R-0605-1991

RESOLUTION OF THE LAS VEGAS CITY COUNCIL TO APPROVE THE FINDINGS OF THE DIRECTOR OF THE DEPARTMENT OF COMMERCE RELATING TO THE ISSUANCE OF INDUSTRIAL DEVELOPMENT REVENUE BONDS FOR KLOEHN COMPANY, INC.

WHEREAS, pursuant to Nevada Revised Statutes Sections 349.400 through 349.670, Kloehn Company, Inc. has requested the Director of the State of Nevada Department of Commerce (the "Director") to issue industrial development revenue bonds in the amount of up to $3,955,000.00 to assist the financing of the acquisition, improving and equipping of a precision instruments manufacturing facility (the "Project") located on Cathedral Rock Drive in the Las Vegas Technology Center in Las Vegas, Nevada; and

WHEREAS, pursuant to Nevada Revised Statutes Sections 349.580(2) and 349.590, the Director has on May 16, 1991, issued certain findings and supplemental findings concerning the project (the "Findings").

NOW, THEREFORE, BE IT RESOLVED by the Las Vegas City Council as follows:

1. The Findings of the Director relating to the Project, which are attached hereto as Exhibit A and incorporated by reference, are hereby approved.

2. This Resolution shall take effect immediately upon its passage.

Adopted this 5th day of June, 1991, by the following vote:

AYES: Councilmen Adamsen, Higginson, Nolen and Mayor Lurie

NAYS: None

ABSENT: (Ward 1 Vacant)

APPROVED this 5th day of June, 1991.

Mayor

ATTEST:

Kathleen M. Tighe

City Clerk

(SEAL)

rfj\kloehn\resol1

067670

FINDINGS OF THE DIRECTOR OF THE NEVADA DEPARTMENT OF COMMERCE RELATING TO THE KLOEHN COMPANY, INC. PROJECT IN THE CITY OF LAS VEGAS, NEVADA

WHEREAS, Kloehn Company, Inc., a Nevada corporation (the "Obligor") has applied to the Director of the Department of Commerce of the State of Nevada (the "Director") for financial assistance in acquiring, improving and equipping a precision instruments manufacturing facility and equipment appurtenant thereto to be located on Cathedral Rock Drive in the Las Vegas Technology Center in Las Vegas, Nevada (the "Project") pursuant to Nevada Revised Statutes 349.400 to 349.670 (the "Act"); and

WHEREAS, the Obligor has prepared and submitted to the Director certain information related to the Project and the Director has reviewed such information and has otherwise investigated the facts concerning the Project so as to enable him to make the following findings in accordance with the Act;

NOW, THEREFORE, the Director hereby finds that:

1. The Project will be owned by Garth and Judith Kloehn and will be leased to Kloehn Company, Inc., a newly formed Nevada corporation. The Project consists of land and improvements including all real and personal property necessary in connection therewith but excluding inventories, raw materials and working capital suitable for constructing and improving a manufacturing enterprise consisting of a fifty thousand square foot industrial building in which precision instruments for measuring, displaying, transmitting and controlling microvolumes of liquids and gases will be manufactured. The shareholders of the Obligor, Garth and Judith Kloehn, husband and wife, will acquire the land and will purchase, construct and install the building and equipment required for the Obligor's operations at the Project site.

2. The Project will provide a public benefit by furthering the objectives of the City of Las Vegas in adding a high technology manufacturing facility to the occupants of the City's high tech industrial park. The Project will also have the public benefits of strengthening and diversifying the economic base of the area and of adding trained individuals to the local work force.

3. As evidenced by the letter enclosed herewith of Howarth and Associates, the financial advisor to the Director's IDRB program, the Obligor has sufficient financial resources to place the Project in operation, to continue its operation, and to meet the obligations of the financing arrangements.

4. There are sufficient safeguards to assure that all money provided by the Department of Commerce will be expended solely for the purpose of the Project; including provisions in the documents authorizing the bonds that will specify the manner in which disbursements of bond proceeds will be made by the bond indenture trustee.

5. There are existing and projected needs for the Project and it will alleviate a shortage of such facilities in southern Nevada. The Obligor will be the only manufacturer of such precision instruments in southern Nevada when this Project is completed. The Project will help to diversify the economic base of the area.

6. The Project is located in an area zoned for such use and in which other manufacturing and industrial facilities are located. The Project will therefore be compatible with existing facilities in the area adjacent to the location of the Project.

