



YOUR VOICE, IN ACTION!

GENERAL OBLIGATION BONDS FOR ARTS & CULTURE

Finance and Economic Resiliency Committee

January 27, 2023



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TOTAL OF \$159 MILLION IN APPROVED FUNDING

ALL FACILITIES		Amounts
1	Bass Museum of Art	\$ 20,100,000
2	Miami City Ballet	\$ 16,000,000
3	Fillmore Miami Beach	\$ 29,100,000
4	Colony Theater	\$ 7,480,000
5	Miami Beach Botanical Garden	\$ 6,270,000
6	Art Deco Welcome Center	\$ 1,420,000
7	New World Symphony	\$ 5,700,000
8	Holocaust Memorial Miami Beach	\$ 7,150,000
9	Byron Carlyle Theater	\$ 30,570,000
10	North Beach Oceanfront Center	\$ 1,950,000
11	Miami New Drama at Collins Park Garage	\$ 7,670,000
12	Miami Beach Bandshell	\$ 3,770,000
13	The Wolfsonian - FIU	\$ 5,000,000
14	The Jewish Museum of Florida - FIU	\$ 750,000

Other Cultural Institutions Total \$ 142,930,000

OTHER PROJECTS / ENHANCEMENTS		Amounts
15	Artistic Playgrounds	\$ 3,835,000
16	Aquatic Sculpture Park	\$ 5,000,000
17	Miscellaneous Arts & Culture Projects	\$ 3,000,000
18	Workforce Housing for Cultural Institutions	\$ 4,000,000

Other Projects Total \$15,835,000

TOTAL \$ 158,765,000

TOTAL (rounded up) \$159,000,000

64.8% VOTER
APPROVAL



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WHAT IS DIFFERENT ABOUT THESE BONDS?



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DETERMINING THE TYPE OF BOND ISSUE

TAX-EXEMPT VS. TAXABLE

- **Tax-exempt Bonds** – May be issued by and used to finance capital expenditures for facilities owned, operated, and used by a state or local governmental entity or qualified non-governmental entity, depending on:
 1. The type of tax-exempt bond that is issued;
 2. The type of use by non-governmental entity;
 3. Whether the proceeds are treated as a grant to the non-governmental entity for federal income tax purposes.
- **Taxable Bonds**– May be issued to finance capital expenditures for facilities that do not qualify for tax-exempt bonds due to a number of factors such as amount of private use, private ownership or type of project being financed.
- **Tax-exempt status** - Dependent upon compliance with certain rules and regulations during the term of the tax-exempt bonds or bonds issued to refinance such bonds, if any. Failure to comply with such rules and regulations can cause the tax-exempt bonds to be determined to be taxable retroactively to the date of issuance.



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DETERMINING THE TYPE OF BOND ISSUE TAX-EXEMPT VS. TAXABLE (CONTINUED)

- **Taxable vs. Tax-exempt** – a determination should be made prior to issuance of debt. After issuance, it may be difficult or expensive to refinance tax-exempt bonds.
- **Tax exempt Government Bonds** - permit a de minimis amount (**5 – 10%**) of the proceeds of tax-exempt bonds to be used to finance certain capital expenditures for facilities which are not owned, operated, or used by a state or local government.
- **Taxable Debt** = higher interest rate costs for the City that is passed-through to taxpayers. Approx. 0.8-0.9% higher interest rate for taxable bond issue.

