

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

114



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
May 26, 2010

**SUBJECT:** Approval of Resolution 2010-02 Making Determinations with Respect to the Financing of Facilities for March Healthcare Development, LLC.

**RECOMMENDED MOTION:** That the Board of Directors Adopt Resolution No. 2010-02 Making Determinations with Respect to the Financing of Facilities by March Healthcare Development, LLC and Declaring its Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness.

**BACKGROUND:** As part of the American Recovery and Reinvestment Act of 2009, new provisions were added to the Internal Revenue Code of 1986 allowing public agencies to create Recovery Zones for the purpose of issuing public and private bonds. These bonds are intended to stimulate the economy in the Recovery Zones. On July 21, 2009, the Board of Supervisors adopted Resolution No. 2009-255 designating the entire county as a Recovery Zone.

FORM APPROVED COUNTY COUNSEL

BY: DALE A. GARDNER DATE: 5/27/10

Departmental Circulation

Robert Field  
Assistant County Executive Officer/EDA

<b>FINANCIAL DATA</b>	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

<b>SOURCE OF FUNDS:</b> N/A	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

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

BY:   
Jennifer L. Sargent

**County Executive Office Signature**

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

**Prev. Agn. Ref.:** 6/21/09, Item 3.102 | **District:** 5 | **Agenda Number:**

**BACKGROUND:**

Recovery Zone Bonds consist of two categories, Economic Development and Facility Bonds. Economic Development Bonds are taxable governmental bonds which can be utilized for the promotion of economic development in areas such as construction of infrastructure, public facilities and various other economic development purposes. The federal government will reimburse local governmental issuers in an amount equal to forty-five percent of the interest paid. Riverside County's allocation of Recovery Zone Economic Development Bonds is \$49,801,000.

Recovery Zone Facility Bonds are tax-exempt, private activity bonds which allow issuers to provide tax-exempt financing for projects such as large manufacturing plants, distribution centers, research facilities, etc. Riverside County's allocation of Recovery Zone Facility Bonds is \$74,702,000.

In September 2009, the Economic Development Agency issued a Request for Proposals (RFP) for projects seeking bond financing in both categories. The Facility Bond RFP received several responses in excess of the county's allocation. Staff conducted a thorough analysis of each of the proposals and recommended four be given portions of the allocation. One of the projects selected is the March Healthcare Development, LLC (March LifeCare Campus) project located on 160 acres of land located within the March Air Force Base Redevelopment Project Area. The project consists of over 3.5 million square feet of hospital facilities, medical and surgical space, wellness and education centers, retirement facilities, and faith and healing areas. The project is recommended to receive \$17 million to be used for the construction of infrastructure necessary for the development of the March LifeCare Campus.

The Resolution is adopted for the purpose of meeting the Department of the Treasury and California Government Code requirements. The Resolution does not bind the county to make any expenditure, incur any indebtedness, or proceed with the financing of the project. Further requests for approval will come before the Board of Supervisors and Board of Directors prior to the financing of the project.

Attachment:  
Resolution 2010-02

**RESOLUTION NO. IDA 2010-02**

**RESOLUTION OF THE INDUSTRIAL DEVELOPMENT  
AUTHORITY OF THE COUNTY OF RIVERSIDE MAKING  
DETERMINATIONS WITH RESPECT TO THE FINANCING  
OF FACILITIES FOR MARCH HEALTHCARE  
DEVELOPMENT, LLC AND/OR A RELATED ENTITY AND  
DECLARING ITS INTENT TO REIMBURSE CERTAIN  
EXPENDITURES FROM PROCEEDS OF INDEBTEDNESS**

**WHEREAS**, the Industrial Development Authority of the County of Riverside (the "Issuer") is authorized and empowered by the provisions of the California Industrial Development Financing Act, being Title 10 of the California Government Code, as amended and supplemented (the "Act"), to issue revenue bonds for the purpose of paying the cost of financing a project, as that term is defined in the Act; and

**WHEREAS**, pursuant to Resolution No. 2009-255, the Board of Supervisors of the County of Riverside, California (the "County") designated the entire geographic area of County of Riverside as a recovery zone for purposes of Section 1400U-1 of the Internal Revenue Code of 1986, as amended (the "Code") (the "Recovery Zone"); and

**WHEREAS**, the County has received \$74,702,000 of volume cap under Section 1400U-1(a)(3)(A) of the Code (the "County's Recovery Zone Allocation"); and

**WHEREAS**, March Healthcare Development, LLC, a California limited liability company (the "Applicant") has submitted a request for a portion of the County's Recovery Zone Allocation (the "Request for Allocation") and has requested the Issuer to issue and sell its tax-exempt and/or taxable revenue bonds (the "Bonds") pursuant to the provisions of the Act for the purpose of financing a portion of the cost of (1) depreciable infrastructure necessary for development of the March LifeCare Campus located on approximately 160 acres of land located within the March Air Force Base Redevelopment Project Area, east of Riverside Drive, north of Meyer Drive, west of Heacock Avenue and south of Cactus Avenue in unincorporated Riverside County, California (the "Project Site"), (2) construction of infrastructure necessary for development of the Project Site, including roadway improvements, traffic control improvements, water mains, sewer mains, dry utilities and a storm drainage system, as more particularly described in Exhibit "A" which is attached hereto and incorporated herein by this reference, and (3) payment of capitalized interest and certain costs of issuance in connection with the Bonds, constituting a project under the Act (the "Project") for the Applicant or a related entity (collectively, the "Borrower"); and

