

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE  
REDEVELOPMENT AGENCY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

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**FROM:** Redevelopment Agency

**SUBMITTAL DATE:**  
September 1, 2010

**SUBJECT:** Request for Economic Development Assistance by AMA Plastics

**RECOMMENDED MOTION:** That the Board of Directors:

1. Conduct a public hearing pursuant to Health and Safety Code 33444.6;
2. Approve the request by AMA Plastics for Economic Development Assistance in an amount not to exceed \$2 million;
3. Authorize the Chairman of the Board of Directors to execute the attached loan agreement; and
4. Authorize the Executive Director, or designee, to execute and take all necessary steps to administer the Loan Agreement including signing subsequent, necessary related documents to complete this transaction.

**BACKGROUND:** On August 10, 2010, the Board of Directors approved an Economic Development Assistance program designed to assist certain businesses located within county Redevelopment Project

(Continued)

*Robert Field*

Robert Field  
Executive Director

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 2,000,000	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:** No

<b>SOURCE OF FUNDS:</b> Tax Increment Funds	<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: *Dean Deines*  
Dean Deines

**County Executive Office Signature**

FORM APPROVED COUNTY COUNSEL  
BY: ANITA C. WILLIS  
DATE: 9-2-10  
Departmental Concurrence

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

**BACKGROUND:** (Continued)

Areas obtain financing for their projects. Access to capital for business expansion and growth has been difficult even for businesses with strong credit. The Redevelopment Agency (RDA) has received numerous requests for financial assistance including AMA Plastics, Inc. (AMA). On the same Form 11, the Board of Directors also approved the initiation of review of AMA's request for assistance.

AMA submitted a request for assistance from the RDA in the amount of \$4 million in order to facilitate the acquisition of an existing 150,000 square foot industrial building in the Hunter Park industrial area in the city of Riverside and within the Highgrove Sub-Area of the I-215 Redevelopment Project Area.

AMA is the largest independent custom plastic injection molding company on the west coast. The company employs 250 full-time employees at an approximately 90,000 square foot building in the city of Corona. The building's lease expires in March of 2011 and AMA's ownership desires to purchase a facility that will accommodate long-term growth and expansion. AMA, with the Economic Development Agency's assistance, conducted a thorough site search in the western Riverside County region. In addition, AMA considered facilities in Orange County and the Las Vegas, Nevada metropolitan area. AMA selected a larger building in the city of Riverside that will accommodate their anticipated growth. As part of this expansion, not only will AMA increase its general injection molding operations but they will increase their clean room operations which will allow for growth in the medical device industry. The Riverside location also offers synergy with newly developed customers in the area.

The total purchase price of the facility is \$7.1 million. The primary financing in the amount of approximately \$4.3 million will come from Small Business Administration (SBA) loans from Comerica Bank and the Southland Economic Development Corporation, an SBA Certified Development Company. In addition to these loans, AMA is seeking to utilize the RDA's assistance program due to its favorable interest rate and principal reduction provisions. The Chief Executive Officer of AMA will put approximately \$800,000 down of the purchase price. Pursuant to program's guidelines, the maximum amount available would be \$2 million. RDA contracted with the AmPac Tri State CDC, an SBA Certified Development Company to conduct a credit analysis and underwriting on AMA's finances. After reviewing AMA's finances and job retention and creation impact, it is proposed that the RDA provide \$2 million of assistance in accordance with the program's guidelines. Due to AMA's retention of existing employees and anticipated future job creation, it is recommended that fifty percent of the principal be reduced during the first five years. Payments on \$1 million would begin in early 2011 with a term of ten years at four percent interest. No payments would begin on the additional \$1 million and the principal owed would be reduced \$200,000 per year during the first five years as long as AMA maintains employment levels specified in the agreement. If employment levels are not maintained in accordance with the agreement, AMA would be required to make a balloon payment on the outstanding principal at the maturity date. Security for the loan would be junior liens on both the industrial building being purchased and the Chief Executive Officer's personal residence. It should also be noted that the City of Riverside has approved approximately \$500,000 worth of utility incentives and financing.

RDA has reviewed the request for assistance and recommends that the Board of Directors approve the request.

Attachments:  
Loan Agreement