

Miami-Dade County Educational Facilities Authority
August 19, 2015
2:30 P.M.

MINUTES (DRAFT)

Members:

Hon. Lisa Hogan, Chair	MDCEFA
Dr. Anibal Duarte-Viera	MDCEFA
Dr. Freddie Young	MDCEFA
Hon. Daryl Jones	MDCEFA

Present:

Mr. Geoff Kirles	University of Miami
Luis Reiter, Esq.	University of Miami
Christoph Muelbert	Barclays Bank

Staff:

Mrs. Arlesa Wood	Finance Department Office/Bond Administration
Kareem J. Spratling	Bryant Miller Olive, Bond Counsel
JoLinda L. Herring	Bryant Miller Olive, Bond Counsel

Call to Order: Ms. Lisa Hogan, Chair

The Chair welcomed all present and officially opened the public TEFRA hearing at 2:35 P.M. to consider the proposed issuance of the Miami-Dade County Educational Facilities Authority Revenue and Revenue Refunding Bonds (University of Miami Issue), in one or more tax-exempt or taxable series, in an aggregate principal amount not to exceed \$764,000,000 (the "Series 2015 Bonds"). The Series 2015 Bonds will be issued for purposes of financing or refinancing all or a part of the costs of the acquisition, construction, renovation, and equipping of educational, research, medical, health care, parking and other facilities that are owned and operated by the University of Miami ("UM").

In addition, Chair Hogan stated that this was a public hearing, allowing the public to come and ask questions and voice their concerns on the issuance of the Series 2015 Bonds. A five minute recess was granted to allow members of the public to arrive.

Chair Hogan:

The TEFRA hearing was reconvened by the Chair at approximately 2:40 P.M. There being no members of the public present to comment, at 2:45 P.M. the TEFRA hearing was closed. The Chair noted that members of the public are always welcome to submit

written comments up until the Miami-Dade Board of County Commissioners considers the proposal for approval.

Chair Hogan:

The Chair officially opened the Miami-Dade County Educational Facilities Authority (the "Authority") meeting at 2:45 P.M. The Executive Director, at the direction of the Chair, called the roll. All Members of the Authority were present. The Minutes of the July 21, 2015 Authority meeting were reviewed with two minor amendments. A Motion to approve minutes with the clerical amendments were moved for approval by Honorable Daryl L. Jones and seconded by Dr. Anibal Duarte-Viera. The Chair stated that a memorandum regarding the Authority issuance hospital bonds was received from Assistant County Attorney Juliette Antoine requested it be appended to minutes.

University of Miami Presentation:

Mr. Kirles, UM:

An update on UM's rating agency process was provided. Moody published an update and affirmed UM's ratings at A3 and stable as of August 18, 2015. S&P indicated to UM that their ratings were expected soon, however, S&P had requested UM not to discuss the forthcoming rating until it was publicly released. However, UM representatives stated that no change was expected.

The Lennar Center is going to cost approximately \$115,000,000 to construct. The Lennar center is one of three projects that UM's \$200,000,000 of new tax exempt financings will be used for in terms of the construction of the facility. There are two other projects associated with it as well and that is the ERP Workday implementation which is essentially an IT project that it is going to give the institution better data and access in terms of how it performs (e.g., tracking vacation time and expenses). UM would also, finally, build a simulation nursing hospital that will teach the next generation of students how to work in an operating room and emergency room. UM had over \$3 billion of total assets. The facility will be less than 5% of UM's total asset base.

Chair Lisa Hogan indicated that the PowerPoint presentation of the Lennar Center includes project location, sight plans, project overview, and the total project budget. It reflects the total funding required of \$114 million.

Mr. Kirles specified that UM has spent more. UM will use the bond proceeds to repay those expenditures already incurred for all the projects.

Chair Lisa Hogan asked the County Staff if there was any additional information provided in other previous projects or have they always received only a total project budget in prior requests before the Authority. Ms. Wood answered that they received more detail sporadically but that it's not mandatory.

