

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



FROM: Economic Development Agency

SUBMITTAL DATE:
September 26, 2005

SUBJECT: Guy Evans Inc – Empowerment Zone Industrial Development Bonds – Amendment to Inducement Resolution

RECOMMENDED MOTION: That the Board adopt Resolution Number IDA 2005-001 increasing the allocation of Empowerment Zone Industrial Development Bonds to \$7.5 million for Guy Evans Inc.

BACKGROUND: On February 24, 2004, the board adopted an inducement resolution to issue \$5.3 million in Empowerment Zone Industrial Development bonds for Guy Evans Inc. (the "Applicant"), a finish work carpentry company specializing in the distribution and installation of doors, moldings and builders hardware. The funds are to be used to construct their new 50,000 square foot product warehouse, a 5,000 square foot corporate office and 45,000 square feet of manufacturing space in the Spectrum at Shadow Hills in Indio. The Applicant commenced construction of the new manufacturing and distribution facility in Indio earlier this year. Significant increases in the cost of construction materials and change orders during construction increased costs by more than \$2,000,000 from the time the Applicant submitted its application to the Authority. The facility is expected to be completed in October. It is recommended that the Board adopt Resolution Number IDA 2005-001 to increase the amount to be funded with Empowerment Zone Industrial Development bonds to \$7.5 million. Within two years of completion it is expected that the number of jobs at the site will increase from 300 to 475. Since the establishment of the Empowerment Zone in 1999, this is the first (funded and completed) project to utilize a portion of the \$60 million dollar allocation of Empowerment Zone bonds.

RZ:JJ:DL:TE

Robin Zimpfer, Assistant County Executive Officer, EDA

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FINANCIAL DATA	Current F.Y. Total Cost:	\$	In Current Year Budget:
	Current F.Y. Net County Cost:	\$	Budget Adjustment:
	Annual Net County Cost:	\$	For Fiscal Year:

SOURCE OF FUNDS: Bonds to be secured and paid for by the Applicant	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

Dept's Recomm.: Consent Policy Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: 2-24-04, 6.1

District: 4

Agenda Number:

6.1

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RESOLUTION NO. IDA 2005-001

RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF RIVERSIDE AMENDING PROJECT RESOLUTION IDA NO. 2004-001 WITH RESPECT TO THE FINANCING OF FACILITIES FOR GUY H. EVANS AND MALIA EVANS AS CO-TRUSTEES OF THE EVANS FAMILY TRUST, U/D/T DATED APRIL 18, 1995, AND GUY EVANS, INCORPORATED OR A RELATED ENTITY

WHEREAS, on February 24, 2004, pursuant to the provisions of the California Industrial Development Financing Act, being Title 10 of the California Government Code, as amended and supplemented (the "Act"), the Industrial Development Authority of the County of Riverside (the "Issuer") adopted Resolution No. 2004-001 (the "Initial Resolution") for the benefit of Guy H. Evans and Malia Evans, as co-trustees of The Evans Family Trust, u/d/t dated April 18, 1995, and Guy Evans, Incorporated (collectively, the "Applicant") for the purpose of financing or refinancing the (1) acquisition of the real property located on Avenue 42 between Monroe Street and Jackson Street in Indio, California (the "Project Site"), (2) construction of an approximately 100,000 square foot facility (the "Facility") on the Project Site, (3) acquisition and installation of equipment at the Project Site and (4) payment of capitalized interest and certain costs of issuance in connection with the bonds to be issued by the Issuer, constituting a project under the Act (collectively, the "Project") for the Applicant or a related entity (collectively, the "Borrower");

WHEREAS, the Applicant has notified the Issuer that there have been significant increases in the cost of constructing the Facility on the Project Site and has requested that the Issuer adopt an amendment to the Initial Resolution to permit the Borrower to finance such additional costs with the proceeds of the Issuer's bonds;

WHEREAS, Issuer's staff has determined that it would be prudent to amend the Initial Resolution to increase the amount of the proposed financing;

WHEREAS, the Issuer reasonably expects that tax-exempt and/or taxable bonds in an amount not expected to exceed \$7,500,000 will be issued to finance the costs of the Project and that certain of the proceeds of such tax-exempt and/or taxable bonds will be used to reimburse the Borrower for certain costs of the Project; and

WHEREAS, Section 1.150-2 of the Treasury Regulations and Section 91530 of the Act require the

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2 Issuer to declare its reasonable official intent to reimburse costs of the Project with proceeds of a subsequent
3 borrowing;

4 **NOW, THEREFORE,** the Board of Directors of the Industrial Development Authority of the
5 County of Riverside does resolve as follows:

6 **Section 1.** The Board of Directors of the Issuer finds and determines that the foregoing recitals
7 are true and correct.

8 **Section 2.** This Resolution is adopted solely for purposes of establishing compliance with the
9 requirements of Section 1.150-2 of the Treasury Regulations and Section 91530 of the Act. This Resolution
10 does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the financing of
11 the Project.

12 **Section 3.** The Initial Resolution is hereby modified in part to increase the amount of bonds to be
13 issued by the Issuer from \$5,300,000 to an amount not to exceed \$7,500,000. Except as modified by this
14 Resolution, the Initial Resolution shall remain in full force and effect.

15 **Section 4.** The Board of Directors of the Issuer hereby reaffirms its official intent to use proceeds
16 of the tax-exempt and/or taxable bonds to reimburse the Borrower for the costs of the Project.

17 **Section 5.** In no event shall the bonds constitute a pledge of the faith and credit of the County of
18 Riverside (the "County"), the State of California (the "State") or any political corporation, subdivision or
19 agency of the State, and none of the County, the State or any political corporation, subdivision or agency of
20 the State shall be liable to make any appropriation for the repayment of the bonds. The bonds shall constitute
21 a special, limited obligation of the Issuer payable solely from the revenues or other sources provided for in a
22 loan agreement and proceedings to be provided for hereafter.

23 **Section 6.** All actions heretofore taken by the officers of the Issuer in connection with the
24 financing of the Project are hereby ratified and confirmed. The Chair of the Board of Directors of the Issuer,
25 all other officers of the Issuer and the Assistant County Executive Officer for Economic Development
26 Agency of the County or her designee are hereby individually authorized to take any and all actions in
27 connection with the financing of the Project and as may be necessary and consistent with the purposes of this
28 Resolution.