7. The Project will aid in the diversification and development of the economy of the State of Nevada in accordance with the Nevada State Plan for Economic Diversification and Development (the "Plan"). Section 3B of the Plan calls for the encouragement of IDRB applicants from other states to bring capital with them. The Obligor currently is attempting to arrange to import the capital needed through a public offering of these bonds. Section 3C calls for the expansion of international trade and export by businesses in Nevada. The market for both the Obligor's products and its consulting services is international. The Obligor is one of only four companies in the world to manufacture the unique high precision instruments that comprise the Obligor's product line. Section 3G addresses the effort to support small businesses. This IDRB will support the Obligor, a developing small business.

8. Obligor's counsel has confirmed in writing that the Project has or will receive all approvals by local, state and federal governments necessary to proceed with the acquisition and improvement of the building and the installation of equipment necessary for the Project.

9. There has been a request by the Obligor, pursuant to an application filed in March of 1991, to have the Director issue industrial development revenue bonds sufficient to finance the Project described in Finding No. 1.

The Director hereby requests, pursuant to Nevada Revised Statutes 349.580(2), that the State Board of Finance and the Las Vegas City Council approve the foregoing findings.

Dated: May 16, 1991

DIRECTOR OF THE STATE OF NEVADA
DEPARTMENT OF COMMERCE

By: Jolene B Rose
Jolene B. Rose, Deputy Director

rfj\kloehn\findings

SUPPLEMENTAL FINDINGS OF THE DIRECTOR OF THE NEVADA DEPARTMENT OF COMMERCE RELATING TO THE KLOEHN COMPANY, INC. PROJECT IN THE CITY OF LAS VEGAS, NEVADA

The undersigned, Director of the State of Nevada Department of Commerce (the "Director"), pursuant to Nevada Revised Statutes 349.400 to 349.670, has examined and considered reports, records and other information supplied by Kloehn Company, Inc., a Nevada corporation (the "Obligor"), and Howarth and Associates, the financial advisor to the Director's IDRB program, in connection with the submission to the Director of an application for financial assistance (enclosed herewith) in acquiring, improving and equipping a precision instruments manufacturing facility and equipment appurtenant thereto located on Cathedral Rock Drive in the Las Vegas Technology Center in Las Vegas, Nevada (the "Project") by the Obligor. Based on such reports, records and other information, the Director does hereby make the following findings and determinations pursuant to Nevada Revised Statute 349.590:

1. The Director has determined and requests that the State Board of Finance determine that the amount of money necessary to be provided by the Director for financing the Project shall not exceed $3,955,000.00.

2. The Director has received and considered a five-year operating history from the Obligor which history is also enclosed herewith.

3. The Obligor has not received and does not have in effect a rating within one of the top four rating categories of either Moody's Investors Service or Standard and Poor's Corporation. However, either a letter of credit issued by a bank with such a rating will be issued so that these bonds can be sold in a public offering at an advantageous interest rate or these bonds will be privately placed with a financial institution which will have an opportunity to become familiar with the business affairs and creditworthiness of the Obligor, and will confirm in writing its intent to purchase these bonds for its own account and not with a view toward sale or further distribution of the bonds.

4. On May 16, 1991, the Director held a public hearing after publishing notice of the hearing and mailing a copy of the notice to other manufacturers of similar products in Clark County, Nevada. A complete report of the results of that hearing is presented with these Supplemental Findings including, in particular, that no person objected to the financing or expressed a concern regarding the competitive impact of the Project.

5. The Director has considered the extent to which the Project is affected by any federal, state or local governmental action, activity, program or development. Based on the information known to the Director at this time, the Project will not be adversely affected by any federal, state or local government action, activity, program or development.

6. The Obligor has not previously conducted business in the State of Nevada.

Dated: May 16, 1991

DIRECTOR OF THE STATE OF NEVADA
DEPARTMENT OF COMMERCE

By: Jolene B Rose

Jolene B. Rose, Deputy Director

rfj\kloehn\supfndgs

STATE OF NEVADA
DEPARTMENT OF COMMERCE
OFFICE OF THE DIRECTOR
1665 Hot Springs Road
Carson City, Nevada 89710
(702) 687-4250
Fax (702) 687-4266

LARRY D. STRUVE
Director

JOLENE B. ROSE
Deputy Director

BOB MILLER
Governor

MINUTES OF THE PUBLIC HEARING
ON PROPOSED
INDUSTRIAL DEVELOPMENT REVENUE BONDS FOR
KLOEHN COMPANY, INC.
MAY 16, 1991

On May 16, 1991, the undersigned, pursuant to an Order attached herewith, acting as the authorized representative of the Director of the Department of Commerce, Larry D. Struve, convened a public hearing at 11:00 A.M. in the Conference Room of the law firm of Jones, Jones, Close & Brown, 300 South 4th Street, Las Vegas, Nevada, pursuant to the "Notice of Public Hearing", attached hereto. The purpose of the hearing was to receive public testimony with respect to the issuance of a proposed industrial development revenue bond in an amount not to exceed $3,955,000 for the purpose of assisting in the financing of the acquisition, improving, and equipping of a precision instruments manufacturing facility for Kloehn, Company, Inc., to be located on Cathedral Rock Drive in the Las Vegas Technology Center in Las Vegas, Nevada.

