

COUNTY OF
SAN BERNARDINO



ECONOMIC DEVELOPMENT AGENCY

REQUEST FOR PROPOSALS FOR

Recovery Zone Facility Bond Program

(RFP #EDA/RDA 2009-01)

Requested by:

County of San Bernardino Economic Development Agency and
County of San Bernardino Redevelopment Agency
215 North D Street, Suite 202
San Bernardino, CA 92415

Request for Proposals for Recovery Zone Facility Bond Program

Section 1: PURPOSE

The County of San Bernardino Economic Development Agency, in conjunction with the County of San Bernardino Redevelopment Agency (collectively the "Agencies"), are issuing a Request for Proposals ("RFP") for the purpose of eliciting interest and proposals from qualified applicants, to determine the allocation of funds to finance qualified economic development projects within the recovery zone area.

Section 2: BACKGROUND

The Recover Facility Bonds (RZFB); the bond allocations are not cash, but rather the ability to issue debt up to the allocated amount. RZFBs are tax-exempt, private activity bonds that allow issuers with a letter of credit to finance private depreciable property that involves the construction of new facilities or modernization of existing facilities. RZFBs enable private borrowers to borrow less expensively than conventional means. The County's allocation of RZFBs is \$69,139,000. RZFBs may be issued to finance depreciable property on behalf of a private borrower on a tax-exempt basis, perhaps lowering the private borrower's cost significantly. RZFBs are like Industrial Development Bonds without either a manufacturing requirement or a small issue requirement. RZFBs may only be issued for projects located in a County-designated Recovery Zone. RZFBs must be issued prior to January 1, 2011.

AMERICAN RECOVERY AND REINVESTMENT ACT PROVISIONS

On February 17, 2009, the President signed into law the American Recovery and Reinvestment Act of 2009 (ARRA). As part of ARRA, new provisions were added to the Internal Revenue Code of 1986 allowing public agencies to designate Recovery Zones for the purpose of issuing public and private bonds. The recovery zone is any area within the jurisdiction's territory that has the following conditions: 1) significant poverty, unemployment, a high rate of home foreclosures or general distress; 2) economic distress as a result of a closed or realigned military installation pursuant to the Defense Base Closure and Realignment Act of 1990; 3) a designation of an empowerment zone or renewal community in effect as of the effective date of ARRA. Under ARRA, a new category of taxable bonds was created: *Recovery Zone Facility Bonds (RZFBs)*. In addition to the federally designated areas, a county or municipality may designate areas within their jurisdiction as Recovery Zones. The County of San Bernardino Board of Supervisors, by adoption of a resolution, designated the entire County as a "Recovery Zone" on October 27, 2009.

PURPOSE OF THE PROCESS

The Agencies expect to use a competitive process to award the County's RZFB allocation. Given the time frame in which the County is required by the State and federal government to use its allocation, it is essential that proposed projects are in a state of "readiness" that involve construction of new facilities or the economic modernization of existing facilities. The County seeks to stimulate economic development activity within the Recovery Zone. Refinancing of existing debt is not an eligible activity. More particularly, the County seeks to create new jobs, both in construction and operating activity related to the project assisted with bonds. Priority will be given to projects which create high-skill, higher-wage net new jobs. The County also seeks to promote economic activities that reduce impacts on the environment wherever possible.

Project Readiness. Projects are deemed ready if there are no major entitlement, permitting or other impediments to the timely construction or purchase of the facilities or equipment; and, if in the sole opinion of the County, proceeds of the bonds are expected to be drawn down in accordance with federal tax laws and guidelines.

New Construction or Modernization. As it is the goal of both ARRA and the County to stimulate economic activity, priority will be given to projects that involve either the construction of new facilities or the modernization and upgrading of existing facilities. In this way both construction and operating economic benefits are generated.

Job Creation. The County seeks the creation of net new higher-wage, high-skill jobs both in construction and on-going operation of the project. The application provides a table for applicants to show job types to be created and expected wages.

