

C7 Q A RESOLUTION OF THE MAYOR AND CITY COMMISSION ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE AT ITS MAY 23, 2024 MEETING TO AUTHORIZE THE ADMINISTRATION TO EXECUTE A DECLARATION OF OFFICIAL INTENT TO ISSUE THE SECOND TRANCHE OF GENERAL OBLIGATION (G.O.) BONDS, NEIGHBORHOODS AND INFRASTRUCTURE CATEGORY, IN THE AMOUNT OF \$20.03 MILLION INCLUDING ISSUANCE COSTS.

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Rickelle Williams, Interim City Manager

DATE: June 26, 2024

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION ACCEPTING THE RECOMMENDATION OF THE FINANCE AND ECONOMIC RESILIENCY COMMITTEE AT ITS MAY 23, 2024 MEETING TO AUTHORIZE THE ADMINISTRATION TO EXECUTE A DECLARATION OF OFFICIAL INTENT TO ISSUE THE SECOND TRANCHE OF GENERAL OBLIGATION (G.O.) BONDS, NEIGHBORHOODS AND INFRASTRUCTURE CATEGORY, IN THE AMOUNT OF \$20.03 MILLION INCLUDING ISSUANCE COSTS.

RECOMMENDATION

It is recommended that the Mayor and City Commission adopt the Resolution.

BACKGROUND/HISTORY

The General Obligation Bond (G.O. Bond) program was approved by the voters of Miami Beach in November 2018. Residents voted to approve the \$439.0 million bond program, which includes \$169 million for parks, recreation facilities, and cultural facilities; \$198 million for neighborhoods and infrastructure; and \$72 million for police, fire, and public safety. All 3 related ballot measures passed with a support rate of ~70%. The first tranche of new money funding (Tranche 1) in the amount of \$152 million (net of cost of issuance related expenses) was approved by the City Commission with the goal to advance as many projects as possible. An additional \$6.2 million was appropriated from earned interest income to assist in covering additional eligible project costs. A total of 43 out of the 57 voter approved projects have either been completed or are in some form of active status. The funding allocated as part of Tranche 1 in the 3 separate bond categories were:

- Parks, Recreation & Cultural Facilities: \$87.1 million
- Neighborhoods & Infrastructure: \$28.2 million
- Police, Fire & Public Safety: \$36.7 million

The program is approaching its 5th year in May 2024 and the time has come to determine the possibility of either issuing Tranche 2 in the Neighborhoods and Infrastructure category, or an alternative funding vehicle to keep those projects moving forward. Approximately 80% of the funds in this category have been spent to date and several projects will soon require additional funding beyond what is currently available.

ANALYSIS

The G.O. Bonds will be repaid through the assessment, levy, and collection of ad valorem tax on all taxable property within the City and the full faith, credit, and taxing power of the City will be pledged to the payment of the principal and interest of the bonds. Issuance costs and expenses will be paid from G.O. Bond proceeds. In accordance with the provision of Section 2-278(b) (Exhibit A) procedures governing the issuance of bonds with respect to bonds subject to a

referendum, the Administration's compliance with paragraphs 1 and 2 of Section 2-278(a) was completed with the adoption of Resolution 2019-30754.

The portion of the projects for which the bonds are to be issued is \$19,830,000, as described in Chart 1 below. The City to date has not committed any proceeds for future projects that are to be funded from future bond proceeds.

CHART 1

GOB PROJECT	TOTAL GOB BUDGET	TRANCHE 1	TRANCHE 2 PROPOSED	FUTURE TRANCHEs
GO#33: STREET TREE MASTER PLAN	5,000,000	2,770,000	2,230,000	0
GO#37: SIDEWALK IMPROVEMENTS	13,000,000	3,960,066	3,500,000	5,539,934
GO#38: STREET PAVEMENT	30,000,000	5,800,000	8,600,000	15,600,000
GO#39: SEAWALLS & SHORELINES	10,000,000	5,000,000	5,000,000	0
GO#42: TRAFFIC CALMING	2,000,000	1,500,000	500,000	0
TOTAL	60,000,000	19,030,066	19,830,000	21,139,934

Declaration of Official Intent

Currently, the Administration is not recommending the immediate issuance of G.O. bonds but to instead request the Commission to authorize for the Administration to execute a Declaration of Official Intent defined as:

“Declaration of Official Intent” means a declaration of intent, in the form, manner and time contemplated in the Reimbursement Regulations, that the advances for expenditures referred to therein are reasonably expected to be reimbursed from the proceeds of Bonds to be issued after those expenditures are paid.”