Kloehn Company, Inc. plans to construct an approximately 50,000 square foot building on a 6.3 acre parcel.

Those present at the hearing included the following:

1. Jolene Rose, Deputy Director, Department of Commerce
2. Richard Jost, Bond Counsel, Jones, Jones, Close & Brown
3. Tony Gordon, Bond Counsel, Jones, Jones, Close & Brown
4. John Chrissinger, Financial Advisor, C-H Capital, Inc.
5. Orlando Sanchez, Department of Economic & Urban Development, City of Las Vegas
6. Garth Kloehn, President, Kloehn Company
7. Martin Johnson, Howarth & Associates
8. Frederick R. Schumacher, Esq., Counsel for Kloehn Company
9. Ted Howard, C-H Capital, Inc.

Deputy Director Jolene Rose advised that notice of the hearing had been published in the Las Vegas Review Journal on April 24, 1991, and notices had been posted in four public places in Las Vegas. Affidavits of publication and posting have been placed in the file.

Mr. Garth Kloehn, President of Kloehn Company, Inc. presented to the undersigned a TEFRA hearing statement dated May 16, 1991, which is attached hereto and incorporated by reference. The statement describes the project, benefits to the community, effects on other businesses, and the background of Kloehn Company, Inc.

Orlando Sanchez, Development Officer for the City of Las Vegas, submitted a letter signed by Thomas McPherson, Deputy City Manager of the City of Las Vegas, stating their support and endorsement of the project.

No one spoke in opposition to the project.

The undersigned indicated that, based on the hearing, she would sign the Findings and submit same to the Las Vegas City Council and Nevada State Board of Finance.

The public hearing was adjourned at 11:05 A.M.

Respectfully submitted,

Jolene B Rose

JOLENE B. ROSE, Deputy Director

JBR:ab

STATE OF NEVADA
DEPARTMENT OF COMMERCE
DIRECTOR'S OFFICE

IN THE MATTER OF THE APPLICATION PERTAINING TO ISSUANCE OF DIRECTOR OF DEPARTMENT OF COMMERCE INDUSTRIAL DEVELOPMENT REVENUE BOND (KLOEHN COMPANY)/	ORDER DESIGNATING JOLENE B. ROSE DEPUTY DIRECTOR OF COMMERCE, TO CONDUCT PUBLIC HEARING PURSUANT TO SECTION 147(f) OF IRS OF 1986

WHEREAS the Director plans to issue the above-referenced Bond within the period of September to December, 1991, pursuant to NRS 349.400 et seq; and

WHEREAS the Director of Commerce will not be available to conduct the public hearing, as required by Section 147(f) of the IRS Code of 1986 at the scheduled date on May 16, 1991;

WHEREAS Nevada Revised Statutes authorize the Director of Commerce to designate any person within the Department to perform his duties in connection with any project or the issuance of bonds in accordance with the authority contained in NRS 349.400 to 349.560, inclusive.

NOW, THEREFORE, PURSUANT TO THE AUTHORITY OF NRS 349.440, IT IS HEREBY ORDERED THAT JOLENE B. ROSE, DEPUTY DIRECTOR OF THE

DEPARTMENT OF COMMERCE, is hereby designated as the hearing officer to conduct the public hearing on May 16, 1991 in connection with the issuance of the Bonds for the above-referenced project, pursuant to the authority vested in the undersigned by the Governor of the State of Nevada on April 25, 1989.

DONE this 15th day of May, 1991 in Carson City, Nevada.

Larry D. Struve

LARRY D. STRUVE
Director

NOTICE OF PUBLIC HEARING

Notice is hereby given that a public hearing will be held on Thursday, May 16, 1991, at 11:00 a.m. before the Director of the State of Nevada Department of Commerce with respect to the proposed issuance by the Director of industrial development revenue bonds in an amount not to exceed $3,955,000.00 for the purpose of assisting in the financing of the acquisition, improving and equipping of a precision instruments manufacturing facility for Kloehn Company, Inc., to be located on Cathedral Rock Drive in the Las Vegas Technology Center in Las Vegas, Nevada.

