



**MEMORANDUM
OFFICE OF THE MANAGER**

Agenda Item No. 9(E)(1)(A)

TO: Hon. Chairperson Barbara Carey-Shuler, Ed. D.
and Members, Board of County Commissioners

DATE:

October 7, 2003

FROM:


George M. Burgess
County Manager

SUBJECT:

Application for Industrial Development
Revenue Bond Financing for
von Drehle Corporation

The attached item (von Drehle Corporation) has been placed on the October 7, 2003 County Commission Agenda, at the request of the Chairman of the Miami-Dade County Industrial Development Authority.

MEMORANDUM

TO Hon. Chairperson Barbara Carey-Shuler, Ed.D.
and Members, Board of County Commissioners

DATE October 7, 2003

FROM Albert Morrison, Jr., Chairman
Miami-Dade County
Industrial Development Authority

SUBJECT Application for Industrial
Development Revenue
Bond financing for
von Drehle Corporation



RECOMMENDATION

It is recommended that the Board approve the issuance of the Authority's Industrial Development Revenue Bonds for von Drehle Corporation, as detailed in the attached reports.

BACKGROUND

Review and analysis of the project has been completed by the Authority, County Attorney's Office, and Bond Counsel. The Authority has conducted the federally required public hearing, as detailed in the attached reports.

von Drehle Corporation, has applied for Industrial Development Revenue Bond financing assistance in a maximum principal amount not to exceed \$4,775,000. The bond issue proceeds, which will be guaranteed by a letter of credit, will provide financing for the acquisition, rehabilitation and equipping of an approximate 150,000 sq. ft. manufacturing facility to be used for the production of paper towel and tissue products and for the payment of the costs of issuance of the Bonds. The Project, which is located at 2250 East 12th Avenue, in the City of Hialeah, will be owned by the von Drehle Corporation, a North Carolina company or its affiliate, von Drehle Holdings, LLC, and leased to and operated by von Drehle Florida, Inc., a Florida corporation and an affiliate of the Company. von Drehle Corporation reports completion of the proposed project will result in the creation of 44 new job opportunities.



MEMORANDUM

(Revised)

TO: Hon. Chairperson Barbara Carey-Shuler, Ed.D.
and Members, Board of County Commissioners

DATE: October 7, 2003

FROM: Robert A. Ginsburg
County Attorney

SUBJECT: Agenda Item No. 9(E)(1)(A)

Please note any items checked.

- “4-Day Rule” (“3-Day Rule” for committees) applicable if raised**
- 6 weeks required between first reading and public hearing**
- 4 weeks notification to municipal officials required prior to public hearing**
- Decreases revenues or increases expenditures without balancing budget**
- Budget required**
- Statement of fiscal impact required**
- Bid waiver requiring County Manager’s written recommendation**
- Ordinance creating a new board requires detailed County Manager’s report for public hearing**
- Housekeeping item (no policy decision required)**
- No committee review**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 9(E)(1)(A)
10-7-03

RESOLUTION NO. _____

RESOLUTION APPROVING ISSUANCE OF MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY INDUSTRIAL DEVELOPMENT REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$4,775,000 TO FINANCE CAPITAL PROJECT FOR BENEFIT OF VON DREHLE CORPORATION FOR PURPOSES OF AND PURSUANT TO SECTION 147(F) OF INTERNAL REVENUE CODE OF 1986, AS AMENDED

WHEREAS, von Drehle Corporation, a North Carolina corporation, on behalf of itself and its affiliates, von Drehle Holdings, LLC and von Drehle Florida, Inc., a Florida corporation (collectively the "Company"), has requested the Miami-Dade County Industrial Development Authority (the "Authority") to issue not exceeding \$4,775,000 aggregate principal amount of its Industrial Development Revenue Bonds (von Drehle Corporation Project) (the "Bonds"), the proceeds of which will be used to finance the acquisition, rehabilitation and equipping of an approximate 150,000 sq. ft. manufacturing facility to be used for the production of paper products, and to pay for certain bond issuance costs (the "Project"); and

