



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Inducement Resolution for Industrial Development Bond Financing
MEETING DATE: April 6, 1994
PREPARED BY: City Manager

RECOMMENDED ACTION: That the City Council adjourn to a meeting of the City's Industrial Development Authority for the purpose of adopting a resolution providing preliminary approval of the issuance of bonds for the purpose of providing financing for certain manufacturing facilities.

BACKGROUND INFORMATION: Hix Steel, a steel manufacturing firm located in Stockton, is pursuing a relocation to the City of Lodi. The firm has requested the City's assistance in obtaining industrial development bond financing through the State of California.

A copy of the appropriate resolution appears in this agenda packet.

FUNDING: None

Respectfully submitted,

Thomas A. Peterson
City Manager

TAP:br

CCOM-034/TXTA.07A

APPROVED _____

THOMAS A. PETERSON
City Manager



recycled paper



CITY OF LODI
Carnegie Forum
305 West Pine Street, Lodi

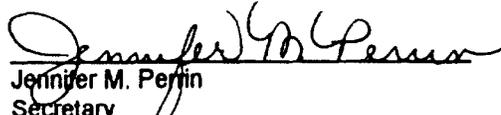
AGENDA Industrial Development Authority
Date: April 6, 1994
Time: 7:00 p.m.

For information regarding this Agenda please contact:
Jennifer M. Perrin
City Clerk
Telephone: (209) 333-6702

Industrial Development Authority (IDA)

- A. Call to order - Chairperson Jack A. Sieglock
- B. Roll call to be recorded by Secretary
- C. Inducement resolution for industrial development bond financing
Res. No. IDA-11
- D. Adjournment

Pursuant to Section 54956.2(a) of the Government Code of the State of California, this Agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.


Jennifer M. Perrin
Secretary
Industrial Development Authority



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Inducement Resolution for Industrial Development Bond Financing

MEETING DATE: April 6, 1994

PREPARED BY: Secretary, Industrial Development Authority

RECOMMENDED ACTION: That the Industrial Development Authority (IDA) of the City of Lodi adopt Resolution No. IDA-11 entitled, "A Resolution of the Industrial Development Authority of the City of Lodi Providing Preliminary Approval of the Issuance of Bonds for the Purpose of Providing Financing for Certain Manufacturing Facilities".

BACKGROUND INFORMATION: See Council Communication, agenda item #K

FUNDING: None.

Respectfully submitted,


Jennifer M. Ferrin
Secretary
Industrial Development Authority

TAP/JMP

APPROVED: _____

THOMAS A. PETERSON
City Manager



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RESOLUTION NO. IDA

**A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT AUTHORITY
OF THE CITY OF LODI PROVIDING PRELIMINARY APPROVAL OF THE
ISSUANCE OF BONDS FOR THE PURPOSE OF PROVIDING FINANCING
FOR CERTAIN MANUFACTURING FACILITIES**

RESOLVED, by the Industrial Development Authority of the City of Lodi, as follows:

WHEREAS, the Industrial Development Authority of the City of Lodi (the "Authority") is authorized pursuant to the California Industrial Development Financing Act, commencing with section 91500 of the California Government Code (the "Act") to issue and sell its bonds for the purpose of providing financing for the acquisition and construction of manufacturing facilities located within the area of operation of the Authority; and

WHEREAS, Hix Steel, Inc. for itself or for another subsidiary of Ferro Union Inc., Hix Steel, Inc.'s parent organization, or of another subsidiary of Ferro Union Inc.'s parent organization, Samsteel, Inc. (the "Owner"), has filed an application (the "Application") with the Authority and has requested that the Authority issue and sell its bonds for the purpose of providing financing for the acquisition and construction of certain manufacturing facilities to be located within the area of operation of the Authority, which facilities are described in Exhibit "A" attached hereto and by this reference incorporated herein (the "Project") within the area of operation of the Authority; and

WHEREAS, the Authority may not issue bonds to finance the Project until the Board of Directors makes certain determinations with respect to public benefits and qualifications of the Project as required by the Act, and the California Debt Limit Allocation Committee ("CDLAC") has provided to the Authority pursuant to a request of the City of Lodi (the "City") a portion of the Private Activity Bond Limit of the State of California (the "State"); and

WHEREAS, the Board of Directors has carefully considered and discussed the information contained in the Application and other information it deems necessary to make such determinations; and

WHEREAS, United States Income Tax Regulations section 1.150-2 provides generally that proceeds of tax-exempt debt are not deemed to be expended when such proceeds are used for reimbursement of expenditures made prior to the date of issuance of such debt unless certain procedures are followed, one of which is a requirement that (with certain exceptions), prior to the payment of any such expenditure, the issuer declares an intention to reimburse such expenditure;

WHEREAS, it is in the public interest, for public benefit and in furtherance of the public purposes of the Authority that the Board of Directors provides preliminary approval of the issuance of bonds for the aforesaid purposes.

NOW, THEREFORE, it is hereby FOUND, DETERMINED AND ORDERED as follows:

Section 1. The Authority hereby preliminarily approves the issuance and sale of tax-exempt industrial development revenue bonds of the Authority pursuant to the Act in a principal amount not to exceed \$5,000,000 (the "Bonds") for the purpose of providing financing to the Owner for the acquisition and construction of the Project.

Section 2. The Authority hereby determines that it will take all action necessary or advisable in connection with the issuance and sale of the Bonds and the execution of the financing agreements for the Project.

Section 3. The Bonds shall be special obligations of the Authority secured solely as set forth in the indenture authorizing the Bonds, and shall not constitute an indebtedness of the Authority, the City or a loan of credit thereof within the meaning of any constitutional or statutory provisions.

Section 4. The issuance and sale of the Bonds shall be upon such terms and conditions as may be mutually agreed upon by the Authority, the Owner and the purchaser or purchasers of the Bonds and shall be subject to completion of proceedings for issuance, sale and delivery of the Bonds by the Authority.

Section 5. The proceeds of the Bonds shall include such related and necessary issuance costs, administrative expenses, debt service reserves and interest payments as may be required to accomplish the financing successfully.

Section 6. The Board of Directors hereby finds that the issuance of the bonds as described herein is a substantial inducement to the Owner to acquire and construct the Project within the area of operation of the Authority and that the Project will further the public purposes of the Authority.

Section 7. The Board of Directors hereby finds and determines:

(a) That the use of the Project for an industrial manufacturing facility is in accordance with section 91503(a) of the Act;

(b) That the use of the Project is likely to produce employment benefits securing or increasing the number of employees of the Owner as more particularly set forth in the Application;

(c) That the issuance of the Bonds by the Authority in an amount not to exceed \$5,000,000 to finance the acquisition of the Project is likely to be a substantial factor in the accrual of each of the public benefits resulting from the use of the Project as proposed in the Application; and

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

Section 8. The Secretary of the Authority is hereby directed to publish a notice, or shall cause the same to be published, of the receipt of the application substantially in the form of Exhibit "B" hereto in compliance with section 91530(e) of the Government Code.

Section 9. The Authority hereby requests that the City, pursuant to section 8869.80 et seq. of the Government Code of the State of California (the "State Bond Act") and the rules and procedures of the California Debt Limit Allocation Committee ("CDLAC"), make an application on behalf of the Authority to CDLAC to obtain a portion of the Private Activity Bond Limit Allocation of the State of California for the Project and the Bonds. The Chairman or the Executive Director and all other officers and representatives of the Authority are hereby authorized and directed to participate in such application process and any actions by the Authority or the City taken with respect thereto prior to the date hereof are hereby ratified. The Authority hereby requests the California Industrial Development Financing Advisory Commission to make the determinations authorized by section 91531 of the Act.

Section 10. The Authority hereby appoints Jones Hall Hill & White, A Professional Law Corporation (the "Attorneys"), as bond counsel for the Authority in connection with the issuance of the Bonds. The form of agreement for legal services by and between the Authority and the Attorneys on file with the Secretary of the Authority is hereby approved and the Secretary of the Authority is hereby authorized to execute such agreement with such changes as the Secretary deems necessary.

Section 11. The Authority hereby declares that it reasonably expects (i) to pay certain costs of the Project prior to the date of issuance of the Bonds and (ii) to use a portion of the proceeds of the Bonds for reimbursement of expenditures for the Project that are paid before the date of issuance of the Bonds.

Section 12. The maximum principal amount of the Bonds is \$5,000,000.

Section 13. The Secretary of the Authority is hereby authorized and directed to cause the City Council of the City, as the elected body of the Authority, to hold a public hearing to approve the issuance of the Bonds by the Authority as required by federal law.

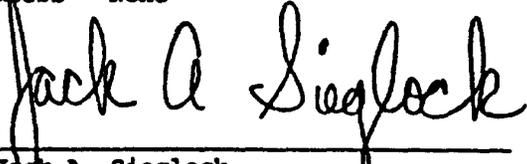
APPROVED AND ADOPTED THIS 6TH DAY OF APRIL, 1994 BY THE FOLLOWING
VOTE:

Ayes: Authorizing Members - Mann, Pennino, Snider and
Sieglock (Mayor)

Noes: Authorizing Members - Davenport

Abstain: Authorizing Members - None

Absent: Authorizing Members - None

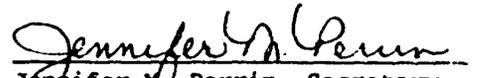


Jack A. Sieglock
Chairperson, Industrial Development
Authority, City of Lodi, California

Attest:

Jennifer Perrin
Secretary
Industrial Development Authority,
City of Lodi, California

I, the undersigned Secretary of the Lodi Industrial Development Authority, hereby certify that the foregoing is a full, true and correct copy of Resolution No. IDA-11 duly adopted by the Board of Directors of the Authority at a meeting thereof held on the 6th day of April, 1994 by the following vote:



Jennifer M. Perrin, Secretary
Industrial Development Authority,
City of Lodi, California

IDA-11

EXHIBIT A

DESCRIPTION OF PROJECT

The Project includes (a) acquisition of an approximately 19.91 acre site located at 400 South Beckman Road, Lodi, California, together with a building thereon consisting of approximately 100,000 square feet of manufacturing/warehousing space and approximately 3,000 square feet of office space, (b) construction of facility improvements, and (c) acquisition of equipment, all to be used in connection with the processing of steel.

EXHIBIT B

**NOTICE OF FILING OF APPLICATION UNDER THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ACT**

NOTICE IS HEREBY GIVEN, pursuant to section 91531(e) of the California Government Code, that there has been filed with the Industrial Development Authority of the City of Lodi (the "Authority") the following described application for the issuance of bonds by the Authority pursuant to the California Industrial Development Financing Act.

Applicant: Hix Steel, Inc.

Facilities Proposed to be Financed: (a) acquisition of an approximately 19.91 acre site located at 400 South Beckman Road, Lodi, California, together with a building thereon consisting of approximately 100,000 square feet of manufacturing/warehousing space and approximately 3,000 square feet of office space, (b) construction of facility improvements, and (c) acquisition of equipment, all to be used in connection with the processing of steel.

Estimated Principal Amount of Bonds to Be Issued: \$5,000,000.

Review of the File: The application and supporting information are available in the office of the City Clerk, Lodi City hall, 221 West Pine Street, Lodi, California, between the hours of 8:00 A.M. and 5:00 P.M. Monday through Friday.