Issuing G.O. bonds with a prior Declaration of Official Intent can be a cost-effective strategy. A prior Declaration of Official Intent is a legal mechanism that allows an issuer to use its own funds initially for project expenses and later reimburse itself with the proceeds from the sale of tax-exempt G.O. bonds. In this case, the General Fund's reserves would be utilized to provide the interim funding of the projects.

The Declaration of Official Intent will not be effective unless the bonds providing moneys for the reimbursement are issued and the reimbursement for the projects described in Chart 1 above is made within the applicable period prescribed in the Treasury Regulations – generally, 18 months after the later of the date of the expenditure or the date the Project is placed in service, but in no event later than three years after the date of the expenditure. See attached Exhibit B for Resolution 2016-29612 which authorizes Declarations of Official Intent. The Administration may return at a future date to request an increase in the Tranche 2 authorization as additional projects are ready to proceed.

Some advantages to this approach include:

- Timing and Flexibility: Delaying the issuance of bonds provides the City with flexibility in terms of timing. It allows the City to initiate and fund a project using the City's reserves while waiting for the most opportune moment to issue long-term bonds. This can be advantageous in instances where market conditions are not favorable or when the project timeline is uncertain.

- Reduced Interest Costs: By using internal funds initially, the City can avoid incurring interest costs associated with long-term debt during the early stages of projects. Taxpayers will not be taxed at this time. Debt service millage will not be increased until after the actual issuance of the Bonds.
- Market Conditions: Delaying the issuance allows the City to monitor and take advantage of favorable market conditions. If interest rates are expected to decrease or if there is increased demand for bonds, the City may be able to secure more favorable terms, ultimately lowering the overall cost of financing.
- Project Initiation Assessment: The delay provides the City with additional time to assess when certain project milestones are reached. This may involve confirming that the project is progressing as planned.

On April 11, 2024, the G.O. Bond Oversight Committee passed a motion endorsing the Administration's strategy, and on May 24, 2024, the Finance and Economic Resiliency Committee (FERC) moved the item to the City Commission with a favorable recommendation to execute a Declaration of Official Intent to issue the second tranche of General Obligation Bonds, Neighborhoods and Infrastructure Category, in the amount of \$19.83 million. The amount required for cost of issuance was not discussed at FERC. Cost of issuance (COI) for a debt issuance for this size is estimated at \$200,000. This would bring the total issuance size to \$20.03 million.

FISCAL IMPACT STATEMENT

N/A

FINANCIAL INFORMATION

N/A

CONCLUSION

Based on the foregoing, the Administration recommends that the Mayor and City Commission of the City of Miami Beach adopt the Resolution authorizing the Administration to execute a Declaration of Official Intent (attached as Exhibit C) to issue the second tranche of General Obligation Bonds, Neighborhoods and Infrastructure Category, in the amount of \$20.03 million, including issuance costs.

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?

Yes

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

G.O. Bond Program & Finance

Sponsor(s)

Co-sponsor(s)

Exhibit A

ORDINANCE NO. 2007-3582

AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING CHAPTER 2 OF THE CODE OF THE CITY OF MIAMI BEACH, FLORIDA, BY AMENDING ARTICLE V THEREIN, ENTITLED "FINANCE;" BY CREATING A NEW SECTION 2-278, ENTITLED "PROCEDURES GOVERNING THE ISSUANCE OF BONDS,"; PROVIDING FOR REPEALER; SEVERABILITY; CODIFICATION; AND AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA:

SECTION 1. Chapter 2 of the City Code is hereby amended, creating a new Section 2-278, entitled "Procedures governing the issuance of bonds," as follows:

Section 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 (2) public hearings, each advertised not less than fifteen (15) days prior to the hearing, in order to obtain citizen input into the proposed bond issuance.

(b) In the event the particular issuance of bonds is one that is subject to referendum

approval, pursuant to Florida law, then the conditions in subsections (1) and (2) of section (a) above shall be complied with prior to adoption by the City Commission of the resolution calling for the referendum pertaining to the issuance of the proposed bonds.

(c) To meet a public emergency affecting life, health, property or public safety, the City Commission may, by 5/7ths vote of the members of the City Commission waive the requirements of this section; provided, however, that such waiver shall not be deemed to be a waiver of any other legal requirements under local, State, and federal law for the issuance of the proposed bonds.