The hearing will be held at 300 South Fourth St., Suite 600, Las Vegas, Nevada. Interested persons wishing to express their views on the issuance of such bonds or on the nature and location of the facility proposed to be financed will be given an opportunity to do so at the public hearing or may, prior to the time of the hearing, submit written comments to the office of Director, Department of Commerce, 1665 Hot Springs Road, Carson City, Nevada 89710. This hearing is being held in compliance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

DATED: April 23, 1991

DIRECTOR, STATE OF NEVADA
DEPARTMENT OF COMMERCE
Jolene Rose
Jolene B. Rose, Deputy Director

rfj\kloehn\notice

AFFIDAVIT OF PUBLICATION

PASTE CLIPPING HERE

NOTICE OF PUBLIC HEARING

Notice is hereby given that a public hearing will be held on Thursday, May 16, 1991, at 11:00 a.m. before the Director of the State of Nevada Department of Commerce with respect to the proposed issuance by the Director of industrial development revenue bonds in an amount not to exceed $3,955,000.00 for the purpose of assisting in the financing of the acquisition, improving and equipping of a precision instruments manufacturing facility for Kloehn Company, Inc., to be located on Cathedral Rock Drive in the Las Vegas Technology Center in Las Vegas, Nevada.

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DATED: April 23, 1991
DIRECTOR, STATE OF NEVADA
DEPARTMENT OF COMMERCE
Jolene B. Rose, Deputy Director
PUB: April 24, 1991
Las Vegas Review-Journal

STATE OF NEVADA)
COUNTY OF CLARK) SS:

CHRISTY A. FERGUSON, being first duly sworn, deposes and says:

That she/he is a legal clerk for the LAS VEGAS REVIEW-JOURNAL and THE LAS VEGAS SUN, daily newspapers regularly issued, published and circulated in the City of Las Vegas, County of Clark, State of Nevada, and that the advertisement, a true copy of which is attached, was continuously published in the LAS VEGAS REVIEW-JOURNAL or THE LAS VEGAS SUN for a period of ONE insertions from the period of APRIL 24, 1991 to APRIL 24, 1991, on the following days:

APRIL 24, 1991

Signed: Christy A Ferguson

Subscribed and sworn to before me this 24th day of April, 1991

Maria C. Therien
Notary Public

MARIA C. THERIEN
Notary [illegible] Nevada
CLARK COUNTY
[illegible] May 11, [illegible]

KLOEHN COMPANY
TEFRA HEARING STATEMENT
May 16, 1991

Historical Background of Kloehn Company

Kloehn Company, Inc. (the Company) was incorporated in 1971 as a California corporation. Garth A. Kloehn and Judith A. Kloehn, husband and wife, own 100 percent of the Company's stock.

The Company currently occupies a light industrial building located in Brea California. It will be relocating all of its operations to the City of Las Vegas where it plans to construct a 50,000 sq. ft. industrial building on a 6.3 acre parcel. The facility will house the Company's manufacturing and corporate headquarter operations. When the Las Vegas facility is ready for occupancy, the California corporation will be merged into a newly formed Nevada corporation, using the same name. The Nevada corporation will be the sole lessee for the new facility, which will be owned by the Kloehns.

The Kloehn Company manufactures precision instruments for measuring, displaying, transmitting, and controlling micro-volumes of liquids and gases (which are nontoxic). These instruments can be operated manually, mechanically, pneumatically, or electrically and are used to process liquid and gas samples ranging in volume from 5 UL to 100 ML in an accurate and continuous manner.

The Company's products include microsyringes for chromatography, microvalves, probes, needles (not for injection into humans or animals), and fluidic pumps. The manufacturing is accomplished through the use of CNC machines, lathes, mills, grinders, and other machining tools. The tolerances held on the manufacture of the majority of the products is less than the thickness of a human hair. Materials that are used on the machining processes range from various grades of stainless steel, brass teflon and other specialized polymers used in contacting fluids.

Lathes and grinders are the primary machines used in the manufacture of glass syringes. The balance of the manufacturing is in the form of assembly. Assembly is performed on almost every piece that leaves the factory, from high precision microsyringes and valves to the assembly and quality control of fluidic pumps.

Kloehn Company continues to grow in all aspects of its product line. In 1989 its sales grew by 34% to 3.2 million and by an additional 35% in 1990 to $4.25 million. Including existing and new product lines, the Company's 1991 sales are expected to top $7 million.

Purpose of the Proposed Project

Kloehn Company is one of four companies world-wide which manufacture these unique and highly precisioned instruments. Also, it is one of only two companies in the world which manufacture both a pumping device and a broad variety of inter-changeable pumps which are utilized in performing diagnostic tests in the field of health sciences, analytical chemistry, research, forensic sciences, and other related disciplines.

The Company's ability to maintain a rapid growth rate and to obtain a greater market share have depended upon an aggressive marketing campaign to attract customers, installation of new systems and technology, and emphasis on research and development to develop new products and improve production techniques.

