

Memorandum

MIAMI-DADE
COUNTY

Date: April 5, 2016

To: Honorable Chairman Jean Monestime
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Agenda Item No. 10(A)(1)

Subject: Resolution Approving Issuance of Industrial Development Revenue Bonds for the Museum of Science, Inc., Also Known as the Patricia and Phillip Frost Museum of Science Project By Miami-Dade County Industrial Development Authority

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 bonds (Bonds) by the IDA for the Museum of Science, Inc., also known as the Patricia and Phillip Frost Museum of Science (Company) in a principal amount not to exceed \$40,000,000.

Details of the project are included in the accompanying memorandum, along with exhibits from the Chairman of the IDA.

Scope

The project is located at 1075 Biscayne Boulevard, Miami, Florida, which is in Commission District 3, represented by Commissioner Audrey M. Edmonson.

Fiscal Impact/Funding Source

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

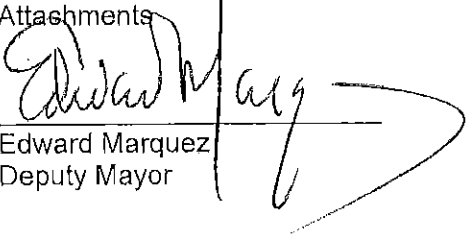
Track Record

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 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: April 5, 2016

To: Honorable Chairman Jean Monestime
and Members, Board of County Commissioners

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

Subject: Resolution approving issuance of Industrial Development Revenue Bonds for
Museum of Science, Inc., also known as the Patricia and Phillip Frost Museum of
Science project

RECOMMENDATION

It is recommended the Board approve the issuance of the Authority's Industrial Development Revenue Bonds for the Museum of Science, Inc., also known as the Patricia and Phillip Frost Museum of Science 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.

Museum of Science, Inc., also known as the Patricia and Phillip Frost Museum of Science, a Florida not-for-profit corporation, has applied for Industrial Development Revenue Bond financing assistance in a maximum principal amount not to exceed \$40,000,000. The bond issue proceeds will be used to finance or refinance a portion of the costs of the construction and equipping of four (4) structural components of the new Patricia and Phillip Frost Museum of Science, totaling approximately 250,000 square feet and including an aquarium, an exploration center, an innovation center, a planetarium, and learning and exhibit centers to be located on an approximate 4 acre site leased from the City of Miami, in the Museum Park (formerly known as Bicentennial Park), located at 1075 Biscayne Boulevard, in the City of Miami, Florida, certain expenses of placing the project in operation, certain capitalized interest on the Bonds, and certain costs of issuance relating to the Bonds.



MEMORANDUM

(Revised)

TO: Honorable Chairman Jean Monestime
and Members, Board of County Commissioners

DATE: April 5, 2016

FROM: Abigail Price-Williams
County Attorney

SUBJECT: Agenda Item No. 10(A)(1)

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
- Statement of social equity 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)(1)
4-5-16

RESOLUTION NO. _____

RESOLUTION APPROVING ISSUANCE OF MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY INDUSTRIAL DEVELOPMENT REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$40,000,000.00 AND IN ONE OR MORE SERIES TO FINANCE AND REFINANCE ALL OR A PART OF THE COSTS OF CERTAIN CAPITAL PROJECTS BENEFITING MUSEUM OF SCIENCE, INC., A FLORIDA NOT-FOR-PROFIT CORPORATION, ALSO KNOWN AS THE PATRICIA AND PHILLIP FROST MUSEUM OF SCIENCE, FOR PURPOSES OF AND PURSUANT TO SECTION 147(F) OF INTERNAL REVENUE CODE OF 1986, AS AMENDED

WHEREAS, Museum of Science, Inc., a Florida not-for-profit corporation, also known as the Patricia and Phillip Frost Museum of Science (the "Borrower"), has requested the Miami-Dade County Industrial Development Authority (the "Authority") to issue not exceeding \$40,000,000.00 aggregate principal amount of its industrial development revenue bonds in one or more tax-exempt or taxable series (the "Bonds"), and to loan the proceeds thereof to the Borrower in order to finance or refinance (i) a part of the costs of the acquisition, construction and equipping of four structural components of the new Patricia and Phillip Frost Museum of Science, totaling approximately 250,000 square feet and including an aquarium, an exploration center, an innovation center, a planetarium, and learning and exhibit centers (collectively, the "Project"), to be located on an approximately 4-acre site leased from the City of Miami, Florida within an approximately 28-acre waterfront site known as Museum Park (formerly known as Bicentennial Park), located at 1075 Biscayne Boulevard, Miami, Florida, 33132, and to be owned and operated by the Company, (ii) certain expenses of placing the Project in operation, (iii) certain capitalized interest on the Bonds, and (iv) certain costs of issuance relating to the Bonds; 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 February 22, 2016, the Authority held a public hearing, notice of which was published on February 8, 2016, 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

