



REDEVELOPMENT AGENCY MEMORANDUM

TO: Honorable Chair and Members of the Board of Directors

FROM: Eric Carpenter, Executive Director

DATE: September 11, 2024

TITLE: A RESOLUTION OF THE CHAIRPERSON AND MEMBERS OF THE MIAMI BEACH REDEVELOPMENT AGENCY (RDA) ACCEPTING THE RECOMMENDATION OF THE RDA EXECUTIVE DIRECTOR AND APPROVING THE SELECTION OF BOFA SECURITIES, INC. AS SENIOR MANAGER ALONG WITH ESTRADA HINOJOSA & COMPANY, INC., JEFFERIES LLC, PNC CAPITAL MARKETS LLC, AND RAYMOND JAMES & ASSOCIATES, INC. AS CO-MANAGERS TO PROVIDE UNDERWRITING SERVICES FOR THE RDA REVENUE REFUNDING BONDS, SERIES 2024 CITY CENTER/HISTORIC CONVENTION VILLAGE ("SERIES 2024 REFUNDING BONDS") THAT THE RDA ANTICIPATES WILL BE ISSUED IN 2024.

RECOMMENDATION

BACKGROUND/HISTORY

On April 14, 2010, the Mayor and City Commission accepted the City Manager's recommendation to award RFP 15-09-10 for Underwriter Services and as a result created a pool of 15 firms to provide underwriting services on an as needed basis. The award was valid through April 13, 2018.

To seek proposals for a replacement pool of underwriters, on June 7, 2017, the Mayor and City Commission authorized the issuance of Request for Qualifications (RFQ) 2017-163-WG for Underwriter Services. The RFQ sought statements of qualifications from underwriting firms to establish a team of underwriters to provide Underwriter Services to the City for the issuance of various municipal bonds. On June 8, 2017, RFQ No. 2017-163-WG for Underwriter Services was issued. RFQ responses were received on July 13, 2017. On January 17, 2018, the Mayor and City Commission approved a resolution authorizing the Administration to establish a pool of 14 underwriters to provide underwriting services to the City for the issuance of bonds. The pool was approved for services from January 17, 2018, through January 17, 2023 (5 years), with an additional five (5) years, on a year-to-year basis, if mutually agreed upon by both parties. Two optional renewals have been exercised and the contracts extended January 17, 2025.

In 2015, the Miami Beach Redevelopment Agency Tax Increment Revenue and Revenue Refunding Bonds, Series 2015A (City Center/Historic Convention Village) ("Series 2015A Bonds") were issued in the amount of \$286,245,000 for refunding certain outstanding bonds and for the renovation and expansion of the Miami Beach Convention Center. As of the end of FY 2023, the amount of outstanding Series 2015A Bonds is \$271,875,000.

Given the current interest rate environment, the RDA's Chief Financial Officer, in conjunction with the RDA's Financial Advisor, PFM Financial Advisors LLC (the "Financial Advisor"), has identified a refinancing opportunity to achieve debt service savings. A debt refunding opportunity is a chance to replace existing debt obligations with new ones that offer cost savings and improved financial conditions for the RDA.

On February 21, 2024, the Commission approved a referral to the Finance and Economic Resiliency Committee ("FERC") to review the potential refunding of outstanding RDA Bonds. The RDA's Chief Financial Officer and Financial Advisor presented the opportunity, which was discussed by the FERC on April 19, 2024, and the FERC recommended that Administration move forward with the refinancing.

As Miami-Dade County ("County") would have to approve the issuance of the Series 2024 Refunding Bonds, RDA staff has met with County staff to discuss the opportunity. RDA staff is continuing to work with the County to approve the refunding and any required amendment to the Interlocal Cooperation Agreement.

ANALYSIS

The selected firms participate in the bond issues by assisting the RDA, its Chief Financial Officer and its Financial Advisor with development of financing structures, preparation of preliminary and final official statements, bond resolutions, and other documentation as may be required. The underwriters' price, market and sell the bonds to investors in municipal securities.

