

# CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

## MINUTES

### Regular Meeting

\*\*\*TELECONFERENCE MEETING \*\*\*

### CEDA BOARD OF DIRECTORS

Wednesday, March 30, 2011

#### Teleconference Locations

California Association for Local  
Economic Development  
550 Bercut Drive, Suite G  
Sacramento, CA 95811

City of Santa Rosa City Hall  
100 Santa Rosa Avenue  
Santa Rosa, CA 95404

City of Eureka City Hall  
531 K Street  
Eureka, CA 95501

Economic Development  
Collaboration of Ventura County  
1601 Carmen Dr., Ste 215  
Camarillo, CA 93010

#### Call to Order

Wayne Schell, Board Chair of the California Enterprise Development Authority, called the meeting to order at 4:00 pm.

#### Roll Call

Members Present: Bruce Kern  
Paul Krutko  
Kathy Millison  
Danny Roberts  
Wayne Schell  
Bruce Stenslie

#### CALED Management/Staff

Present: Mona Dmitrenko  
Gurbax Sahota  
Michelle Stephens

#### Public Present:

Cindy Trobitz-Thomas, CEDA Board Member  
Sam Balisy, Bond Counsel, Kutak Rock, LLP  
Dan Bronfman, Growth Capital

#### Action Items

1. Approve the Meeting Minutes of February 2, 2011, February 10, 2011, March 2, 2011 and March 8, 2011.

**Motion:** Board Secretary, Bruce Kern made the motion to approve the Meeting Minutes of February 2, 2011, February 10, 2011, March 2, 2011 and March 8, 2011 as one combined item. Board Member, Bruce Stenslie seconded the motion on the floor and it passed unanimously with the following roll call vote:

Bruce Kern	Aye
Paul Krutko	Aye
Kathy Millison	Aye
Danny Roberts	Aye
Wayne Schell	Aye
Bruce Stenslie	Aye

2. Approve a Resolution of the California Enterprise Development Authority Making Determinations with Respect to the Financing of Facilities for Bay Photo, Inc. and/or a Related

or Successor Entity and Declaring its Intent to Reimburse Certain Expenditures From Proceeds of Indebtedness and Authorizing Related Actions.

**Discussion:** Executive Director Mona Dmitrenko gave the Board a brief background on the Bay Photo Printing deal, noting that the City of Watsonville and the City of Santa Cruz have been working together on the project and that it was moving into a vacant Birdseye Building. Board Secretary, Bruce Kern asked how large the deal would be to which Ms. Dmitrenko answered approximately \$10 million though the details were still being ironed out. Mr. Kern asked about the TEFRA hearing and Bond Counsel, Sam Balisy answered that it has not been scheduled yet. Board Member, Kathy Millison asked about the age of Bay Photo, to which Mr. Balisy responded that the company had been around since the mid-70s. Board Member, Cindy Trobitz-Thomas asked if the change in jurisdiction posed a problem but Ms. Dmitrenko assured her that the two cities were working together and they were delighted that the facility was staying within the county. Mr. Bronfman also added that an existing tenant might take up the space in the current Bay Photo building and that the impact on the community would be relatively minor.

**Motion:** Approve Resolution 11-07 of the California Enterprise Development Authority Making Determinations with Respect to the Financing of Facilities for Bay Photo, Inc. and/or a Related or Successor Entity and Declaring its Intent to Reimburse Certain Expenditures From Proceeds of Indebtedness and Authorizing Related Actions.

Board Member, Bruce Stenslie made the motion to approve Resolution 11-07. Board Member, Kathy Millison seconded the motion on the floor. The motion passed unanimously on the following roll call vote:

Bruce Kern	Aye
Paul Krutko	Aye
Kathy Millison	Aye
Danny Roberts	Aye
Wayne Schell	Aye
Bruce Stenslie	Aye

3. Approve the \$10,000 Awards Luncheon Sponsorship at the CALED Annual Growing Local Economies Conference on April 27 & 28 in Sacramento, California.

**Discussion:** Board Secretary, Bruce Kern began the discussion by noting that when the CEDA Budget was approved in July of 2010 there were many uncertainties. Since that time CEDA has realized increased revenue and therefore should amend its budget as necessary. Mr. Kern felt that supporting the CALED Annual Conference would be a good opportunity to celebrate the recent successes and generate exposure for CEDA. As a result, he was recommending that CEDA sponsor the CALED Conference at the \$25,000 level as opposed to \$10,000. Board Member, Kathy Millison noted that the original purpose of CEDA was two-fold, to provide financing resources to our members, but also to generate income for CALED that can be used to support economic development. Mr. Kern also mentioned that during the Awards lunch, a CEDA representative would have an opportunity to address the crowd while the approved CEDA deals from the last year rotated on the screen. Further, he envisions that CEDA would have a prominent table in the Exhibitor area. Dan Bronfman of Growth Capital interjected that he was also sponsoring the conference and that his table would be placed next to CEDA's so that we would have an even greater impact on attendees.

