

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

REGULAR MEETING ***TELECONFERENCE MEETING NOTICE and AGENDA*** LOCATIONS LISTED BELOW

4:00 P.M.

Wednesday, March 30, 2011

Teleconference Phone Information

(308) 344-6400 - Conference Code: 305911#

Call to Order and Roll Call

Approval of Minutes

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

Action Items

3. 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.
4. Approve the \$10,000 Awards Luncheon Sponsorship at the CALED Annual Growing Local Economies Conference on April 27 & 28 in Sacramento, California.
5. 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.

Public Comment

Chair and Executive Director Reports

Other Business

Adjournment

Members of CEDA and members of the public may access this meeting at the following locations:

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

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

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

City of Palmdale
38250 N Sierra Highway
Palmdale, CA 93550

This agenda can be obtained at www.caled.org/edfinancing. The California Enterprise Development Authority complies with the Americans with Disabilities Act (ADA) by ensuring that the facilities are accessible to persons with disabilities and by providing this notice and information in alternative formats when requested. If you need further assistance, you may contact us no later than 72 hours before the meeting at (916) 448-8252, ext. 16.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

MINUTES

Regular Meeting

***TELECONFERENCE MEETING ***

CEDA BOARD OF DIRECTORS

Wednesday, February 02, 2011

Teleconference Locations

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

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

City of Palmdale
38250 N Sierra Highway
Palmdale, CA 93550

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

5598 Gold Creek Drive
Castro Valley, Ca 94552

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

1572 Seascape Blvd.
Aptos, CA 95003

Call to Order

Wayne Schell, Board Chair of the California Enterprise Development Authority, called the meeting to order at 3:05 pm.

Roll Call

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

CEDA Staff Present: Mona Dmitrenko
Gurbax Sahota
Michelle Stephens
Rachael Alexander

Public Present: Sam Balisy, Bond Counsel, Kutak Rock, LLP
Eric Cashman, Sidley Austin, LLP
Erwin Tam, Backstrom, Berry & McCarley
Mark McLoughlin, Asian Art Museum Foundation
Paula Connors, California Infrastructure & Economic Development Bank

Action Items

1. Approve the Regular Meeting Minutes from December 8, 2010 and December 15, 2010.

Motion: Board Member, Danny Roberts made the motion to approve the Regular Meeting Minutes from December 8, 2010 and December 15, 2010. Board Member, Bruce Stenslie seconded the motion on the floor. The motion passed on the following roll call vote:

Bruce Kern	Abstain
Paul Krutko	Aye
Danny Roberts	Aye
Wayne Schell	Aye
Bruce Stenslie	Aye

2. Adopt Resolution 11-01 of the California Enterprise Development Authority Authorizing and Approving a Loan Agreement with JPMorgan Chase Bank, National Association and the Asian Art Museum Foundation of San Francisco Pursuant to which the California Enterprise Development Authority will make a loan in an amount not to Exceed \$98,400,000 for the

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Purpose of Retiring the Currently Outstanding California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds, Series 2005 (Asian Art Museum Foundation of San Francisco), for the Benefit of the Asian Art Museum Foundation of San Francisco, Providing the Terms and Condition for such Loan Agreement and other Matters Relating Thereto Herein Specified.

Discussion: Executive Director, Mona Dmitrenko briefly described the financing as a three-party loan similar to the many bank qualified loans we completed in during 2010. She stated that the Foundation is responsible for the financing and operating of the museum. While the City/County of San Francisco maintained the ownership of both the art and the building in which the museum is housed. The financing is actually refinancing existing debt that currently held by JP Morgan Chase (Chase). She then invited Erwin Tam of Backstrom, McCarley, Berry & Co., LLC to describe the history of the financing.

Mr. Tam stated that AAMF (Foundation) had originally entered into the indebtedness in 2000 borrowing \$107 million to refurbish San Francisco's main library. The financing was completed through Chase and insured by MBIA. At the time, MBIA's triple-A rating allowed the foundation to secure an interest rate of 5%. In 2005 the Foundation refinanced the debt using the same financing partners. However, they selected a variable rate with a swap arrangement. The anticipated rate was 3.4%. Insurer, MBIA's own investments got into trouble and their rating was affected. This caused AAMF's interest rate to soar upwards to about 10% and settle at about 7.5%. The steep debt service payments caused AAMF to run through their cash reserves and forced JP Morgan to take more serious action.

In December 2009, AAMF secured a one-year letter of credit through JP Morgan Chase to support their bond issue. This structure replaced the ailing MBIA and dropped their interest costs. However, the poor economy and the poor return investments impacted AAMF cash reserves and a year later the supporting Chase letter of credit was not renewed. Chase ultimately purchased back all of the outstanding bonds and forced all parties involved in the financing to enter into a forbearance agreement.

The new financing structure includes a pay down of the debt by MBIA, a backstop arrangement to the Foundation's reserve account by the City/County of San Francisco and a commitment by the foundation to raise \$20.0MM through a capital campaign.

