

MINUTES of the MEETING of the  
INDUSTRIAL DEVELOPMENT AUTHORITY  
Thursday, November 13, 2008

- I. Joseph F. Montes, Chair of the IDA, called the meeting to order at 9:10 a.m.

Board members in attendance:

Joseph F. Montes	Thomas S. Sayles
Christopher D. Lee	Nina Walton
Lula B. Ballton	

Also in attendance:

Ninoos Benjamin, CDD	William Reynolds, Gardner, Underwood & Bacon
Clifford Weiss, CDD	Tom Shin, Asian Pacific Revolving Loan Fund
May M. Smith, CDD	Bruce Dobb, Asian Pacific Revolving Loan Fund
Colin Chiu, City Attorney	Dan Sieu, Asian Pacific Revolving Loan Fund
Monica Walters, LABT	Sam Balisy, Kutak Rock
Melissa Soo Hoo, CDD	Victor Hsu, Fulbright & Jaworski LLP
Antonio Zepeda, CDD	Ben Forrest, Stern Brothers & Co.
	Jose Matamoros, Bank of New York Mellon
	Alexander Palermo, Divine Pasta Co.
	Karen Honigberg, Drapes 4 Show, Inc.
	Jack Hendershot, Drapes 4 Show, Inc.
	Greta Boye, LAEDC

- II. Welcome - Introductions

Introductions were made and Chair Montes welcomed everyone to the meeting.

- III. Approval of the October Meeting Minutes

Meeting minutes for October 8<sup>th</sup> were reviewed. Staff was instructed to expound on the discussion of item 6B – City Attorney presentation on the City’s conflict of interest code. The minutes should include the presentation and the back-and-forth discussion.

MOTION: To approve and adopt the October 8<sup>th</sup> meeting minutes subject to the amendment as prescribed by Chair Montes.

Moved by: Thomas S. Sayles; 2<sup>nd</sup> Nina Walton

Roll Call: AYES: 5; NOES: 0; ABSENT: 2; ABSTAIN: 0; Motion Passed

- IV. Financial Reports for September and October

Staff reported on the final September and tentative October Fund 816 reports and October Sub-loan report. Staffing costs continue to account for the bulk of monthly budget expenses. As of September 30<sup>th</sup>, the Fund 816 balance was \$333,617.

Following up on the Board's instructions last month to provide a Fund 816 trending report and to clarify our depository arrangement, staff ascertained that IDA funds are deposited into the City's Bank of America account along with all other City departments in the City's Treasury. As of July 31<sup>st</sup>, the total City account balance with Bank of America was \$153,719,701. Overall interest earned is pro-rated to individual funds.

Payments on the McGarry Street and Calko Steel sub loans continue to be made as agreed; both accounts are current.

MOTION: To approve and file the September and October financial reports

Moved by: Thomas S. Sayles; 2<sup>nd</sup> Nina Walton

Roll Call: AYES: 5; NOES: 0; ABSENT: 2; ABSTAIN: 0; Motion Passed

V. New Business (Taken out of order)

A. Discussion and Consideration of Resolution #09-02, which approves Bond Documents and Authorizes the Issuance of \$1,755,000 of Industrial Development Bonds for the Drapes 4 Show, Inc. Project

The Board asked Drapes 4 Show's President to recap the company's inception, vision, employment, growth strategies and the effects of the economic slowdown on current and future operations.

The company began the year with thirty (30) employees and has since hired nine (9) additional workers. Living wage job categories include twenty-two (22) sewers, sorters, and packers and fifteen (15) supervision, accounting, sales, and administration related positions. Drapes 4 Show, Inc., remains committed to creating sixteen (16) new jobs. Revenue for last year was up 16%. Over the next five years, the company plans to double its business.

The Board also asked for a feedback on the overall bond handling process through the City of Los Angeles. The CFO expressed that the overall process was lengthier than anticipated, and the paperwork was excessive, but they were appreciative of the City's services and efforts in closing the transaction and cited City staff as cooperative and helpful.

The transaction is similar to other variable demand rate obligations that the Board had previously approved.

MOTION: To approve Resolution #09-02 for the Drapes 4 Show, Inc. project

Moved by: Thomas S. Sayles; 2<sup>nd</sup> Lula B. Ballton

Roll Call: AYES: 5; NOES: 0; ABSENT: 2; ABSTAIN: 0; Motion Passed

MOTION: To approve the bond documents and authorize the issuance of \$1,755,000 of industrial development bonds for Drapes 4 Show, Inc.

