



AGENDA \_\_\_\_\_ July 27, 2010

C O U N T Y   A D M I N I S T R A T O R

SUSAN S. MURANISHI  
COUNTY ADMINISTRATOR

DONNA LINTON  
ASSISTANT COUNTY ADMINISTRATOR

July 20, 2010

Honorable Board of Supervisors  
Administration Building  
Oakland, CA 94612

Dear Board Members:

**SUBJECT: CONDUCT A PUBLIC HEARING FOR THE \$10,500,000 RECOVERY ZONE  
FACILITY BOND PROJECT FOR WESTERN STATE DESIGN, INC., AND ITS  
SUCCESSORS AND ASSIGNS AND ADOPT A RESOLUTION ALLOCATING  
RECOVERY ZONE FACILITY BOND AUTHORITY TO THE BONDS**

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Hold a public hearing for the \$10,500,000 Recovery Zone Facility Bond (RZFB) issue for the Western State Design, Inc., and its successors and assigns, in accordance with the Section 147(f) of the Internal Revenue Code of 1986.

Adopt a Resolution allocating \$7,750,000 of the County's remaining \$9,422,000 Recovery Zone Facility Bonds (RZFBs) that it was authorized to issue by the American Recovery and Reinvestment Act of 2009 (ARRA) for the financing of the Western State Design, Inc. project; that will be combined with the City of Hayward's \$2,750,000 RZFB authority that was designated on June 29, 2010 to this project; for a total of \$10,500,000 of bond issuance authority.

DISCUSSION/SUMMARY:

The Western State Design, Inc. RZFB will be used to finance the renovation of a 50,400 square foot structure located on 3.7 acres at 1510 Zephyr Avenue, Hayward, California 94544 and the acquisition and installation of equipment and furnishings therein.

Western State Design, Inc. has maintained its headquarters in Hayward for 25 years while growing to become one of the largest commercial laundry equipment distributors in the world. It has a total of 85 employees, including factory trained service technicians, parts personnel, and sales consultants in offices throughout the US.

The new Hayward facility will employ 137 and provide commercial healthcare laundry services for large medical facilities and hotels in the Bay Area that will incorporate state-of-the art technology, equipment and processes. The new facility's high-efficiency motors and lighting, self-contained ironers and dryers with heat recovery systems and computer controlled processes, will enable the processing of up to 10,000 lbs. of laundry per hour, while using just 0.3 gallons of water per pound.

The Western State Design RZFB application was received June 18, 2010, the second accepted by the County. The project was referred by the City of Hayward, which committed its \$2,750,000 RZFB allocation to the project on June 29, 2010.

The Board, sitting as the Industrial Development Authority of Alameda County, has been asked to adopt an Inducement Resolution for \$12,500,000 in RZFBs for Western State Design on July 27, 2010, prior to this action.

A \$10,500,000 Letter of Credit (LOC) commitment provided by Wells Fargo Bank has resulted in a decrease in the amount of the RZFB requested to \$10,500,000. Since the City of Hayward will provide \$2,750,000, the County's RZFB requested amount is \$7,750,000.

The County has \$9,422,000 in RZFB allocation available, so the designation of \$7,750,000 to Western State Design would leave a County RZFB balance of \$1,672,000.

Western State Design has met all of the RZFB requirements and an application is being prepared to obtain California Industrial Development Finance Advisory Commission (CIDFAC) approval of the project on August 25th and close on September 9, 2010.

A third RZFB application, \$12,000,000 for Sports Basement in Berkeley has been accepted by the County. However, it has yet to obtain a LOC and the project will require a use change approval by the city that will take additional time. An Inducement and TEFRA Allocation Resolution for this project is also on the agenda that could reserve the County's RZFB unrequested allocation of \$1,672,000 that would give the project more time and could be combined with and strengthen a request for the balance needed to come from California Debt Limit Allocation Committee (CDLAC) re-allocation.

Since this is the last Board meeting held before the August 15, 2010 RZFB documentation deadline, this is the last opportunity to approve projects using County or City RZFB allocation. Any remaining un-documented allocation will be re-allocated by CDLAC to projects throughout the State.