Stimulating Direct and Indirect Economic Activity. The County seeks projects creating additional economic activity and jobs through direct and indirect spending produced by the project. Applicants claiming these benefits should provide evidence documenting expected direct and indirect economic benefits of their proposed project.

"Green" Activities; Environmental Impact. Projects with demonstrated minimal environmental impacts or which mitigate expected impacts will be given higher priority. Projects including pollution prevention or reduction, cogeneration or renewable energy production will also be favored.

MINIMUM FINANCIAL REQUIREMENTS

Although the County will issue the bonds, they will be conduit revenue bonds, and the County will not be either lender or borrower. The County will not provide credit for

the borrowing. Instead, bonds will be issued on behalf of private for-profit borrowers, similar to Industrial Development Bonds. Although the County will not be the borrower, the bonds will bear its name, and the County therefore seeks high quality projects with creditworthy borrowers. Borrowers must obtain their own credit, as outlined below.

Borrowers must provide a commitment for the bond borrowing in one of two ways:

1. By securing credit enhancement for publicly-sold bonds that will cause the bonds to be rated not less than A by Standard and Poor's Corporation or A2 by Moodys' Investor's Service. A letter of credit from a rated commercial bank would be a way to supply such credit enhancement.
2. By arranging for the private placement of the bonds to a buyer that is an "Accredited Investor" or "Qualified Institutional Buyer" under federal securities law. Such a purchaser will sign a "sophisticated investor letter" prepared by the County's attorneys which will represent that they are one of the above, are able and qualified to purchase without an official statement (unless one is being prepared as part of the financing in the County's sole discretion), and that they can transfer the placement only in whole, and only to a purchaser able to sign a similar sophisticated investor letter. This requirement would "travel" throughout the life of the placement.

Section 3: SUBMITTAL REQUIREMENTS

All submissions shall include the following required items:

1. **One page cover letter** containing a brief narrative description of the proposed project and amount of funds being requested, signed by the potential borrower and dated.
2. A detailed **Proposal**
3. A completed **Application Form (See Attachment A)**
4. A application deposit fee of \$3,000

The County and RDA reserve the right to request any additional information or documents from proposer that maybe necessary to evaluate proposer's application.

All proposals shall be delivered unbound in an 8.5" x 11" format, delivered and emailed to:

County of San Bernardino Economic Development Agency and
County of San Bernardino Redevelopment Agency
215 North D Street, Suite 202
San Bernardino, CA 92415

Emailed to:

corda@rda.sbcounty.gov

Seven (7) copies of the proposal must be placed in a sealed envelope with a label clearly stating: "Recovery Zone Facility Bonds RFP".

Proposals must be received No Later Than 3:00 PM (PST), December 14, 2009. The Agencies are not responsible for late deliveries or other actions of the postal service or private carriers and will not consider proposals that arrive after the deadline. Faxed proposals will not be accepted. Hand carried proposals will be accepted at the above address. It is the responsibility of each firm to ensure its submittal is received in a timely manner. All proposals need to be emailed. In addition the Agencies will not be responsible for the costs of preparation of any proposals for any reason.

Section 4: EVALUATION PROCESS

The Agencies will review and evaluate all applications. Applications will be ranked and the \$69.139 million allocated among the highest ranked. Applications failing to meet the Threshold Requirements listed below will not be ranked. The County may allocate less than the amount requested by the applicant if there is insufficient allocation or if more applications are deemed worthy of allocation than the amount of allocation available. An applicant receiving less than the requested allocation would have to finance the balance of its project in another way (e.g. loan or taxable bonds). The County is not obligated to select any project under this RFP, and applicants are solely responsible for all costs in preparing and submitting an application. Receipt of an allocation does not commit the County to issuing bonds.

