

CITY OF GARDEN GROVE
INTER-DEPARTMENT MEMORANDUM
Industrial Development Authority

To:	Matthew Fertal	From:	Chet Yoshizaki
Dept.:	Director	Dept.:	Economic Development
Subject:	INDUSTRIAL DEVELOPMENT AUTHORITY ANNUAL REPORT	Date:	December 11, 2007

OBJECTIVE

The purpose of this report is to provide the Garden Grove Industrial Development Authority (IDA) an update on the activities of the California Industrial Development Financing Advisory Commission (CIDFAC) for 2007.

BACKGROUND

In 1982, the City of Garden Grove formed the Industrial Development Authority. Under State guidelines, the IDA acts as the official local coordinating body for low-cost development bonds for industrial companies seeking expansion. The IDA's role is to assist industrial-related businesses by facilitating their requests for tax-exempt Industrial Development Bonds (IDB).

In the mid-1980s, the IDA assisted the efforts of three corporations. In 2000, the City Council, acting as the IDA, assisted C & D Aerospace under a new State industrial development bond issuance program. This was the first project by the IDA in recent years because of restrictions on IDB usage, and the greater ease of using conventional financing.

The IDA can assist the issuance of tax-exempt bonds provided that the company use the bond proceeds to:

- Foster job expansion or job development
- Fund manufacturing or energy related improvements
- Fund land or new equipment acquisition and building construction

Discussion

Although the IDA can call a special meeting promptly to facilitate IDB financing, the IDA must meet yearly as stated in its By-Laws. At the annual meeting the IDA reviews actions of the CIDFAC, which approves the issuance of IDB's and Empowerment Zone Bonds as a partner with local government, and the actions of

the California Debt and Investment Advisory Committee (CDIAC) which provides policy guidance and oversight with respect to public debt and investment activities.

In the time period between January 1, 2007 and July 30, 2007, there were \$81.2 million in Commercial and Industrial Development Bonds approved, with \$47.1 million in bonds issued. During the same time period there were 1,094 jobs created or retained through bonds being issued.

There were no changes to the bond guidelines during this reporting period. Staff will continue to facilitate the issuance of bond financing when appropriate for local business and industrial attraction or expansion.

FINANCIAL IMPACT

None. If another Garden Grove industrial company applied for IDB financing, the IDA would only act as an intermediary in the State bond process. Therefore, there is no financial impact to the City.

COMMUNITY VISION IMPLEMENTATION

- Focus on diversity through fostering small business development, retention and expansion.

RECOMMENDATION

It is recommended that the IDA receive and file this report.

CHET YOSHIZAKI
Economic Development Department

By: GREG BROWN
Senior Project Manager

Attachment 1 – CIDFAC Program Summary