Board member, Bruce Stenslie stated that the backstop from San Francisco is critical and inquired how that aspect of the financing was arranged. Mr. Tam explained that the Foundation's cash reserves will be reviewed on a regular basis. Should there be insufficient funds during the review, the Controller is to act in his official capacity to request an appropriation by the Board of Supervisors from the City's general fund to replenish the debt service reserve fund or fund any deficiency.

COO/CFO, Mark McLoughlin of the Asian Art Museum Foundation elaborated that the AAMF reserve account is \$7.4MM which will be held in perpetuity for the life of the financing. In addition AAMF has \$72.0MM in unrestricted cash and investments. At the conclusion of the capital campaign they will have \$92.0MM in unrestricted cash & investments against \$98.4MM in debt. Should the Foundation be unable to make their payment, the bank would first look toward the \$7.4MM in reserve, the next step will be to look toward their unrestricted cash & investments. Then lastly, the City/County of San Francisco would act as a backstop to the entire financing.

Board Secretary/Treasurer, Bruce Kern asked about the three party financing structure and any liability that could potentially be transferred to the Authority or a related party. Ms. Dmitrenko described that the revised transaction will be a three party conduit financing involving the Foundation, the Authority and JP Morgan Chase. The Authority would act as a conduit which would allow the tax-exempt status to pass through. Bruce Kern asked if the Authority's Bond

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Counsel, Sam Balisy could comment. Mr. Balisy stated that Ms. Dmitrenko's description was correct and there would be no liability on the part of the Authority, its staff or board members. JP Morgan Chase would be considered a Significant Investor and in essence realize any liability in the event of a default.

Motion: Approve Resolution 11-01 of the California Enterprise Development Authority Authorizing and Approving a Loan Agreement with JPMorgan Chase Bank, National Association and the Asian Art Museum Foundation of San Francisco Pursuant to which the California Enterprise Development Authority will make a loan in an amount not to Exceed \$98,400,000 for the Purpose of Retiring the Currently Outstanding California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds, Series 2005 (Asian Art Museum Foundation of San Francisco), for the Benefit of the Asian Art Museum Foundation of San Francisco, Providing the Terms and Condition for such Loan Agreement and other Matters Relating Thereto Herein Specified.

Board Member, Bruce Stenslie made the motion to approve Resolution 11-01. Board Member, Danny Roberts seconded the motion on the floor. The motion passed unanimously on the following roll call vote:

Bruce Kern	Abstain
Paul Krutko	Aye
Danny Roberts	Aye
Wayne Schell	Aye
Bruce Stenslie	Aye

3. Adopt Resolution 11-02 of the California Enterprise Development Authority Changing the Time for Regular Meetings of the Board of Directors of the California Enterprise Development Authority.

Discussion: Executive Director Mona Dmitrenko explained that it was necessary to change the usual CEDA meeting time because of a change in one of the CEDA Board Member's work schedule.

Motion: Approve Resolution 11-02 of the California Enterprise Development Authority Changing the Time for Regular Meetings of the Board of Directors of the California Enterprise Development Authority.

Board Member, Bruce Stenslie made the motion to approve Resolution 11-02. Board Member, Danny Roberts seconded the motion on the floor. The motion passed unanimously on the following roll call vote:

Bruce Kern	Abstain
Paul Krutko	Aye
Danny Roberts	Aye
Wayne Schell	Aye
Bruce Stenslie	Aye

Public Comment

There was no public comment made.

Executive Director Report

Executive Director, Mona Dmitrenko briefly referenced the report she had sent out earlier, which listed all CEDA transactions completed during 2010 and the Authority's current backlog. In 2010, CEDA issued a total of 29 501(c)3 bonds and 7 Recovery Zone Facility Bonds. There were 0 Industrial Development Bonds Issued. This translates into \$447.0MM in financings. In addition to the AAMF transaction, the Authority has received two other applications. The Stevenson School for \$15 million and San Diego Second Chance for \$3 million. Overall, the financings CEDA has completed has created or retained 4,586 jobs with another 252 in the pipeline.

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Other Business

Board Member, Bruce Stenslie had a question in regard to the Bond Buyer article that Ms. Dmitrenko sent out about Los Angeles County withdrawing from bond issuance. Bond Counsel, Sam Balisy responded by noting that Mark Saladino, who is mentioned in the article, feels that there is risk to the County in approving these type of bonds. Mr. Balisy said that this fear has never been validated. The Authority is not at risk since it only accepts applications with either a letter of credit structure or Significant Investor structure.

Mr. Stenslie also noted the quote in the article from California State Treasurer Bill Lockyer that referred to Joint Power Authorities (JPA) issuing bonds as a “perversion of the law.” Mr. Balisy assured the board that JPAs issuing bonds is not new. There are certain types of 501 (c) 3 bonds that the state will not issue. Without JPA’s these non-profits would be forced to seek financing through cities and counties who may not have the experience or financing staff to effectively manage that process. This would make it much more difficult for the businesses and would eliminate the cost savings they see now. Mr. Balisy urged the Board through their contacts at the state to change the prevailing mindset.