(d) The provisions of this section shall not apply to the issuance of any bonds to refund or refinance outstanding bonds or other obligations.

SECTION 2. REPEALER.

That all Ordinances or parts of Ordinances in conflict herewith be and the same are hereby repealed.

SECTION 3. CODIFICATION.

It is the intention of the City Commission, and it is hereby ordained that the provisions of this Ordinance shall become and be made part of the Code of the City of Miami Beach as amended; that the sections of this Ordinance may be renumbered or relettered to accomplish such intention; and that the word "ordinance" may be changed to "section" or other appropriate word.

SECTION 4. SEVERABILITY.

If any section, subsection, clause or provision of this Ordinance is held invalid, the remainder shall not be affected by such invalidity.

SECTION 5. EFFECTIVE DATE.

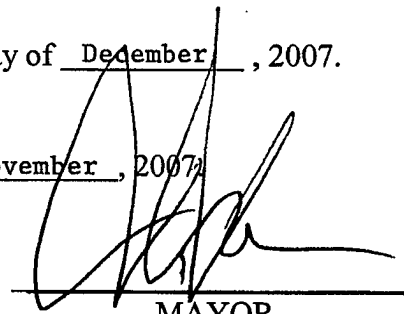
This Ordinance shall take effect on the 1st day of December, 2007.

PASSED and ADOPTED this 21st day of November, 2007.

ATTEST:

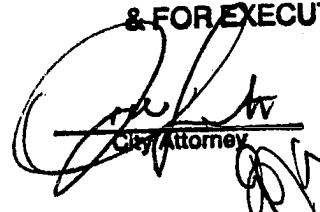


CITY CLERK Robert Parcher


MAYOR
David Dermer

F:\atto\AGURRESOS-ORD\Bonds - Procedures governing the issuance - Ord (2nd Reading - Final 10-22-07

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION


City Attorney
10/22/07
Date



MIAMI BEACH

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

COMMISSION MEMORANDUM

TO: Mayor David Dermer and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: November 21, 2007

**SECOND READING
PUBLIC HEARING**

SUBJECT: **AN ORDINANCE OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING CHAPTER 2 OF THE CODE OF THE CITY OF MIAMI BEACH, FLORIDA, BY AMENDING ARTICLE V THEREIN, ENTITLED "FINANCE;" BY CREATING A NEW SECTION 2-278, ENTITLED "PROCEDURES GOVERNING THE ISSUANCE OF BONDS,"; PROVIDING FOR REPEALER; SEVERABILITY; CODIFICATION; AND AN EFFECTIVE DATE.**

ADMINISTRATION RECOMMENDATION

Adopt the Ordinance.

KEY INTENDED OUTCOMES SUPPORTED

Improve the City's overall financial health and maintain overall bond rating.
Ensure expenditure trends are sustainable over the long term.

ANALYSIS

The Ordinance, prepared at the request of Mayor Dermer, amends Chapter 2 of the City Code and creates a new Section 2-278 and establishes procedures to be followed by the Mayor and City Commission, prior to the adoption of a final resolution approving the issuance of City bonds.

These requirements are necessary to ensure that there has been a thorough fiscal analysis and review completed, to fully inform both the Mayor and City Commission and the public of the financial and economic impact resulting from the issuance of the proposed bonds. Specifically, the fiscal analysis shall include the estimated cost of the project or projects that will be funded from the proposed bonds along with the estimated annual cost of maintaining, repairing and operating each project. Additionally, any revenues that may be generated from the project should be estimated and considered in the analysis.

Following completion of the analysis, the proposed issuance of bonds must be presented to the City's Finance and Citywide Projects Committee for their review and the ordinance must be approved by a majority vote of the Committee.

The Ordinance further requires that the City Commission hold two public hearings each advertised not later than fifteen (15) days prior to the hearing, in order to obtain citizen input on the proposed bond issuance.

In the case of General Obligation Bonds or other bonds that are subject to referendum approval pursuant to Florida law, the fiscal analysis and approval of the bond issuance by the City's Finance and Citywide Projects Committee must occur prior to the adoption of the resolution calling for the referendum (i.e. the ballot question).

In the event of a public emergency, the provisions of the Ordinance may be waived by 5/7ths vote of the City Commission and it will not apply to refunding or refinancing of outstanding bonds or other obligations.