In addition, the Company needs to modernize its manufacturing and distribution facilities to compete more effectively. Its new Las Vegas facilities will enable it to achieve greater efficiency and lower unit cost of operation.

Benefits of the Project to the Community

The Company will be investing almost $4 million and building a modern manufacturing facility. Since no other operation of this type currently exists in the region, the project will enhance Nevada's economic diversification. The Company expects to achieve annual sales in excess of $9 million by fiscal year 1993 and the creation of approximately 125 jobs in direct employment, and as many as 250 jobs indirectly, within two years of the project's completion. These jobs will be in the fields of engineering, R & D, accounting clerical, assembly, machinists, quality control, shipping, marketing and executives.

Potential Effects on Other Businesses

The location of Kloehn Company in Las Vegas is not expected to have any adverse effect on any other business located in the region and state. To the best of its knowledge, the Company is unaware of any existing manufacturer in the county that has operations or products of this type.

KLOEHN Co, INC.
Keith Kloehn, President

CITY of LAS VEGAS

May 15, 1991

Mr. Larry D. Struve, Director
Department of Commerce
State of Nevada
321 Nye Building
201 South Fall Street
Carson City, NV 89710

Dear Mr. Struve:

In reference to the memorandum of L. H. Dodgion of April 29, 1991, Administrator for the Division of Environmental Protection, concerning Kloehn Company's IDB application, the City has been working closely with Kloehn over the past few months to facilitate their relocation from southern California to the Las Vegas Technology Center.

Kloehn is a model company which complements the City's economic growth diversification efforts. Consequently, the City has negotiated an agreement to sell Kloehn 6.3 acres of land in the Las Vegas Technology Center to accommodate their move and expansion.

Addressing Mr. Dodgion's concerns regarding hazardous materials, hazardous waste and the potential generation of toxic emissions into the air and water, please find attached letters from both the City of Las Vegas Fire Department and the Clark County Health District stating that Kloehn will not create a negative impact on existing fire services or generate any toxic emissions into the air or water. The project will also be in compliance with existing zoning ordinances.

The City of Las Vegas looks forward to Kloehn's expansion into the Technology Center and considers the company an asset to our community.

Sincerely,

Thomas E. McPherson

Thomas E. McPherson
Deputy City Manager

TM:OS:cl
Enclosures
3:LDS

400 E. STEWART AVENUE • LAS VEGAS, NEVADA 89101 • (702) 386-6011

PETER G. MORROS
Director

Administration (702) 687-4670
Air Quality 687-5065
Mining Regulation and Reclamation 687-4670
Waste Management 687-5872

STATE OF NEVADA
BOB MILLER
Governor

L. H. DODGION
Administrator

Wastewater Treatment Services 687-5870
Water Permits and Compliance 687-4670
Water Quality Planning 687-4670
FAX 885-0868

Faxed 4-30-91

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

DIVISION OF ENVIRONMENTAL PROTECTION

123 W. Nye Lane
Carson City, Nevada 89710

April 29, 1991

M E M O R A N D U M

TO: Jolene Rose
Department of Commerce

FROM: L. H. Dodgion, Administrator
Division of Environmental Protection

SUBJECT: IDB Application - Kloehn Company

The Division of Environmental Protection has reviewed the subject IDB application and has no objection to the issuance of the inducement resolution.

However, because this facility will be handling hazardous materials, generating hazardous waste and has the potential to generate toxic air or water emissions, the applicant must comply with the recommendations of the Henderson Commission Report before the Division can recommend the issuance of the bond. According to this report, such businesses must provide local governments with an impact statement prior to any construction which contains an analysis of how existing fire protection services within a community would be affected in the event of an emergency.

In addition, the report recommends that hazardous businesses be located at safe distances from residential areas. It is my understanding that the Apex facility was established in Clark County to handle businesses such as this. Jeff Harris, of the Clark County Comprehensive Planning Office, must be notified to insure that all siting issues have been resolved.

Finally, the applicant should be aware that the wastes generated by this facility may not be discharged to a storm sewer as proposed. Plans for any type of disposal other than discharge to the Las Vegas sewerage system must be approved by the Division. A hazardous waste treatment permit may be required to treat cooling process wastes before disposal.

LHD/CC:mlw

(O)-3866

CLARK COUNTY HEALTH DISTRICT
P.O. BOX 4426 • 625 SHADOW LANE • LAS VEGAS, NEVADA 89127 • 702-385-1291 • FAX 702-384-5342

April 29, 1991

Mr. Orlando Sanchez
Dept. of Economic & Urban Development
City of Las Vegas, City Hall
400 E. Stewart
Las Vegas, NV 89101

Subject: Kloehn Company, Inc.

Dear Mr. Sanchez:

Based on the two pages of information we received from you regarding the maximum usage of solvents and the common denominators of the manufacturing process, please advise the above subject company that no application of an authority to construct a stationary source of air contaminants is presently required.