ANALYSIS UNDERWAY BY BOND COUNSEL



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DETERMINING THE BOND ISSUE EVALUATING NUMBER OF TRANCHES

1. Quick Wins – Tranche 1

- Smaller projects that are faster and easier to implement

2. Shovel Ready – Tranche 1

- Projects that have a contract, completed design and/or permits, and do not require community engagement

3. Complex Projects – Tranche 2

- Projects with extended implementation schedules
- May include design & pre-construction costs in Tranche 1



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DETERMINING THE BOND ISSUE EVALUATING NUMBER OF TRANCHES (CONTINUED)

- Two tranches instead of one
- Evaluates issuance based on anticipated cash flow needs
- Higher issuance costs (cost for each bond)
- Lower initial taxes paid by property owners – tax increases phased in over time



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DETERMINING THE BOND ISSUE INTERIM FINANCING FOR TRANCHE 2 PROJECTS

- Use of interim proceeds must comply with tax-exempt bond rules and regulations to refinance on a tax-exempt basis
- Estimated Costs for Interim Funding (short-term debt) include:
 - Standard debt issuance costs (\$50,000-\$75,000)
 - Fees for undrawn proceeds (0.30%-0.35%)
 - Interest on drawn proceeds (3.75%-4.00%)



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TIMELINE FOR BOND ISSUANCE – BASED ON CALENDAR YEAR 2023

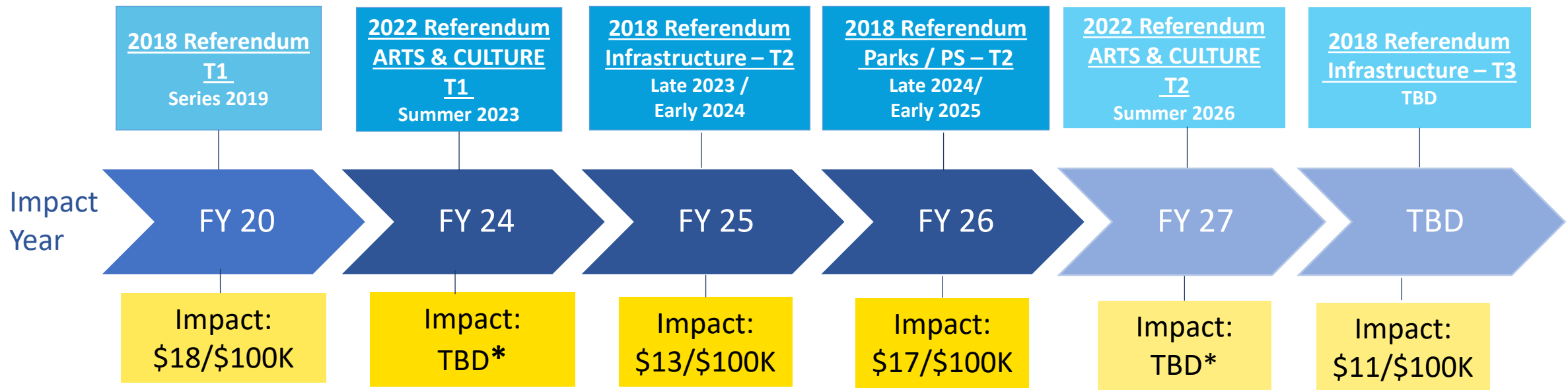
- 1st Quarter: Bond Counsel Tax Determination
 Underwriter Recommendation to Commission
- 2nd Quarter: Commission 1st Public Hearing to Adopt Bond Sale Resolution
 Commission 2nd Public Hearing to Adopt Bond Sale Resolution
- By 3rd Quarter: Bond Closing (bond proceeds)



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PROPERTY OWNER IMPACTS

ESTIMATED ANNUAL AD VALOREM TAXES FOR DEBT SERVICE ON GO BOND ISSUE



* Impact of \$23/\$100K – combined impact of all Arts & Culture Tranches



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FEBRUARY 1 AGENDA ITEM

USE OF MISCELLANEOUS CATEGORY

- Up to **\$1.5 Million** Recommended as Additional Funding for the **Collins Park Performing Arts Venue Rotunda** Project
 - Provides small organizations with a performance venue
 - Renovation of rotunda as well as addition of restrooms and covered walkway
 - May be reduced pending possible \$445,000 Department of State Cultural Facilities grant
- Balance of **\$1.5 Million** in the Miscellaneous Category To be Determined



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THANK YOU!