

Memorandum

MIAMI-DADE
COUNTY

Date: March 4, 2014

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Resolution approving issuance of Industrial Development Revenue Refunding Bonds for
Gulliver Schools, Inc. Project by Miami-Dade County Industrial Development Authority

Agenda Item No. 10(A)(2)

Recommendation

The accompanying resolution is being placed before the Board of County Commissioners (Board) at the request of the Miami-Dade County Industrial Development Authority (IDA). This item approves the issuance of industrial development revenue refunding bonds (Bonds) by the IDA for Gulliver Schools, Inc. (Company) in a principal amount not to exceed \$19,250,000. Such approval is required by the Tax Equity and Fiscal Responsibility Act, Section 147(f) of the Internal Revenue Code of 1986, as amended (TEFRA).

Details of the project are included in the accompanying memorandum and exhibits from the Vice Chairman of the IDA.

Scope

The projects are located at:

- 6575 North Kendall Drive, Pinecrest, FL;
- 12595 Red Road, Coral Gables, FL; and
- 7500 SW 120 Street, Pinecrest, FL.

All three locations are located in Commission District 7, which is represented by Commissioner Xavier L. Suarez.

Fiscal Impact/Funding Source

Neither the IDA nor Miami-Dade County has any liability with respect to the repayment of the Bonds.

Track Record

Issuance of the Bonds will be conducted and monitored by the Executive Director of the IDA.

Background

TEFRA requires that the Board approve the issuance of industrial development revenue refunding bonds by the IDA after a public hearing has been held either by the IDA or by the Board. For efficiency, the Board has allowed the IDA to conduct the public hearing subject to review and ratification by the Board.

Attachments


Edward Marquez
Deputy Mayor

Memorandum



Date: March 4, 2014

To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

From: Roberto Pelaez, Vice Chairman
Miami-Dade County
Industrial Development Authority

A handwritten signature in black ink, appearing to read "R. Pelaez", written over the printed name of the sender.

Subject: Resolution approving issuance of Industrial Development Revenue Refunding Bonds for Gulliver Schools, Inc. project

RECOMMENDATION

It is recommended the Board approve the issuance of the Authority's Industrial Development Revenue Refunding Bonds for Gulliver Schools, Inc. project, as detailed in the attached reports.

BACKGROUND

Review and analysis of the project has been completed by the Authority, County Attorney's Office, and Bond Counsel. The Authority has conducted the federally required public hearing, as detailed in the attached public hearing transcript.

Gulliver Schools, Inc., a Florida 501(c)(3) not-for-profit corporation, has applied for Industrial Development Revenue Refunding Bond financing assistance in a maximum principal amount not to exceed \$19,250,000 (the "Series 2014 Bonds"). The proceeds of the Series 2014 Bonds may be used, together with funds provided by the Borrower, to: refinance an existing taxable loan which was used to refund the Authority's Revenue Bonds (Gulliver Schools Project), Series 2000, the proceeds of which were used to acquire various facilities, furnishings and equipment located at 6575 North Kendall Drive in the Village of Pinecrest (Gulliver Preparatory School) and 12595 Red Road in the City of Coral Gables (Gulliver Academy), as well as furnishings and equipment at leased facilities located at 8530 SW 57th Avenue in the City of South Miami (Gulliver South Miami Gymnastics Campus) (which Gulliver South Miami Gymnastics Campus is no longer leased, has been closed and has merged with Gulliver Academy) and at 7500 SW 120th Street in the Village of Pinecrest (Gulliver Montgomery Campus) (collectively, the "Prior Project"); and pay certain bond issuance costs. The Prior Project is owned and operated by the Borrower. Gulliver Schools, Inc. reports they currently employ approximately 491 teachers, administrators and staff with a payroll in excess of \$27,455,000.