WHEREAS, after reviewing a copy of the transcript of the Authority’s public hearing held on February 22, 2016, with respect to the Bonds (a copy of which transcript is attached hereto as Exhibit C), and finding that the Project 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 bonds of the Miami-Dade County Industrial Development Authority in an aggregate principal amount not to exceed \$40,000,000.00 for the purpose of financing and refinancing a part of the costs of 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 Borrower 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:

Jean Monestime, Chairman	
Esteban L. Bovo, Jr., Vice Chairman	
Bruno A. Barreiro	Daniella Levine Cava
Jose "Pepe" Diaz	Audrey M. Edmonson
Sally A. Heyman	Barbara J. Jordan
Dennis C. Moss	Rebeca Sosa
Sen. Javier D. Souto	Xavier L. Suarez
Juan C. Zapata	

The Chairperson thereupon declared the resolution duly passed and adopted this 5th day of April, 2016. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this Resolution and the filing of this approval with the Clerk of the 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.



Juliette R. Antoine

**MUSEUM OF SCIENCE, INC.
ALSO KNOWN AS THE
PATRICIA AND PHILLIP FROST
MUSEUM OF SCIENCE**

THE ORGANIZATION

The Museum of Science, Inc. origin can be traced back to 1949 when the Junior League of Miami's "Project Finding Committee" determined that Miami-Dade County's children needed a science museum. The Junior Museum of Miami, a private non-profit organization, was established in 1950 in a house on the corner of Biscayne Boulevard and 26th Street. The Junior Museum expanded so quickly that in 1952 it was necessary to relocate to the Miami Women's Club building on Bayshore Drive. It was then christened the Museum of Science and Natural History. Over the next several years, the institution again began outgrowing its space and a new building was needed.

In 1960, the Museum, was renamed the Museum of Science, Inc. and relocated to a new facility located on a three acre site in the historic Vizcaya complex. The 48,000 sq. ft. facility was built, furnished and provided by Miami-Dade County. In response to the Museum's budget growth, in 1989, the Museum of Science Endowment Fund, Inc. was incorporated for the purpose of supporting the educational and scientific activities of the museum. During the next decade, the Museum's operations have expanded to accommodate 4,000 member families, over 150,000 annual visitors, one of the largest summer science camps in the nation (ages 3 to 14), and countless additional exhibits, collections, and activities. Present science education needs in South Florida again require the expansion of the museum. With the support of the Miami-Dade County Mayor and Board of County Commissioners, the Cultural Affairs Council and the Miami-Dade County Department of Cultural Affairs, a new museum building is currently under construction.

THE PROJECT

The Museum of Science, Inc. is requesting Industrial Development Revenue Bond financing assistance in an amount not to exceed \$40,000,000 to be combined with an equity contribution of approximately \$54,000,000, \$165,000,000 in bond proceeds from Miami-Dade County's Building Better Communities bond program, and a pending \$45,000,000 grant from Miami-Dade County to be considered in April 2016 – all toward the \$304,000,000 approximate construction and equipping costs of the new museum building. The new museum building located east of Biscayne Boulevard, south of I-395 between the new Adrienne Arsht Center for the Performing Arts and the American Airlines Arena in downtown Miami is expected to open in November of 2016. The 250,000 sq. ft. building includes four (4) major structural components including an aquarium, planetarium, learning and exhibit center on five levels covering four acres in the 28-acre Museum Park. The new state of the art museum building is an exhibit itself and will represent an exemplary of best practices in energy management, green design, and showcase for new technologies. The conceptualization of the new museum began ten years ago and is now in the final stage of construction.

Elements of the proposed project include:

1. Land -- approximately 4 acres:-----Leased from
 City of Miami

2. Proceeds will be used to complete construction and equipping of the
 new museum building:-----\$40,000,000

FINANCIAL SUFFICIENCY

The Museum of Science, Inc. audited annual financial statements for the fiscal years ended September 30, 2014, 2013 and 2012 have been provided, as well as unaudited income statements for the fiscal year ended September 30, 2015, and a copy of a proposal letter from Northern Trust Bank regarding the direct purchase of the proposed bond issue.