Applications will be considered if they meet the Threshold Requirements listed below. In meeting the Threshold Requirements, applications will be evaluated in the following order of priority :

<i>Threshold Requirements</i>	<i>Evaluation Standard</i>
Project Readiness	County, in its sole and reasonable expectation, believes that the project will be entitled in a timely manner and bond proceeds will be drawn in accordance with federal tax law and guidelines.
Lender/Credit Enhancement Commitment	Borrower has a lender or credit enhancement commitment as described in the Financial Requirements above.
Evaluation Criteria (by priority)	Evaluation Standard
1. Net New Job Creation	Borrower demonstrates that the project will

	stimulate net new job growth. Projects will be ranked based on the extent and quality of net impact (e.g., a project generating higher wage jobs will be ranked higher than a similar project generating lower wage jobs, new jobs created should highlight the permanent jobs, not just temporary construction jobs).
2. Net Economic Stimulus	Borrower demonstrates economic activity to be produced or possible spin-off multiplier effects from the project.
3. Net New Investment	Projects will receive preference based on the scale of the new investment in the plant and or facilities.
4. "Green Activities"	Borrower demonstrates use of "green" materials, improves energy efficiency, promotes or stimulates "green" businesses.
5. Location	Projects will receive preference based on location in a Redevelopment Project Area, Empowerment or Enterprise Zone.

County Fees. The following are costs applicable to pay for County staff time and expense:

Acceptance Deposit. Applicants accepting their allocation would sign an acceptance letter and pay a deposit fee to the County of \$25,000 within Fifteen [15] days of receiving notice of an allocation (the Application Deposit shall be a credit to the Acceptance Deposit). This deposit would be an advance against the County's expenses in issuing the bonds (staff costs, issuer counsel fees, bond counsel fees, financial advisory fees, etc.), and may be refundable (or partially refundable) if any funds are unused and no bonds are issued. The applicant (now the Borrower) will have until May 31, 2009 to complete the RZFB financing from the date the acceptance letter and deposit is received by the County. The County may waive or extend this completion date depending on State of California imposed deadlines for the issuance of RZFBs. The County may reallocate any unused allocation to other ranked applicants or initiate a new allocation process for unused or expired amounts.

Issuer Fee. The County as issuer of the bonds shall receive an issuer fee of one-eighth of one percent (0.125%) of the bond par amount at bond closing

and every year thereafter (in advance) through the term of the bonds as an administrative fee.

Transaction Professionals. The County will select and retain issuer counsel, consultants (if any), financial advisor, bond/disclosure counsel and trustee. The borrower will be responsible for paying all transaction costs. Estimated costs for the above and the County's issuer fee will be provided at the beginning of transaction. The Applicant's deposit will be an advance on these fees, and the Borrower will enter into a Deposit and Reimbursement Agreement with the County with respect to costs.

Bond Underwriter. If a public sale of bonds is executed, the Borrower and the County will consult about the selection of the bond underwriter. Any such selection must be consistent with County policy for the selection of underwriters for conduit bond financings and the County reserves the right to reject unacceptable underwriter selections.

Section 5: GENERAL REQUIREMENTS

A. Conflict of Interest

Proposers shall make all reasonable efforts to ensure that no County or CoRDA officer or employee, whose position in the County or CoRDA enables him/her to influence any award of an any competing offer, shall have any direct or indirect financial interest resulting from award of an agreement resulting from this RFQ/P process or shall have any relationship to the proposer or officer or employee of the proposer.

B. Improper Consideration

Proposer shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to, cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the County or CoRDA in an attempt to secure favorable treatment regarding this RFP process or the award of any resulting allocation.

The County or CoRDA, by written notice, may immediately terminate evaluation and the allocation process if either determines that any improper consideration as described in the preceding paragraph was officered to any officer, employee or agent of the County or CoRDA with respect to the RFP and award process. This prohibition shall apply to any amendment or extension once an allocation has been awarded. In the event of a termination under this section, the County or CoRDA is entitled to pursue any available legal remedies.

A proposer shall immediately report any attempt by a County or CoRDA officer, employee or agent to solicit (either directly or indirectly through an

intermediary) improper consideration from proposer. The report shall be made to the supervisor or manager charged with supervision of the employee or to the County of San Bernardino Administrative Officer.

