



**MEMORANDUM  
OFFICE OF THE MANAGER**

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

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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 Cigarette Racing Team, LLC

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The attached item (Cigarette Racing Team, LLC) 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

SUBJECT Application for Industrial  
Development Revenue  
Bond financing for  
Cigarette Racing Team, LLC

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



RECOMMENDATION

It is recommended that the Board approve the issuance of the Authority's Industrial Development Revenue Bonds for Cigarette Racing Team, LLC, 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.

Cigarette Racing Team, LLC, has applied for Industrial Development Revenue Bond financing assistance in a maximum principal amount not to exceed \$7,400,000. The bond issue proceeds, which will be guaranteed by a letter of credit, will provide financing for the acquisition, rehabilitation and equipping of four existing buildings totaling approximately 201,870 sq. ft. located on an approximate 10.23 acres at 4355 NW 128th Street, in the City of Opa Locka, to be used as a boat manufacturing facility, and to pay for certain bond issuance costs. 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. Cigarette Racing Team, LLC reports they currently employ approximately 100 persons and project completion of the proposed project will result in the creation of an additional 10 new job opportunities.

This Company was previously approved for Industrial Development Revenue Bond financing by the Board on March 11, 2003 (Resolution No. R-239-03). However, due to development issues with the City of Hialeah Gardens, the company elected to acquire an alternate site.



# 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)(B)

**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)(B)  
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 \$7,400,000 TO FINANCE CAPITAL PROJECT FOR BENEFIT OF CIGARETTE RACING TEAM, LLC FOR PURPOSES OF AND PURSUANT TO SECTION 147(F) OF INTERNAL REVENUE CODE OF 1986, AS AMENDED

WHEREAS, Cigarette Racing Team, LLC, an Illinois limited liability company (the "Company"), has requested the Miami-Dade County Industrial Development Authority (the "Authority") to issue not exceeding \$7,400,000 aggregate principal amount of its Industrial Development Revenue Bonds (Cigarette Racing Team Project) (the "Bonds"), the proceeds of which will be used to finance 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 128<sup>th</sup> Street, in the City of Opa Locka, Florida, to be used as a boat manufacturing facility, and to pay for certain bond issuance costs (the "Project"); and

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 Thursday, August 7, 2003, the Authority held a public hearing, notice of which was published on Thursday, July 24, 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 Thursday, August 7, 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

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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 \$7,400,000 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.

The foregoing resolution was offered by Commissioner \_\_\_\_\_ , who moved its adoption. The motion was seconded by Commissioner \_\_\_\_\_

and upon being put to a vote, the vote was as follows:

Dr. Barbara Carey-Shuler, Chairperson	
Katy Sorenson, Vice-Chairperson	
Bruno A. Barreiro	Jose "Pepe" Diaz
Betty T. Ferguson	Sally A. Heyman
Joe A. Martinez	Jimmy L. Morales
Dennis C. Moss	Dorrin D. Rolle
Natacha Seijas	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 7<sup>th</sup> day of October, 2003. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA  
BY ITS BOARD OF  
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: \_\_\_\_\_  
Deputy Clerk

Approved by County Attorney as to form and legal sufficiency.  
Howard W. Whitaker

**CIGARETTE RACING TEAM, LLC**

**THE COMPANY**

Cigarette Racing Team <sup>TM</sup>, the official name of the company that is the icon of “go-fast” power boats, has had several owners over the last decade. With a history that dates back to the late sixties when Don Aronow became the most recognized name in boat building and racing and gave the name Cigarette to his famous 32’ boat, the Cigarette boat has been known for its quality, dependability and performance. The Company, which is located at 3131 NE 188<sup>th</sup> Street, in the City of Aventura, was acquired by Skip Braver, a resident of Chicago, Illinois, and Neill Hernandez, Cigarette Racing Team <sup>TM</sup> director of operations and resident of Miami-Dade County, in May 2002 and renamed Cigarette Racing Team, LLC, an Illinois limited liability company authorized to do business in the State of Florida. The new ownership plans to continue functioning as a custom boat builder, currently delivering approximately 85 boats annually, as well as expand into lifestyle related licensing agreements with manufacturers of products that will bear the Cigarette name and support the company’s image as a top quality, high fashion, high speed status symbol.

