

SUBMITTED INTO THE
PUBLIC RECORD FOR
ITEM BT.2 ON 9.29.14

CITY OF MIAMI, FLORIDA

INTER-OFFICE MEMORANDUM

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CITY OF MIAMI, FL

TO: Honorable Mayor and Members
of the City Commission

DATE: September 24, 2014

FROM: Daniel J. Alfonso
City Manager

SUBJECT: Parks Remediation Funding
Discussion – September 29, 2014

It was clear from the discussion at the September 11, 2014 meeting that the pending environmental remediation projects are a Citywide issue and not "District" problems. It was also clear that we all want to re-open these parks as expeditiously as possible.

To that end, I am recommending that the City begin the process of issuing a Non-Ad Valorem Special Obligation Bond (SOB) in the amount \$10.1 million only to fund environmental remediation projects. Preliminarily, staff would expect the bond to have a repayment schedule of 20 years, pledge funds from the *Local Government Half-cent Sales Tax Program* with a covenant to budget and appropriate to repay the debt service from the General Fund, and have an annual payment between \$700,000 and \$900,000. Florida Statute Section 218.64(4) states that a "municipality may pledge the proceeds for the payment of principal and interest on any capital project" as part of the Local Government Half-cent Sales Tax Program. Further, as applicable funds become available in the future associated with the Virginia Key Remediation Project or the sale of Brownsfields Credits, those funds will be used to defease or otherwise retire the financing early.

The attached resolution constitutes a Declaration of Intent to Finance these projects for a reimbursable amount not to exceed \$10.1 million.

Projects to be included in this bond issuance and associated costs are currently estimated to be:

- City of Miami Fire Rescue Training Center (3425 Jefferson Street) (\$446,400)
- Grapeland Park (1550 NW 37 Ave) (\$51,300)
- Melreese (1802 NW 37 Ave) (\$200,000)
- City of Miami Property at Watson Island (980 MacArthur Causeway) (\$105,700)

14-00923 - Submittal - City Manager - Memo - Parks Remediation Funding

- Curtis Park (1901 NW 24th Ave) (\$3,820,700)
- Billy Rolle (3400 Grand Avenue) (\$233,500)
- Southside Park (100 SW 11 Street) (\$1,001,900)
- Douglas Park (2795 SW 37 Ave) (\$3,296,700)
- St. Gaudens Road (3500 St. Gaudens Rd) (\$213,000)
- Former Shamrock Gas Station (6200 NW 17 Ave) (\$79,100)
- Former Coleman Gas Station (5329 NW 17 Ave) (\$635,000)

Additionally, there are several projects that are likely not eligible for bonding purposes. These projects are recommended to be funded on a pay-as-you-go basis and are included in item RE.14 on the September 29, 2014 Commission Agenda. These projects are expected to be:

- Fern Isle Park (\$10,000)
- Jose Marti Park (\$6,000)
- Right of Way (\$68,400)
- Composting Facility (\$10,000)
- Former Star Gas Station (\$56,500)

Further discussions included adding additional park impact fees to the Community Center and remediation projects at Douglas Park. Currently, the two projects have the following funded and unfunded amounts associated with them:

- Douglas Park Community Center
 - \$2.5 million total cost
 - \$1.65 million funded
 - \$850,000 un-funded
- Douglas Park Turf
 - \$3.5 million total cost
 - \$1.5 million funded
 - \$2 million un-funded

As such, we are recommending that the turf project be discontinued and that \$850,000 from that project be moved to the Community Center to fully fund that project. Additionally,

\$200,000 is recommended to be moved to the GreenLink/Underline Project to help fund the City's portion of this 10-mile park. The remaining \$450,000 is recommended to be added to the Citywide Parks land acquisition projected to allow for the purchase of land for future park uses. The attached resolution addresses these goals.

Likewise, parks impact fees will be released from other projects that had impact fees budgeted to assist remediation (such as turf projects).

I must stress that I recommend that this financing be done only to fund environmental remediation projects. We are all aware of the extensive capital needs throughout the City; and, we could each compile a list totaling many millions of dollars. I will recommend other ways of funding such needs in future meetings, but strongly recommend that this financing be very limited in scope.

OMB14003

**Revised Draft: Intent to Reimburse Resolution with related Multi-Year Capital Plan
Amendment – without highlights**

..Title

A RESOLUTION OF THE MIAMI CITY COMMISSION DECLARING THE OFFICIAL INTENT OF THE CITY OF MIAMI, FLORIDA ("CITY") TO ISSUE TAX-EXEMPT AND TAXABLE SPECIAL OBLIGATION BONDS IN THE EXPECTED TOTAL MAXIMUM PRINCIPAL AMOUNT OF TEN MILLION, ONE HUNDRED THOUSAND DOLLARS (\$10,100,000.00) IN ORDER TO, AMONG OTHER THINGS, REIMBURSE ITSELF FROM THE PROCEEDS OF SUCH SPECIAL OBLIGATION BONDS FOR FUNDS ADVANCED BY THE CITY FOR CERTAIN EXPENSES INCURRED WITH RESPECT TO CITYWIDE ENVIRONMENTAL REMEDIATION AND CERTAIN RELATED CAPITAL IMPROVEMENTS PROJECTS; ESTABLISHING CERTAIN RELATED DEFINITIONS OF TERMS; AND AUTHORIZING CERTAIN FURTHER AND INCIDENTAL ACTIONS BY THE CITY MANAGER, IN CONSULTATION WITH THE CITY ATTORNEY AND BOND COUNSEL, AND SUCH OTHER APPROPRIATE OFFICERS, EMPLOYEES, AND AGENTS OF THE CITY, AS THE CITY MANAGER DEEMS NECESSARY, ALL AS REQUIRED FOR PURPOSES OF SECTIONS 103 AND 141-150 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED; FURTHER AUTHORIZING RELATED AMENDMENTS TO THE CITY'S MULTI-YEAR CAPITAL PLAN PREVIOUSLY ADOPTED SEPTEMBER 9, 2014.