Moved by: Thomas S. Sayles; 2<sup>nd</sup> Nina Walton

Roll Call: AYES: 5; NOES: 0; ABSENT: 2; ABSTAIN: 0; Motion Passed

B. Discussion and Consideration of Reimbursement Resolution #09-03 for Divine Pasta Company

Having confirmed that there were no commissioner conflicts, IDA staff presented the project to the Board, and recommended that Reimbursement Resolution #09-03 be approved for the issuance of up to \$6 million in industrial development bonds (IDB).

Divine Pasta's President stated that the general population has expanded its knowledge of quality foods over the last eight years. As a result, the company has aligned itself with a niche population that is unlikely to forego the company's quality products despite the economic downturn. Divine Pasta bypasses distributors and resellers and sells directly to customers, which allows the company to maintain competitive pricing and healthy margins. The company anticipates growth for 2009.

Mr. Palermo provided positive feedback on his experience with the IDA bond application process to date.

MOTION: To approve Resolution #09-03 for the Divine Pasta Company in an amount not to exceed \$6 million.

Moved by: Thomas S. Sayles; 2<sup>nd</sup> Nina Walton

Roll Call: AYES: 5; NOES: 0; ABSENT: 2; ABSTAIN: 0; Motion Passed

C. Presentation by the Los Angeles Business Team

At the Board's request last month to work closely with the Mayor's Office, Monica Walters, East Los Angeles Business Representative, presented an overview of the Mayor's Los Angeles Business Team (LABT).

The purpose of the LABT is to gather information on the City's business community on behalf of the Mayor. A key role of the LABT is to usher businesses and large development projects through the City's bureaucratic process in a seamless manner. They anticipate and identify problems and provide solutions to issues which may arise to impede the progress of development projects within the City.

The LABT is focused on retaining, growing and attracting quality businesses to the City. The LABT's objectives include increasing private sector investment, tax revenue generation, and the provision of neighborhood goods and services.

Ms. Walters works closely with the CDD and CRA to determine programs that can best meet the needs of the business community. The LABT assists businesses that wish to expand and minimize operational costs by linking their needs to the myriad of no-cost City services. The programs and services available to businesses are driven by their classification and location.

The current administration is overwhelmingly progressive in their approach towards both business and community needs. The level of cooperation is unprecedented compared to the past. Although LABT does not set policy, they ensure and implement policy.

Ms. Walters stated that the IDA is doing a fine job in working with the LABT and finds our project status report helpful. Some of the projects are LABT referrals and in all cases the LABT is ready to assist staff and businesses in the City.

D. Presentation of the Community Development Department

Due to timing constraints, this item will be continued at the next IDA Board meeting.

VI. Unfinished Business

A. Marketing Update

Staff presented October IDA website statistics. Although the department-wide website experienced a 17% decrease for the month, our website hits increased by 1%. Total hits amounted to 6,200. Commissioner profiles continue to be among the top ranked pages visited.

IDA staff recapped the various seminars and conferences attended. Staff is working with the financial advisors on coordinating the next marketing event. The Board was urged to plan for the Council of Development Finance Agencies (CDFA) 2009 Annual Development Finance Summit in Pittsburgh, PA on May 5<sup>th</sup>-7<sup>th</sup>.

Key meetings and other activities as outlined on the report were highlighted.

Staff presented the Board with a sample cost-benefit analysis of the Federal Empowerment/State Enterprise Zone (SEZ) Hiring Tax Credits and the DWP rate reduction. The analysis provides an estimate of the financial benefits for relocating into the City's incentive zones over the next five years.

B. Project Status

Due to timing constraints, this item will be continued at the next IDA Board meeting.

C. Legislative Committee Report

S. 1627 and HR 2578: The Empowerment Zone (EZ) and Renewal Community (RC) Enhancement Act of 2007 has been delayed in the Senate since April 2008. With the new stimulus bill being considered in the Congress, there is an effort to include this legislation in the stimulus package or as a companion piece. Congresswoman Lucille Roybal-Allard (D - CA) is actively supporting the legislation for approval. Staff will continue to monitor progress on this bill.

Remaining highlights will be continued at the next IDA Board meeting.

D. CDD update on Pending Committee Transmittals

Due to timing constraints, this item will be continued at the next IDA Board meeting.

VII. Next Meeting

The next regularly held IDA Board meeting is scheduled for Thursday, December 11, 2008.

VIII. Public Comments

No public comments were noted.

IX. Adjournment

Meeting was adjourned at 11:05 a.m.