Mr. Jones questioned whether the \$3 billion in total assets and \$3 billion of revenue were two separate items. Mr. Geoff Kirles stated that they were two separate items.

Mr. Kirles, UM: FY 2014 is the last audit that UM made publicly available because UM had a May 31st FYE. UM is in the process of closing their 2015 audit. On May 31, 2014, UM had approximately \$2.6-\$2.7 billion in revenue. For 2015, UM is about \$100 million above 2014 and anticipates a growth to \$3 million in the future.

Hon. Daryl Jones: What is the annual operating cost?

Mr. Kirles: The operating income on a yearly basis is slightly above UM's expenses. For 2014, UM was positive at \$32 million and for 2015 it is anticipated to be positive, roughly \$25 million. The annual principle and interest on all debt is approximately \$60-65 million. The refinancing will increase debt but debt service will remain the same due to cost savings on interest.

Dr. Duarte-Viera: Dr. Duarte Viera inquired of UM why they had not presented any *pro forma* financial statements, business plan, costs and/or projections for the operations requesting to be partially financed by the bond issuance proceeds in UM's Application to the Authority and/or exhibits?

Mr. Kirles: Mr. Kirles stated that these were trade secrets and could not be disclosed in public documents as they would then be available to competitors and would place UM project at a competitive disadvantage. Therefore, UM would not be providing these type of financial statements or projections.

Chair Hogan: Chair Lisa Hogan inquired regarding further breakdown and the allocation of the \$764 million bond financing being requested.

Mr. Kirles ,UM: \$200 million is going to the new projects, \$150-200 million for the Lennar Center, \$30 million for working capital, and \$30 million for the school of nursing. The remainder is expected to at approximately \$465 million and this is going to refinance the 2007A and 2008A bond issuances completely. There is no new money associated with it is prior debt refinancing.

Chair Lisa Hogan stated that in the original Application the amount of bond financing requested was lower. Mr. Kirles explained that in the original application the refunding they had was \$475 million. They were considering a two-step bond financing process in August and September. In August, UM planned to issue its own taxable bonds; however, that was changed and now it is all combined into one Authority bond financing.

Hon. Daryl Jones: Inquired regarding UM's intentions moving forward with regard to underwriting of the financing? Mr. Kirles stated that UM had reached out to many financial institutions for participation in the bond financing. UM had many institutions reached out to that indicated their interest in participation and they would be putting together a final participating group soon. However, UM is choosing their investment bankers based on the financial standing and their willingness to help and assist UM. They want institutions who care about UM. These are the banks, investment firms and financial institutions that UM intends to reward by selecting them to participate in the bond financing.

Hon. Daryl Jones: Inquired about diversity of the syndication group for bond placement. Mr. Geoffrey Kirles indicated that they have looked at those firms that have historically participated in UM's bond placements such as, Ramirez and Siebert. Mr. Kirles stated the UM is interested in including any diverse 'firm' in placement if they reach-out to UM.

Discussion was concluded and the Chair referred to Resolution 15-03 for consideration.

Chair Hogan: The Chair called for a vote on Resolution No. 15-03 authorizing the issuance of Miami-Dade County, Florida Educational Facilities Authority Revenue and Revenue Refunding Bonds (University of Miami Issue) Series 2015 in the aggregate principal amount not to exceed \$764,000,000 and approving certain documents related to the issuance of such Bonds.

Hon. Daryl Jones Moved for Approval by motion of Resolution 15-03, his motion was duly seconded by Dr. Anibal Duarte-Viera. The roll was called by the Executive Director and all Members of the Authority Approved Resolution 15-03 unanimously.

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There being no further business before the Authority the public meeting of the MDCEFA concluded at 4:00 PM by the Chair and the Authority Meeting was duly, Adjourned.

Respectfully submitted,

Mark J. Wolff, Esq.
Executive Director
Miami-Dade County Educational Facilities Authority