FISCAL IMPACT

The economic impact for this ordinance will vary based on the number of projects to be funded with the proposed bonds and the complexity of the determination of the revenues to be generated, if any, along with the operating and maintenance costs of such projects.

CONCLUSION

The Administration recommends that the Mayor and City Commission adopt the ordinance.

JMG/PDW

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MIAMI BEACH
CITY OF MIAMI BEACH
NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY given that a second reading and public hearing will be held by the Mayor and City Commission of the City of Miami Beach, Florida, in the Commission Chambers, 3rd floor, City Hall, 1700 Convention Center Drive, Miami Beach, Florida, on **Wednesday, November 7, 2007, at 11:00 a.m.**, to Consider Adopting An Ordinance Amending Chapter 94 Of The Code Of The City Of Miami Beach, Florida, Entitled "Special Assessments," By Amending Article III Thereof, Entitled "Bonds" By Creating A New Section 94-96, Entitled "Procedures Governing The Issuance Of Bonds".

However, in the event a run-off election is held, the second reading and public hearing on this Ordinance shall not be held on November 7, 2007, but shall instead be held on **Wednesday, November 21, 2007 at 11:00 a.m.**

Inquiries may be directed to Finance Department at (305) 673-7466.

INTERESTED PARTIES are invited to appear at this meeting, or be represented by an agent, or to express their views in writing addressed to the City Commission, c/o the City Clerk, 1700 Convention Center Drive, 1st Floor, City Hall, Miami Beach, Florida 33139. Copies of this ordinance are available for public inspection during normal business hours in the City Clerk's Office, 1700 Convention Center Drive, 1st Floor, City Hall, Miami Beach, Florida 33139. This meeting may be continued and under such circumstances additional legal notice would not be provided.

Robert E. Parcher, City Clerk
City of Miami Beach

Pursuant to Section 286.0105, Fla. Stat., the City hereby advises the public that: if a person decides to appeal any decision made by the City Commission with respect to any matter considered at its meeting or its hearing, such person must ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. This notice does not constitute consent by the City for the introduction or admission of otherwise inadmissible or irrelevant evidence, nor does it authorize challenges or appeals not otherwise allowed by law.

To request this material in accessible format, sign language interpreters, information on access for persons with disabilities, and/or any accommodation to review any document or participate in any city-sponsored proceeding, please contact (305) 504-2489 (Voice) (305) 673-7218 (TTY) five days in advance to initiate your request. TTY users may also call 711 (Florida Relay Service).

Ad #460

MUS Municipal Auditorium

THE MIAMI HERALD

THURSDAY, OCTOBER 28, 2007 | 5

Condensed Title:

An Ordinance Amending Chapter 2 Of The Code Of The City Of Miami Beach, Florida, Entitled "Finance" By Amending Article V Thereof, Entitled "Bonds;" By Creating A New Section 2-278, Entitled "Procedures Governing The Issuance Of Bonds"; Providing For Repealer; Severability; Codification; And An Effective Date.

Key Intended Outcome Supported:

To make the city more business friendly. Improve the City's overall financial health and maintain overall bond rating. Ensure expenditure trends are sustainable over the long term.

Supporting Data (Surveys, Environmental Scan, etc.): Bond ratings have improved for S&P from A1 in FY 2000/01 to AA- in FY 2006/07 and Moody's from A in FY 2000/01 to AA3 in FY2006/07.

Issue:

Shall the City Commission approve new procedures governing the issuance of bonds?

Item Summary/Recommendation:**SECOND READING PUBLIC HEARING**

The Ordinance, prepared at the request of Mayor Dermer, establishes procedures to be followed by the Mayor and City Commission, prior to the adoption of a final resolution approving the issuance of City bonds.

These requirements are necessary to ensure that there has been a thorough fiscal analysis and review completed, to fully inform both the Mayor and City Commission and the public of the financial and economic impact resulting from the issuance of the proposed bonds.

The Administration recommends adopting the ordinance.

Advisory Board Recommendation:

N/A

Financial Information:

Source of Funds:	Amount	Account	Approved
1			
2			
3			
4			
Total			

OBPI

Financial Impact Summary:

City Clerk's Office Legislative Tracking:

Patricia Walker, Chief Financial Officer

Sign-Offs:

Department Director	Assistant City Manager	City Manager
	PDW 	JMG 

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MIAMIBEACH

AGENDA ITEM R5A
DATE 11-21-07

Exhibit B

RESOLUTION NO. **2016-29612**

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING DECLARATIONS OF OFFICIAL INTENT UNDER U.S. TREASURY REGULATIONS WITH RESPECT TO REIMBURSEMENTS FROM BOND, NOTE AND OTHER OBLIGATION PROCEEDS OF TEMPORARY ADVANCES MADE FOR PAYMENTS PRIOR TO ISSUANCE, AND RELATED MATTERS.

WHEREAS, United States Treasury Regulations §1.150-2 (the "Reimbursement Regulations") prescribe conditions under which proceeds of bonds, notes or other obligations ("Bonds") used to reimburse advances made for capital and certain other expenditures ("Original Expenditures") paid before the issuance of such Bonds will be deemed to be expended (or properly allocated to expenditures) for purposes of Sections 103 and 141-150 of the Internal Revenue Code of 1986, as amended (the "Code"), upon such reimbursement so that the proceeds so used will no longer be subject to requirements or restrictions under those sections of the Code; and

WHEREAS, certain provisions of the Reimbursement Regulations require that there be a Declaration of Official Intent not later than 60 days following payment of the Original Expenditures expected to be reimbursed from proceeds of Bonds, and that the reimbursement occur within certain prescribed time periods after an Original Expenditure is paid or after the property resulting from that Original Expenditure is placed in service; and

WHEREAS, the Mayor and City Commission of the City of Miami Beach, Florida (the "City") wishes to take steps to comply with the Reimbursement Regulations;

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA:

Section 1. Definitions. The following definitions apply to the terms used herein:

"Authorized Officer" means the City Manager of the City, the Chief Financial Officer of the City or in the absence of both, the Treasury and Debt Manager of the City.

"Declaration of Official Intent" means a declaration of intent, in the form, manner and time contemplated in the Reimbursement Regulations, that the advances for expenditures referred to therein are reasonably expected to be reimbursed from the proceeds of Bonds to be issued after those expenditures are paid.

"Reimbursement" or "reimburse" means the restoration to the City of money temporarily advanced from its own funds and spent for Original Expenditures before the issuance of the Bonds, evidenced in writing by an allocation on the books and records of the City that shows the use of the proceeds of the Bonds to restore the money advanced for the Original Expenditures.

DECLARATION OF OFFICIAL INTENT

For Reimbursement of Expenditures from Bonds/Notes

This is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal Revenue Code of 1986, as amended (the "Code").

1. The undersigned, on behalf of the City of Miami Beach, Florida (the "City") declares that the City reasonably expects that the capital and other expenditures described in paragraph 2 (the "Project") will be reimbursed with the proceeds of "bonds" (as defined in Section 150 of the Code). The maximum principal amount of bonds expected to be issued for the Project is \$ _____.
2. Description of capital and other expenditures to be reimbursed. *[Complete either the first option or the second option but do not use the second option unless the functional purpose of the fund or account is generally descriptive of the purpose of the expenditures.]*

Expenditures for (insert a general functional description of property, project, program or purpose):

[OR]

Expenditures initially made from and to be reimbursed to the fund or account entitled _____, the general functional purpose of which fund or account is _____

The undersigned has been authorized by the City to make and sign this Declaration on behalf of the City.

Date of Declaration:

_____, 20__

CITY OF MIAMI BEACH, FLORIDA

By _____
(Signature)

(Type or print Name and Title)

Caution: This Declaration of Official Intent will not be effective unless the bonds providing moneys for the reimbursement are issued and the reimbursement for the Project described above is made (by an allocation on the books and records identifying the expenditures as in paragraph 2 above) within the applicable period prescribed in the Treasury Regulations – generally, 18 months after the later of the date of the expenditure or the date the Project is placed in service, but in no event later than three years after the date of the expenditure.

INSTRUCTIONS
for
DECLARATION OF OFFICIAL INTENT
for
Reimbursement From Tax-Exempt Bonds/Notes

PURPOSE

The form to which these instructions pertain is intended for use under Treasury Regulations §1.150-2 (the "Reimbursement Regulations") in order that capital and certain other expenditures paid with moneys temporarily advanced from other funds that are reasonably expected to be reimbursed from proceeds of subsequently issued notes, bonds or other obligations ("Bonds") may qualify for such reimbursement. Failure to comply can result in the inability for federal income tax purposes to treat proceeds of the Bonds used to reimburse the expenditures as spent for arbitrage/rebate purposes. With certain exceptions for qualified "preliminary expenditures" and certain *de minimis* expenditures, a Declaration of Official Intent must be made not later than 60 days after payment of any expenditure expected to be reimbursed from proceeds of Bonds. Declarations of Official Intent should not be made systematically for all expenditures or in exaggerated amounts regardless of actual expectations, but only when it is realistically expected that the expenditure will be reimbursed from the proceeds of Bonds. In general only capital expenditures can be reimbursed from the proceeds of Bonds. "Capital expenditures" include (subject to any more restrictive state law) any costs related to the acquisition or construction of land or interests in real estate, buildings, structures, additions thereto, or other permanent improvements, and restoration or betterments made to increase the value of property or substantially prolong its useful life, and machinery, equipment, furniture and fixtures or other property having a useful life of at least one year or such longer period as is required by applicable state law. Costs of issuance of the Bonds are capital expenditures. Certain other expenditures also qualify for reimbursement. The Regulations do not apply to, and this form is not needed in connection with, the use of proceeds of Bonds to finance expenditures paid on or after the date of issuance of the Bonds. This form also generally is not needed in connection with the issuance of Bonds to refinance external borrowings (taxable or tax-exempt).

INSTRUCTIONS

These instructions are based on the Reimbursement Regulations currently in effect. The references are to the particular paragraphs on the form of Declaration of Official Intent.

Paragraph 1. Insert the anticipated maximum principal amount of Bonds expected to be issued for the Project. The amount should include the maximum principal amount of all Bonds to be issued for the Project (i.e., Bonds for reimbursement of prior expenditures and Bonds to finance expenditures to be paid on or after the date of issuance of the Bonds). A Project includes any property, project, or program (e.g., highway capital improvement program, hospital equipment acquisition, or school building renovation).

Paragraph 2. The general description of the capital expenditures to be reimbursed may be set forth in one of two ways -- either by a functional description of the property, project or program for which the expenditures are made --

Examples -- "highway capital improvement program"; "street and bridge improvements"; "hospital equipment acquisition"; "school buildings renovation";

or by identification of the fund or account from which the money will be advanced to pay the expenditures that will be reimbursed subsequently from Bonds, and a statement of the general functional purpose of that fund or account --

Example -- “parks and recreation fund, the general functional purpose of which fund or account is recreational facility capital improvement program.”

The second option concerning identification and description of the fund can be used where the fund purpose, in effect, describes the generic purpose of the project, property or program, such as a waterworks improvement for which money is advanced from the water utility capital improvement fund. If the money is to be advanced from a general purpose fund such as the general fund or a capital improvements fund that is available for any type of capital improvement, use the first option by stating the generic function of the project, property or improvement.

501(c) Organizations. If the proceeds of the Bonds will be loaned to a 501(c)(3) organization, either the 501(c)(3) organization or the issuer of the Bonds may make the Declaration with respect to expenditures of the 501(c)(3) organization that are to be reimbursed.

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Jimmy L. Morales, City Manager
DATE: October 19, 2016

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING DECLARATIONS OF OFFICIAL INTENT UNDER U.S. TREASURY REGULATIONS WITH RESPECT TO REIMBURSEMENTS FROM BOND, NOTE AND OTHER OBLIGATION PROCEEDS OF TEMPORARY ADVANCES MADE FOR PAYMENTS PRIOR TO ISSUANCE, AND RELATED MATTERS.

RECOMMENDATION

Adopt the Resolution.

ANALYSIS

This Resolution is intended for use under Treasury Regulations §1.150-2 (the "Reimbursement Regulations") in order that capital and certain other expenditures paid with moneys temporarily advanced from other funds that are reasonably expected to be reimbursed from proceeds of subsequently issued notes, bonds or other obligations ("Bonds") may qualify for such reimbursement. Failure to comply can result in the inability for federal income tax purposes to treat proceeds of the Bonds used to reimburse the expenditures as spent for arbitrage/rebate purposes. With certain exceptions for qualified "preliminary expenditures" and certain de minimis expenditures, a Declaration of Official Intent must be made not later than 60 days after payment of any expenditure expected to be reimbursed from proceeds of Bonds. Declarations of Official Intent should not be made systematically for all expenditures or in exaggerated amounts regardless of actual expectations, but only when it is realistically expected that the expenditure will be reimbursed from the proceeds of Bonds. In general only capital expenditures can be reimbursed from the proceeds of Bonds. "Capital expenditures" include (subject to any more restrictive state law) any costs related to the acquisition or construction of land or interests in real estate, buildings, structures, additions thereto, or other permanent improvements, and restoration or betterments made to increase the value of property or substantially prolong its useful life, and machinery, equipment, furniture and fixtures or other property having a useful life of at least one year or such longer period as is required by applicable state law. Costs of issuance of the Bonds are capital expenditures. Certain other expenditures also qualify for reimbursement. The Regulations do not apply to, and this Resolution is not needed in connection with, the use of proceeds of Bonds to finance expenditures paid on or after the date of issuance of the Bonds. This Resolution also generally is not needed in connection with the issuance of Bonds to refinance external borrowings

(taxable or tax-exempt).

An Authorized Officer is authorized to prepare and sign a Declaration of Official Intent in the form attached to this resolution with respect to the expenditures to which the reimbursement regulations apply to be made from money temporarily advanced and that is reasonable expected to be reimbursed from the proceeds of the bonds. The Authorized Officers are defined in the resolution as the City Manager, the Chief Financial Officer, or in the absence of both, the Treasury Manager.

CONCLUSION

The Administration recommends that the Mayor and City Commission of the City of Miami Beach, Florida, adopt the attached resolution authorizing declarations of official intent under U.S. Treasury Regulations with respect to reimbursements from bond, note and other obligation proceeds of temporary advances made for payments prior to issuance, and related matters.

KEY INTENDED OUTCOMES SUPPORTED

Ensure Expenditure Trends Are Sustainable Over The Long Term

FINANCIAL INFORMATION

This Resolution does not have any financial impact. It only requires a Declaration of Intent to reimburse the City from future "bonds" for expenditures made prior to the issuance of those bonds.

Legislative Tracking

Finance

ATTACHMENTS:

Description

- Finance - Oct. 2016 Resolution

DECLARATION OF OFFICIAL INTENT

For Reimbursement of Expenditures from Bonds/Notes

This is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal Revenue Code of 1986, as amended (the "Code").

1. The undersigned, on behalf of the City of Miami Beach, Florida (the "City") declares that the City reasonably expects that the capital and other expenditures described in paragraph 2 (the "Project") will be reimbursed with the proceeds of "bonds" (as defined in Section 150 of the Code). The maximum principal amount of bonds expected to be issued for the Project is \$_____.
2. Description of capital and other expenditures to be reimbursed. *[Complete either the first option or the second option but do not use the second option unless the functional purpose of the fund or account is generally descriptive of the purpose of the expenditures.]*

Expenditures for (insert a general functional description of property, project, program or purpose):

[OR]

Expenditures initially made from and to be reimbursed to the fund or account entitled _____, the general functional purpose of which fund or account is _____

The undersigned has been authorized by the City to make and sign this Declaration on behalf of the City.

Date of Declaration:

CITY OF MIAMI BEACH, FLORIDA

_____, 20__

By _____
(Signature)

(Type or print Name and Title)

Caution: This Declaration of Official Intent will not be effective unless the bonds providing moneys for the reimbursement are issued and the reimbursement for the Project described above is made (by an allocation on the books and records identifying the expenditures as in paragraph 2 above) within the applicable period prescribed in the Treasury Regulations – generally, 18 months after the later of the date of the expenditure or the date the Project is placed in service, but in no event later than three years after the date of the expenditure.

INSTRUCTIONS
for
DECLARATION OF OFFICIAL INTENT
for
Reimbursement From Tax-Exempt Bonds/Notes