After the company commences production activities at its normal capacity, we would like to have an opportunity to see the operation for the purpose of reviewing the status of emissions and update of the manufacturing process.

Thank you for working with us.

Sincerely,

CLARK COUNTY HEALTH DISTRICT

David C. Lee

David C. Lee
Engineer
Air Pollution Control Division

DCL/vm

ws/sanchez.ltr

CITY OF LAS VEGAS

INTER-OFFICE MEMORANDUM

Date:

May 13, 1991

TO:	FROM:
Mr. Orlando Sanchez Economic Development Division	Richard T. Lazenby Deputy Fire Marshal DEPARTMENT OF FIRE SERVICES
SUBJECT:	COPIES TO:
KLOEHN Company, Inc.	Chief Judd

Based on the information received on the manufacturing processes and the quantities of hazardous materials used during the process for the above subject company, it is my opinion that the facility will not create a negative impact on existing fire services for the City of Las Vegas. My opinion is predicated upon compliance with all local codes and ordinances at the time of construction, as well as continual compliance thereafter.

RL:blf

LEWIS, D'AMATO, BRISBOIS & BISGAARD

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

LAWYERS

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980 EAST TAHQUITZ WAY
PALM SPRINGS, CALIFORNIA 92262
TELEPHONE (619) 325-3401

FREDERICK R. SCHUMACHER
OF COUNSEL
DIRECT DIAL (714) 668-5592

May 13, 1991

Mr. Larry D. Struve, Director
Department of Commerce
State of Nevada
1665 Hot Springs Road
Carson City, NV 89710

Re: Kloehn Company Industrial Development Bond for land, manufacturing facilities and equipment

Dear Mr. Struve:

Please be advised that this firm represents the Kloehn Company project in the State of Nevada and is currently representing the Company in California.

With respect to the industrial development bonds sought for the above referenced project in Nevada, we have been requested to provide to your office an opinion letter. We believe, based on conversations with the companies' principals and other advisers, that the above project has received, or will receive, from the local, state, and federal authorities, all approvals for the project which may be necessary to proceed with the construction and operation of the project.

In the event any additional information is required, or should you have questions in regard hereto, please call.

Thank you for your cooperation.

Sincerely,

Frederick R. Schumacher, Esq.

FRS/cjc

L:\FRS\LKLOE30E.CS9

Enclosed is a duplicate original copy of the inducement certificate. When executed, please return one signed original of the inducement certificate to me for use in the closing transcript.

Sincerely yours,

JONES, JONES, CLOSE
& BROWN, CHARTERED

Rich

RICHARD F. JOST

Enclosures as stated.
C: Paul R. Howarth, Howarth and Associates w/encs.
John E. Chrissinger, C H Capital, Inc. w/encs.
rfj\kloehn\jrose1.ltr 177.103

LAW OFFICES
JONES, JONES, CLOSE & BROWN
CHARTERED
A PROFESSIONAL CORPORATION
SEVENTH FLOOR - VALLEY BANK PLAZA
300 SOUTH FOURTH STREET
LAS VEGAS, NEVADA 89101-6026

CLIFFORD A. JONES
HERBERT M. JONES
MELVIN D. CLOSE, JR
JOSEPH W. BROWN
GARY R. GOODHEART
MICHAEL E. BUCKLEY
WILL KEMP
KIRK R. HARRISON
DOUGLAS G. CROSBY
RICHARD F. JOST
J. RANDALL JONES
CHARLES H. McCREA, SR.
JANET L. CHUBB

DOUGLAS M. COHEN
WILLIAM L. COULTHARD
PATRICIA J. CURTIS
DEREK C. ENCE
JAMES W. ERBECK
JOHN W. FIELD
GARY T. FOREMASTER
ANTHONY C. GORDON
JAMES D. GREENE
RICHARD F. HOLLEY
DAVID G. JOHNSON
JOHN E. LEACH
PAUL A. LEMCKE
KIRK B. LENHARD
MARK D. LERNER
RENEE R. REUTHER
STEPHEN M. RICE
MARY KAY SINICKI
NIK SKRINJARIC
JANE A. STECKBECK
KEVIN R. STOLWORTHY

TELEPHONE
(702) 385-4202
TELECOPIER
(702) 384-2276
(702) 383-0086
OF COUNSEL
LYLE RIVERA

April 10, 1991

RECEIVED
APR 1 1991

Jolene B. Rose, Deputy Director
Department of Commerce
1665 Hot Springs Road
Carson City, Nevada 89710

Re: Department of Commerce IDRB Application of Kloehn Company

Dear Jolene:

We have reviewed the application and financial materials submitted by this applicant and have preliminarily concluded that this project is financeable under N.R.S. Chapter 349. The final determination will be made when we have obtained sufficient evidence to support the necessary findings of the director.