C. Former County Officials

Provide information on former County of San Bernardino or CoRDA administrative officials (as defined below) who are employed by or represent your business. The information provided must include a list of former County administrative or CoRDA officials who terminated County or CoRDA employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information should also include the employment and/or representative capacity and the dates these individuals began employment with or representation of your business. For purposes of this Section, "county administrative officer" or "CoRDA official" is defined as a member of the Board of Supervisors or such officer's staff, County Administrative Officer or member of such officer's staff, county department or group head, assistant department or group head, director of redevelopment, or any employee in the Exempt Group, Management Unit or Safety Management Unit, CoRDA Director, manager, or program manager.

Failure to provide this information may result in the response to this RFQ being deemed non-responsive.

D. Inaccuracies or Misrepresentations

If in the course of the RFQ/P process or in the administration of any resulting contract, the County or CoRDA determine that the firm has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to either, the firm may be terminated from the RFP process or in the event an allocation has been awarded, the allocation may be immediately revoked.

In the event of a termination under this provision, CoRDA is entitled to pursue any available legal remedies.

E. Disclosure of Criminal and Civil Proceedings

CoRDA reserve the right to request the information described herein from the firm selected for contract award. Failure to provide the information may result in a disqualification from the selection process and no award of contract to the firm. The County and CoRDA also reserve the right to obtain the requested information by way of a background check performed by an investigative firm. The selected firm also may be requested to provide information to clarify initial responses. Negative information provided or discovered may result in disqualification from the selection process and no award of contract.

The selected firm may be asked to disclose whether the firm, or any of its partners, principals, members, associated or key employees (as that term is defined herein), within the last ten years, has been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense arising directly or indirectly from the conduct of the firm's business, or whether the firm, or any of its partners, principals, members, associated or key employees, has within the last ten years, been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense involving financial misconduct or fraud. If the response is affirmative, the firm will be asked to describe any indictments or charges (and the status thereof), convictions and the surrounding circumstances in detail.

In addition, the selected firm may be asked to disclose whether the firm, or any of its partners, principals, members, associates or key employees within the last ten years, has been the subject of legal proceedings as defined herein arising directly from the provision of services by the firm or those individuals. "Legal proceedings" means any civil action filed in a court of competent jurisdiction, or any matters filed by an administrative or regulatory body with jurisdiction over the firm or the individuals. If the response is affirmative, the firm will be asked to describe any such legal proceedings (and the status and disposition thereof), and the surrounding circumstances in detail.

For purposes of this provision "key employees" includes any individual providing direct service to the county. "Key employees" do not include clerical personnel providing service at the firm's offices or locations.

F. Disputes Relating to Proposal Process and Award

In the event a dispute arises concerning the proposal process prior to the award of the contract, the party wishing resolution of the dispute shall submit a request in writing to the Director of Purchasing. The proposer may appeal the recommended award or denial of award, provided the following stipulations are met:

1. Appeal must be in writing.
2. Must be submitted within ten (10) calendared days of the date of the recommended award or denial of award letters.

An appeal of a **denial of award** can only be brought on the following grounds:

- a. Failure of the County to follow the selection procedures and adhere to requirements specified in the RFP or any addenda or amendments.
- b. There has been a violation of conflict of interest as provided by California Government Code Section 87100 et seq.
- c. A violation of State or Federal law.

Appeals will not be accepted for any other reasons than those stated above.
All appeals must be sent to:

Laurie Rozko, Director
County of San Bernardino Purchasing Dept.
777 E. Rialto Avenue
San Bernardino, CA 92415-0760

Section 6: TENTATIVE SCHEDULE

The application process will follow the tentative schedule below:

<i>Schedule of Events</i>	<i>Date*</i>
Proposers' Conference	10:30am PST Wednesday, November 4, 2009
Deadline for Submission of Questions	4pm PST, Friday, November 13, 2009
Questions/Answers Posted to County Website	5pm PST, Monday, November 30, 2009
Deadline for Proposal Submission	3pm PST, Monday, December 14, 2009
County Review of Proposals	December 2009
Award of Projects	Friday, January 8, 2010
Deadline to Complete Financing or Lose Allocation	Monday, May 31, 2010
* Although the County intends to provide information on a timely basis, dates may be subject to change without advance notice in the County's sole discretion.	

