



City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Alina T. Hudak, City Manager

DATE: April 20, 2022

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA AUTHORIZING THE ISSUANCE OF (i) NOT TO EXCEED \$22,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF MIAMI BEACH, FLORIDA PARKING REVENUE BONDS, SERIES 2022A, FOR THE PRINCIPAL PURPOSE OF PAYING THE COST OF CERTAIN IMPROVEMENTS TO THE PARKING SYSTEM, AND (ii) NOT TO EXCEED \$70,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF MIAMI BEACH, FLORIDA PARKING REVENUE REFUNDING BONDS, TAXABLE SERIES 2022B, FOR THE PRINCIPAL PURPOSE OF REFUNDING ALL OR A PORTION OF THE CITY'S OUTSTANDING PARKING REVENUE BONDS, SERIES 2022, PURSUANT TO SECTIONS 209 AND 210, RESPECTIVELY, OF RESOLUTION NO. 2010-27491 ADOPTED BY THE CITY ON SEPTEMBER 20, 2010; PROVIDING THAT SAID SERIES 2022 BONDS AND INTEREST THEREON SHALL BE PAYABLE SOLELY AS PROVIDED IN SAID RESOLUTION NO. 2010-27491 AND THIS RESOLUTION; PROVIDING CERTAIN DETAILS OF THE SERIES 2022 BONDS; DELEGATING OTHER DETAILS AND MATTERS IN CONNECTION WITH THE ISSUANCE OF THE SERIES 2022 BONDS AND THE REFUNDING OF THE BONDS TO BE REFUNDED, INCLUDING WHETHER THE SERIES 2022 BONDS SHALL NOT BE SECURED BY THE RESERVE ACCOUNT AND WHETHER TO SECURE A CREDIT FACILITY AND/OR A RESERVE ACCOUNT INSURANCE POLICY, TO THE CITY MANAGER, WITHIN THE LIMITATIONS AND RESTRICTIONS STATED HEREIN; APPOINTING UNDERWRITERS, A BOND REGISTRAR, AN ESCROW AGENT AND A DISCLOSURE DISSEMINATION AGENT; AUTHORIZING THE NEGOTIATED SALE OF THE SERIES 2022 BONDS AND APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT; AUTHORIZING AND DIRECTING THE BOND REGISTRAR TO AUTHENTICATE AND DELIVER THE SERIES 2022 BONDS; APPROVING THE FORM OF AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT AND AUTHORIZING THE EXECUTION OF THE OFFICIAL STATEMENT; PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF THE SERIES 2022 BONDS AND CREATING CERTAIN FUNDS, ACCOUNTS AND SUBACCOUNTS; AUTHORIZING THE REFUNDING, DEFEASANCE AND REDEMPTION OF THE BONDS TO BE REFUNDED AND APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT; AUTHORIZING A BOOK-ENTRY REGISTRATION SYSTEM WITH RESPECT TO THE SERIES 2022 BONDS; COVENANTING TO PROVIDE CONTINUING DISCLOSURE IN CONNECTION WITH THE SERIES 2022 BONDS AND APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING

DISCLOSURE AGREEMENT; AUTHORIZING OFFICERS AND EMPLOYEES
OF THE CITY TO TAKE ALL NECESSARY RELATED ACTIONS; AND
PROVIDING FOR AN EFFECTIVE DATE.

Background

On November 6, 2018, Miami Beach voters approved a ballot measure which authorized the issuance of general obligation bonds (G.O. Bonds) for parks and recreational facility projects, including funding for the design, permitting, and construction of the 72nd Street Community Complex (the "Project"). In addition to the G.O. Bond funding allocation for the parks and recreational elements (which includes 50-meter competition pool with support amenities, 25-meter multi-purpose pool, 7,500 SF library, 5,000 SF commercial/retail, 7,500 SF fitness center, 5,000 SF community center, 60,000 SF of active green space, and a jogging path), the Project includes a 500 space parking garage (the "72nd Street Community Complex Parking Garage component") which adds over \$30 million to the overall cost of the Project, requiring the City to identify parking funds and other funding sources to supplement the overall Project budget.

At the City Commission meeting on January 20, 2022, the Commission adopted a resolution which included the approval of the funding plan totaling \$101,742,327 for the Project, as provided in Exhibit "A". This funding plan includes approximately \$19.5 million in proceeds for the 72nd Street Community Complex Parking Garage component from the issuance of Parking Revenue Bonds in 2022, and a refunding of Series 2015 Parking Bonds may be included with the new money issue as described below (together, the "Series 2022 Parking Bonds"). The bonds for the 72nd Street Community Complex Parking Garage component are anticipated to be issued as tax-exempt based on the City's plans for the parking garage and the opinion of Bond Counsel.

