

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
INDUSTRIAL DEVELOPMENT AUTHORITY OF THE
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

219



FROM: Economic Development Agency

SUBMITTAL DATE:
September 3, 2004

SUBJECT: Industrial Development Bonds - Final Approval - Paradyme Group (Spenuzza Inc.) for Imperial Manufacturing

RECOMMENDED MOTION: That the Board adopt IDA Resolution No. 2004-005 authorizing the sale and issuance of not to exceed \$5,200,000 Industrial Development Revenue Bonds, Series 2004 for the acquisition and improvement of property in Corona for the benefit of Spenuzza, Inc.

BACKGROUND: On August 10, 2004 the Board of Directors adopted a resolution expressing its intention to issue industrial development bonds for the purpose of financing a portion of the cost of the acquisition and development of an 85,000 square foot manufacturing facility located at 1128 Sherhorn Sreet in Corona at the Corona Crossroads Business Park. This proposed project will allow the applicant to consolidate its two existing facilities in the City of Duarte into one Corona facility and increase its capacity to meet the needs of existing and future customers. The expansion will create 30 new jobs for the company, improve efficiency, strengthen the company and allow them to remain located in southern California by reducing overall costs. The applicant has routinely been solicited by other states to move out of California however they are committed to remaining in the area. Staff recommends approval of the resolution authorizing the issuance of the bonds. The financing has been approved and recommended for approval by the County's Debt Advisory Committee.

Departmental Concurrence

BJH:RZ:BJG:TE

Robyn Zump

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Bradley J. Hudson, Assistant County Executive Officer

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	na
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	no
	Annual Net County Cost:	\$ 0	For Fiscal Year:	na
SOURCE OF FUNDS: na				Positions To Be Deleted Per A-30 <input type="checkbox"/>
				Requires 4/5 Vote <input type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature

Bhonda King

- Dep't Recomm.: Consent
- Per Exec. Ofc.: Consent
- Policy
- Policy

Prev. Agn. Ref.: 8-10-04, 6.1

District: 2

Agenda Number:

6.1

IDA RESOLUTION No. 2004-005

RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF RIVERSIDE AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$5,200,000 AGGREGATE PRINCIPAL AMOUNT OF INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF RIVERSIDE VARIABLE RATE DEMAND INDUSTRIAL DEVELOPMENT REVENUE BONDS, SERIES 2004 (SPENUZZA, INC. PROJECT) FOR THE ACQUISITION, CONSTRUCTION, REHABILITATION AND INSTALLATION OF CERTAIN PROPERTY AND EQUIPMENT, PROVIDING THE TERMS AND CONDITIONS FOR THE SALE AND ISSUANCE OF SAID BONDS AND OTHER MATTERS RELATING THERETO AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS HEREIN SPECIFIED

WHEREAS, the California Industrial Development Financing Act (California Government Code Section 91500 *et seq.*, as amended and supplemented) (the "Act"), permits an industrial development authority to issue revenue bonds for the purpose of financing the acquisition, construction and/or rehabilitation of facilities, including both real and personal property, suitable for industrial uses such as assembling, fabricating, manufacturing or processing activities with respect to any products of agriculture, forestry or manufacturing; and

WHEREAS, the Industrial Development Authority of the County of Riverside (the "Authority") is authorized pursuant to the provisions of the Act to exercise powers of acquiring, constructing, improving, furnishing, equipping, repairing, reconstructing and/or rehabilitating facilities and to enter into agreements for the same; and

WHEREAS, the Board of Directors of the Authority adopted IDA Resolution No. 2004-003 on August 10, 2004 expressing its intention to issue industrial development revenue bonds for the benefit of Spenuzza, Inc. or a related entity ("Spenuzza") for the purpose of financing the (1) acquisition of the real property and improvements located at 1128 Sherborn Street, Corona, California 92879, consisting primarily of an approximately 87,217 square foot manufacturing facility, (2) acquisition and installation of manufacturing equipment and (3) payment of capitalized interest and certain costs of issuance in connection with the hereinafter referred to bonds to be issued by the Authority (collectively, the "Project"); and