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WHEREAS, the Authority intends to issue the Bonds subject to approval by the Board of County Commissioners of Miami-Dade County, Florida (the "Board") and final approval by the Authority of the financing documents for the Project, which is more particularly described in the report prepared by the Executive Director of the Authority, (a copy of which is attached hereto as Exhibit A); and

WHEREAS, on Monday, August 4, 2003, the Authority held a public hearing, notice of which was published on Monday, July 21, 2003 in The Miami Herald (a copy of which notice is attached hereto as Exhibit B), for the purpose of giving all interested persons an opportunity to express their views in connection with the issuance of the Bonds, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, after reviewing a copy of the transcript of the Authority's public hearing held on Monday, August 4, 2003, in respect of the Bonds, (a copy of which transcript is attached hereto as Exhibit C), and finding that the Project will inure to the benefit of the citizens of Miami-Dade County, this Board

desires to approve the issuance of the Bonds for the purpose of complying with Section 147(f) of the Code ,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA:

Section 1. The issuance of Revenue Bonds of the Miami-Dade County Industrial Development Authority in an aggregate principal amount not to exceed \$4,775,000 for the purpose of financing all or a portion of the costs of the Project, as previously described, is approved.

Section 2. The Bonds and the interest on the Bonds shall not constitute a debt, liability or general obligation of the Authority, the County or of the State of Florida or of any political subdivision thereof, but shall be payable solely from the revenues or other moneys specifically provided by the Company for the payment of the Bonds and neither the faith and credit nor any taxing power of the Authority, the County or of the State of Florida or of any political subdivision thereof is pledged to the payment of the principal or interest on the Bonds.

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VON DREHLE CORPORATION

THE COMPANY

von Drehle Corporation is a North Carolina Corporation organized in 1974 by the sole shareholders, Raymond von Drehle, CEO, and Steve von Drehle, President. The Corporation, which is located at 612 Third Avenue NE, in the City of Hickory, North Carolina, is a manufacturer and wholesale distributor of paper towel, tissue and dispenser products sold to customers located throughout the United States. Major customers include Wal*Mart, Cintas Corporation, Swisher and Zep.

von Drehle Corporation reported net sales for the fiscal years ended November 1, 2002 and October 31, 2001 of approximately \$36,295,000 and \$30,002,000 respectively.

THE PROJECT

von Drehle Corporation is seeking to expand its business activities in Miami-Dade County. von Drehle Corporation has recently incorporated von Drehle Florida, Inc., a Florida Corporation organized for the purpose of acquiring the plant assets of a bankrupt Corporation formerly known as American Paper Recycling Inc. The Corporation is requesting industrial development revenue bond financing assistance in an amount not to exceed \$4,775,000 to facilitate the acquisition and rehabilitation of the former American Paper Recycling Inc. facility and equipment located at 2250 East 12th Avenue, in the City of Hialeah, Florida.

Elements of the proposed project include:

1. Acquisition of Land, Building and Existing Equipment including:-----\$4,130,000
 - Land – approximately 4.66 acres: ----- \$ 780,000
 - Building – approximately 150,000 sq. ft.: ----- \$2,180,000
 - Existing Machinery and Equipment including:-----\$1,170,000
 - Toschi Paper Machine
 - Three tissue converting lines
 - C-Fold line
 - Core Machine

2. Rehabilitation of Existing Building and Equipment:-----\$ 475,000



FINANCIAL SUFFICIENCY

von Drehle Corporation has provided reviewed financial statements for the fiscal years ended October 31, 2000 and 2001 and audited financial statements for the fiscal year ended November 1, 2002, as well as interim financial statements for the six-month period ending April 30, 2003.

A review of the submitted financial and related information indicates:

<u>SOURCE OF FUNDS</u>		<u>USE OF FUNDS</u>	
Bond Issue Proceeds*	\$4,775,000	Land, Building & Equipment Acquisition	\$4,130,000
		Building and Equipment Rehabilitation	475,000
		Contingency Reserve	80,000
		Bond Issuance Expenses	90,000
	<hr/>		<hr/>
TOTAL	<u>\$4,775,000</u>	TOTAL	<u>\$4,775,000</u>

* *Any costs related to the bond issue and development of the project which cannot be paid out of bond proceeds will be borne by the corporation.*

Information relative to the proposed financial structure includes:

- Financial Structure: Manufacturing facility and Equipment to be owned by von Drehle Holdings, LLC, a related party, and leased to von Drehle Florida, Inc.
- Security: First mortgage on assets financed with bond proceeds.
- Guarantee: Letter of Credit from a rated financial institution acceptable to the Authority.
- Marketing: Private placement.