On March 9, 2022, the City Commission referred the potential issuance of the Series 2022 Bonds to the Finance and Economic Resiliency Committee (the "FERC") and approved the potential underwriters for the Series 2022 Bonds. On March 20, 2022, the FERC reviewed the issuance of the Series 2022 Parking Bonds as required by the following provisions of the Miami Beach City Code and recommended that the City Commission move forward with the issuance of the Series 2022 Parking Bonds, including refunding any portion of the Series 2015 Bonds if economical.

In November 2007, the Mayor and City Commission approved Ordinance 2007-3582 which amended the procedures that the City followed in connection with the approval of a bond issue to fund new projects and added the following Section to Chapter 2 of the Miami Beach City Code, entitled "Administration"; Article V entitled "Finance"; Sec. 2-278, entitled "Procedures governing the issuance of bonds".

Sec. 2-278. Procedures governing the issuance of bonds.

(a) Prior to the adoption by the city commission of the final resolution approving the issuance of any bonds by the city, the following requirements shall be complied with:

(1) In order for the city commission and the public to be fully informed on all matters relating to the proposed issuance of bonds, the city manager shall prepare, or cause to be prepared, a fiscal analysis of the economic impact of the proposed bond issuance using the following criteria:

- a) The estimated cost of the project or projects on account of which such bonds are to be issued;*
- b) The estimated annual revenues, if any, to be generated by such project or projects;*
and

- c) The estimated annual cost of maintaining, repairing and operating such project or projects.*
- (2) Upon completion of the fiscal analysis in subsection (a)(1), the proposed issuance of bonds shall be first considered and reviewed by the city's finance and citywide projects committee.*
- (3) The city commission shall hold two public hearings, each advertised not less than 15 days prior to the hearing, in order to obtain citizen input into the proposed bond issuance.*

At September 30, 2021, the City had \$90.8 million in outstanding Parking debt which was issued in 2015, and includes a portion of the City's Series 2020 Promissory Note which refunded the outstanding Series 2010 Parking Bonds. The Series 2020 Promissory Note is secured by a covenant to budget and appropriate from legally available non-ad valorem revenues, but a portion is paid by Parking. Due to the COVID-19 pandemic in 2020, refunding the Series 2010 Bonds with a general governmental security enabled the Parking System to achieve significant refunding savings despite the decline in revenues.


In addition to funding of a portion of the 72nd Street Community Complex Parking Garage component, the City may have the opportunity to refinance a portion of its Series 2015 Parking Bonds which financed the parking garage for the Convention Center. The Parking Series 2015 Bonds have a call date of September 1, 2025. If market conditions allow, the City can combine a taxable advance refunding of a portion of the Series 2015 Parking Bonds with the new money borrowing for the 72nd Street Complex Parking Garage. Based on current market conditions, a refunding of the bonds is currently not economical. The Administration will continue to monitor the potential savings as the market remains volatile due to inflationary pressures and concern over the Russia-Ukraine war.

Following is a summary of City's outstanding Parking debt (including 2020 Promissory Note secured by CBA and paid by Parking) with potential refunding candidates highlighted.

	Outstanding Parking Revenue Debt		Covenant to Budget and Appr. Debt Paid by Parking		Total Parking Principal
	Series 2015		Portion of Series 2020 Promissory Note (JP Morgan Chase)		
Original Par	\$58,825,000		\$39,587,000		
Dated	12/15/2015		08/04/2020		
Due	September 1		September 1		
Earliest Call	9/1/25 @ 100		10 year bullet in 2030		
Insurer/Rating	None		None		
Underlying Ratings	A2/A+/NR		None		
Purpose	Parking Facility Improvements		Refund 2010 Parking Bonds		
	Principal	Coupon	Parking Principal	Coupon	Principal
2022	200,000	4.00	2,284,793	1.85	2,484,793
2023	1,110,000	5.00	1,425,461	1.85	2,535,461
2024	1,165,000	5.00	1,452,232	1.85	2,617,232
2025	1,220,000	5.00	1,481,599	1.85	2,701,599
2026	1,280,000	5.00	1,509,364	1.85	2,789,364
2027	1,345,000	5.00	1,536,644	1.85	2,881,644
2028	1,415,000	5.00	1,562,116	1.85	2,977,116
2029	1,485,000	5.00	1,590,746	1.85	3,075,746
2030	1,560,000	5.00	1,622,362	1.85	3,182,362
2031	1,635,000	5.00	1,651,788		3,286,788
2032	1,715,000	5.00	1,683,847		3,398,847
2033	1,805,000	5.00	1,712,998		3,517,998
2034	1,895,000	5.00	1,744,188		3,639,188
2035	1,990,000	5.00	1,777,206		3,767,206
2036	2,090,000 *	5.00	1,811,834		3,901,834
2037	2,195,000 *	5.00	1,842,853		4,037,853
2038	2,300,000 *	5.00	1,880,196		4,180,196
2039	2,415,000 *	5.00	1,913,479		4,328,479
2040	2,540,000 T	5.00	1,947,629		4,487,629
2041	4,900,000 *	5.00			4,900,000
2042	5,140,000 *	5.00			5,140,000
2043	5,400,000 *	5.00			5,400,000
2044	5,670,000 *	5.00			5,670,000
2045	5,955,000 T	5.00			5,955,000
Outstanding Callable	\$ 58,425,000		\$ 32,431,335		\$ 90,856,335
	\$ 54,730,000				

* = Sinking fund payment

T = Final maturity of term bond

 = Non-Callable

Fixed rate through 2030, bullet.
 Note will need to be extended or refinanced in 2030.

