

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

756C



FROM: Industrial Development Authority

SUBMITTAL DATE:
July 29, 2010

SUBJECT: Approval of Resolution 2010-04, Making Determinations with Respect to the Financing of Facilities for Matthew Johnson and Guy Evans dba Chuckwalla Valley Raceway

RECOMMENDED MOTION: That the Board of Directors Adopt Resolution No. 2010-04, Making Determinations with Respect to the Financing of Facilities for Matthew Johnson and Guy Evans, dba Chuckwalla Valley Raceway and Declaring its Intent to Reimburse Certain Expenditures from Proceeds 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.

(Continued)

FORM APPROVED COUNTY COUNSEL
BY: Wally H. Johnson 7/23/10
DATE: DALE A. GARDNER

Departmental Concurrence

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: Yes		
SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: Serena Chow
Serena Chow

County Executive Office Signature

Dept't Recomm.: Consent Policy Policy

Per Exec. Ofc.: Consent Policy Policy

Prev. Agn. Ref.: 7/21/09, Item 3.102 | **District:** 4 | **Agenda Number:**

6.2

Economic Development Agency

Approval of Resolution 2010-04, Making Determinations with Respect to the Financing of Facilities for Matthew Johnson and Guy Evans dba Chuckwalla Valley Raceway

July 29, 2010

Page 2

BACKGROUND: (Continued)

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 45% 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 Chuckwalla Valley Raceway project located on 250 acres of land located on the eastern portion of the Desert Center Airport in Desert Center, Riverside County. The project consists of a race track that is 40 feet in width and 2.7 miles in length with 17 turns which will be used as an automobile and motorcycle training and practice road course race track facility. The project is recommended to receive \$10.5 million to be used for the construction of infrastructure necessary for the development of the Chuckwalla Valley Raceway.

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 2010-04

INDUSTRIAL DEVELOPMENT AUTHORITY

COUNTY OF RIVERSIDE

RESOLUTION NO. IDA 2010-04

RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE COUNTY OF RIVERSIDE MAKING DETERMINATIONS WITH RESPECT TO THE FINANCING OF FACILITIES FOR MATTHEW JOHNSON AND GUY EVANS, D/B/A CHUCKAWALLA VALLEY RACEWAY AND/OR A RELATED OR SUCCESSOR 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 Seventy Four Million Seven Hundred Two Thousand Dollars (\$74,702,000) of volume cap under Section 1400U-1(a)(3)(A) of the Code (the "County's Recovery Zone Allocation"); and

WHEREAS, Matthew Johnson and Guy Evans, d/b/a Chuckawalla Valley Raceway (the "Applicant") have submitted a request for a portion of the County's Recovery Zone Allocation (the "Request for Allocation") and have 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) construction, installation and equipping of an automobile and motorcycle training and practice racetrack and ancillary facilities located at 25300 Rice Road, Desert Center, California 92239 and (2) 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 and/or a related or successor entity (collectively, the "Borrower"); and

WHEREAS, on January 28, 2010, the County notified the California Debt Limit

FORM APPROVED COUNTY COUNSEL
BY *W. A. Gardner* 7/28/10
DALE A. GARDNER DATE

1 Allocation Committee of its intention to allocate approximately Ten Million Five Hundred
2 Thousand Dollars (\$10,500,000) of the County's Recovery Zone Allocation to the Project (the
3 "County's Official Notification"); and

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

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

10 **WHEREAS**, the Issuer reasonably expects that the Bonds in an amount not expected to
11 exceed Ten Million Five Hundred Thousand Dollars (\$10,500,000) will be issued to finance the
12 costs of the Project and that certain of the proceeds of the Bonds will be used to reimburse the
13 Reimbursable Expenditures; and

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

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

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

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

26 **Section 3.** All of the Reimbursable Expenditures covered by this Resolution were
27 made not earlier than sixty (60) days prior to the date of the County's Official Notification. The
28 Issuer presently intends and reasonably expects to issue the Bonds within eighteen (18)

1 months of the date of the expenditure of moneys on the Project or the date upon which the
2 Project is placed in service or abandoned, whichever is later (but in no event more than three
3 (3) years after the date of the original expenditure of such moneys), and to allocate an amount
4 of not-to-exceed Ten Million Five Hundred Thousand Dollars (\$10,500,000) of the proceeds
5 thereof to the Reimbursable Expenditures in connection with the Project.

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

8 a. That the use of the Project as a commercial facility is in accord with Section
9 91503 of the Act;

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

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

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

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

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

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

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

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

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

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

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1 **PASSED, APPROVED, AND ADOPTED** at a meeting of the Industrial Development
2 Authority of the County of Riverside on August 10, 2010, by the following vote:

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4 AYES:

5 NOES:

6 ABSENT:

7 ABSTAIN:

8 County of Riverside

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11 _____
12 Marion Ashley, Chairman
13 Industrial Development Authority

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17 ATTEST:

18 KECIA HARPER-IHEM, SECRETARY

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22 By _____

23 Deputy

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27 raceway ida resolution.doc