May 15, 2024

Memorandum

To: **Miami Beach Redevelopment Agency**

From: **PFM Financial Advisors LLC**

RE: **Tax Increment Revenue Refunding Bonds, Series 2024 – Plan of Finance**

PFM Financial Advisors LLC ("PFM"), serving in our capacity as financial advisor to the Miami Beach Redevelopment Agency (the "RDA"), has worked with the Administration to develop a plan of finance for the issuance of Tax Increment Revenue Refunding Bonds, Series 2024 (the "Series 2024 Bonds"). The purpose of this memorandum is to describe the plan of finance and provide the findings that result in a recommendation to move forward with the proposed financing structure and method of sale.

Purpose & Structure
Series 2024 Bonds will be issued to provide for a refunding of the Tax Increment Revenue and Revenue Refunding Bonds, Series 2015A (the "Series 2015A Bonds") for debt service savings. The Series 2015A Bonds are currently callable.

The Series 2024 Bonds will be issued with a final maturity no longer than the bonds being refinanced, which is February 1, 2044. Closing is anticipated to occur as early as September 2024. Principal will be paid on an annual basis beginning February 1, 2025, with interest paid semi-annually every February and August, commencing February 1, 2025.

Security & Ratings
The 2015A Bonds, which are the only outstanding obligations of the RDA,[1] are secured by a pledge of and lien upon the tax-increment revenues derived from the City Center/Historic Convention Village Redevelopment and Revitalization Area. The Series 2024 Bonds will have the same security provisions. The Series 2015A Bonds were also issued with a municipal bond insurance policy provided by Assured Guaranty Municipal Corp. ("AGM") that serves as a surety policy in lieu of a cash-funded debt service reserve fund ("DSRF"). The AGM surety policy will remain in place for the Series 2024 Bonds..

The Series 2015A Bonds currently have ratings assigned from two of the three major rating agencies – A1 by Moody's and A by S&P. We anticipate that the Series 2024 Bonds will maintain the same ratings.

Refunding Escrow
To take advantage of the slope of the yield curve, offering higher yields in earlier years, we would suggest setting the escrow period to the full 90 days in order to take advantage of the inverted yield curve and generate excess earnings in the escrow period for the full 90-day period. PFM will continue to monitor market conditions through the pricing date to ensure there is economic benefit of doing so.

Method of Sale
In the municipal bond market, some issuers have strong preferences for either a negotiated or competitive sale approach, and oftentimes issuers achieve very successful results from either

[1] The 2015A Bond were issued simultaneously with the Tax Increment Revenue and Revenue Refunding Bonds, Taxable Series 2015B. The 2023B Bonds matured on February 1, 2023.

alternative. Ultimately, the decision in favor of either method may be influenced by a combination of broader policy and financial objectives, issuer-specific characteristics, and market conditions. There are a number of considerations in establishing a method of sale for any bond issue. Factors supporting one sale methodology versus another are summarized in the table on the following page. The items listed in the table should be viewed as indicators of the most effective approach given a set of circumstances. Issuers may find characteristics for a specific set of circumstances that fall in both columns. Florida State Statutes[2] indicate that revenue bonds shall be sold by competitive sale, absent findings for reasons for a negotiated sale. In our view a **negotiated sale** for the Series 2024 Bonds is the appropriate method of sale for the following reasons:

- **Issuer Type/Infrequency to Market –** It has been nearly a decade since the RDA has issued debt and because of its status as a limited-purpose enterprise, a team of underwriters can sufficiently educate investors about the RDA and promote the transaction in order to generate interest in the offering.

- **Credit Quality and Security Pledge –** The bonds are anticipated to be rated in the single-A category and the TIF-backed credit structure is unique compared to more traditional revenue-backed bond offerings. The Series 2024 Bonds will be secured by the increment revenues generated within the Redevelopment Area. The underlying revenues, along with the existing interlocal agreements between the RDA, City, and County describing the flow of funds, may require additional explanation. As such, the bonds may benefit from greater pre-marketing activity so that the credit can be more widely understood by market participants.

In additional, using a negotiated sales approach would allow local and Florida-based retail investors to purchase the bonds during the primary offering, which would be consistent with the City of Miami Beach's prior practices for publicly offered debt.

At present time, the fact pattern surrounding the issuance of the Series 2024 Bonds are such that a negotiated sale is warranted. This recommendation is based on the considerations described above. Please feel free to contact us should you have any questions or comments regarding the recommendations outlined in this memorandum.

[2] SS 218.385

Attributes	Competitive Sale	Negotiated Sale
Issuer		
Type of Organization	Broad-based, general-purpose government	Special-purpose enterprise, independent authority
Frequency of Issuance	Regular borrower in public market	New or infrequent issuer of debt
Market Awareness	Active secondary market with wide investor base	Little or no institutional base, but growing dealer interest
Credit Quality		
Rating	"AA" or better	"A" category or lower
Pledged Revenues	General taxes	Project supported revenues
Security Structure	Conventional resolution and cash flow; rate covenant and coverage	Unusual or weak covenants; subordinated debt
Trend	Stable	Declining or under stress
Market Conditions		
Interest Rates	Stable, predictable market	Volatile or declining market
Demand	Strong investor demand, good liquidity, light forward calendar	Oversold market, heavy supply; coupon, structure or maturity requirements not favored in current market
Debt Structure		
Tax Status	Tax-exempt, no concerns	Taxable
Debt Instrument	Traditional serial and term, full-coupon bonds	Aggressive use of innovative bond structuring, derivative products, swaps, or variable-rate debt instruments
Marketing		
Use of Underwriters	Broad market participation	Ability to select "best qualified" banker and direct business to local or regional firms
Investors	Process blind to ultimate investors	Sale can be managed to achieve wide distribution or targeted allotments; can give priority to retail/ local investors
Pre-marketing	Limited need for pre-marketing	Specific pre-sale activity to educate investors
Flexibility in Timing	Less flexibility necessary	Greater flexibility in timing
Fine Tuning Structure	Limited options given to bidders	Unlimited ability to fine-tune
Cost		
Gross Spread	Reflected in winning (lowest TIC) bid. Generally dependent on supply and demand.	Spreads are negotiated within a range of comparable transactions and issuer standards.
Interest Rate	Highest market price for commodity offered on day of sale	Best match of product with specific investor demand
Preparation		
Resolution/Structure	Credit/Security features fairly standard, allowing Issuer to determine preference for managing	Professional banking support and more direct marketing input in balancing security for investor vs. flexibility for issuer
Disclosure	Issuer relies on own program disclosure	Underwriters' counsel assists in the preparation of official statement