



**MEMORANDUM
OFFICE OF THE MANAGER**

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

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

DATE: October 7, 2003

FROM: George W. Burgess
County Manager

SUBJECT: Application for Empowerment Zone Revenue Bond Financing for Everglades and Building Supply, LLC

The attached item (Everglades Lumber and Building Supply, 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 Empowerment
Zone Revenue Bond financing
for Everglades Lumber and
Building Supply, LLC

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

Albert Morrison Jr.

RECOMMENDATION

It is recommended that the Board approve the issuance of the Authority's Empowerment Zone Revenue Bonds for Everglades Lumber and Building Supply, 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.

Everglades Lumber and Building Supply, LLC, has applied for Empowerment Zone Revenue Bond financing assistance in a maximum principal amount not to exceed \$4,830,000. The bond issue proceeds, which will be guaranteed by a letter of credit, 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. The facilities will 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. The Company reports they currently employ approximately 200 persons and project completion of the proposed project will result in the creation of an additional 40 new job opportunities.

Issuance allocation for the proposed bonds will come from the \$130 million Empowerment Zone Bond allocation as recommended by the Miami-Dade Empowerment Trust, Inc. Board of Directors, Resolution No. 05-09-2003.



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)(C)

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)(C)

10-7-03

RESOLUTION NO. _____

RESOLUTION APPROVING ISSUANCE OF MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY EMPOWERMENT ZONE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$4,830,000 TO FINANCE A CAPITAL PROJECT FOR THE BENEFIT OF EVERGLADES LUMBER AND BUILDING SUPPLY, LLC FOR PURPOSES OF AND PURSUANT TO SECTION 147(F) OF INTERNAL REVENUE CODE OF 1986, AS AMENDED

WHEREAS, Everglades Lumber and Building Supply, LLC, a Florida limited liability company (the "Company"), has requested the Miami-Dade County Industrial Development Authority (the "Authority") to issue not exceeding \$4,830,000 aggregate principal amount of its Empowerment Zone Revenue Bonds (Everglades Lumber and Building Supply Project) (the "Bonds"), the proceeds of which will be used to finance the acquisition and rehabilitation of seven existing buildings approximating 35,000 sq. ft., the relocation of three existing buildings, 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

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millwork production, 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 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 nature of the Project and 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 Empowerment Zone Revenue Bonds of the Miami-Dade County Industrial Development Authority on behalf of the Company in an aggregate principal amount not to exceed \$4,830,000 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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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 7th 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

HW

EVERGLADES LUMBER AND BUILDING SUPPLY, LLC

THE COMPANY

Everglades Lumber & Building Supply, LLC is a privately held Florida Corporation with locations at 6991 SW 8th Street in the City of Miami, Florida, 317 NE 71st Street in the City of Miami, Florida, and 225 SW 2nd Ave in the City of Homestead, Florida. The Company, which is owned by Osvaldo M. Vento, George Lopez, and Carlos Aragon, all residents of Miami-Dade County, is involved in the manufacture, distribution and retail sale of building materials.

Everglades Lumber operates five divisions at its main location at 6991 SW 8th Street; Lumber & Drywall Distribution, Rebar Fabrication, Millwork Distribution, Retail Hardware, and the Home Design Center. The 317 NE 71st Street location is a commercial rebar fabrication facility and the current use of the facilities at 225 SW 2nd Ave involve the manufacturing and assembly operations for the Millwork division.

The Company reports it services all Counties south of Lake Okeechobee along with export sales to Central and South America, and the islands of the Caribbean.

THE PROJECT

Everglades Lumber currently leases seven buildings located at 225 SW 2nd Ave in the City of Homestead, within Miami-Dade County's Federally Designated Empowerment Zone, where as previously noted, it operates its Millwork Production operations. In order to expand this operation and add Lumber Distribution and Rebar Fabrication, as well as relocate other operations, the Company is requesting industrial development revenue bond financing assistance in an amount not to exceed \$4,830,000 to facilitate the acquisition and rehabilitation of the existing seven buildings, and the construction of a new building, as well as the relocation of three existing metal buildings.

Elements of the proposed project include:

1. Acquisition of Land and Existing Buildings including: ----- \$2,000,000
 - Land – approximately 7.02 acres ----- \$1,050,000
 - Existing Buildings – approximately 35,000 sq. ft. including: ---\$ 950,000
 - Enclosed Buildings 1, 2, 3 & 4 – 25,000 sq. ft.
 - Open Buildings 5, 6, & 7 – 10,000 sq. ft.

2. Rehabilitation of Existing Buildings: ----- \$ 450,000

3. New enclosed Building: ----- \$ 750,000
 - Millwork Building – approximately 15,000 sq. ft.

4. Relocation of three Existing Buildings: ----- \$1,540,000
 - Three Buildings – approximately 55,000 sq. ft.

FINANCIAL SUFFICIENCY

Everglades Lumber and Building Supply, LLC has provided unaudited financial statements for the fiscal year ended December 31, 2002, the audited financial statements will be provided when completed, audited financial statements for the fiscal years ended December 31, 2001 and December 31, 2000, along with copies of its December 31, 2000 and December 31, 2001 corporate income tax returns and interim financial statements for the three-month period ending March 31, 2003. The corresponding shareholders individual income tax returns are also provided.

A review of the submitted financial and related information indicates:

SOURCE OF FUNDS

USE OF FUNDS

| | | | |
|----------------------|---------------------------|---------------------------------|---------------------------|
| Bond Issue Proceeds* | \$4,830,000 | Acquisition of Land & Buildings | \$2,000,000 |
| | | Rehabilitation of Buildings | 450,000 |
| | | New Building | 750,000 |
| | | Relocation of Metal Buildings | 1,540,000 |
| | | Bond Issuance Expenses | 90,000 |
| | | | <hr/> |
| TOTAL | <u>\$4,830,000</u> | TOTAL | <u>\$4,830,000</u> |

* *Any costs related to the bond issue and development of the project which cannot be paid out of tax-exempt bond proceeds will be financed with taxable bonds or borne by the corporation.*

Information relative to the proposed financial structure includes:

| | |
|----------------------|--|
| Financial Structure: | Facilities to be owned by the shareholders and leased to the qualifying company. |
| 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

The proposed project consists of the acquisition, rehabilitation, relocation and construction of new manufacturing facilities in a Federally Designated Empowerment Zone. Federal law permits the issuance of Tax-Exempt Empowerment Zone Bonds for certain qualified projects located in the Zone and it appears this project should qualify as to purpose under Federal and State Law. Issuance allocation for the bonds will come from the \$130 million Empowerment Zone Bond allocation, as recommended by the Miami-Dade Empowerment Trust, Inc. Board of Directors, Resolution No. 05-09-2003.

ECONOMIC IMPACT

Everglades Lumber and Building Supply, LLC currently employs 200 individuals at its Miami-Dade County locations. The company projects, as a result of the proposed project, an increase of 40 new job opportunities within the year following completion of the project. In addition to new job opportunities, other economic benefits include support of local efforts to increase development and investment in the Federal Empowerment Zone, as well as an increase in new 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.