MEMORANDUM

(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: March 4, 2014

FROM: 
R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 10(A)(2)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Ordinance creating a new board requires detailed County Mayor's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's _____, 3/5's _____, unanimous _____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 10(A)(2)

3-4-14

RESOLUTION NO. _____

RESOLUTION APPROVING THE ISSUANCE OF MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY INDUSTRIAL DEVELOPMENT REVENUE REFUNDING BONDS IN AN AMOUNT NOT TO EXCEED \$19,250,000.00 TO REFINANCE AN EXISTING LOAN USED TO REFUND BONDS ISSUED TO FINANCE CAPITAL PROJECTS FOR THE BENEFIT OF GULLIVER SCHOOLS, INC. FOR PURPOSES OF AND PURSUANT TO SECTION 147(F) OF INTERNAL REVENUE CODE OF 1986, AS AMENDED

WHEREAS, Gulliver Schools, Inc. (f/k/a South Florida Private Schools, Inc.), a Florida not-for-profit corporation (the "Company"), has requested the Miami-Dade County Industrial Development Authority (the "Authority") issue not exceeding \$19,250,000.00 of its Industrial Development Revenue Refunding Bonds (Gulliver Schools Project), Series 2014 (the "Bonds"), the proceeds of which will be used (together with funds of the Company) to (i) refinance an existing loan (the "2012 Loan") used to refinance the Authority's Revenue Bonds (Gulliver Schools, Inc. Project), Series 2000, the proceeds of which were used to acquire various facilities, furnishings and equipment located at 6575 North Kendall Drive in the Village of Pinecrest (Gulliver Preparatory School) and 12595 Red Road in the City of Coral Gables (Gulliver Academy), as well as furnishings and equipment at leased facilities located at 8530 SW 57th Avenue in the City of South Miami (Gulliver South Miami Gymnastics Campus) (which Gulliver South Miami Gymnastics Campus is no longer leased, has been closed and has merged with Gulliver Academy) and at 7500 SW 120th Street in the Village of Pinecrest (Gulliver Montgomery Campus); and (ii) pay costs of issuance of the Bonds (collectively, the "Project"); and

WHEREAS, the Authority intends to issue the Bonds subject to approval by the Board of County Commissioners of Miami-Dade County, Florida (the "Board") and final approval by the Authority of the financing documents for the Project, which is more particularly described in the report prepared by the Executive Director of the Authority (a copy of which is attached hereto as Exhibit A); and

WHEREAS, on Monday, January 27, 2014, the Authority held a public hearing, notice of which was published on Monday, January 13, 2014, in The Miami Herald (a copy of the notice is attached hereto as Exhibit B), for the purpose of giving all interested persons an opportunity to express their views in connection with the issuance of the Bonds, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") and such public hearing disclosed no reason why the Bonds should not be issued; and

WHEREAS, since the Bonds will inure to the benefit of the citizens of Miami-Dade County, this Board desires to approve the issuance of the Bonds for the purpose of complying with Section 147(f) of the Code,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. The issuance of Industrial Development Revenue Refunding Bonds of the Miami-Dade County Industrial Development Authority in an aggregate principal amount not to exceed \$19,250,000.00 for the purpose of financing and refinancing the Project, as previously described, is approved.

Section 2. The Bonds and the interest on the Bonds shall not constitute a debt, liability or general obligation of the Authority, the County or of the State of Florida or of any political subdivision thereof, but shall be payable solely from the revenues or other

moneys specifically provided by the Company for the payment of the Bonds and neither the faith and credit nor any taxing power of the Authority, the County or of the State of Florida or of any political subdivision thereof is pledged to the payment of the principal or interest on the Bonds.

The foregoing resolution was offered by Commissioner who moved its adoption. The motion was seconded by Commissioner and upon being put to a vote, the vote was as follows:

Rebeca Sosa, Chairwoman

Lynda Bell, Vice Chair

Bruno A. Barreiro

Jose "Pepe" Diaz

Sally A. Heyman

Jean Monestime

Sen. Javier D. Souto

Juan C. Zapata

Esteban L. Bovo, Jr.

Audrey M. Edmonson

Barbara J. Jordan

Dennis C. Moss

Xavier L. Suarez

The Chairperson thereupon declared the resolution duly passed and adopted this 4th day of March, 2014. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.



Gerald T. Heffernan

GULLIVER SCHOOLS, INC.

THE APPLICANT

Gulliver Schools, Inc., f/k/a South Florida Private Schools, Inc. ("Gulliver"), a Florida 501(c)(3) not-for-profit corporation, was organized in 1999 for the purpose of acquiring the assets of Gulliver Academy, Inc. Gulliver operates at four campus locations, an elementary school, (pre-kindergarten through eighth grade), a high school, (grades nine through twelve), as well as two educational facilities for children with different learning styles. During the 2011-2012 school year, Gulliver served a student population of approximately 2,197, which includes students from numerous countries. Gulliver reports it is accredited by the National Private School Association, the Florida Council of Independent Schools, Florida Kindergarten Council and the Southern Association of Secondary Schools and has been recognized by the United States Department of Education as a Blue Ribbon School of Excellence. Gulliver's officers include: Emilio Nunez, Chairman of the Board and President; Abigail Watts-FitzGerald, Secretary; and Barry Gould, Treasurer.

THE PROJECT

In May 2000, the Industrial Development Authority issued bond financing assistance in the amount of \$31,000,000 to assist South Florida Private Schools, Inc. (Gulliver) with the acquisition of various facilities, furnishings and equipment located at 6575 North Kendall Drive in the Village of Pinecrest (Gulliver Preparatory School) and 12595 Red Road in the City of Coral Gables (Gulliver Academy), as well as furnishings and equipment at leased facilities located at 8530 SW 57th Avenue in the City of South Miami (Gulliver South Miami Gymnastics Campus) (which Gymnastics Campus has subsequently been closed and merged with Gulliver Academy) and 7500 SW 120th Street in the Village of Pinecrest (Gulliver Montgomery Campus).

In October 2012, the 2000 bond issue was paid off with a short term bank loan. Gulliver is now applying for Industrial Development Revenue bond financing assistance in an amount not to exceed \$19,250,000 to refinance the outstanding balance of the bank loan.

Elements of the original bond issue being refinanced include:

1. Acquisition of land, facilities, furnishings and equipment: ----- \$ 12,031,000
located at 6575 North Kendall Drive (Pinecrest).
 - Land - approximately 11.31 acres \$ 3,500,000
 - Existing Building - approximately 53,711 sq. ft. \$ 4,000,000
 - Construction..... \$ 2,128,000
 - Furnishings and Equipment..... \$ 2,403,000

- 2. Acquisition of land, facilities, furnishings and equipment: ----- \$ 13,772,000
 located at 12595 Red Road (Coral Gables).
 - Land - approximately 18.89 acres \$ 5,800,000
 - Existing Building - approximately 70,297 sq. ft. \$ 4,700,000
 - Construction..... \$ 559,000
 - Furnishings and Equipment..... \$ 2,713,000

- 3. Acquisition of furnishings and equipment, at leased facility:----- \$ 269,000
 located at 8530 SW 57th Avenue (South Miami).
 - Construction..... \$ 4,000
 - Furnishings and Equipment..... \$ 265,000

- 4. Acquisition of furnishings and equipment, at leased facility:----- \$ 552,000
 located at 7500 SW 120th Street (Pinecrest)
 - Construction..... \$ 36,000
 - Furnishings and Equipment..... \$ 516,000

FINANCIAL SUFFICIENCY

Audited financial statements for Gulliver Schools, Inc. for the fiscal years ended June 30, 2013 and 2012 have been provided.

A review of the submitted financial and related information indicates:

<u>SOURCE OF FUNDS</u>		<u>USE OF FUNDS</u>	
Bond Issue Proceeds*	\$19,250,000	Refinancing of Existing Indebtedness	\$19,000,000
		Bond Issuance Expenses	250,000
TOTAL	<u>\$19,250,000</u>	TOTAL	<u>\$19,250,000</u>

* Any costs related to the bond issue and development of the project which cannot be paid out of bond proceeds will be borne by the applicant.

Information relative to the proposed financial structure includes:

- Financial Structure: Corporate Debt.

- Security: First mortgage on assets financed with bond proceeds to cover up to sixty-five (65%) of loan to value ratio.

- Marketing: Direct purchase of Bonds by TD Bank, N.A.

LEGAL

Under the 1986 Tax Act, facilities for 501(c)(3) corporations remain eligible for financing with tax-exempt Industrial Development Revenue Bonds provided that the project is part of the corporation's normal course of business. Bonds issued for the benefit of a 501(c)(3) corporation are also exempt from the requirement of being included under the state bond volume cap.

If accepted for processing by the Authority, the project will be referred to the County Attorney's Office and Bond Counsel for review and comment.

ECONOMIC IMPACT

Gulliver Schools, Inc. reports they currently employ approximately 491 teachers, administrators and staff with a payroll in excess of \$27,455,000. Completion of the proposed project will ensure the school will be able to fully meet the needs of its student population for future generations as well as preserve existing job opportunities. The savings to be achieved as a result of the refinancing will be re-invested back into the school's operations which will permit a continuation of the policies and programs that have achieved the School's preeminence in Miami-Dade County, Florida.



**MIAMI-DADE COUNTY,
INDUSTRIAL DEVELOPMENT AUTHORITY
TEFRA/PUBLIC HEARING**

The Miami-Dade County Industrial Development Authority (the "Authority") has been requested by Gulliver Schools, Inc. (d/b/a South Florida Private Schools, Inc.), a not-for-profit corporation (the "Borrower"), to issue its Industrial Development Revenue Refunding Bonds (Gulliver Schools Project), Series 2014 in an aggregate principal amount not to exceed \$19,260,000 (the "Series 2014 Bonds").

The proceeds of the Series 2014 Bonds may be used, together with funds provided by the Borrower, to: (i) refinance an existing taxable loan which was used to refund the Authority's Revenue Bonds (Gulliver Schools Project), Series 2000, the proceeds of which were used to acquire various facilities, furnishings and equipment located at 6576 North Kendall Drive in the Village of Pinecrest (Gulliver Preparatory School) and 12585 Red Road in the City of Coral Gables (Gulliver Academy), as well as furnishings and equipment at leased facilities located at 8530 SW 67th Avenue in the City of South Miami (Gulliver South Miami Gymnastics Campus) (which Gulliver South Miami Gymnastics Campus is no longer leased, has been closed and has merged with Gulliver Academy) and at 7500 SW 120th Street in the Village of Pinecrest (Gulliver Montgomery Campus) (collectively, the "Prior Project"); and (ii) pay certain bond issuance costs (the "Refunding Project"). The Prior Project is owned and operated by the Borrower.

The Series 2014 Bonds shall not be a debt, liability or obligation of the Authority nor of Miami-Dade County, Florida nor of the State of Florida, nor of any political subdivision thereof, but shall be payable solely from payments derived from the operation of the facilities or the security instruments therefor.

Please take note that the Executive Director of the Authority (as its hearing officer) will hold a public hearing on the nature and location of Refunding Project, the nature and location and associated issues regarding the Series 2014 Bonds at the Brickell BayView Centre, 80 SW 8th Street, Suite 2801, Miami, Florida, on Monday, January 27, 2014 commencing at 11:00 a.m. or shortly thereafter, at which time any person may be heard regarding the proposed issuance of the Series 2014 Bonds and the Refunding Project. The Authority will submit a transcript of the statements made at the hearing to the Board of County Commissioners, Miami-Dade County, Florida, which must approve or disapprove the issuance of the Series 2014 Bonds.