Adjournment

Motion: Board Member, Bruce Stenslie moved to adjourn the meeting. Board Member, Danny Roberts seconded the motion. The motion passed unanimously by voice vote.

Board Chair, Wayne Schell adjourned the meeting at 3:40 pm.

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MINUTES

Regular Meeting

***TELECONFERENCE MEETING ***

CEDA BOARD OF DIRECTORS

Wednesday, March 02, 2011

Teleconference Locations

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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

Kathy Millison, Acting Board Chair of the California Enterprise Development Authority, called the meeting to order at 4:05 pm.

Roll Call

Members Present: Kathy Millison
Bruce Stenslie
Cindy Trobitz-Thomas

CALED Management/Staff

Present: Mona Dmitrenko
Gurbax Sahota
Michelle Stephens
Rachael Alexander

Public Present:

Bruce Kern, CEDA Board Member
Sam Balisy, Bond Counsel, Kutak Rock, LLP
Ed DiYanni, CFO, Robert Louis Stevenson School

Action Items

3. Approve the Regular Meeting Minutes from February 2, 2011.

Motion: Board Member, Bruce Stenslie made the motion to approve the Regular Meeting Minutes from February 2, 2011. Board Member, Cindy Trobitz-Thomas seconded the motion on the floor. At this time, Ms. Trobitz-Thomas realized she needed to abstain from this vote because she was not present at the February 2nd meeting. There were not enough eligible board members to have a quorum, so Ms. Millison asked for a motion to withdraw the motion so the minutes can be addressed at a subsequent meeting.

Mr. Stenslie made the motion. Ms. Trobitz-Thomas seconded and the motion to withdraw passed unanimously with the following roll call vote:

Kathy Millison	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

4. Approve Resolution 11-03 of the California Enterprise Development Authority (the "Authority") authorizing and approving the issuance of revenue bonds in an aggregate principal amount not to exceed \$15.3MM (the "Bonds") pursuant to an Indenture of Trust between the Authority and Wells Fargo Bank, National Association, as trustee, (the "Indenture") the proceeds of which will be loaned by the Authority to Robert Louis Stevenson School, a California non-profit public benefit corporation (the "Borrower"), pursuant to a Loan

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Agreement between the Authority and the Borrower for the purpose of financing, refinancing or reimbursing the Borrower for a portion of the cost of the acquisition, construction, rehabilitation, improving and/or equipping the Borrower's facilities, providing the terms and conditions for sale of such Bonds, and other matters relating thereto herein specified and authorizing the execution of certain documents.

Discussion: Executive Director Mona Dmitrenko gave the Board a brief background on the Robert Louis Stevenson School and explained that the proceeds of the bond financing would be used to refinance existing debt, improving the school entrance and several dormitories.

Motion: Approve Resolution 11-03 of the California Enterprise Development Authority (the "Authority") authorizing and approving the issuance of revenue bonds in an aggregate principal amount not to exceed \$15.3MM (the "Bonds") pursuant to an Indenture of Trust between the Authority and Wells Fargo Bank, National Association, as trustee, (the "Indenture") the proceeds of which will be loaned by the Authority to Robert Louis Stevenson School, a California non-profit public benefit corporation (the "Borrower"), pursuant to a Loan Agreement between the Authority and the Borrower for the purpose of financing, refinancing or reimbursing the Borrower for a portion of the cost of the acquisition, construction, rehabilitation, improving and/or equipping the Borrower's facilities, providing the terms and conditions for sale of such Bonds, and other matters relating thereto herein specified and authorizing the execution of certain documents.

Board Member, Cindy Trobitz-Thomas made the motion to approve Resolution 11-03. Board Member, Bruce Stenslie seconded the motion on the floor. The motion passed unanimously on the following roll call vote:

Kathy Millison	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

3. Approve Resolution 11-04 of the California Enterprise Development Authority (the "Authority") making determinations with respect to the refinancing of facilities for the benefit of Carolyn Carty, Trustee of The Carty Family Trust, and Trademark Plastics, Inc. and/or a related entity and declaring its intent to issue revenue obligations and authorizing related actions. This is the initial resolution in connection with the refunding on a current basis of the Industrial Development Authority of the City of Riverside Variable Rate Demand Industrial Development Revenue Bonds, Series 2002 (Trademark Plastics, Inc. Project) (the "Prior Bonds").

