PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS

Agenda Item #: 5E-3

AGENDA ITEM SUMMARY

Meeting Date:	May 7, 2019	[] Consent [] Ordinance	[X] Regular [] Public Hearing		
Department:	Department of Housing and Economic Sustainability				

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to adopt: an Inducement Resolution of the Board of County Commissioners of Palm Beach County, Florida, declaring its official intent to allow E-Z Weld Group LLC (Company), reimbursement of capital expenditures from industrial development revenue bond proceeds, which shall not constitute a debt, liability, or obligation of Palm Beach County, Florida, or the State of Florida, or any political subdivision thereof.

Summary: Staff is requesting approval from the Board of County Commissioners for an Inducement Resolution to allow the Company to use bond proceeds to reimburse itself for out-of-pocket down payments made on machinery and equipment necessary for their product expansion. The Company is applying for the issuance of tax-exempt Private Activity Bonds, a form of industrial development revenue bonds, by Palm Beach County (the "Issuer") in an amount not to exceed \$3,500,000. Bond proceeds will be used to finance the acquisition of machinery and equipment to support the manufacturing of 5-gallon commercial buckets. The bucket manufacturing process will occur at the Company's existing, 45,000 s.f. facility located at 1661 President Barack Obama Highway, Riviera Beach, FL 33404. The Company will expand its existing joining materials manufacturing line (i.e., cements and glues used in commercial plumbing pipes) to include the manufacturing of 5-gallon buckets. With this expansion, the company will add 24 new jobs to its current base of 38 full time employees. Neither the taxing power nor the faith and credit of the County, nor any County funds, shall be pledged to pay the principal, premium, if any, or interest on the Bonds. District 7 (DB)

Background and Policy Issues: The issuance process of tax-exempt Private Activity Bonds begins with an Inducement Resolution. The Inducement Resolution is the first "official action" or evidence of the borrower's intent to seek the reimbursement of eligible expenses incurred by the company prior to the issuance of the Private Activity Bond. Treasury Regulation \$1.150-2(c)(1) requires the Issuer to adopt the Inducement Resolution to preserve the borrower's right to seek reimbursement for capital expenditures made prior to bond issuance.

Attachment(s):

1. Resolution

Recommended By	: Jonathan Brown Department Director	4 23 19 Date
Approved By:	Assistant County Administrator	<u>4/30/19</u> Date

II. FISCAL IMPACT ANALYSIS

Five Year Summary of Fiscal Impact: Α.

Fiscal Years	2019	2020	2021	2022	2023
Capital Expenditures					
Operating Costs	********				
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT					
# ADDITIONAL FTE POSITIONS (Cumulative) Is Item Included In Curren	t Budget?		Vac	No X	· · · · · · · · · · · · · · · · · · · ·
Does this Item include the	e use of Fed	leral funds?	Yes	No X	
Does this Item include the Budget Account No.:	e use of Fec				
Is Item Included In Curren Does this Item include the Budget Account No.: Fund Dept Ur B. Recommended Sou	e use of Fec	oject	Program Coo	le/Period	
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Does this Item include the Budget Account No.: Fund Dept Ur B. Recommended Sou No fiscal impact	e use of Fed nit Of nrces of Fur	oject	Program Coo r y of Fiscal I id, Division V	de/Period mpact:	

4/15/19 MB 25

19 Contract Development and Control 4/29/47

Legal Sufficiency: Β.

19

Assistant County Attorney

C. **Other Department Review:**

Department Director

RESOLUTION NO. R2019-__

17

AN INDUCEMENT RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, DECLARING ITS OFFICIAL INTENT TO ALLOW E-Z WELD GROUP LLC (COMPANY), REIMBURSEMENT OF CAPITAL EXPENDITURES FROM INDUSTRIAL DEVELOPMENT REVENUE BOND PROCEEDS, WHICH SHALL NOT CONSTITUTE A DEBT, LIABILITY, OR OBLIGATION OF PALM BEACH COUNTY, FLORIDA, OR THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF

BE IT RESOLVED by the Board of County Commissioners (the "Board") of Palm Beach County, Florida (the "Issuer") that:

SECTION 1. This Resolution is adopted pursuant to the Constitution of the State of Florida, Part II, Chapter 159, Florida Statutes, and other applicable provisions of law (collectively, the "Act").

SECTION 2. The Issuer hereby finds, determines and declares as follows:

A. E-Z Weld Group LLC., a Florida limited liability company (the "Borrower"), intends to request that the Issuer issue its Industrial Development Revenue Bond (E-Z Weld Group Project), Series 2019 (the "Series 2019 Bond"), under the Act in a principal amount not to exceed \$3,500,000, for the purpose of financing all or a portion of the cost of a capital project consisting of the acquisition and installation of certain manufacturing equipment and machinery at the Borrower's manufacturing facility located within Palm Beach County, Florida, to be owned and operated by the Borrower and to refinance existing debt on such manufacturing plant (the "Project"), and to fund certain costs of issuance related to the Series 2019 Bond.

B. The Borrower has indicated to Issuer that Borrower has made or anticipates that it will make expenditures of its own funds with respect to the Project which the Borrower reasonably expects to reimburse from the proceeds of the Series 2019 Bond (the "Expenditures").

C. The reasonably expected maximum principal amount of the Series 2019 Bond anticipated to be issued in order to finance the Project for which the Borrower has made or will be making Expenditures is \$3,500,000.

D. The Borrower has indicated to Issuer that the Expenditures will be either of a type properly chargeable to a capital account under general federal income tax principles (determined in each case as of the date of the Expenditure), or a cost of issuance with respect to the Series 2019 Bond.

E. Based upon the representations from Borrower, this resolution is being adopted no more than 60 days after the date that the Borrower has expended or will expend moneys for the portion of the costs of the Project to be reimbursed from proceeds of the Series 2019 Bond.

F. Based upon the representations from Borrower, the Issuer reasonably expects on the date hereof that the Expenditures will be reimbursed with the proceeds of the Series 2019 Bonds.

G. The Issuer hereby states its intention to allow for the reimbursement of Expenditures made by the Borrower prior to the issuance of the Series 2019 Bond with proceeds of the Series 2019 Bond upon issuance. This Resolution is adopted solely as official action of the Issuer in order to comply with Treasury Regulation § 1.150-2 and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of expenditures incurred prior to the date of issuance of Series 2019 Bond. This resolution is not a finding with respect to the Project nor an approval of the Series 2019 Bond, which, if such finding and approval were to occur, shall be at subsequent proceedings.

H. Upon issuance, the Series 2019 Bond, shall not constitute a debt, liability or obligation of the Issuer, the State of Florida, or any political subdivision thereof.

SECTION 3. This Resolution shall become effective immediately upon its passage and adoption by the Board.

The foregoing Resolution was offered by Commissioner	, who
moved its adoption. The motion was seconded by Commissioner	
and being put to a vote, the vote was as follows:	

Commissioner Mack Bernard, Mayor-Commissioner Dave Kerner, Vice Mayor-Commissioner Hal R. Valeche-Commissioner Gregg K. Weiss-Commissioner Robert S. Weinroth-Commissioner Mary Lou Berger-Commissioner Melissa McKinlay-

The Mayor thereupon declared the Resolution duly passed and adopted this _____ day of _____, 20____.

PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

ATTEST: SHARON R. BOCK CLERK & COMPTROLLER

By:

David Behar, Assistant County Attorney By: _____ Deputy Clerk

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