

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

525
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FROM: Economic Development Agency

SUBMITTAL DATE:
February 23, 2009

SUBJECT: Approval of the Extension of the Maturity Date of Variable Rate Demand Empowerment Zone Facility Revenue Bonds Series 2005 (Guy Evans, Inc. Project) and Letter of Credit Addition

RECOMMENDED MOTION: That the Board of Directors:

1. Adopt Resolution No. 2009-01 authorizing the extension of the Variable Rate Demand Empowerment Zone Facility Revenue Bonds, Series 2005 (Guy Evans, Inc. Project) by the Industrial Development Authority of the County of Riverside (the "Authority");
2. Approve and authorize the Assistant County Executive Officer/EDA to execute the First Amendment to the Loan Agreement by and between the Authority and Spectrum Grande, LLC ;
3. Approve the form of the Supplemental Official Statement; and
4. Approve and authorize the Assistant County Executive Officer/EDA to execute the First Supplement to the Indenture of Trust related to the original bond indenture.

BACKGROUND: On October 27, 2005, the Authority issued \$6,500,000 of its Variable Rate Demand Empowerment Zone Facility Revenue Bonds (the "Bonds") to finance the cost of the land and construction of a 100,000 square foot facility at the Spectrum at Shadow Hills in Indio for Guy Evans, Inc., a finish-work carpentry company specializing in the manufacturing, distribution and installation of doors, molding and builder's hardware (the "Project").

(Continued on page 2)

Robin Zimpfer

RZ:DL:TE:RM

Robin Zimpfer

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Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: Yes

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

BY: *Jennifer Sargent*
Jennifer Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL BY *Shirley A. Gardner* 2/23/09 DATE *2/23/09* Departmental Concurrence

Dept't Recomm.: Policy Consent
Per Exec. Ofc.: Policy Consent

Prev. Agn. Ref.: 10-18-05, Item 6.1 | **District:** 4 | **Agenda Number:**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

6.1

BACKGROUND: (continued)

In March of 2008, the original borrower, Guy H. Evans and Malia Evans, Co-Trustees of the Evans Living Trust, u/d/t April 18, 1995, transferred the Project to Spectrum Grande, LLC, (the "Applicant") a related entity and the Applicant assumed all the obligations of the original loan agreement and bond documents.

The Applicant has submitted a request to the Authority to extend the maturity date of the Bonds and add an additional letter of credit to secure the Bonds. The Bonds are secured by a letter of credit issued by California Bank & Trust but due to recent financial market disruptions, the interest rate on the Bonds has increased significantly in comparison to the interest rate for other comparable bonds. The proposed amendments serve to add a confirming letter of credit by the Federal Home Loan Bank of San Francisco as additional security for the payment of the Bonds. The additional security will allow the Bonds to receive a higher rating and, correspondingly, be remarketed at lower rates. The amendments will also extend the final maturity date of the Bonds, solely for tax purposes.

Staff recommends that the Board of Directors approve IDA Resolution No. 2009-01 and the supporting documents for the extension of the maturity date of the Bonds.

A companion item appears on today's Board of Supervisors agenda.