Discussion: Executive Director Mona Dmitrenko explained that this resolution approves the Initial Inducement to Issue Bonds to benefit the Carty Family Trust and Trademark Plastics, Inc. The initial inducement allows staff to work toward refunding an existing IDB for \$4,725,000. Trademark Plastics, Inc. manufactures custom injection molded parts used in medical devices, clean rooms and scientific applications. The refunding will provide the borrower with long term, fixed rate financing of the manufacturing facility in Riverside, CA. Bruce Kern did not think that Industrial Development Bonds (IDBs) could be refunded. Bond Counsel, Sam Balisy noted that in fact, you can refund the existing amount of an IDB, you just cannot *increase* the amount without requesting additional allocation from CDFAC. Board Members Bruce Kern and Bruce Stenslie also noted with concern that the TEFRA had not been held yet for this project. Mr. Balisy assured them that we are proceeding correctly. This transaction falls under the CDFAC Act, which requires two step processs, the initial inducement (to which this resolution refers) and then approval. The TEFRA hearing can take place after the approval of the resolutions as long as the language in the resolution states that the approval is "subject to TEFRA approval."

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Motion: Approve Resolution 11-04 of the California Enterprise Development Authority (the “Authority”) making determinations with respect to the refinancing of facilities for the benefit of Carolyn Carty, Trustee of The Carty Family Trust, and Trademark Plastics, Inc. and/or a related entity and declaring its intent to issue revenue obligations and authorizing related actions. This is the initial resolution in connection with the refunding on a current basis of the Industrial Development Authority of the City of Riverside Variable Rate Demand Industrial Development Revenue Bonds, Series 2002 (Trademark Plastics, Inc. Project) (the “Prior Bonds”).

Board Member, Bruce Stenslie made the motion to approve Resolution 11-04. Board Member, Cindy Trobitz-Thomas seconded the motion on the floor. The motion passed unanimously on the following roll call vote:

Kathy Millison	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

4. Approve Resolution 11-05 Approving the Association Membership by the Ukiah Redevelopment Agency in the California Enterprise Development Authority and the Execution of an Associate Membership Agreement to Associate Membership of the City in the Authority.

Discussion: Executive Director Mona Dmitrenko explained that the Redevelopment Agency has requested that CEDA facilitate the transference of bonds from the agency to an underwriter. This transference of Tax Allocation Bonds will allow Ukiah’s Redevelopment Agency to issue the bonds to be used for much needed future redevelopment of the City’s commercial retail center. Acting Chair, Kathy Millison asked if these were specific projects or just concept projects to which Ms. Dmitrenko replied that they were specific and the project had been in progress for the last 2-3 years. Ms. Millison expressed concern that CEDA might be liable if there is subsequent legal action against Redevelopment Agencies following the March 10th decision (relating to the Governor’s proposal to eliminate Redevelopment Agencies). Bond Counsel, Sam Balisy assured the Board that CEDA is only buying and selling the bonds and will be under no obligation. The Purchase Contract would indemnify the Authority from any obligation. This led to a further discussion on the status of Redevelopment Agencies in California.

Motion: Approve Resolution 11-05 Approving the Association Membership by the Ukiah Redevelopment Agency in the California Enterprise Development Authority and the Execution of an Associate Membership Agreement to Associate Membership of the City in the Authority.

Board Member, Cindy Trobitz-Thomas made the motion to approve Resolution 11-05. Board Member, Bruce Stenslie seconded the motion on the floor. The motion passed unanimously on the following roll call vote:

Kathy Millison	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

Public Comment

CALED COO, Gurbax Sahota said that she would be asking CEDA to sponsor the CALED Annual Training Conference for \$10,000, specifically sponsoring the Awards Luncheon. Since this was not already in the budget, it would need to be an action item. Ms. Millison asked if CEDA had sponsored the conference in the past, to which Ms. Sahota answered in the affirmative. Ms. Millison asked if it would be a future action item and how many people were expected to attend the CALED Training Conference. Ms. Sahota replied that the sponsorship would be a future item and approximately 250 people would attend. Board Members, Ms. Trobitz-Thomas, Ms. Millison, and Mr. Kern all expressed

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support for this activity and saw it as a marketing opportunity for CEDA. Ms. Millison requested an action item at a future CEDA meeting.

At this time, Mr. Kern also requested that a discussion regarding an appropriate reserve amount for CEDA be a future meeting topic.

Executive Director Report

Executive Director, Mona Dmitrenko mentioned that she recently attended the CSMFO meeting and it was very successful, with over 650 people in attendance. She was able to make contact with many new people in the finance industry. She also noted that CRA Director, John Shirey was there and gave a great presentation on Redevelopment Agencies and the current stressors on them.

Other Business

Adjournment

Motion: Board Member, Bruce Stenslie moved to adjourn the meeting. Board Member, Cindy Trobitz-Thomas seconded the motion. The motion passed unanimously by voice vote.

Acting Board Chair, Kathy Millison adjourned the meeting at 4:40 pm.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

MINUTES

Special Meeting

*** IN-PERSON & TELECONFERENCE MEETING ***

CEDA BOARD OF DIRECTORS

Thursday, February 10, 2011

In-Person Meeting Location

980 9th Street, Sacramento, CA 95814

Teleconference Locations

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

City of Palmdale
38250 N Sierra Highway
Palmdale, CA 93550

Call to Order

Wayne Schell, Chair of the California Enterprise Development Authority, called the meeting to order at 9:47 am.