Since the Applicant will pay all County costs; will be making \$15,603,000 in capital expenditures within the County; will utilize RZFB allocation from the City of Hayward and create an estimated 137 jobs over the next year; my office is recommending that your Board approve the minutes of the public hearing and adopt the Resolution allocating \$7,750,000 of the County's remaining \$9,422,000 RZFB authorization to the project.

FINANCING:

The project will retain jobs, create employment and increase the property tax base at no cost or obligation to the County.

Very truly yours,



Susan S. Muranishi  
County Administrator

SSM:KS

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Attachment

cc: County Counsel  
Auditor-Controller  
Treasurer-Tax Collector  
Michael Sweeney, Mayor, City of Hayward  
Fran David, Acting City Manager, City of Hayward  
Sean Brooks, Economic Development Manager, City of Hayward  
William M. Lofton, Lofton & Jennings  
Walter Vennemeyer, Progressive Capital  
Dennis Mack, President, Western State Design, Inc.

# FY 2009 - 2010

IDB/RZFB Projects in Process/Completed as of: July 12, 2010

Alameda County Industrial Development Authority Projects	Size Induced	Recovery Zone Facility Bond Allocation	Retained Jobs	Projected Jobs	Inducement Resolution (Industrial Development Authority)		TEFRA Hearing & Approving Resolution (Board of Supervisors)		State CIDFAC Approval / CDLAC Allocation		Final Authorizing Resolution (Industrial Development Authority)		Tax-Exempt Amount Approved & Date Closed		Taxable Amount Approved
Sports Basement	\$12,000,000	\$1,672,000	250	100	7/27/10	x	7/27/10	x	9/29/10		9/14/10				
Convergent Laser	\$6,000,000	0	25	25	7/27/10	x	7/27/10	x	8/25/10		7/27/10	x			
Western State Design	\$12,500,000	\$7,750,000	85	170	7/27/10	x	7/27/10	x	8/25/10		7/27/10	x			
Santini Foods \$6 Million	\$6,000,000	0	80	20	6/29/10	X	9/14/10		9/29/10		9/14/10				
Dale Hardware	\$8,000,000	\$3,544,000	85	55	5/4/10	X	5/4/10	X	5/26/10	X	5/18/10	X	6/9/10	\$8,000,000	\$8,000,000
Santini Foods	\$3,000,000	0	70	20	10/13/09	X	2/23/10	X						0	0
<b>Total</b>	<b>\$47,500,000</b>	<b>\$12,966,000</b>	<b>345</b>	<b>290</b>										<b>\$8,000,000</b>	<b>\$8,000,000</b>
<b>Withdrawn</b>															
Kwan Wo Ironworks	\$10,000,000		32	100	9/8/09	X							Land purchase fell through		
Triangle Coatings	\$7,000,000		36	20	12/1/09	X							Unable to obtain Bank LOC		
	<b>\$17,000,000</b>		<b>68</b>	<b>120</b>											

x = Scheduled X = Completed



**BOARD OF SUPERVISORS OF THE COUNTY OF ALAMEDA**

**RESOLUTION NO. R-\_\_\_\_\_**

**A RESOLUTION APPROVING BONDS AND A PROJECT FOR WESTERN STATE DESIGN, INC. FOLLOWING A PUBLIC HEARING AND ALLOCATING RECOVERY ZONE FACILITY BOND AUTHORITY TO THE BONDS**

**WHEREAS**, the Industrial Development Authority of the County of Alameda (the "Authority") has accepted and filed with the Board of Supervisors an application from Western State Design, Inc. (the "Applicant") requesting that the Authority issue its revenue bonds (the "Bonds") pursuant to the California Industrial Development Financing Act, being Title 10 of the California Government Code, as supplemented and amended (the "Act"), which are tax-exempt under current California and federal law, to finance a portion of the costs necessary for the Applicant, or another entity to be formed by the Applicant for the purposes of the proposed financing (the "Borrower"), and its successors and assigns to finance, in part, (i) the construction of modifications to, and tenant improvements within, an existing approximately 50,400 square foot structure on approximately 3.7 acres of land located at 1510 Zephyr Avenue, Hayward, California 94544; and (ii) the acquisition and installation of equipment and furnishings within such structure, all for use as a commercial laundry facility (collectively, the "Project");

**WHEREAS**, the Board of Directors of the Authority has made the determinations required to be made by it pursuant to Section 91530 of the Act preliminary to the issuance by the Authority of such Bonds;

**WHEREAS**, this Board of Supervisors has considered the information contained in the aforesaid application and has considered the determinations of the Board of Directors of the Authority;

**WHEREAS**, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the Bonds are required to be approved by an applicable elected representative of the issuer of the Bonds following a public hearing;

**WHEREAS**, this Board of Supervisors is the elected legislative body of the County of Alameda (the "County"), and is the "applicable elected representative" of the Authority;

**WHEREAS**, the Project is located wholly within the County;

**WHEREAS**, this Board of Supervisors has caused a notice to appear in The Inter-City Express, which is a newspaper of general circulation in the County, at least 14 days prior to July 27, 2010, to the effect that a public hearing would be held by this Board of Supervisors on July 27, 2010, regarding the issuance and amount of Bonds and the nature and location of the Project; and

**WHEREAS**, this Board of Supervisors held said public hearing on such date, at which an opportunity was provided to present arguments both for and against the issuance of Bonds and the nature and location of the Project;

**WHEREAS**, the Authority may issue recovery zone facility bonds, the interest on which is excludable from gross income for federal income tax purposes under the American Recovery and Reinvestment Act of 2009 ("ARRA");

**WHEREAS**, on January 26, 2010, the County of Alameda (the "County") established the County as a recovery zone within the meaning of ARRA and the Project is within such recovery zone;

**WHEREAS**, under ARRA, the County has been allocated the authority to issue up to \$12,966,000 principal amount of recovery zone facility bonds (of which \$9,422,000 remains available) and the County desires to allocate \$7,750,000 of such authority to the Bonds for the financing of the Project; with the understanding that the City of Hayward is allocating \$2,750,000 of its recovery zone facility bond authority to the Bonds for the financing of the Project, for a total of \$10,500,000 of bond issuance authority

**NOW, THEREFORE**, the Board of Supervisors of the County of Alameda does resolve as follows:

Section 1. The Board of Supervisors of the County finds and determines that the foregoing recitals are true and correct.

Section 2. The Board of Supervisors hereby approves the Project, subject to fulfillment of all requirements under the Act, and approves the issuance of the Bonds of the Authority in an amount not to exceed \$10,500,000 to finance a portion of the costs of the Project, which Bonds and the interest thereon shall be paid from revenues received by the Authority from the Applicant pursuant to a financing agreement with respect to the Project to be entered into between the Authority and the Applicant. This resolution shall constitute both "host" and "issuer" approval of the Bonds within the meaning of Section 149(f) of the Code.

Section 3. The Board of Supervisors hereby allocates \$7,750,000 of the County's authority to issue recovery zone facility bonds to the Bonds for the financing of the Project.

Section 4. The Clerk or a Deputy Clerk is hereby directed to certify and deliver this Resolution to the Authority.

Section 5. This Resolution shall take effect immediately upon its passage.

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Approved as to Form:  
RICHARD E. WINNIE, County Counsel

By: Claude Kolm  
Deputy  
Claude Kolm

The foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Alameda on July 27, 2010, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

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President

ATTEST:

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Crystal Hishida Graff, Clerk  
Board of Supervisors  
of the County of Alameda

STATE OF CALIFORNIA     )

COUNTY OF ALAMEDA     )

CERTIFICATE

I, Crystal Hishida Graff, the duly appointed, qualified and acting Clerk of the Board of Supervisors of the County of Alameda, do hereby certify that attached hereto is a true, complete and correct copy of Resolution R-\_\_\_\_\_, adopted at a duly called meeting of the Board of Supervisors of said County held in accordance with law on July 27, 2010, at which meeting a quorum was present and acting throughout, all as appears in the records of the Board of Supervisors of said County in my custody as the Clerk of the Board of Supervisors of the County.

IN WITNESS WHEREOF, I have hereunto subscribed my name this \_\_\_\_ day of \_\_\_\_\_, 2010.

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Crystal Hishida Graff, Clerk of the Board of  
Supervisors of the County of Alameda