In anticipation of favorable recommendations from the Department's financial advisor and the Department's environmental clearinghouse review, I have prepared and enclose an inducement certificate and a letter agreement for your use in connection with this project.

At the earliest convenient time, we should meet with the applicant and with a representative of the Bond Purchaser or the credit enhancer to confirm the proposed method of marketing the bonds and also the information necessary to support the findings required by Nevada law.

Please advise when the letter agreement has been returned from the obligor and we will proceed to assist you in developing your findings, supplemental materials and other financing documents.

RENO OFFICE 1 EAST LIBERTY, SUITE 614 · RENO, NEVADA 89501-2110
TELEPHONE (702) 348-0880 TELECOPIER (702) 348-0886

Howarth and Associates

Government Finance Specialists

April 19, 1991

Ms. Jolene Rose
Deputy Director
State Of Nevada
Department of Commerce
1665 Hot Springs Rd.
Carson City, NV 89710

RE: IDB APPLICATION FOR $3,955,000 KLOEHN COMPANY, INC.

Dear Jolene:

As financial advisor to the Nevada Department of Commerce, we have reviewed the application for an Industrial Development Bond by Kloehn Company ("Kloehn"), Costa Mesa, California. It has not yet been determined if the bonds will be backed by a letter of credit privately place or both.

Based upon a review of the Application and financial statements, our findings include the following:

The project appears to conform to the objectives of the State plan for Economic Diversification and Development. Specifically, the issuance of the IDB will attract a company that will contribute to Nevada's plan for economic diversification.

Kloehn, a manufacturing company, seeks financing of $3,955,000. The total cost of the project is estimated to be $5,479,000.

The project to be financed is the purchase and equipping of a new facility in the Las Vegas Technology Center. The company is not aware of any significant competition in the County but will compete with the Hamilton Company in Reno. The company estimates that one hundred (100) new jobs will be created during the first year and 125 the year after.

We have briefly reviewed the financial statements of Kloehn from 1986 to 1990. We have also reviewed projections based on the operation. Based on information provided, it appears the company has sufficient financial resources to repay the bonds. We would assume that the credit enhancing institution will review the financial statements and pro forma statements which illustrate an ability to repay the bonds. We would like to be kept informed about the loan security details.

Based upon the information which has been provided, we recommend that you take action to have an inducement certificate signed so that the company can begin to identify costs eligible to be financed on a tax-exempt basis, contingent upon receiving credit enhancement. We further recommend that the credit enhancement be verified prior to issuing the bonds. In the meantime, we will continue to review documentation as it becomes available. Please understand that the inducement certificate is not a final approval of the IDB. The tax code requires the inducement certificate to identify a date after which eligible costs can be financed by tax-exempt IDB's.

If you have any questions please call.

Respectfully,

Martin R. Johnson
Associate Vice President

MRJ/bd

cc: Richard Jost - Jones, Jones, Close & Brown, Chartered
John Chrissinger - CH Capital, Inc.
Paul R. Howarth

CERTIFICATE OF THE DIRECTOR OF THE STATE OF NEVADA DEPARTMENT OF COMMERCE PROVIDING FOR THE FINANCING OF A MANUFACTURING FACILITY IN THE CITY OF LAS VEGAS, NEVADA

WHEREAS, Kloehn Company, Inc., a Nevada corporation (herein called the "Obligor") has submitted an application to the Director of the State of Nevada Department of Commerce (herein called the "Director") for the issuance of industrial development revenue bonds (herein called the "Bonds") to provide for the financing of the acquisition, improving and equipping of a precision instruments manufacturing facility to be located on Cathedral Rock Drive in the Las Vegas Technology Center in Las Vegas, Nevada (herein called the "Project"); and

WHEREAS, the Director has full legal right, power and authority under the Nevada Revised Statutes, including Sections 349.400 through 349.670 thereof (herein called the "Act"), to issue Bonds to finance the Project; and

WHEREAS, the Obligor now requires evidence of a present intent on the part of the Director to issue such Bonds for such purposes;

NOW, THEREFORE, the Director hereby certifies as follows:

1. It is the present intent of the Director to issue Bonds in an amount not to exceed $3,955,000.00 to provide financing for the Project.