A review of the submitted financial and related information indicates:

<u>SOURCE OF FUNDS</u>		<u>USE OF FUNDS</u>	
Bond Issue Proceeds*	\$40,000,000	New Construction and equipping	\$39,000,000
		Capitalized Interest	700,000
		Bond Issuance Expenses	300,000
TOTAL	<u>\$40,000,000</u>	TOTAL	<u>\$40,000,000</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 museum.

Information relative to the proposed financial structure includes:

- Financial Structure: Corporate Debt.

- Security: All assets financed with bond proceeds, building fixtures, exhibits and campaign pledges.

- Marketing: Private placement of the bonds with Northern Trust Bank.

LEGAL

Facilities for 501(c)(3) corporations are eligible for financing with tax-exempt IDBs provided 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.

ECONOMIC IMPACT

The Museum of Science, Inc. reports the new building will create a substantial economic impact for the City of Miami and Miami-Dade County. The direct expenditures for museum construction and later for ongoing operations and museum visitors will create indirect and induced spending as the initial expenditures are re-spent, and employees re-spend their wages locally.

Construction Period Economic Impacts. The Museum and its consultants estimate that the new museum one-time positive impacts on the City of Miami will include (direct, indirect and induced):

- Approximately \$490 million in expenditures of which approximately \$185 million would be wages and salaries; and
- Approximately 3,650 total full time and part time person-years of employment.

The impacts to Miami-Dade County are larger because it includes direct spending in areas beyond the City of Miami, and there is a higher multiplier effect in Miami-Dade County than the City of Miami. The one-time total Miami-Dade County impacts are estimated to be

- Approximately \$620 million in expenditure of which approximately \$185 million would be wages and salaries; and
- Approximately 4,520 total full time and part time person-years of employment.

Economic Impacts Due To Ongoing Operations. The Museum estimates that the ongoing operations of the new museum, and the off-site spending of residents and tourist visitors, will generate total (direct, indirect and induced) annual economic impacts to the City of Miami estimated at nearly \$60 million in expenditures, of which \$26 million would be wages and salaries; and 635 jobs.

As noted, the higher economic impacts to Miami-Dade County are based on additional direct spending in areas beyond the City of Miami, and a higher County multiplier effect than that of the City. The total (direct, indirect and induced) annual museum operating impacts to Miami-Dade County are estimated at \$95 million in expenditures, of which \$38 million in wages and salaries; and a total of 914 jobs.

The community development and educational benefits of the new Frost Science Museum will have profound and long-lasting impacts on the City of Miami and Miami-Dade County. The project will enhance the knowledge of and interest in science and technology and will enhance Miami-Dade County as a place to live and work, thus improving all aspects of the local economy and community.



MIAMI-DADE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
TEFRA/PUBLIC HEARING

The Miami-Dade County Industrial Development Authority (the "Authority") has been requested by Museum of Science, Inc., a Florida not for profit corporation, also known as the Patricia and Phillip Frost Museum of Science (the "Company"), to issue its revenue bonds, in one or more tax-exempt or taxable series, in an aggregate principal amount not to exceed \$40,000,000 (the "Bonds"), the proceeds of which will be loaned to the Company in order to finance or refinance (i) a part of the costs of the acquisition, construction and equipping of four structural components of the new Patricia and Phillip Frost Museum of Science, totalling approximately 250,000 square feet and including an aquarium, an exploration center, an innovation center, a planetarium, and learning and exhibit centers (collectively, the "Project"), to be located on an approximately 4-acre site leased from the City of Miami, Florida within an approximately 28-acre waterfront site known as Museum Park (formerly known as Bloentennial Park), located at 1075 Biscayne Boulevard, Miami, Florida, 33132, (ii) certain expenses of placing the Project in operation, (iii) certain capitalized interest on the Bonds, and (iv) certain costs of issuance relating to the Bonds. The Project will be owned and operated by the Company.

The Bonds shall not be a debt, liability or obligation of the Authority or of Miami-Dade County, Florida, or of the State of Florida, or of any political subdivision thereof, but shall be payable solely from the proceeds derived from the repayment of the related loan or loans, or from the other security pledged therefor.

Please take note that the Executive Director of the Authority (as its hearing officer) will hold a public hearing concerning the nature and location of the Project and the proposed issuance of the Bonds at the Brickell City Tower, 80 SW 8th Street, Suite 2801, Miami, Florida, on Monday, February 22, 2016 commencing at 11:00 a.m. or shortly thereafter, at which time any person may be heard regarding the proposed issuance of the Bonds and the nature and location of the Project. The Authority will submit a transcript of the statements at the hearing to the Board of County Commissioners, Miami-Dade County, Florida, which must approve or disapprove the issuance of the Bonds.