The location of the Proposers' Conference will be:

County of San Bernardino Redevelopment Agency
215 North D Street, Suite 202
San Bernardino, CA 92415

Section 7: CONTACT INFORMATION

Questions regarding any aspect of this RFP must be submitted in writing via email no later than November 13, 2009, and directed to:

County of San Bernardino - Recovery Zone Facility Bonds RFP
corda@rda.sbcounty.gov



APPLICATION FORM RECOVERY ZONE FACILITY BOND (RZFB) PROGRAM

Application and exhibits should be in 8 ½ x 11 format, side bound.

A. INTERESTED PARTIES

1. APPLICANT.

Applicant Name:

Address:

City:

State:

ZIP Code:

Contact Name:

Telephone Number:

Email:

Thorough Description of the firm's business:

2. BORROWER INFORMATION (IF LEGAL ENTITY IS DIFFERENT FROM THE APPLICANT).

Proposed Borrower Name (if legal entity is different from the Applicant):

Describe legal organization and relationship to the Applicant:

Contact Name :

Telephone Number:

Email:

Indicate if the entity has been created and, if not, when and under what conditions it will be:

3. PROPOSED BORROWER'S COUNSEL.

Name of Firm:

Name of Attorney:

Address:

City:

State:

ZIP Code:

Phone:

Fax:

Email:

Describe experience with federal tax-exempt bond programs:

4. PROPOSED INVESTMENT BANKER/BOND UNDERWITER OR PRIVATE PLACEMENT LENDER (AS APPLICABLE).

Name of Firm:

Name of Contact Person:

Address:

City:

State:

ZIP Code:

Phone:

Fax:

Email:



APPLICATION FORM RECOVERY ZONE FACILITY BOND (RZFB) PROGRAM

Application and exhibits should be in 8 1/2 x 11 format, side bound.

Describe experience with conduit revenue bond structuring and placement.

Note: The County, in its sole discretion will choose and retain: 1) issuer's counsel, 2) financial advisor, and 3) bond/disclosure counsel. Borrower will pay for the services of these firms.

B. PROPOSED PROJECT

1. Project. Indicate the amount of the requested allocation. Provide a detailed description of the depreciable property proposed to be financed with RZFBs. Describe how the project fits into Applicant's business as described in Item A.1. above.

2. Describe the Site (provide and attach a map as Exhibit 1).

Address:

City:

State:

ZIP Code:

Current Zoning:

Current Use:

Status of Borrower site control and/or evidence of site control: Check the box that best describes the form of site control held at the time of application. Include a copy of the appropriate document as **Exhibit 2**.

<input type="checkbox"/> Deed or other proof of ownership	<input type="checkbox"/> Executed Option to Purchase	<input type="checkbox"/> Long-term Lease	<input type="checkbox"/> Other _____
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Does a direct or indirect identity of interest exist between the applicant and the seller of the property?

<input type="checkbox"/> Yes If yes, specify relationship: _____	<input type="checkbox"/> No
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3. Describe required federal, state (CEQA) and/or local environmental approvals. Indicate when these approvals were received or are expected to be received and approving agency. Describe any potential issues or delays in obtaining approvals.

The environmental factors checked below would be potentially affected by this project.

