AND TRANSFER INDUSTRIAL DEVELOPMENT TAX-EXEMPT BOND (IDB) ALLOCATION

J. Harris Industrial Water Treatment, Inc.

Presented by Deanna Hamelin, Associate Treasury Program Officer

Staff introduced Jim Harris of J. Harris Industrial Water Treatment, Inc.; Dan Bronfman of Growth Capital Associates; Gurbax Sahota and Michelle Stephens of CALED and CEDA.

Staff requested approval of Initial and Final Resolution No. 15-0004 for an amount equal to \$3,435,000 in new money and \$1,895,000 in refunding bonds, totaling \$5,330,000 in tax-exempt bonds and Allocation Resolution No. 15-2-004 for \$3,435,000 in tax-exempt IDB allocation.

The company designs, manufactures, distributes, installs and services water treatment and purification systems to various industries, including those in the pharmaceutical, aerospace, biotechnology, electronics, food production and medical industries. Major

customers include Crystal Geyser, 7 UP, Snapple, Calpine Power, Anheuser Busch, Coca-Cola and Kaiser Permanente.

Bond proceeds were used to pay for the cost of the acquisition of approximately 58,000 square feet of land in the city of San Jose as well as the purchase of an existing, vacant 18,970 square foot building situated on the land. Additionally, bond proceeds were used to refund the outstanding tax-exempt IDBs issued in 2004 by the City of Oxnard Industrial Development Authority. The 2004 IDBs were used to fund a portion of the costs associated with the development of the company's manufacturing facility and headquarters located in Oxnard.

The project received a total of 67 points out of 142 possible. The company anticipates hiring an additional 10 employees within two years of project completion.

Staff recommended approval of an Initial and Final Resolution No. 15-0004 for an amount equal to \$5,330,000 in tax-exempt bonds and an Allocation Resolution for an amount equal to \$3,435,000 in tax-exempt IDB allocation for the Issuer for the J. Harris Industrial Water Treatment, Inc. Project.

Mr. Harris explained to the board that the new location will enable the company to both process and manufacture water treatment systems in the city of San Jose.

A question was raised about the relocation of current employees. Mr. Harris explained that they are relocating to the new location.

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

Ms. Ortega moved approval of the item; there was a second.

The item was passed by the following vote:

Alan Gordon for the State Treasurer	Aye
Lynn Paquin for the State Controller	Aye
Eraina Ortega for the Director of Finance	Aye
Panorea Avdis for the Director of GoBiz	Aye
Lila Mirrashidi for the Commissioner of DBO	Aye

5. PUBLIC COMMENT

Mr. Gordon asked if there were any general comments from the public.

Mr. Bronfman thanked the staff at CIDFAC and CDLAC for their assistance and their practical approach.

Mr. Gordon asked for any additional feedback and/or recommendations for ways to make the process easier and more user-friendly.

Ms. Ortega stated that the scoring system by which CIDFAC evaluates the bond applications is outdated. She noted that the companies are being awarded points for providing health care coverage, which is now mandated by law. Ms. Ortega recommended that changes be implemented to the scoring system. Ms. Webster-Hawkins agreed that staff would review and update as needed. Ms. Sahota of CALED offered her services to assist CIDFAC in surveying the customers in order to determine efficiency as well as to get the message out that CIDFAC is a great tool for manufacturers.

Ms. Webster-Hawkins agreed and thanked Ms. Sahota for her outreach.

Mr. Gordon asked if there were any further public comments. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 10:43 a.m.