**WHEREAS**, the Project is located within the Recovery Zone and will serve the healthcare needs of residents of the County; and

FORM APPROVED COUNTY COUNSEL  
BY Dale A. Gardner DATE 5/27/10  
DALE A. GARDNER

**WHEREAS**, on January 28, 2010, the County notified the California Debt Limit Allocation Committee of its intention to allocate approximately \$17,000,000 of the County's Recovery Zone Allocation to the Project (the "County's Official Notification"); and

**WHEREAS**, the Issuer may not issue the Bonds to finance the Project until the Board of Directors of the Issuer makes certain determinations with respect to the public benefits and qualification of the Project as required by the Act; and

**WHEREAS**, the Borrower expects to pay certain expenditures (the "Reimbursable Expenditures") in connection with the Project prior to the issuance by the Issuer of the Bonds for the purpose of financing the costs associated with the Project on a long-term basis; and

**WHEREAS**, the Issuer reasonably expects that the Bonds in an amount not expected to exceed \$17,000,000 will be issued to finance the costs of the Project and that certain of the proceeds of the Bonds will be used to reimburse the Reimbursable Expenditures; and

**WHEREAS**, Section 1.150-2 of the Treasury Regulations requires the Issuer to declare its reasonable official intent to reimburse Reimbursable Expenditures for the Project with proceeds of subsequent borrowing;

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

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

**Section 2.** This Resolution is adopted to supplement the County's Official Notification and is solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations and Section 91503 of the Act. This Resolution does not bind the Issuer to make any expenditure, incur any indebtedness, or proceed with the financing of the Project.

**Section 3.** All of the Reimbursable Expenditures covered by this Resolution were made not earlier than 60 days prior to the date of the County's Official Notification. The Issuer presently intends and reasonably expects to issue the Bonds within 18 months of the date of the expenditure of moneys on the Project or the date upon which the Project is placed in service or abandoned, whichever is later (but in no event more than 3 years after the date of the original expenditure of such moneys), and to allocate an amount of not to exceed \$17,000,000 of the proceeds thereof to the Reimbursable Expenditures in connection with the Project.

**Section 4.** Based on the representations of the Applicant contained in the Request for Allocation, the Board of Directors of the Issuer hereby finds and determines:

a. That the use of the Project as a commercial facility is in accord with Section 91503 of the Act;

b. That the use of the Project is likely to produce employment benefits by securing or increasing the number of employees of the Borrower and any other direct users of the Project or the compensation for such employment;

c. That the issuance of the Bonds by the Issuer in the amount sufficient to finance all or a portion of the cost of the Project is likely to be a substantial factor in the accrual of each of such public benefits from the use of the Project; and

d. That the proposed financing of the Project is otherwise in accord with the purposes and requirements of the Act.

**Section 5.** The Board of Directors of the Issuer hereby declares its official intent to use proceeds of the Bonds to reimburse the Borrower for the Reimbursable Expenditures.

**Section 6.** The issuance of the Bonds and the completion of the Project shall be subject to compliance with the provisions of the Act.

**Section 7.** In no event shall the Bonds constitute a pledge of the faith and credit of the County of Riverside (the "County"), the State of California (the "State") or any political corporation, subdivision or agency of the State, and none of the County, the State or any political corporation, subdivision or agency of the State shall be liable to make any appropriation for the repayment of the Bonds. The Bonds shall constitute a special obligation of the Issuer payable solely from the revenues or other sources provided for in a loan agreement and proceedings to be provided for hereafter.

**Section 8.** The Assistant County Executive Officer/EDA of the County (the "Authorized Officer"), or his designee is hereby requested and authorized to (i) publish or cause to be published in a newspaper of general circulation within the County, notice of the filing of the Request for Allocation by the Borrower in accordance with Section 91530(e) of the Act, (ii) file a copy of this Resolution and the Request for Allocation with the Clerk of the Board of Supervisors of the County, and (iii) file such information with the California Industrial Development Financing Advisory Commission as may be required for the review and approval of the Project pursuant to Section 91531 of the Act.

**Section 9.** The Authorized Officer or her designee is hereby requested to conduct a public hearing with respect to the financing of the Project for the purpose of satisfying the public approval requirements of Section 147(f) of the Code. The Authorized Officer or her designee is hereby requested and authorized to publish or cause to be published a notice of such public hearing in a newspaper of general circulation within the County at least 14 days prior to the date scheduled for such public hearing.

**Section 10.** All actions heretofore taken by the officers, employees and agents of the Issuer in connection with the financing of the Project are hereby ratified and confirmed. The officers, employees and agents of the Issuer are hereby authorized to take any and all actions in connection with the financing of the Project and as may be necessary and consistent with the purposes of this Resolution, including the filing of an application with the California Debt Limit Allocation Committee to receive a portion of the State's volume cap allocation for the Project.

**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 June \_\_\_\_, 2010, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Chairman, Industrial Development Authority  
of the County of Riverside

ATTEST:

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Secretary, Industrial Development Authority  
of the County of Riverside

### PROJECT DESCRIPTION

Asbestos Abatement	\$ 451,119.54
Demolition	417,271.00
Street Improvements	3,500,000.00
Signalization	450,000.00
Water Improvements	1,150,000.00
Sewer Improvements	900,000.00
Storm Drain Improvements	2,350,000.00
Dry Utilities	1,773,000.00
Grading	1,200,000.00
<b>Total Direct Cost</b>	<b>\$12,191,390.54</b>
<b>Total Indirect Cost</b>	<b>3,910,272.00</b>
<b>Total Development Cost</b>	<b>\$16,101,662.54</b>