..Body

WHEREAS, United States Treasury Regulations §1.150-2 (the "Reimbursement Regulations") prescribe conditions under which proceeds of tax-exempt 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, and the regulations promulgated thereunder (collectively, the "IRS Code"), upon such reimbursement so that the proceeds so used will no longer be subject to requirements or restrictions under those sections of the IRS Code; and

WHEREAS, certain provisions of the Reimbursement Regulations require that there be a declaration of official intent not later than sixty (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 the Original Expenditures are paid or after the property resulting from that Original Expenditure is placed in service; and

WHEREAS, the City Commission ("Commission") of the City of Miami, Florida ("City") expects to provide for the issuance by the City of its tax-exempt and taxable special obligation bonds in a total principal amount not to exceed Ten Million, One Hundred Thousand Dollars (\$10,100,000.00) (collectively, "Special Obligation Bonds") for the purposes of financing the costs of Citywide environmental remediation and certain related capital improvements projects (collectively, the "Citywide Environmental Remediation and Capital Improvements Projects"); and

WHEREAS, in connection with the Citywide Environmental Remediation and Capital Improvements Projects, the City expects to make Original Expenditures that will be reimbursed from proceeds of the Special Obligation Bonds; and

WHEREAS, in connection with the Citywide Environmental Remediation and Capital Improvements Projects, the City desires to expeditiously remediate multiple properties for which the City has already determined funding considerations in its Fiscal Year 2014-2015 Multi-Year Capital Plan adopted September 9, 2014 pursuant to City Commission Resolution No. 14-0322 ("Multi-Year Capital Plan"), by amending the Multi-Year Capital Plan, as set forth below, to reallocate, re-appropriate and modify certain Park Impact Fees funding;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY MIAMI, FLORIDA:

Section 1. Recitals and Findings. The recitals and findings contained in the Preamble to this Resolution are adopted by reference and incorporated as if fully set forth in this Section.

Section 2. Definitions. The following definitions apply to the terms used herein: "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 Special Obligation Bonds, evidenced in writing by an allocation on the books and records of the City that shows the use of the proceeds of the Special Obligation Bonds to restore the money advanced for the Original Expenditures. "Reimbursement" or "Reimburse" generally does not include the refunding or retiring of Bonds previously issued and sold to, or borrowings from, unrelated entities.

Section 3. Declaration of Official Intent. The Commission hereby declares the City's official intent to issue the tax-exempt and taxable Special Obligation Bonds in the total expected maximum principal amount of Ten Million, One Hundred Thousand Dollars (\$10,100,000.00) and, to the extent permissible under the IRS Code regarding the tax-exempt Special Obligation Bonds, use a portion of the tax-exempt Special Obligation Bonds to reimburse the City for funds advanced by it for Original Expenditures incurred and to be incurred with respect to the Citywide Environmental Remediation and Capital Improvements Projects. This Resolution is intended as a declaration of official intent under United States Treasury Regulation § 1.150-2.

Section 4. Incidental Actions. The City Manager, in consultation with the City Attorney and Bond Counsel, and such other appropriate officers, employees and agents of the City as the City Manager deems necessary, are hereby authorized to take such actions as may be necessary to carry out the purposes of this Resolution and the IRS Code.

Section 5. Related Amendment of the City's Multi-Year Capital Plan. The Multi-Year Capital Plan is amended: (i) to reallocate, re-appropriate, and modify certain previous Park Impact Fees funding allocations in connection with the Citywide Environmental Remediation and Capital Improvements Projects as follows: (a) Eight Hundred and Fifty Thousand Dollars (\$850,000.00) from 40-B40588 Douglas Park Turf Project to 40-B40581 Douglas Park Community Center Project; (b) Four Hundred and Fifty Thousand Dollars (\$450,000.00) from 40-B40588 Douglas Park Turf Project to 40-

B40507 Citywide Parks Land Acquisition Project; and (c) Two Hundred Thousand Dollars (\$200,000.00) from 40-B40588 Douglas Park Turf Project to a new Green Link/Underline Project, with the new project number to be determined by the City Manager; and (ii) to require that future reallocations of Park Impact Fees be presented to City Commission at a later date.

Section 6 . Effective Date. This Resolution shall take effect immediately upon its adoption and signature of the Mayor.{1}

APPROVED AS TO FORM AND CORRECTNESS:

VICTORIA MENDEZ

..Footnote

{1} If the Mayor does not sign this Resolution, it shall become effective at the end of ten calendar days from the date it was passed and adopted. If the Mayor vetoes this Resolution, it shall become effective immediately upon override of the veto by the City Commission.