2. The Bonds shall be issued subject to the conditions that (i) the Director adopts, and the State Board of Finance and the Las Vegas City Council approve, findings of the Director that may be required under the Act, (ii) the Director by appropriate official action agrees to acceptable terms and conditions for the Bonds (and for the sale and delivery thereof) and to all other documents and agreements to be executed by the Director in connection with such Bonds, (iii) all requisite local, state and federal governmental approvals for the Project shall have first been obtained and all statutory requirements shall have first been met, (iv) the Bonds shall be payable solely from revenues derived from the financing, leasing or sale of the Project or other investments made with the proceeds of such Bonds, (v) the Bonds shall not constitute or give rise to any pecuniary liability of the Director or the State or constitute a charge against the State's general credit or taxing powers, (vi) the Director and the Obligor shall have entered into a letter agreement, in substantially the form enclosed herewith, with such additions or deletions as are considered necessary or appropriate by the Director and the Obligor, and (vii) all other statutory requirements for the issuance of the Bonds be met, including but not limited to requirements contained in the Internal Revenue Code of 1986 as amended and supplemented and the regulations of the U.S. Department of Treasury promulgated thereunder.

3. The firm of Howarth and Associates is hereby designated as financial advisor to the Director with respect to the Bonds. If the Obligor requests that the Director attempt to market the Bonds in a public offering, the Director will designate one or more investment bankers to manage the underwriting of such public offering.

4. The firm of Jones, Jones, Close & Brown, Chartered is hereby designated as Bond Counsel for the Bonds.

5. It is the purpose and intent of the Director that this certificate constitute official action towards the issuance of Bonds by the Director for the Project in accordance with 26 C.F.R. Section 1.103-8(a)(5)(iii).

6. This certificate shall be in effect for a period of one year from the date of its adoption, unless extended by the Director upon further written request of the Obligor.

7. This certificate shall take effect immediately upon its execution.

I, Jolene B. Rose, Deputy Director of the State of Nevada Department of Commerce, have executed this certificate this 30 day of April, 1991.

LARRY D. STRUVE, Director

By: Jolene B Rose
Jolene B. Rose, Deputy Director

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AGENDA City of Las Vegas

CITY COUNCIL
COUNCIL CHAMBERS • 400 EAST STEWART AVENUE
PHONE 386-6011

ITEM	ACTION
IV. (d) ECONOMIC & URBAN DEVELOPMENT RICHARD WELCH, DIRECTOR	
A. DISCUSSION AND POSSIBLE ACTION TO ADOPT A RESOLUTION TO TRANSFER TO THE DIRECTOR OF THE NEVADA DEPARTMENT OF COMMERCE A PORTION OF THE CITY OF LAS VEGAS PRIVATE ACTIVITY BOND VOLUME CAP FOR 1991.	**ADOPTED**
B. DISCUSSION AND POSSIBLE ACTION TO ALLOCATE FY 91-92 COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS.	**ABEYANCE**

Thomas E. McPherson
APPROVED AGENDA ITEM

City of Las Vegas

CITY COUNCIL MINUTES
MEETING OF
June 5, 1991

AGENDA DOCUMENTATION

Date: June 5, 1991

TO:
The City Council

FROM: RICHARD WELCH, DIRECTOR
DEPARTMENT OF ECONOMIC
AND URBAN DEVELOPMENT

SUBJECT: DISCUSSION AND POSSIBLE ACTION TO ADOPT A RESOLUTION TO TRANSFER TO THE DIRECTOR OF THE NEVADA DEPARTMENT OF COMMERCE A PORTION OF THE CITY OF LAS VEGAS PRIVATE ACTIVITY BOND VOLUME CAP FOR 1991

PURPOSE/BACKGROUND

In order for the Kloehn Company to receive tax exempt funding (IRB) to finance the purchase of land and construct a 50,000 square foot building in the Las Vegas Technology Center, the City must transfer $1,977,500 of its 1991 Private Activity Bond Volume Cap to the State. The State in turn will contribute a like amount to the project, resulting in a total IRB allotment of $3,955,000 for the Kloehn project.

The amount of total volume cap for IRB's allocated to Las Vegas for this year is $16,998,953. On May 1 of this year the City Council approved the $12,000,000 transfer of IRB allocation to Clark County for the benefit of Southwest Gas. Any amount of the City's volume cap which is not pledged for a specific project or projects by September 1, 1991 automatically reverts back to the Nevada Department of Commerce. The attached resolution stipulates that the volume cap will transfer from the City to the State, contingent on the Kloehn Company's receiving a financial commitment to purchase or enhance the Bonds.

Should this transfer be approved, the City will have a Private Activity Bond balance of $3,021,453, which may be utilized for additional eligible projects until the September 1 deadline.

FISCAL IMPACT

None

RECOMMENDATIONS

It is the recommendation of the Director of the Department of Economic and Urban Development that the City Council adopt the resolution to transfer $1,977,500 of the City's Private Activity Bond volume cap for 1991 to the State's Department of Commerce.

Agenda Item

IV. (d.) A.