WHEREAS, Spenuzza and Paradyme Group (collectively, the "Borrower") will own the Project and Spenuzza will use the Project for the manufacture and distribution of commercial cooking equipment or for the production of other tangible personal property; and

WHEREAS, the Authority, based on the information provided by the Borrower with respect to the Project, has made certain determinations with respect to the public benefits that may be derived from the financing of the Project and the qualifications of the Project for financing under the Act; and

WHEREAS, the Project constitutes “Facilities” within the meaning of the Act and the Borrower is a “Company” within the meaning of the Act; and

WHEREAS, the California Industrial Development Financing Advisory Commission has made all necessary findings and determinations and given all necessary approvals as required by the Act preliminary to the adoption of this Resolution; and

WHEREAS, the Authority applied for, and the California Debt Limit Allocation Committee (“CDLAC”) granted to the Authority an amount of State Ceiling (as defined in the Procedures of the California Debt Limit Allocation Committee Implementing the Allocation of the State Ceiling on Private Activity Bonds) to be allocated to the issuance of bonds by the Authority for the Borrower (the “Allocation”); and

WHEREAS, for purposes of financing a portion of the costs of the Project, the Authority now desires (i) to authorize the issuance of its Variable Rate Demand Industrial Development Revenue Bonds, Series 2004 (Spenuzza, Inc. Project) (the “Bonds”), in an aggregate principal amount not to exceed \$5,200,000, (ii) to provide for the sale of the Bonds, (iii) to provide for the payment of the principal of, premium, if any, and interest on the Bonds with revenues derived from the loan of proceeds of the sale of the Bonds (except for any amount representing accrued interest on the Bonds) to the Borrower to finance a portion of the costs of the Project pursuant to the terms and provisions of a loan agreement and (iv) to take and authorize certain other actions in connection with the foregoing; and

WHEREAS, there has been presented to this meeting and is now on file with the Secretary of the Authority the following:

- 1) A proposed form of the Loan Agreement (the “Loan Agreement”), to be entered into by and between the Authority and the Borrower;
- 2) A proposed form of the Indenture of Trust (the “Indenture”), to be entered into between the Authority and Wells Fargo Bank, National Association, as trustee (the “Trustee”), providing for the authorization and issuance of the Bonds to be dated the date of delivery thereof;
- 3) A proposed form of the Purchase Contract (the “Purchase Contract”), to be entered into between the Authority and Banc of America Securities LLC (the “Underwriter”) and approved by the Borrower;
- 4) A proposed form of the Tax Regulatory Agreement (the “Tax Regulatory Agreement”), to be entered into by and among the Authority, the Borrower, the Operator and the Trustee; and

- 5) A proposed form of the Preliminary Official Statement (the "Preliminary Official Statement") to be used by the Underwriter in connection with the sale of the Bonds.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Industrial Development Authority of the County of Riverside as follows:

Section 1. The form of the Loan Agreement presented at this meeting is hereby approved and the Chairman or Vice Chairman of the Authority and the Executive Director or Managing Director of the Industrial Development Authority of the County of Riverside (the "Authority"), on behalf of the Authority (each, an "Authorized Officer") are each hereby authorized and empowered to execute by manual or facsimile signature and deliver the Loan Agreement, and the Secretary or the Secretary's duly designated deputy (hereinafter, the "Secretary") of the Authority is authorized to attest thereto, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The Authority further authorizes and approves the loan of the proceeds of the Bonds (except any amount representing accrued interest on the Bonds) to the Borrower in order to finance a portion of the cost of the Project pursuant to the terms and provisions of the Loan Agreement.