<input type="checkbox"/> Land Use and Planning <input type="checkbox"/> Population and Housing <input type="checkbox"/> Historic / Archaeological <input type="checkbox"/> Flood Plain <input type="checkbox"/> Hazards & Hazardous Materials <input type="checkbox"/> Water / Wetlands	<input type="checkbox"/> Biological Resources <input type="checkbox"/> Geologic Problems <input type="checkbox"/> Noise <input type="checkbox"/> Air Quality <input type="checkbox"/> Energy & Mineral Resources	<input type="checkbox"/> Public Services <input type="checkbox"/> Utilities & Service Systems <input type="checkbox"/> Transportation/Circulation <input type="checkbox"/> Cultural Resources <input type="checkbox"/> Recreation
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APPLICATION FORM RECOVERY ZONE FACILITY BOND (RZFB) PROGRAM

Application and exhibits should be in 8 ½ x 11 format, side bound.

4. Similar Projects Elsewhere. Provide information about similar projects operated by the Applicant elsewhere, if applicable.

C. PROPOSED FINANCING

1. Description. Describe the proposed financing including the use of RZFBs.

2. Sources and Uses of RZFBs and Proforma. Provide a detailed sources and uses table and a term proforma for the financing and the project (e.g., available revenues relative to expected debt service). How were project costs determined?

Provide and attach detailed sources and uses table and term proforma and explanation as **Exhibit 3**.

3. Credit. Describe how borrower will obtain credit to support the proposed financing. The County will not provide credit support for the borrowing. For publicly sold bonds, the County will require a minimum 'A' rating on the Bonds. For private placements, no breakup of the loan will be permitted and a traveling Qualified Investment Buyer (QIB) letter will be required.

4. Lender Letter of Interest (if applicable). Provide a letter of interest or a commitment from the lender for the project. Finalists for RZFB allocation will be required to provide a lender commitment in order to obtain allocation.

Provide and attach a Letter of Interest as **Exhibit 4** (if applicable).

5. Timing. Provide a financing timetable.

Provide and attach a financing timetable as **Exhibit 5**.

6. No Legal Impediment. Include a statement that identifies and describes any potential legal impediments (or not) to the financing as the Applicant may be aware.

Has the applicant's organization or partner/member received an unsatisfactory rating on a publicly funded project or been debarred for any period of time?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Has the applicant's organization or partner/member been involved in any lawsuits?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Are there any outstanding judgments against the applicant's organization or partner/member?	<input type="checkbox"/> Yes <input type="checkbox"/> No
Has the applicant's organization or partner/member been involved in mortgage default within the last 5 years on any federally or state funded project?	<input type="checkbox"/> Yes <input type="checkbox"/> No

If any of the above responses was answered "YES", provide a short explanation.



APPLICATION FORM RECOVERY ZONE FACILITY BOND (RZFB) PROGRAM

Application and exhibits should be in 8 ½ x 11 format, side bound.

D. PROJECT BENEFITS RELEVANT TO COUNTY POLICY GOALS

1. County Redevelopment Project Area, Enterprise or Empowerment Zone. Indicate if the Project is located in a County redevelopment project area, enterprise or empowerment zone.

- Yes
 No

2. Project Readiness. Explain the expected timing of the prospective Borrower to draw down on the proceeds of the borrowing. Explain the key impediments or contingencies to this timing including legal, environmental, financial or other applicable factors.

3. EMPLOYMENT AND JOB CREATION

Describe the number and type of net new direct jobs to be created by the Project: a). during construction, and b). permanently as a result of the Project operations:

For each class of net new jobs created, complete the following chart:

Job Generation Description	Construction	Permanent	
Numbers of Jobs			
Types of Jobs			
Salary Ranges			

4. Describe and quantify, if possible, any indirect economic benefits of the project, especially include any third party studies or analysis that support such claim.

5. "Green" Activities. Describe, if applicable, any "green benefits" of the Project, e.g., use of environmentally sustainable materials, production of energy efficient products, reduction in waste (especially toxic materials), pollution control or prevention, etc.

E. SIGNATURE OF AUTHORIZED OFFICIAL

By signing below, the applicant certifies that the information provided in this application and exhibits are true and complete.

Signed by:

Date:

Name (in print):

Title: