

RDA-1. 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.

Applicable Area:

MIAMI BEACH

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)



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 Statutes² 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		
<i>Type of Organization</i>	Broad-based, general-purpose government	Special-purpose enterprise, independent authority
<i>Frequency of Issuance</i>	Regular borrower in public market	New or infrequent issuer of debt
<i>Market Awareness</i>	Active secondary market with wide investor base	Little or no institutional base, but growing dealer interest
Credit Quality		
<i>Rating</i>	“AA” or better	“A” category or lower
<i>Pledged Revenues</i>	General taxes	Project supported revenues
<i>Security Structure</i>	Conventional resolution and cash flow; rate covenant and coverage	Unusual or weak covenants; subordinated debt
<i>Trend</i>	Stable	Declining or under stress
Market Conditions		
<i>Interest Rates</i>	Stable, predictable market	Volatile or declining market
<i>Demand</i>	Strong investor demand, good liquidity, light forward calendar	Oversold market, heavy supply; coupon, structure or maturity requirements not favored in current market
Debt Structure		
<i>Tax Status</i>	Tax-exempt, no concerns	Taxable
<i>Debt Instrument</i>	Traditional serial and term, full-coupon bonds	Aggressive use of innovative bond structuring, derivative products, swaps, or variable-rate debt instruments
Marketing		
<i>Use of Underwriters</i>	Broad market participation	Ability to select “best qualified” banker and direct business to local or regional firms
<i>Investors</i>	Process blind to ultimate investors	Sale can be managed to achieve wide distribution or targeted allotments; can give priority to retail/ local investors
<i>Pre-marketing</i>	Limited need for pre-marketing	Specific pre-sale activity to educate investors
<i>Flexibility in Timing</i>	Less flexibility necessary	Greater flexibility in timing
<i>Fine Tuning Structure</i>	Limited options given to bidders	Unlimited ability to fine-tune
Cost		
<i>Gross Spread</i>	Reflected in winning (lowest TIC) bid. Generally dependent on supply and demand.	Spreads are negotiated within a range of comparable transactions and issuer standards.
<i>Interest Rate</i>	Highest market price for commodity offered on day of sale	Best match of product with specific investor demand
Preparation		
<i>Resolution/Structure</i>	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
<i>Disclosure</i>	Issuer relies on own program disclosure	Underwriters’ counsel assists in the preparation of official statement

City of Miami Beach, FL
Team of Investment Banking Firms
May 14, 2024

Firm	Underwriting History with City (2015 - 2023 Transactions)					Recommended UWs for 2024 RDA Bonds		Total After 2024 RDA Bonds				
	Senior Manager		Co-Manager		Total Issues	Senior Manager Issues	Co-Manager Issues	Senior Manager		Co-Manager		Total Issues
	Issues	Year	Issues	Year				Issues	Year	Issues	Year	
BofA Securities	1	2015	2	2019 2015	3	1	-	2	2024 2015	2	2019 2015	4
Citigroup ⁴	1	2017	1	2015	2	-	-	1	2017	1	2015	2
Estrada Hinojosa	-	-	3	2023 2017 2015	3	-	1	-	-	4	2024 2023 2017 2015	4
Goldman ¹	-	-	1	2023	1	-	-	-	-	1	2023	1
Hilltop ³	-	-	1	2021	1	-	-	-	-	1	2021	1
Jefferies ¹	-	-	1	2019	1	-	1	-	-	2	2024 2019	2
JP Morgan	2	2019 2015	1	2015	3	-	-	2	2019 2015	1	2015	3
Loop Capital Markets	-	-	2	2017 2015	2	-	-	-	-	2	2017 2015	2
Morgan Stanley	1	2015	1	2015	2	-	-	1	2015	1	2015	2
PNC ¹	1	2021	1	2019	2	-	1	1	2021	2	2024 2019	3
Raymond James	1	2017	1	2015	2	-	1	1	2017	2	2024 2015	3
Siebert Williams Shank	-	-	2	2015	2	-	-	-	-	2	2015	2
Stifel, Nicolaus & Company, Inc. ²	-	-	1	2017	1	-	-	-	-	1	2017	1
Wells Fargo Securities	2	2023 2015	2	2017 2015	4	-	-	2	2023 2015	2	2017 2015	4

Note: Multiple series issued under one OS are considered one transaction for purposes of this table

¹New to pool in 2018

²Was previously Sterne Agee. Stifel acquired Sterne Agee in 2015

³Was previously First Southwest. First Southwest resigned from City's underwriting pool during the Investment Advisor procurement process in 2014

⁴Firm is no longer active in the municipal bond industry

RESOLUTION NO. _____

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

WHEREAS, 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; and

WHEREAS, 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.; and

WHEREAS, 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; and

WHEREAS, 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; and

WHEREAS, two optional renewals have been exercised and the contracts extended January 17, 2025; and; and

WHEREAS, 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; and

WHEREAS, 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.; and

WHEREAS, 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, and 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; and

WHEREAS, 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; and

WHEREAS, The RDA anticipates the issuance of Series 2024 Refunding Bonds in 2024 to refund outstanding obligations.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE CHAIRPERSON AND MEMBERS OF THE BOARD OF THE MIAMI BEACH REDEVELOPMENT AGENCY ("RDA"), that the Chairperson and Members of the Board of the RDA approve 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.

PASSED AND ADOPTED this ____ day of September 2024.

ATTEST:

Steven Meiner, Chairperson

Rafael E. Granado, City Clerk