Section 2. The form of the Indenture presented at this meeting is hereby approved and an Authorized Officer is hereby authorized and empowered to execute by manual or facsimile signature and deliver to the Trustee the Indenture, and the Secretary of the Authority is authorized to attest thereto, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 3. The form of the Purchase Contract presented at this meeting is hereby approved and an Authorized Officer is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Purchase Contract, and the Secretary of the Authority is authorized to attest thereto, with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 4. The form of the Tax Regulatory Agreement presented at this meeting is hereby approved and an Authorized Officer is hereby authorized and empowered to execute by manual or facsimile signature and deliver the Tax Regulatory Agreement with such nonsubstantial changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof.

Section 5. The form of the Preliminary Official Statement presented at this meeting is hereby approved. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement in connection with the sale of the Bonds with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are

approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The preparation and delivery of a final Official Statement ("Official Statement"), and its use by the Underwriter in connection with the sale of the Bonds, is hereby approved. The Official Statement shall be in the form of the Preliminary Official Statement with such changes and insertions therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. An Authorized Officer is hereby authorized and empowered to execute the Official Statement. The Underwriter is hereby authorized to distribute copies of the Official Statement to the purchasers of the Bonds.

Section 6. The Authority approves the issuance on a tax-exempt basis of not to exceed \$5,200,000 aggregate principal amount of the Bonds for the Project in accordance with the terms of and to be secured by the Indenture. Payment of the principal of, premium, if any, and the interest on, the Bonds shall be made solely from the revenues to be received by the Authority pursuant to the Loan Agreement and Indenture, and said Bonds shall not be deemed to constitute a debt or liability of the County of Riverside, California, the State of California or any political subdivision thereof. An Authorized Officer is hereby authorized and directed to execute, in the name and on behalf of the Authority, by manual or facsimile signature, the Bonds, and the Secretary of the Authority is hereby authorized and directed to attest, by manual or facsimile signature, thereto in an aggregate principal amount not to exceed \$5,200,000 in accordance with the Indenture and in the form set forth in the Indenture. The Bonds shall bear interest at the rates to be determined in accordance with the Indenture. In no event shall the rate of interest on the Bonds exceed twelve percent (12%) per annum.

Section 7. The Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate and register the Bonds so delivered by executing the appropriate Certificate of Authentication appearing thereon, and to deliver the Bonds, when duly executed, authenticated and registered, to the Underwriter in accordance with written instructions executed on behalf of the Authority by an Authorized Officer which instructions said Officer is hereby authorized and directed, for and in the name of and on behalf of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to the Underwriter upon payment of the purchase price therefor.

Section 8. The Authority hereby allocates to the Bonds the Allocation, in the amount of \$5,200,000. The amount of Allocation in excess of the amount of Bonds issued and sold pursuant to Section 6 hereof, if any, shall automatically revert to CDLAC. The Secretary of the Authority is authorized and directed to file or cause to be filed on the Authority's behalf, within the time period required by CDLAC, the required notice to CDLAC. Upon receipt of notification from CDLAC, the Secretary is authorized to release to the Borrower the performance deposit held by the Authority in the amount prescribed by CDLAC.

Section 9. Each Authorized Officer, on behalf of the Authority, is authorized to execute all documents, certificates and instruments necessary or appropriate to this transaction and the issuance of the Bonds.

Section 10. All actions heretofore taken by the officers and agents of the Authority with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified, and the officers of the Authority and their authorized designees, deputies and agents are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates and documents which they or bond counsel may deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds and otherwise to effectuate the purposes of this Resolution.

Section 11. This Resolution shall take effect from and after its adoption.

PASSED, APPROVED, AND ADOPTED at a meeting of the Industrial Development Authority of the County of Riverside on September _____, 2004, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Chairman, Industrial Development Authority
of the County of Riverside

ATTEST:

By _____
Deputy

FORM APPROVED
COUNTY COUNSEL

SEP 08 2004

BY 
ASSISTANT COUNTY COUNSEL