

MINUTES of the MEETING of the
INDUSTRIAL DEVELOPMENT AUTHORITY
Thursday, February 14, 2008

- I. Reynold M. Blight, Chair of the IDA, called the meeting to order at 9:08 a.m.

Board members in attendance:

Reynold M. Blight	Joseph F. Montes
James E. Zaferis	Beatrice C. Hsu
Thomas S. Sayles	

Also in attendance:

Robert Sainz, CDD	Doug Stewart, ColorGraphics, Inc.
Ninoos Benjamin, CDD	Victor Hsu, Fullbright & Jaworski LLP
Clifford J. Weiss, CDD	Brendan Harper, Comerica Bank
May M. Smith, CDD	Jim Kordas, GE Public Finance
Colin Chiu, City Attorney	Bill Jennings, U.S. Bank
Antonio Zepeda, CDD	Bill Reynolds, Gardner, Underwood & Bacon
	Colleen McInnes, First Southwest Co.
	Deb Helt, LA Economy and Jobs Committee
	Corey Carleton, LA Economy and Jobs Committee

- II. Welcome - Introductions

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

- III. Approval of the January Meeting Minutes

January 10, 2008 Meeting minutes were reviewed. Staff was instructed to reflect in the January minutes the Board's request to include CDFA's proposed definition of manufacturing and the language to the various sub-paragraphs of the referenced code.

MOTION: To approve and adopt the January meeting minutes.

Moved by: James E. Zaferis; 2nd Joseph F. Montes

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

- IV. Treasurer's Report

Staff summarized the January Treasurer's reports. The IDA's Fund 816 balance as of 1/31/07 amounted to \$493,646. Payments on the McGarry Street and Calko Steel sub loans continue to be made as agreed; and are current through February 1st and March 1st respectively.

MOTION: To approve and file the Treasurer's reports.

Moved by: Beatrice C. Hsu; 2nd Joseph F. Montes.

Roll Call: AYES: 4; NOES: 0; ABSENT: 2; ABSTAIN: 1; Motion Passed

VI. New Business (taken out of order)

A. Discussion and Consideration of Approving Bond Documents and a Final Resolution for the Madison/Graham ColorGraphics Interstate Services, Inc. Project

Bond Counsel Victor Hsu summarized the transaction for the Board, and presented the various bond documents. The project was approved by CIDFAC and CDLAC on January 23, 2008 for an \$8.6 million IDB allocation.

ColorGraphics is a printing press operation, serving primarily the automotive industry. The borrower will use the bond proceeds to purchase a Man Roland 8-color web press to meet growth and anticipated customer demand. Cenvo Inc. recently acquired ColorGraphics, and there were no issues with the merger. ColorGraphics and GE Public Finance have had financial transactions in the past; however, this represents their first bond transaction.

The Board approved a reimbursement resolution for ColorGraphics in January 2007. Due to the State's 2007 bond allocation and scheduling limitations; coupled with Cenvo's confidential acquisition, bond processing timing has not been typical, and does not represent the standard timeframe for IDB transactions. From beginning to end, a similar IDB transaction should take approximately 4 months.

MOTION: To approve the bond documents and Project Resolution 08-04 for Madison/Graham ColorGraphics Interstate Services, Inc.

Moved by: Joseph F. Montes; 2nd Beatrice C. Hsu

Roll Call: AYES: 4; NOES: 0; ABSENT: 2; ABSTAIN: 1; Motion Passed

V. Unfinished Business

A. Marketing Update

The IDA website experienced a 23% increase in web hits between December 2007 and January 2008.

Staff reported on various training classes and seminars that IDA Directors and staff are scheduled to attend.

Mr. Montes along with IDA staff will attend a Council District 6 bond program presentation.

The City of Los Angeles was awarded an East Los Angeles State Enterprise Zone designation, which includes portions of the County. As instructed, staff has provided maps of the various State Enterprise Zones, Federal Empowerment Zone, and Renewal Community to the Board.

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

B. Project Status

Chinatown Blossom Plaza Parking: A mixed-use \$60M EZB/NMTC request. The developer has postponed coming before the Board for a project resolution while they continue to complete the application and info package. They are scheduled to appear at the next IDA Board meeting.

Shugar Soapworks, Inc.: The Company would like to acquire the site they currently occupy, or an adjacent parcel on the Goodyear tract to construct a building, or close to the Harbor. Staff will continue to work with the client towards a potential IDB.