Roll Call

Members Present: Wayne Schell
Bruce Stenslie
Paul Krutko
Bruce Kern
Cindy Trobitz-Thomas – via teleconference
Danny Roberts – via teleconference

CEDA Staff Present: Gurbax Sahota
Mona Dmitrenko

Public Present: David Becker, James A. Marta

Action Items

Review & Approval of Audit & Audit Findings – invited guest, David Becker, James Marta & Company

Action Items

5. Review and Approve Audit and Audit Findings

Discussion: David Becker of James Marta & Company, CPA reviewed the audit and his findings. David stated that overall CEDA's trends are positive and his audit opinion is unqualified. Revenues have increased by \$78,000. Expenses have decreased with Management Fees and Direct Program Fees lower than the previous year. In addition, his audit has found that there were no reportable weaknesses found when reviewing internal controls over financial reporting. Board member, Bruce Kern asked if the auditor had an opinion or some benchmarks that CEDA should establish for the both operating reserve account and the legal reserve amount. David Becker stated that a reasonable starting point for operating reserves should be 6 months to one year in operating expenses. However, there are no established laws or requirements regarding either of these two reserve amounts. Executive Director, Mona Dmitrenko stated that she had a conversation with Bond Counsel, Sam Balisy regarding these reserve accounts. She stated that Sam would like time to consider his response, but his initial thought indicated that the Operating Reserve should be one year's operating budget and the Legal Reserve should be set at

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

\$250,000. Bruce Kern asked if Sam Balisy could join us on a future CEDA Board Meeting to discuss this topic.

Additionally, Bruce inquired if based on David Becker's review if there is anything that would prohibit funds flow from CEDA to CALED to help fund programs and Economic Development in the State of California. Mr. Becker's response was that he found nothing in his review that would prohibit funds flowing to CALED from the Authority.

Motion: Board Member, Bruce Kern made the motion to approve the Audit and Audit Findings for fiscal year, June 30, 2010. Board Member, Bruce Stenslie seconded the motion on the floor. The motion passed unanimously on the following roll call vote:

Wayne Schell	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye
Bruce Kern	Aye
Paul Krutko	Aye
Danny Roberts	Aye

Public Comment

There was no public comment made.

Executive Director Report

Executive Director Mona Dmitrenko stated in interest of time all other items listed on the agenda would be discussed at a future CEDA Board Meeting. These items include:

- Discussion of Non-Profit Housing
- Review of 2010 results
- Creation of Bond Issuance Policies
- 2011 Marketing Plan

Adjournment

Board Chair, Wayne Schell adjourned the meeting at 10:00 am.

CALIFORNIA ENTERPRISE DEVELOPMENT AUTHORITY

MINUTES

Special Meeting

***TELECONFERENCE MEETING ***

CEDA BOARD OF DIRECTORS

Tuesday, March 08, 2011

Teleconference Locations

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

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 11:20 am.

Roll Call

Members Present: Wayne Schell
Bruce Stenslie
Cindy Trobitz-Thomas

CEDA Staff Present: Mona Dmitrenko
Michelle Stephens

Public Present: Sam Balisy, Bond Counsel, Kutak Rock, LLP
Dave Fama, Esq., Jones Hall

Action Items

6. Approve Resolution 11-06 of the California Enterprise Development Authority (the "Authority") authorizing and approving the execution and delivery by the Authority of a Purchase Contract by and among the Authority, the Ukiah Redevelopment Agency and Piper Jaffray & Co. in connection with the purchase and sale of Ukiah Redevelopment Agency Ukiah Redevelopment Project Tax Allocation Bonds, 2011 Series A and Ukiah Redevelopment Agency Ukiah Redevelopment Project Taxable Tax Allocation Housing Bonds, 2011 Series B, and other matters relating thereto herein specified and authorizing the execution of certain documents.

Discussion: Executive Director, Mona Dmitrenko briefly explained that CEDA was purchasing the bonds and immediately selling the bonds to Piper Jaffray & Co. This action ensures that the Ukiah Redevelopment Agency will be able to move forward with a negotiated sale and ultimately issue Tax Allocation Bonds. The bond proceeds will be used for a redevelopment project located in downtown Ukiah. It also includes streetscape and façade improvements as well as improving the community housing stock. Board Member Stenslie asked how large the deal was. Ms. Dmitrenko replied that there were two Series, one for the downtown redevelopment (\$5,180M) and the other for housing (\$3,250M) for a total of around \$8 million. This project has been in progress for the last two years and is now being sped up because of the current proposal to eliminate Redevelopment Agencies. Board Chair, Wayne Schell asked Bond Counsel, Sam Balisy if this was an unusual deal and if might expect to see similar projects like this one. Mr. Balisy that this is truly a one-off transaction. First, the March 10th deadline precludes other Redevelopment Agencies from taking this course of action. In addition with the pending action by Governor Brown, Redevelopment Agencies may be eliminated over time.