**Motion:** Approve the \$25,000 Awards Luncheon Sponsorship at the CALED Annual Growing Local Economies Conference on April 27 & 28 in Sacramento, California.

Board Member, Paul Krutko made the motion to approve the sponsorship. Board Member, Kathy Millison seconded the motion on the floor. The motion passed unanimously on the following roll call vote:

Bruce Kern	Aye
Paul Krutko	Aye
Kathy Millison	Aye
Danny Roberts	Aye
Wayne Schell	Aye
Bruce Stenslie	Aye

4. Discuss and approve the establishment of Authority’s Legal and Operating Reserve Accounts. Although not prescribed by law it is prudent to establish both operating and legal reserves in the event of contingency.

**Discussion:** As a continuation of the budget conversation, Mr. Kern discussed the appropriate Legal and Operating Reserve amounts for CEDA. In light of CEDA’s increased financing activity it is important to ensure CEDA has adequate reserves to cover unexpected events in the future. Bond Counsel, Sam Balisy noted that CEDA has very conservative policies and procedures in place, which minimize risk. However, that it was still a good idea to have reserves in place. He also mentioned that as CEDA continues to grow and issue more bonds, the topic should be revisited and the reserve amounts increased. Ms. Dmitrenko asked if CEDA could potentially be liable to pay for audit and legal costs in the event there was an audit of one of our issues and the company does not have the capacity to pay. Mr. Balisy agreed that this is a potential liability if the company was not solvent and unable to pay the actual costs. Ms. Dmitrenko reminded Mr. Balisy that Le Chef (a current outstanding issue) is currently undergoing an audit. She asked what that associated cost would be for that audit. Mr. Balisy indicated that the borrower should expect to pay \$5,000 if the audit goes smoothly. Otherwise costs can easily escalate to over \$100,000. In the event where the borrower is no longer self-sustaining, CEDA as taxpayer would shoulder the responsibility of paying for the audit and legal costs. Mr. Balisy reiterated that the bulk of the risk has been shifted to the borrower. Mr. Kern felt this was wise counsel and recommended that the Legal Reserve should be \$150,000 and the Operating reserve should be a total of \$200,000, which would involve adding \$135,000 to the existing reserve of \$65,000. Board Member, Danny Roberts said that he thought this was a smart thing to do and that he had been thinking it should be done for some time.

**Motion:** Approve the establishment of Authority’s Legal and Operating Reserve Accounts. Board Member, Bruce Kern made the motion to approve the Legal and Operating Reserve Amounts. Board Member, Kathy Millison seconded the motion on the floor. The motion passed unanimously on the following roll call vote:

Bruce Kern	Aye
Paul Krutko	Aye
Kathy Millison	Aye
Danny Roberts	Aye
Wayne Schell	Aye
Bruce Stenslie	Aye

The Budget discussion continued briefly and Mr. Kern asked that some additional items be brought to the Board at the next CEDA meeting including a hard cash EDA grant match of \$150,000 and repayment of \$50,000 to the California Economic Development Academy. This money will allow CEDA to help leverage resources to support economic development and repay the Academy enabling it to provide scholarships and ED training. Mr. Kern asked that these items in addition to an approved budget be on the next CEDA agenda.

**Public Comment**

**Board Chair Report**

Board Chair, Wayne Schell told the Board about his recent testimony for the California Infrastructure Bank. As one of three speakers, he spoke of the role that the I-Bank plays in economic development

and how this role could be improved through specific actions such as being more aggressive toward finding projects and using different programs, changing the board make-up to include more ED practitioners as well as developers and manufactures, and acting independent of the state and its myriad reporting requirements. Mr. Schell foresees a task force being formed as a result of the testimony and hopes that people involved with the I Bank will stretch their thinking and look to successful examples outside of California as they improve their services.

#### **Executive Director Report**

Executive Director, Mona Dmitrenko noted that she had recently sent out two favorable articles, which focused on CEDA projects. Mr. Bronfman asked specifically about CEDA's role at the Annual Conference to which Ms. Dmitrenko mentioned the financing panel that she would be moderating and the CEDA dinner that is being hosted by Bond Counsel, Sam Balisy. Mr. Kern noted that CEDA had come a long way since the first dinner in Palm Springs many years ago.

#### **Other Business**

Mr. Kern asked that the indemnity clause and policy amendments be included on the agenda at the next CEDA meeting and once these items were approved, asked that they be posted to the CEDA website.

#### **Adjournment**

Board Chair, Wayne Schell adjourned the meeting at 4:55 pm.