LEGAL

As the project consists of the acquisition and rehabilitation of a manufacturing facility and equipment, it should qualify for tax-exempt Industrial Development Revenue Bond financing under federal and state law. Issuance allocation for the bonds will be required and requested from the manufacturing allocation pool (F.S. 159.8081). No locally available bond allocation will be used for this project.

ECONOMIC IMPACT

von Drehle Corporation reports completion of the proposed project will result in the creation of 44 new job opportunities within the first year of operations. In addition to the new job opportunities, other economic benefits will include an increase in new taxable capital investments and added support to the local construction industry.



MIAMI-DADE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
TEFRA/PUBLIC HEARING

The Miami-Dade County Industrial Development Authority (the "Authority") has been requested to issue its Industrial Development Revenue Bonds for the following capital projects:

Everglades Lumber and Building Supply, LLC project in a maximum principal amount not to exceed \$4,830,000 (the "Bonds"), the proceeds of which will provide financing for the acquisition and rehabilitation of seven existing buildings approximating 35,000 sq. ft., the relocation of three existing buildings, and the construction of a new building approximating 15,000 sq. ft., all located on an approximate 7 acre site at 225 SW 2nd Avenue, in the City of Homestead, Florida to be used for the manufacture and distribution of building materials, including but not limited to a rebar fabrication facility, rebar manufacturing, lumber and millwork production, and to pay for certain bond issuance costs (the "Project"). The Project will be owned and operated by Everglades Lumber and Building Supply, LLC, a Florida limited liability company (the "Company").

von Drehle Corporation project in a maximum principal amount not to exceed \$4,775,000 (the "Bonds"), the proceeds of which will provide financing for the acquisition, rehabilitation and equipping of an approximate 150,000 sq. ft. manufacturing facility to be used for the production of paper products (the "Project"), and for the payment of the costs of issuance of the Bonds. The Project, which is located at 2250 East 12th Avenue, in the City of Hialeah, Florida, will be owned by the von Drehle Corporation, a North Carolina company or its affiliate, von Drehle Holdings, LLC, and leased to and operated by von Drehle Florida, Inc., a Florida corporation and an affiliate of the Company.

Cigarette Racing Team, LLC project in a maximum principal amount not to exceed \$6,900,000 (the "Bonds"), the proceeds of which will provide financing for the acquisition of approximately 10.23 acres of land and the acquisition, rehabilitation and equipping of four existing buildings totaling approximately 201,870 sq. ft. located at 4355 NW 128th Street, in the City of Opa Locka, Florida, to be used as a manufacturing facility, and for expenses and reserves in connection therewith, including costs of issuance of the Bonds (collectively referred to as the "Project"). The Project will be owned and operated by Cigarette Racing Team, LLC, an Illinois limited liability company, authorized to do business in the State of Florida.

The Bonds shall not be a debt, liability or obligation of the Authority or of Miami-Dade County, Florida, or of the State of Florida, or of any political subdivision thereof, but shall be payable solely from payments derived from the operations of the Facilities or the security instruments for the Bonds.

Please take note that the Authority will hold a public hearing on these Projects and associated issues regarding the Bonds at the Brickell BayView Centre, 80 SW 8th Street, Suite 2801, Miami, Florida, on **Monday, August 4, 2003** commencing at **11:00 a.m.** or shortly thereafter, at which time any person may be heard regarding the proposed issuance of said Bonds and the projects. The Authority will submit a transcript of the statements made at the hearing to the Board of County Commissioners, Miami-Dade County, Florida, which must approve or disapprove the issuance of the Bonds.

MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

TRANSCRIPT OF PUBLIC HEARING

MONDAY, AUGUST 4, 2003

At 11:00 a.m., the Executive Director of the Miami-Dade County Industrial Development Authority announced that the Authority would proceed to hold a public hearing on the issuance of Industrial Development Revenue Bonds. The following is a substantially verbatim account of the proceedings of this hearing.

The following persons were present:

James D. Wagner Jr. <i>Executive Director</i>	Miami-Dade County Industrial Development Authority	80 SW 8th Street, Ste. 2801 Miami, Florida 33130
Amanda Llovet <i>Director of Operations</i>	Miami-Dade County Industrial Development Authority	80 SW 8th Street, Ste. 2801 Miami, Florida 33130
Cynthia Castillo <i>Administrative Assistant</i>	Miami-Dade County Industrial Development Authority	80 SW 8th Street, Ste. 2801 Miami, Florida 33130

Executive Director

We will now conduct the public hearing on the proposed issuance of Industrial Development Revenue Bonds for the capital projects located in Miami-Dade County.

This public hearing is being conducted pursuant to requirements of the Federal Tax Equity and Fiscal Responsibility Act of 1982. The Act requires that in order for the interest on Industrial Development Revenue Bonds to be exempt from Federal Income Tax, such proposed bonds must be approved by either a voter referendum or by an applicable elected legislative body after a public hearing following reasonable public notice.

We have received a copy of a notice advising that the Industrial Development Authority will hold a public hearing on the proposed issuance of Industrial Development Revenue Bonds to finance all or a portion of the capital costs associated with the projects mentioned in that notice. The notice appeared in The Miami Herald on Monday, July 21, 2003, page 18A.

We will now commence the public hearing. The hearing will be conducted in the following format: First, a brief synopsis of the proposed bonds and the project will be provided. Second, testimony from anyone desiring to speak will be heard. Anyone wishing to speak should give their name and address for the record.

The first project for consideration is an Industrial Development Revenue Bond issue for Everglades Lumber and Building Supply, LLC in a maximum principal amount not to exceed \$4,830,000. The bond proceeds will be used to facilitate the acquisition and rehabilitation of seven existing buildings approximating 35,000 sq. ft., the relocation of three existing buildings, and the construction of a new building approximating 15,000 sq. ft., all located on an approximate 7 acre site at 225 SW 2nd Avenue, in the City of Homestead, Florida to be used for the manufacture and distribution of building materials, including but not limited to a rebar fabrication facility, rebar manufacturing, lumber and millwork production, and to pay for certain bond issuance costs. The Project will be owned and operated by Everglades Lumber and Building Supply, LLC, a Florida limited liability company.

Action taken by the Authority to date includes a review of the project in accordance with Authority Guidelines and Procedures and the adoption of a Memorandum of Agreement which specifies the terms of the proposed bond issue.

Executive Director

Let the record reflect that no one appeared desiring to comment on the project.

The second project for consideration is an Industrial Development Revenue Bond issue for von Drehle Corporation in a maximum principal amount not to exceed \$4,775,000. The bond proceeds will be used to facilitate the acquisition, rehabilitation and equipping of an approximate 150,000 sq. ft. manufacturing facility to be used for the production of paper products, and for the payment of the costs of issuance of the Bonds. The Project, which is located at 2250 East 12th Avenue, in the City of Hialeah, Florida, will be owned by the von Drehle Corporation, a North Carolina company or its affiliate, von Drehle Holdings, LLC, and leased to and operated by von Drehle Florida, Inc., a Florida corporation and an affiliate of the Company.

Action taken by the Authority to date includes a review of the project in accordance with Authority Guidelines and Procedures and the adoption of a Memorandum of Agreement which specifies the terms of the proposed bond issue.

Let the record reflect that no one appeared desiring to comment on the project.

Cigarette Racing Team, LLC project has been re-noticed in The Miami Herald and is scheduled for a public hearing on Thursday, August 7, 2003.

This concludes the public hearing scheduled for today. These projects, together with a transcript of today's public hearing, will be forwarded to the Miami-Dade County Board of County Commissioners at a regular meeting, at which time the Commission will approve or disapprove the proposed issuance of Bonds by the Miami-Dade County Industrial Development Authority.