Motion: Approve Resolution 11-06 of the California Enterprise Development Authority (the "Authority") authorizing and approving the execution and delivery by the Authority of a

Purchase Contract by and among the Authority, the Ukiah Redevelopment Agency and Piper Jaffray & Co. in connection with the purchase and sale of Ukiah Redevelopment Agency Ukiah Redevelopment Project Tax Allocation Bonds, 2011 Series A and Ukiah Redevelopment Agency Ukiah Redevelopment Project Taxable Tax Allocation Housing Bonds, 2011 Series B, and other matters relating thereto herein specified and authorizing the execution of certain documents.

Board Member, Cindy Trobitz-Thomas made the motion approve Resolution 11-06. Board Member, Bruce Stenslie seconded the motion on the floor. The motion passed on the following roll call vote:

Wayne Schell	Aye
Bruce Stenslie	Aye
Cindy Trobitz-Thomas	Aye

Public Comment

There was no public comment made.

Executive Director Report

There was no Executive Director report.

Other Business

Adjournment

Motion: Board Member, Bruce Stenslie moved to adjourn the meeting. Board Member, Cindy Trobitz-Thomas seconded the motion. The motion passed unanimously by voice vote.

Board Chair, Wayne Schell adjourned the meeting at 11:30 am.

Staff Report

Action Requested	Adopt Resolution No. 11-07 of the California Enterprise Development Authority (the “Authority”) making determinations with respect to the financing of facilities for the benefit of Bay Photo, Inc. and/or a related entity or successor and declaring its intent to issue revenue obligations and authorizing related actions. This is the initial resolution in connection with the financing.
Borrower(s)	Bay Photo, Inc. and/or a related entity or successor.
Borrower Description	<p>Bay Photo, Inc. (the “Borrower”) is an internet photo printing company serving professional and advanced amateur photographers. The Borrower is in the process of purchasing the real property located at 345 Harvest Drive, Watsonville, CA, 95076. The subject property is comprised of 200,000 square foot manufacturing facility and sits on a 10 acre parcel. The new location will allow the business to consolidate from two separate processing locations into one facility. Management feels that this relocation will allow the business greater operating and production efficiencies. It will possibly lead to more profits and allow them to hire additional employees.</p> <p>This site was the former Birdseye Food & Vegetable packing plant. The location has been sitting vacant and dormant since 2006. The City of Watsonville and Santa Cruz County have been working for years to try to reinvigorate the property. It is located in Watsonville’s Enterprise Zone, and the Westside Industrial Redevelopment Project Areas.</p>
Public Benefits	The financing will allow the Borrower to access low interest, tax-exempt debt. The Borrower currently employs approximately 140 individuals and several seasonal and part time employees in the City of Santa Cruz. The City of Santa Cruz is aware and is supportive of the relocation to Watsonville since it will retain jobs for many of their citizens and cleans up blighted property near their community.
TEFRA Hearing	A Public Hearing will be held by the City Council of the City of Watsonville prior to the issuance of bonds.
Eligibility and Policy Review	<p>CEDA staff has reviewed the project. The proposed financing is eligible pursuant to state and federal law and addresses the objectives contained in CEDA’s Bond Issuance Policies and Procedures.</p> <ul style="list-style-type: none"> ■ That the use of the facilities for manufacturing purposes is in accord with Section 91503 of the California Industrial Development Financing Advisory Act (“Financing Act”); ■ That the use of the facilities is likely to produce employment benefits by securing or increasing the number of employees of the Borrower and any other direct users of the facilities or the compensation for such employment; ■ That the issuance of the obligations by the Authority in the amount sufficient to finance the facilities is likely to be a substantial factor in the accrual of each of such public benefits from the use of the facilities; and ■ The proposed financing is in accord with the purposes and requirements of the Financing Act.
Recommendation	Staff recommends approval of Resolution No. 11-07, which makes certain initial determinations necessary for the financing.

RESOLUTION NO. 11-07

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

WHEREAS, pursuant to Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, (commencing with Section 6500) (the “Act”), the Cities of Selma, Lancaster and Eureka, have entered into a Joint Powers Agreement, dated as of June 1, 2006 (the “Agreement”) pursuant to which the California Enterprise Development Authority (the “Authority”) was organized; and

WHEREAS, the Authority is authorized by the Agreement and the Act to issue bonds, notes or other evidences of indebtedness, or certificates of participation in leases or other agreements in order to promote economic development, including specifically bonds issued for the purposes contained in the California Industrial Development Financing Act (constituting Title 10 of the California Government Code) (the “Financing Act”) pursuant to Section 6547.7 of the Act; and

