

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

146



FROM: Economic Development Agency

SUBMITTAL DATE:
October 7, 2005

SUBJECT: Final Approval of Issuance of Empowerment Zone Tax Exempt Bonds for Guy Evans, Inc.

RECOMMENDED MOTION: That the Board adopt Resolution Number IDA 2005-02 authorizing the sale and issuance of \$7,500,000 Empowerment Zone Facility Revenue Bonds, Series 2005 for the purpose of funding the land acquisition and construction of an industrial facility for the benefit of Guy Evans, Incorporated.

BACKGROUND: On October 4, 2004, the Board of Directors of the Industrial Development Authority ("Authority") adopted a resolution of intention to provide \$7.5 million in tax exempt bond financing for the cost of the land and construction of a 100,000 square foot facility for Guy Evans Inc., a finish work carpentry company specializing in the distribution and installation of doors, moldings and builder's hardware. The facility will house a 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. Within two years of completion it is expected that the number of jobs at the site will increase from 300 to 475.

Continued on page 2.

Departmental Concurrence

RZ:JC:DL:TE

Robin Zimpfer

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**

Lisa Brandt

County Executive Office Signature

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

Prev. Agn. Ref.: 10-4-05, 6.1 | **District:** 4 | **Agenda Number:**

6.1

Form 11 - Final Approval for the Issuance of \$7,500,000 Empowerment Zone Tax Exempt Bonds for Guy Evans Inc.

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Bonds for the project will be financed under the \$60 million dollar allocation of tax exempt private activity bonds conferred to the County of Riverside in 1999 for use on industrial development projects within the Desert Communities Empowerment Zone (DCEZ). The Desert Alliance for Community Empowerment, the non-profit corporation responsible for implementing the Strategic Plan of the DCEZ, has adopted a resolution recommending approval of the proposed allocation and financing. Guy Evans is the first company to apply for a portion of the \$60 million available for funding such projects within the DCEZ. The allocation remaining after this approval will be \$52,500,000 plus any allocation that is not used by Guy Evans Inc. Staff recommends that the Board conduct the public hearing and adopt the resolution approving the allocation of \$7.5 million.

Staff recommends approval of Resolution No. 2005-02 authorizing the Authority proceed with selling the bonds.

A companion item appears on todays Board of Supervisors agenda.

IDA RESOLUTION NO. 2005-02

RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF RIVERSIDE AUTHORIZING THE SALE AND ISSUANCE OF NOT TO EXCEED \$7,500,000 AGGREGATE PRINCIPAL AMOUNT OF INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF RIVERSIDE VARIABLE RATE DEMAND EMPOWERMENT ZONE FACILITY REVENUE BONDS, SERIES 2005 (GUY EVANS, INC. PROJECT) FOR THE ACQUISITION, CONSTRUCTION, REHABILITATION AND INSTALLATION OF CERTAIN FACILITIES, 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, as well as for commercial activities within an empowerment zone and enterprise community designated pursuant to Section 1391 of the Internal Revenue Code of 1986, as amended (the "Code"); 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. 2004-01 on February 24, 2004 expressing its intention to issue empowerment zone facility revenue bonds for the benefit of Guy H. Evans and Malia Evans as Co-Trustees of The Evans Living Trust u/d/t April 18, 1995, a revocable trust (the "Borrower") for the purpose of financing the (1) the construction of an approximately 100,000 square foot facility on Avenue 42 between Jackson Street and Monroe Street in the city of Indio (the "Project Site"), and (2) payment of capitalized interest and certain costs of issuance in connection with the Bonds (collectively, the "Project"); and

WHEREAS, the Borrower will own the Project and Guy Evans, Inc. (the "Operator") will use the Project for supplying, manufacturing and distributing commercial, residential and custom builders' products such as steel and wood doors, frames, windows, architectural hardware, toilet accessories and partitions, or for the production of other tangible personal property; and

WHEREAS, the Project is located within the Desert Communities Empowerment Zone, designated as a federal empowerment zone pursuant to the Taxpayer's Relief Act of 1997 (the "Taxpayer's Relief Act") and Section 1391 of the Code; and

WHEREAS, pursuant to the Taxpayer's Relief Act, among the tax incentives conferred upon the County of Riverside (the "County") is the ability to issue up to \$60 million in tax-exempt empowerment zone facility bonds (the "Empowerment Zone Ceiling") to make loans to qualifying business borrowers to finance the cost of certain commercial, retail, industrial or other facilities qualifying as "enterprise zone facilities" as that term is defined in Section 1394 of the Code;

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 Board of Directors of the Desert Communities for Community Empowerment at its regular meeting of September 18, 2004, did unanimously recommend to the Board of Supervisors of the County of Riverside (the "Board of Supervisors") that it approve the Project and allocate a portion of the Empowerment Zone Ceiling for the Project;

WHEREAS, the Authority applied for, and the Board of Supervisors granted to the Authority, an amount of Empowerment Zone Ceiling 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 Empowerment Zone Facility Revenue Bonds, Series 2005 (Guy Evans, Inc. Project) (the "Bonds"), in an aggregate principal amount not to exceed \$6,500,000, (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 Deutsche Bank National Trust Company, 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 BNY Capital Markets, Inc. (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;
- 5) A proposed form of the Official Statement (the "Official Statement") to be used by the Underwriter in connection with the sale of the Bonds; and
- 6) A proposed form of the Empowerment Zone Facility Bond Compliance Agreement (the "Compliance Agreement"), to be entered into by and among the Authority, the County, the Borrower and the Operator.

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, an Assistant County Executive Officer, and the Executive Director or Managing Director of the Economic Development Agency of the County of Riverside, for and 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 Official Statement presented at this meeting is hereby approved with such changes therein as may be necessary to cause the same to carry out the intent of this Resolution and as are approved by an Authorized Officer and counsel to the Authority, such approval to be conclusively evidenced by the delivery thereof. The Underwriter is hereby authorized to distribute copies of the Official Statement in connection with the sale of the Bonds and its use by the Underwriter in connection with the sale of the Bonds, is hereby approved. An Authorized Officer is hereby authorized and empowered to execute the Official Statement.

Section 6. The form of the Compliance 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 Compliance 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 7. The Authority approves the issuance on a tax-exempt basis of not to exceed \$6,500,000 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, 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 \$6,500,000 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 8. 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 9. The Authority hereby allocates to the Bonds the Allocation, in the amount of \$6,500,000. The amount of Allocation in excess of the amount of Bonds issued and sold pursuant to Section 7 hereof, if any, shall automatically revert to the County.

Section 10. 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.

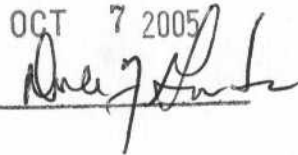
Section 11. All actions heretofore taken by the officers and agents of the Authority with respect to the approval, issuance and sale of the Bonds are hereby approved, confirmed and ratified, and the officers of the Authority and their authorized designees, deputies and agents are hereby authorized and 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 12. This Resolution shall take effect from and after its adoption.

FORM APPROVED
COUNTY COUNSEL

OCT 7 2005

BY



PASSED, APPROVED, AND ADOPTED at a meeting of the Industrial Development Authority of the County of Riverside on October 18, 2005, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

ATTEST:
NANCY ROMERO, SECRETARY

By _____
Deputy

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