Analysis

In accordance with the provisions of Section 2-278 Procedures governing the issuance of new money bonds, the Administration prepared the required fiscal analysis for the proposed borrowing for the 72nd Street Complex Parking Garage.

Sec. 2-278 (a) 1 (a) - estimated cost of the projects:

The 72nd Street Community Complex Parking Garage component is approximately \$30 million of the total Project cost of \$101,742,327. The Series 2022 Parking Bonds will provide approximately \$19.5 million in proceeds for the 72nd Street Complex Parking Garage.

Sec. 2-278 (a) 1 (b) - estimated revenues to be generated by the projects:

It is anticipated that the 72nd Street Community Complex Parking Garage component will charge user fees for parking commiserate with the City's Parking System rates.

Sec. 2-278 (a) 1 (c) - estimated annual cost of maintaining, repairing and operating the projects:

Operating and maintenance costs for the 72nd Street Community Complex Parking Garage component will be included in the Parking System's budget similar to such costs for the System's other parking garages, which are paid for by user fees.

In accordance with Sec. 2-278 (a)(3), two public hearings will be held for the proposed Series 2022 Parking Bonds. The first public hearing is on April 20, 2022 and the second is anticipated to be on May 4, 2022, and each date will be advertised at least fifteen (15) days prior to the public hearing date.

The Parking System must issue debt to provide proceeds in the amount of approximately \$19.5 million, plus issuance costs, in the coming months to cover a portion of the costs of the 72nd Street Complex Parking Garage. A refunding of a portion of the Series 2015 Parking Bonds may be combined with this issue if market conditions make such a refunding economical, or such refunding may occur at a later date if feasible.

The Resolution for the issuance of the Series 2022 Bonds delegate to the City Manager, relying upon the recommendation of the Chief Financial Officer and the City's Financial Advisor, the determination of various terms of the Series 2022 Bonds, including the payment of all related costs and expenses in connection with the issuance of the Series 2022 Bonds and all other actions necessary or desirable in connection with the issuance of the Series 2022 Bonds.

Conclusion

The Administration requests that the Commission adopt the Resolution authorizing the issuance of the Series 2022 Parking Bonds, including refunding any portion of the Series 2015 Bonds if economical. The City will continue to monitor the cost-effectiveness of any unrefunded callable Series 2015 Bonds as market conditions change and move forward with the refinancing if and when it is economically feasible.

AH/JW/aw

Exhibit A

Analysis of 72nd Community Complex Costs and Potential Funding Sources

Section 1: CONSTRUCTION CONTRACT

Construction Contract	84,900,000
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Section 2: ADDITIONAL CONSTRUCTION COSTS

FP&L Relocation Costs	1,333,945
Permitting Costs	948,573

TOTAL CONSTRUCTION COSTS	87,182,518
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Section 3: NON-CONSTRUCTION BUDGET

Professional Fees	843,250
Feasibility Study	484,268
Survey and Testing	232,832

TOTAL NON-CONSTRUCTION	1,560,350
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Section 4: PROJECT CONTINGENCY 5%

	4,427,047
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Section 5: OTHER/CITY ALLOCATIONS

Art in Public Places (AIPP)	1,605,040
Capital Improvement Projects	6,160,372
GO Bond Management	807,000

TOTAL OTHER/CITY ALLOCATIONS	8,572,412
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Section 6: PROJECT GRAND TOTAL

	101,742,327
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Section 7: IDENTIFIED FUNDING

GO Bond	53,800,000
Parking Funding Previously Allocated	10,600,000
Ocean Terrace Settlement	1,000,000
New Parking Bond	19,400,000
Feasibility Study and Professional Fees Funded Previously	823,708

FUNDED or FUNDING IDENTIFIED	85,623,708
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Section 8: FUNDING GAP

	16,118,619
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Section 9: POTENTIAL SOURCES OF FUNDING GAP

7th Street Garage Funds	3,800,000
Resort Tax-Reserve Over Q3	5,900,000
Old County Library Fund	961,000
Apply AIPP to Construction	1,400,000
General Fund-Reserve Over Q3	3,500,000
Final Contract Negotiations/Other	557,619

TOTAL POTENTIAL SOURCES OF FUNDING GAP	16,118,619
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