WHEREAS, Bay Photo, Inc., a California corporation (the “Applicant”) has requested the Authority’s assistance in financing, through the use of tax-exempt and/or taxable obligations (the “Obligations”), the (1) acquisition of an approximately 200,000 square foot manufacturing facility on approximately 10 acres of property located at 345 Harvest Drive, Watsonville, California (the “Building”); (2) rehabilitation, renovation and improvement of the Building; (3) acquisition and installation of manufacturing equipment and furnishings at the Building (collectively, the “Facilities”); (4) payment of capitalized interest with respect to the Obligations, (5) funding of a reserve fund, if necessary, with respect to the Obligations and (6) payment of certain costs of issuance in connection with the Obligations (collectively, the “Project”) for the benefit of the Applicant and/or a related entity (the “Borrower”); and

WHEREAS, the Borrower expects to pay certain expenditures (the “Reimbursable Expenditures”) in connection with the Project prior to the issuance by the Authority of the Obligations for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, pursuant to Resolution 06-01 adopted by the Board of Directors on July 14, 2006, the Chairman of the Board of Directors executed a reimbursement certificate, dated March 3, 2011 (the “Reimbursement Certificate”) for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations; and

WHEREAS, subject to the satisfaction of the conditions to the issuance of the Obligations set forth in this Resolution, the Authority reasonably expects that Obligations in an aggregate amount not expected to exceed \$10,000,000 will be issued to finance the costs of the Project and that certain of the proceeds of the Obligations will be used to reimburse the Reimbursable Expenditures;

NOW, THEREFORE, the Board of Directors of the California Enterprise Development Authority does resolve as follows:

Section 1. This Resolution is adopted for purposes of ratifying the execution of the Reimbursement Certificate and establishing compliance with the Act and the Financing Act. This Resolution does not bind the Authority to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

Section 2.Based on the representations of the Borrower, the Board of Directors of the Authority hereby finds and determines:

- a. That the use of the Project for manufacturing purposes is in accord with Section 91503 of the Financing Act;
- b. That the use of the Project is likely to produce employment benefits by securing or increasing the number of employees of the Borrower and any other direct users of the Project or the compensation for such employment;
- c. That the issuance of the Bonds by the Authority in the amount sufficient to finance all or a portion of the cost of the Project is likely to be a substantial factor in the accrual of each of such public benefits from the use of the Project; and
- d. That the proposed financing of the Project is otherwise in accord with the purposes and requirements of the Financing Act.

Section 3.The Board of Directors of the Authority hereby declares its reasonable official intent to use proceeds of the Obligations to finance the costs of the Project and to reimburse the Borrower for the Reimbursable Expenditures.

Section 4.In no event shall the Obligations constitute a pledge of the faith and credit of the State or any political corporation, subdivision or agency of the State, including the members of the Authority, and neither the State nor any political corporation, subdivision or agency of the State, including the members of the Authority, shall be liable to make any appropriation for the repayment of the Obligations. The Obligations shall constitute a special, limited obligation of the Authority payable solely from the revenues or other sources provided for in a loan agreement and proceedings to be provided for hereafter.

Section 5.The issuance of the Obligations is subject to the following conditions: (a) the Authority and the Borrower shall have first agreed to mutually acceptable terms for the Obligations and mutually acceptable terms and conditions of the loan agreement or other financing agreement, tax regulatory agreement and other related documents for the issuance of the Obligations, (b) all requisite governmental approvals shall have first been obtained, and (c) a resolution approving the financing documents to which the Authority will be a party shall have been adopted by the Board of Directors of the Authority.

Section 6.The Chairman of the Board of Directors and the Executive Director of the Authority are hereby requested and authorized to file such information with the California Industrial Development Financing Advisory Commission and the California Debt Limit Allocation Committee as may be required for the review and approval of the Project pursuant to the Financing Act.

Section 7.All actions heretofore taken by the officers, or their respective designees, employees and agents of the Authority in connection with the financing of the Project are hereby ratified and confirmed. The officers and their designees, employees and agents of the Authority are hereby authorized to take any and all actions in connection with the financing of the Project and as may be necessary and consistent with the purposes of this Resolution.

Section 8.This Resolution shall take effect from and after its adoption.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the California Enterprise Development Authority at its meeting thereof held March 30, 2011 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Chairman

ATTEST:

Assistant Secretary

I, the undersigned, the duly appointed and qualified Assistant Secretary of the California enterprise Development Authority, do hereby certify that the foregoing resolution was duly adopted by the Board of Directors of said Authority at a duly called meeting of the Board of Directors of said Authority held in accordance with law on March 30, 2011.