PURPOSE

The form to which these instructions pertain is intended for use under Treasury Regulations §1.150-2 (the "Reimbursement Regulations") in order that capital and certain other expenditures paid with moneys temporarily advanced from other funds that are reasonably expected to be reimbursed from proceeds of subsequently issued notes, bonds or other obligations ("Bonds") may qualify for such reimbursement. Failure to comply can result in the inability for federal income tax purposes to treat proceeds of the Bonds used to reimburse the expenditures as spent for arbitrage/rebate purposes. With certain exceptions for qualified "preliminary expenditures" and certain de minimis expenditures, a Declaration of Official Intent must be made not later than 60 days after payment of any expenditure expected to be reimbursed from proceeds of Bonds. Declarations of Official Intent should not be made systematically for all expenditures or in exaggerated amounts regardless of actual expectations, but only when it is realistically expected that the expenditure will be reimbursed from the proceeds of Bonds. In general only capital expenditures can be reimbursed from the proceeds of Bonds. "Capital expenditures" include (subject to any more restrictive state law) any costs related to the acquisition or construction of land or interests in real estate, buildings, structures, additions thereto, or other permanent improvements, and restoration or betterments made to increase the value of property or substantially prolong its useful life, and machinery, equipment, furniture and fixtures or other property having a useful life of at least one year or such longer period as is required by applicable state law. Costs of issuance of the Bonds are capital expenditures. Certain other expenditures also qualify for reimbursement. The Regulations do not apply to, and this form is not needed in connection with, the use of proceeds of Bonds to finance expenditures paid on or after the date of issuance of the Bonds. This form also generally is not needed in connection with the issuance of Bonds to refinance external borrowings (taxable or tax-exempt).

INSTRUCTIONS

These instructions are based on the Reimbursement Regulations currently in effect. The references are to the particular paragraphs on the form of Declaration of Official Intent.

Paragraph 1. Insert the anticipated maximum principal amount of Bonds expected to be issued for the Project. The amount should include the maximum principal amount of all Bonds to be issued for the Project (i.e., Bonds for reimbursement of prior expenditures and Bonds to finance expenditures to be paid on or after the date of issuance of the Bonds). A Project includes any property, project, or program (e.g., highway capital improvement program, hospital equipment acquisition, or school building renovation).

Paragraph 2. The general description of the capital expenditures to be reimbursed may be set forth in one of two ways -- either by a functional description of the property, project or program for which the expenditures are made --

Examples -- "highway capital improvement program"; "street and bridge improvements"; "hospital equipment acquisition"; "school buildings renovation";

or by identification of the fund or account from which the money will be advanced to pay the expenditures that will be reimbursed subsequently from Bonds, and a statement of the general functional purpose of that fund or account --

Example -- “parks and recreation fund, the general functional purpose of which fund or account is recreational facility capital improvement program.”

The second option concerning identification and description of the fund can be used where the fund purpose, in effect, describes the generic purpose of the project, property or program, such as a waterworks improvement for which money is advanced from the water utility capital improvement fund. If the money is to be advanced from a general purpose fund such as the general fund or a capital improvements fund that is available for any type of capital improvement, use the first option by stating the generic function of the project, property or improvement.

501(c) Organizations. If the proceeds of the Bonds will be loaned to a 501(c)(3) organization, either the 501(c)(3) organization or the issuer of the Bonds may make the Declaration with respect to expenditures of the 501(c)(3) organization that are to be reimbursed.

DECLARATION OF OFFICIAL INTENT

For Reimbursement of Expenditures from Bonds/Notes

This is a Declaration of Official Intent under U.S. Treasury Regulations for purposes of Sections 103 and 141 to 150 of the Internal Revenue Code of 1986, as amended (the "Code").

1. The undersigned, on behalf of the City of Miami Beach, Florida (the "City") declares that the City reasonably expects that the capital and other expenditures described in paragraph 2 (the "Project") will be reimbursed with the proceeds of "bonds" (as defined in Section 150 of the Code). The maximum principal amount of bonds expected to be issued for the Project is \$20,030,000.
2. Description of capital and other expenditures to be reimbursed.

Expenditures for General Obligation Neighborhoods and Infrastructure projects more particularly described in Exhibit A attached hereto.

The undersigned has been authorized by the City to make and sign this Declaration on behalf of the City.

Date of Declaration:

CITY OF MIAMI BEACH, FLORIDA

_____, 2024

By _____
(Signature)

(Type or print Name and Title)

Caution: This Declaration of Official Intent will not be effective unless the bonds providing moneys for the reimbursement are issued and the reimbursement for the Project described above is made (by an allocation on the books and records identifying the expenditures as in paragraph 2 above) within the applicable period prescribed in the Treasury Regulations – generally, 18 months after the later of the date of the expenditure or the date the Project is placed in service, but in no event later than three years after the date of the expenditure.

Exhibit A – List of General Obligation Neighborhoods and Infrastructure projects

GO #33 Street Tree Master Plan
GO #37 Sidewalk Improvements
GO #38 Street Pavement
GO #39 Seawalls and Shorelines
GO #42 Traffic Calming