Additionally, firms appointed as the senior managing underwriter are required to provide the services listed below throughout the bond issuance process. Co-managing underwriters provide assistance as requested and support in the marketing, distribution and underwriting of the assigned transactions. The RDA, at its sole discretion, may select one or more firms to serve as senior manager or co-manager from the underwriting team for each of its bond financings. The RDA reserves the right to assign less than all of the members of the underwriting pool for a particular financing and reserves the right to remove any underwriter from participation in the underwriting syndicate if the underwriter and the RDA are unable to agree on any provision of the bond purchase contract. All fees are contingent upon the issuance of the proposed bonds. The required services include, but are not limited to, the following:

1. Participate in drafting of all bond documents, including the Official Statement.
2. Assist in preparation and discussions with rating agencies and bond insurers, if requested.
3. Make recommendations for the proposed financing, including, but not limited to, the timing of the sale, the overall sales approach, the structure of the bonds, the call provisions, and the use of credit enhancement.
4. Lead the underwriting team in marketing and distributing the bonds to both retail and institutional investors.
5. Underwrite the financing based upon terms and conditions agreed to by both the City, financial advisor, and the underwriters in the Bond Purchase Agreement.
6. Assist with the closing of the financing, including reviewing all closing documents and providing a post-financing report to the RDA which highlights the key characteristics of the financing.

The process to select firms to serve as a senior or co-manager for a particular issue involves a review of work previously assigned to the various firms during the term of the pool, experience in and commitment to Florida municipal finance, the capability of a firm to senior manage large and/or complex credit structures, the size of the bond issue to be sold, and the various markets that the firm has access to for marketing and distribution. A firm's response to other business requests, such as the City's Line of Credit and Equipment Line of Credit and resulting commitment to the RDA is also considered. The list of firms is recommended by the City Manager following consultation with the RDA's Chief Financial Officer and Financial Advisor.

The RDA anticipates the issuance of Series 2024 Refunding Bonds in October 2024 to refund outstanding obligations. The firms recommended for the Series 2024 Refunding Bonds, based on a combination of the above considerations, are as follows:

- Senior Manager: BofA Securities. Inc.
- Co-Managers: Estrada Hinojosa & Company, Inc.; Jefferies LLC; PNC Capital Markets LLC; Raymond James & Associates, Inc.

A list of the underwriters' recent transactions with the City/RDA and the resulting total participation in the RDA's bond financings based on this recommendation are provided as an attachment.

The RDA and its Financial Advisor will work with the underwriters to provide information on how City taxpayers and residents can purchase the Series 2024 Refunding Bonds through the new issue order period.

The Resolutions for the issuance of the Series 2024 Refunding Bonds will delegate to the RDA Executive Director, relying upon the recommendation of the Chief Financial Officer and the RDA's Financial Advisor, the determination of various terms of the Series 2024 Refunding Bonds, including the payment of all related costs and expenses in connection with the issuance of the Series 2024 Refunding Bonds and all other actions necessary or desirable in connection with the issuance of the Series 2024 Refunding Bonds.

FISCAL IMPACT STATEMENT

NA

Does this Ordinance require a Business Impact Estimate? (FOR ORDINANCES ONLY)

The Business Impact Estimate (BIE) was published on . See BIE at:
<https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notices/>

FINANCIAL INFORMATION

CONCLUSION

The RDA Administration recommends that RDA approve the RDA Executive Director's recommendation of underwriters for the Series 2024 Refunding Bonds.

LOBBYIST DISCLOSURE

In accordance with Resolution No. 2023-32857, adopted by the City Commission on December 13, 2023, the following information has been provided by the Administration as it relates to the subject resolution.

Applicable Area

Citywide

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?

No

Is this item related to a G.O. Bond Project?

No

Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying? No

If so, specify the name of lobbyist(s) and principal(s):

Department

Finance

Sponsor(s)

Co-sponsor(s)