Gurbax Sahota, Assistant Secretary

Staff Report

<p>Action Requested</p>	<p>Establish both legal and operating reserves for the California Enterprise Development Authority (the “Authority”) to ensure adequate funds in the event the Authority is faced with a future lawsuit. The operating reserve is needed in the event future income is insufficient to meet ongoing operations and ensure future continuity of the program. In addition, staff is seeking a total of \$75,000 be set aside for sponsorship. First, CEDA has the opportunity to act as the lunch sponsor at the Annual Conference in April. The remaining \$65,000 is requested to fund the Academy. Lastly, the EDA grant requires a matching contribution. Staff is requesting that CEDA provide \$150,000 toward the required match.</p>
<p>Staff Discussion</p>	<p>It is prudent to establish sufficient reserves to ensure the continuity of the program. Earlier in the fiscal year a total of \$65,000 was set aside to cover both of these reserves. Staff is seeking board input to determine the appropriate amount for each reserve category. Discussion on each of these reserves amounts follows:</p> <ul style="list-style-type: none"> • Operating Reserves – In the past CEDA had experienced lower than expected income during one of its operating years. The drop in revenue was caused by outside forces like the economic downturn and a constricted banking industry that hindered the entire industry from finding sufficient qualified transactions. For discussion purposes, our current Management Fee is \$155,947 per the current Management Agreement. The Management Fee is designed to cover staff and overhead. In addition, the 2011 budget shows an additional \$38,200 in direct expenses and includes such items as audit, computer maintenance expenses, travel, supplies, and training. • Legal Reserves – Although there is not pending lawsuits on our horizon, one could potentially occur. As of March 24, 2011, the Authority’s portfolio consists 63 separate financings and totals over \$831.0 million. CEDA does maintain insurance that covers the board and our actions. However, most commonly when a lawsuit does occur all involved parties are pulled into the suit regardless of who is at fault. The Authority does not have counsel on staff. This would require an outside firm to review the complaint to ensure our interests are adequately represented. Counsel charges at \$500 per hour would consume our \$65,000 total operating/legal reserve fairly quickly. <p>Other Requests</p> <ul style="list-style-type: none"> • Lunch Sponsorship at Annual Conference – It is anticipated that the Annual Conference will have about 200 attendees. Sponsorship would allow CEDA to highlight its programs and recent successes. In addition, we want to support economic development in California by contributing a total of \$25,000. • Academy – Staff is requesting a total of \$50,000 be used to support ongoing operations, future programs and scholarships. • EDA Grant – CALED has applied for a statewide grant. However, this grant requires that CEDA/CALED provide equal matching.
<p>Eligibility and Policy Review</p>	<p>CEDA staff has reviewed the bylaws and Joint Powers Agreement. The request is part of Article VI; Section 6.4 which authorizes the establishment of a budget to meet future Administrative Expenses. Further, Article VI; Section 6.4 permits moneys held by the Authority and deemed surplus may be allocated as directed by the Board for economic development purposes.</p>
<p>Recommendation</p>	<ul style="list-style-type: none"> ▪ Staff recommends the establishment of separate legal and budget reserves, sponsorship of both the Annual Conference luncheon and Academy. Staff also recommends providing funds for matching purposes as required under the EDA grant.

**California Enterprise Development Authority (CEDA)
Amended Budget 2010-2011**

#	March 28, 2011			
		Jul '10 - Jun '11 Amended Budget	Jul '10 - Jun '11 Actual as on 3-28-11	Approved Jul '10 - Jun '11 Budget
Ordinary Income/Expense				
	Annual Fee	12,000.00	0.00	12,000.00
	Application Fees	54,000.00	49,500.00	21,000.00
	Fee-IDB re-issuance	1,500.00	1,500.00	
	Interest Income		2,076.00	
	Issuance Fee-RZFB	187,238.00	187,238.00	60,000.00
	Issuance Fee-IDB	15,000.00	0.00	10,000.00
	Issuance Fee-Nonprofit (2)	534,388.00	509,388.00	110,000.00
		804,126.00	749,702.00	213,000.00
	Bank Fees	480.00	320.00	150.00
	Contribution to ED (revenue share) (4)	75,000.00		2,500.00
	Direct Expenses			
	Accounting	3,469.50	2,313.00	1,300.00
	Audit	12,900.00	12,900.00	13,000.00
	Computer Maintenance (3)	300.00		1,200.00
	Contract Services	3,000.00	3,000.00	7,500.00
	Insurance	1,578.00	1,578.00	2,000.00
	Meals & Entertainment	300.00		1,200.00
	Office Expense (Supplies & Postage)	3,200.00	2,540.00	3,500.00
	Printing			0.00
	Professional fees	5,585.00	5,585.00	
	Staff Training	0.00	0.00	1,000.00
	Travel	7,500.00	5,000.00	7,500.00
	Total Direct Expenses	37,832.50	32,916.00	38,200.00
	Grant match - EDA/RLF grant	150,000.00	0.00	0.00
	Budget Reserve set aside	135,000.00	0.00	5,000.00
	Legal Reserve set aside	150,000.00	0.00	5,000.00
	Management Fees (1)	156,000.00	156,000.00	156,000.00
		704,312.50	189,236.00	206,850.00
	Net Income	99,813.50	560,466.00	6,150.00
Footnotes				
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1	Does not include attached proposed performance incentive for Executive Director...see attached budget supplement			
2	Revenues for 2011 include closing two IDB projects each for \$3.0MM by year end and one 501 (c)3 for \$10.0MM			
3	Computer Software to be installed in computer at an estimated cost of \$300.			
4	Contribution to CALED and the California Academy for Economic Development			