In accordance with the American Disabilities Act, persons needing a special accommodation to participate in this proceeding should contact the Executive Director of the Authority no later than seven days prior to the proceeding at the address given above.

MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
TRANSCRIPT OF PUBLIC HEARING
MONDAY, FEBRUARY 22, 2016

At 11:00 a.m., the Executive Director of the Miami-Dade County Industrial Development Authority announced that the Authority would proceed to hold a public hearing on the issuance of Industrial Development Revenue Bonds. The following is a substantially verbatim account of the proceedings of this hearing.

The following persons were present:

James D. Wagner Jr. <i>Executive Director</i>	Miami-Dade County Industrial Development Authority	80 SW 8 th Street, Ste. 2801 Miami, Florida 33130
Amanda Llovet <i>Chief Financial Officer</i>	Miami-Dade County Industrial Development Authority	80 SW 8 th Street, Ste. 2801 Miami, Florida 33130
Cynthia Castillo <i>Assistant to Executive Director</i>	Miami-Dade County Industrial Development Authority	80 SW 8 th Street, Ste. 2801 Miami, Florida 33130
Roxanne Ortiz, CPA <i>Chief Financial Officer</i>	Museum of Science, Inc. also known as the Patricia and Phillip Frost Museum of Science	3280 South Miami Avenue Miami, Florida 33129
Carol Fine Senior Vice President Wealth Management	Northern Trust <i>(representing Museum of Science, Inc. also known as the Patricia and Phillip Frost Museum of Science)</i>	600 Brickell Avenue Miami, Florida 33131

Executive Director

We will now conduct the public hearing on the proposed issuance of Industrial Development Revenue Bonds for the capital project located in Miami-Dade County.

This public hearing is being conducted pursuant to requirements of the Federal Tax Equity and Fiscal Responsibility Act of 1982. The Act requires that in order for the interest on Industrial Development Revenue Bonds to be exempt from Federal Income Tax, such proposed bonds must be approved by either a voter referendum or by an applicable elected legislative body after a public hearing following reasonable public notice.

We have received a copy of a notice advising that the Industrial Development Authority will hold a public hearing on the proposed issuance of Industrial Development Revenue Bonds to finance all or a portion of the capital costs associated with the project mentioned in that notice. The notice appeared in The Miami Herald on Monday, February 8, 2016, page 7A.

We will now commence the public hearing. The hearing will be conducted in the following format: First, a brief synopsis of the proposed bonds and the project will be provided. Second, testimony from anyone desiring to speak will be heard. Anyone wishing to speak should give their name and address for the record.

The project for consideration is an Industrial Development Revenue Bond issue for Museum of Science, Inc., also known as the Patricia and Phillip Frost Museum of Science, in one or more tax-exempt or taxable series, in an aggregate principal amount not to exceed \$40,000,000. The bond proceeds will be loaned to the Company in order to finance or refinance a part of the costs of the acquisition, construction and equipping of four structural components of the new Patricia and Phillip Frost Museum of Science, totaling approximately 250,000 square feet and including an aquarium, an exploration center, an innovation center, a planetarium, and learning and exhibit centers, to be located on an approximate 4-acre site leased from the City of Miami, Florida within an approximate 28-acre waterfront site known as Museum Park (formerly known as Bicentennial Park), located at 1075 Biscayne Boulevard, Miami, Florida, 33132, certain expenses of placing the Project in operation, certain capitalized interest on the Bonds, and certain costs of issuance relating to the Bonds. The Project will be owned and operated by the Company.

Executive Director

Action taken by the Authority to date includes a review of the project in accordance with Authority Guidelines and Procedures and the adoption of a Memorandum of Agreement which specifies the terms of the proposed bond issue.

Testimony will now be heard by anyone desiring to speak.

Executive Director

Let the record reflect that Roxanne Ortiz, CFO, is in attendance representing Museum of Science, Inc. Is there anything you would like to add?

Representative

Nope.

Executive Director

This concludes the public hearing scheduled for today. This project, together with a transcript of today's public hearing, will be forwarded to the Miami-Dade County Board of County Commissioners at a regular meeting, at which time the Commission will approve or disapprove the proposed issuance of Bonds by the Miami-Dade County Industrial Development Authority.