SOEX West USA: Clean energy, used clothing recycling operation wishes to start a pilot program in the City. The Crown Coach site has been identified as a potential location for the business. Staff will continue to work with this German operation to identify financial options.

Asian American Drug Abuse Program: The borrower is no longer pursuing a sub-loan from the IDA. Community Reinvestment Fund will facilitate a loan with a reduced amount of \$625,000, shorter initial term of seven (7) years, and higher interest rate. The bond component will proceed with some changes to the structure.

Cathedral High School: \$3.4 million 501c3. Bond processing continues to move forward. The TEFRA hearing is scheduled for February 28, 2008 with the bonds scheduled to close in April 2008.

USC Radiology: \$4 million 501c3. This continues to be a challenging request. Staff is working with the counsels, borrower, and lender to agree to all City requirements. Staff is awaiting complete information package to continue processing.

Simon Wiesenthal Center: \$20 million 501c3. Borrower has secured 100% grant and fundraising monies for the Phase I rehab. The project will proceed with Phase II, consisting of acquisition of an adjacent parcel and expansion. The borrower is currently going through the EIR and permitting processes.

Madison/Graham ColorGraphics: Bonds are scheduled to close on February 21.

Drapes 4 Show: The borrower has received a \$1.8M LOC interest from Comerica. CRA's conditional grant request has been approved by their Board and City Council. Staff is working with the FA and Comerica on the LOC bond component.

C. Legislative Committee Report

The July 25, 2007 Council resolution to support HR 2578 and S. 1627, the Empowerment Zone (EZ) and Renewal Community (RC) Enhancement Act of 2007 appeared before the Rules and Government Committee on February 13, 2008. The item is expected to go before Council by the end of February.

Staff provided the Board with CDFA's language and sub-paragraphs of the Code for the proposed definitional change of Manufacturing. On January 18, 2008, CDFA reported that they were actively targeting members of Congress to use the economic stimulus package as a vehicle for moving the proposed change along. Unfortunately, CDFA's proposed bill was not included. CDFA will seek endorsements from various leaders of the House and Senate for a standalone bill.

D. CDD update on Pending Committee Transmittals

There are two (2) transmittals pending. The FA RFP transmittal was Council approved on January 13, 2008. Staff will publish and provide notice to the public. Interviews will be scheduled in April, selections will be presented to the Board in May, and an FA will be in place shortly after June 30th. The Hillview transmittal continues to be on hold pending receipt of a substitute credit enhancement commitment.

VI. New Business

B. Discussion and Consideration of Electing A Vice Chairperson

The Board elected Mr. Montes as Vice-Chair of the IDA.
Votes: AYES: 4; NOES: 0; ABSENT: 2; ABSTAIN: 1

C. Presentation by the Los Angeles Economic & Jobs Committee (LAEJC) - Job Growth and Economy

Corey Carleton presented to the Board the LAEJC report on Job Growth and Economy dated January 2008. The report presents ten (10) priorities for the City of Los Angeles to improve, sustain, and grow a positive business climate, workforce, and the City's overall economy. It recommends that the City focuses and takes action on increasing capacity and modernizing LAX, expediting green growth projects in the Port of LA, redeveloping public housing in South LA, refining workforce development efforts in the City, and aggressively addressing the eight (8) sector strategies.

Recommendation #67 of the report stated that the IDA should expand the use of industrial development bonds (IDBs) to attract and retain businesses in the City. It was determined that developing a companion \$15 million pilot loan program, utilizing NMTC allocation to provide a SBA 504-like debt for qualifying projects is infeasible with the current allocation. The Board discussed the many inaccuracies and unwarranted comments regarding our

operation and processes of the IDA contained in the report. The Board instructed staff to investigate on the source of information for the report, and respond to the recommendations contained in the LAEJC report.

The Board has asked LAEJC for next steps, and if an action plan will be released to implement the recommendations found in the Job Growth and Economy report.

D. Presentation of the Economic Development Strategic Framework

The presentation was postponed until the next Board meeting.

VII. Next Meeting

The next regularly held IDA Board meeting is scheduled for Thursday, March 13, 2008.

VIII. Public Comments

There were no public comments.

IX. Adjournment

Meeting was adjourned at 11:05 a.m.