**THE PROJECT**

Cigarette Racing Team, LLC is currently operating out of four (4) separate buildings totaling approximately 50,000 sq. ft. plus 30,000 sq. ft. of outdoor work area. To achieve greater operating efficiency and provide for the increasing demand for its products the company is contemplating the acquisition and rehabilitation of four existing facilities (formerly occupied by Mako Marine International Inc.) located at 4355 NW 128<sup>th</sup> Street, in the City of Opa-Locka. The Company is requesting Industrial Development Revenue Bond financing assistance in an amount not to exceed \$7,400,000 to facilitate development of the project.

Elements of the proposed project include:

- 1. Acquisition of Land and Buildings, including: -----\$5,450,000
  - Land – approximately 10.23 acres ----- \$1,664,932
  - Buildings - #1 (110,384 sq. ft.) ----- \$3,785,068
    - #2 ( 37,780 sq. ft.)
    - #3 ( 27,244 sq. ft.)
    - #4 ( 26,462 sq. ft.)
  
- 2. Rehabilitation of Existing Facilities: -----\$1,500,000





**FINANCIAL SUFFICIENCY**

The assets of Cigarette Racing Team, Inc. were acquired in May 2002 and the company was renamed Cigarette Racing Team, LLC. The company has provided a copy of the certified audited financial statements of Cigarette Racing Team, Inc., the predecessor company, for the fiscal year ended June 30, 2001, and audited financial statements for the period May 18, 2002 (date of purchase) through December 31, 2002, as well as an in-house prepared income statement for the six month period ended June 30, 2003.

A review of the submitted financial and related information indicates:

<b><u>SOURCE OF FUNDS</u></b>		<b><u>USE OF FUNDS</u></b>	
Bond Issue Proceeds*	\$7,400,000	Acquisition of Land and Buildings	5,450,000
		Rehabilitation of Existing Facilities	1,500,000
		Contingency Reserve	315,000
		Bond Issuance Expenses	135,000
	<hr/>		<hr/>
<b>TOTAL</b>	<b><u>\$7,400,000</u></b>	<b>TOTAL</b>	<b><u>\$7,400,000</u></b>

\* *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: Corporate Debt.
- Security: First mortgage on all assets financed with bond proceeds.
- Guarantee: Letter of Credit from a rated financial institution acceptable to the Authority.
- Marketing: Private placement.

**LEGAL**

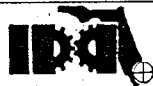
As the project consists of the acquisition and rehabilitation of four existing manufacturing facilities, it should qualify as to purpose for Industrial Development Revenue Bond financing under current Federal and State Law. Issuance allocation for the bonds will be required and requested from the manufacturing allocation pool (F.S. 159.8081). No locally available bond allocation will be used for this project.

**ECONOMIC IMPACT**

Cigarette Racing Team, LLC reports they currently employ approximately 100 persons and project following completion of the project an additional 10 new jobs will be created.

In addition to the new job opportunities, other economic benefits will include an increase in new taxable capital investments, added support to the local construction industry and retention of a prized world renowned boat manufacturing company.

THURSDAY, JULY 24, 2003 [www.herald.com](http://www.herald.com) The Herald 5B



**MIAMI-DADE COUNTY  
INDUSTRIAL DEVELOPMENT AUTHORITY  
TEFRA/PUBLIC HEARING**

The Miami-Dade County Industrial Development Authority (the "Authority") has received a request from Cigarette Racing Team, LLC, an Illinois limited liability company (the "Company") for the issuance of Industrial Development Revenue Bonds (Cigarette Racing Team, LLC project) in a maximum principal amount not to exceed \$7,400,000 (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 128<sup>th</sup> 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 Cigarette Racing Team 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 this Project and associated issues regarding the Bonds at the Brickell BayView Centre, 80 SW 8th Street, Suite 2801, Miami, Florida, on **Thursday, August 7, 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 project. 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.

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**MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**

**TRANSCRIPT OF PUBLIC HEARING**

**THURSDAY, AUGUST 7, 2003**

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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 project 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 project mentioned in that notice. The notice appeared in The Miami Herald on Thursday, July 24, 2003, page 5B.

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 project for consideration is an Industrial Development Revenue Bond issue for Cigarette Racing Team, LLC in a maximum principal amount not to exceed \$7,400,000. The bond proceeds will be used to facilitate 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.

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.

This concludes the public hearing scheduled for today. This project, 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.