

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: November 20, 2018 [] Consent [] Regular
[] Ordinance [X] Public Hearing

Department: Department of Housing and Economic Sustainability

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:

- A) **Approve** the application of The Raymond F. Kravis Center for the Performing Arts, Inc. (the "Borrower") for the issuance of the County's Industrial Development Revenue Bond (The Raymond F. Kravis Center for the Performing Arts, Inc. Project), Series 2018 in a principal amount not to exceed \$21,000,000 (the "Bond");
- B) **Conduct** a Tax Equity and Fiscal Responsibilities Act ("TEFRA") public hearing pursuant to Section 147(f) of the Internal Revenue Code, as amended concerning the proposed issuance of the Bond; and
- C) **Adopt** a resolution of the Board of County Commissioners of Palm Beach County, Florida ("Issuer"): (I) authorizing the issuance of the Industrial Development Revenue Bond (The Raymond F. Kravis Center for the Performing Arts, Inc. Project), Series 2018, in a principal amount not exceeding \$21,000,000 for the purpose of making a loan of funds to The Raymond F. Kravis Center for the Performing Arts, Inc. ("Borrower") in order to finance all or a portion of the acquisition, construction and equipping of certain facilities of the Borrower and for other purposes described herein; (II) providing that such Bond shall not constitute a debt, liability or obligation of Palm Beach County, Florida or the State of Florida or any political subdivision thereof, but shall be payable solely from the revenues herein provided; (III) approving and authorizing the execution and delivery of a financing agreement among the Issuer, the Borrower and The Northern Trust Company; (IV) approving and authorizing the execution and delivery of certain other documents required in connection with the foregoing; and (V) providing certain other details in connection therewith.

Summary: The Borrower has requested the issuance of the Bond to be used to finance all or a portion of the cost of the acquisition, construction, renovation and equipping of various capital improvements to the facilities of the Borrower, including, without limitation, to the performing arts center and new valet parking garage, to capitalize a portion of the interest on the Bond, and to fund certain costs of issuance related to the Bond. **Neither the taxing power nor the faith and credit of the County, nor any County funds, shall be pledged to pay the principal, premium, if any, or interest on the Bond.** District 7 (DB)

Background and Policy Issues: The Internal Revenue Code requires that certain tax-exempt debt be approved by an elected governmental agency after a public hearing. This approval does not in any way obligate the County on the Bond. The Bond is being purchased by The Northern Trust Company.

Attachment(s):

- 1. TEFRA Notice
- 2. Application
- 3. Memo to Assistant County Administrator
- 4. Resolution

Recommended By: Jonathan Brown 10/30/18
Department Director Date

Approved By: Sarah Johnson 11/7/18
Assistant County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2019	2020	2021	2022	2023
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT					

# ADDITIONAL FTE POSITIONS (Cumulative)					
---	--	--	--	--	--

Is Item Included In Current Budget? Yes _____ No X
 Does this Item include the use of Federal Funds? Yes _____ No X

Budget Account No.:

Fund _____ Dept _____ Unit _____ Object _____ Program Code/Period _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

No fiscal impact

C. Departmental Fiscal Review:


 Beverley Reid, Fiscal Manager

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

Ralph Kowles 11/2/18
 OFMB 9/11/18

Janey [Signature] for Arvin Goussard
 Contract Development and Control
 11/16/18

B. Legal Sufficiency:

[Signature] 11/6/18
 Assistant County Attorney

C. Other Department Review:

 Department Director

**NOTICE OF PUBLIC HEARING
PALM BEACH COUNTY, FLORIDA**

The Board of County Commissioners of Palm Beach County, Florida (the "County") will hold a public hearing on November 20, 2018 at 9:30 a.m., or as soon thereafter as the matter may be heard, in the Jane Thompson Memorial Chambers, 6th Floor of the Palm Beach County Governmental Center, 301 North Olive Avenue, West Palm Beach, Florida 33401, to consider adoption of a motion recommending to the Board of County Commissioners a plan of finance involving the issuance by the County of not exceeding \$21,000,000 of its revenue bonds, all constituting qualified 501(c)(3) bonds under Section 145 of the Internal Revenue Code of 1986, as amended (the "Code"), in one or more series (collectively, the "Series 2018 Obligations"). The Series 2018 Obligations will be issued for the principal purpose of loaning the proceeds thereof to The Raymond F. Kravis Center for the Performing Arts, Inc., a Florida not-for-profit corporation (the "Borrower"), to finance the acquisition, construction, renovation and equipping of various capital improvements to the performing arts center located at 701 Okeechobee Boulevard, West Palm Beach, FL 33401 and existing parking garage located at 700 South Tamarind Avenue, West Palm Beach, FL 33401, including without limitation, implementing new technological improvements throughout the facilities of the Borrower, and the addition of a new entrance/exit ramp to the fourth floor of the garage and construction and improvements to certain drop-off areas/canopies and acquisition of the center, construction and equipping of a new valet parking garage located at 701 South Sapodilla Avenue, West Palm Beach, FL 33401 (the "2018 Project"), capitalizing interest, and payment of costs of issuance of the Series 2018 Obligations. The Project is, or will be, owned and operated by the Borrower.

The aforementioned hearing shall be a public hearing and all persons who may be interested will be given an opportunity to be heard concerning the same. Written comments may also be submitted prior to the hearing to the County Administrator, 11th Floor, 301 North Olive Avenue, West Palm Beach, Florida 33401.

The County prohibits discrimination in all services, programs or activities on the basis of race, color, national origin, age, disability, sex, marital status, familial status, religion, or genetic information. Persons with disabilities who require assistance or alternative means for communication of program information (Braille, large print, audiotope, etc.), or who wish to file a complaint, should contact: Stacey Amodio at 561-233-3671 or samodio@pbcgov.org

ALL PERSONS FOR OR AGAINST SAID APPROVAL CAN BE HEARD AT SAID TIME AND PLACE. IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE COMMITTEE WITH RESPECT TO SUCH HEARING OR MEETING, (S)HE WILL NEED TO ENSURE THAT A VERBATIM RECORD OF SUCH HEARING OR MEETING IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS BASED.

This notice is given pursuant to Section 147(f) of the Code.

ATTACHMENT 1



**INDUSTRIAL DEVELOPMENT REVENUE BOND
PALM BEACH COUNTY, FLORIDA**

APPLICATION INSTRUCTIONS

1. The Palm Beach County Industrial Development Revenue Bond Application Package consists of the following:
 - a. Application Form
 - b. Application Attachments
 - c. Application Acknowledgements
 - d. \$1,500 Application Fee

2. Send 1 hard copy and 1 electronic copy of the Application Package to:
Sherry Howard
Deputy Director
Palm Beach County Department of Housing & Economic Sustainability
100 Australian Avenue, Suite 500
West Palm Beach, FL 33405
showard@pbcgov.org

3. Where there is insufficient space on the Application Form, please provide additional information as an Application Attachment.

4. For questions regarding the Application Package, please contact:
Sherry Howard
Deputy Director
Palm Beach County Department of Housing & Economic Sustainability
561-233-3600
showard@pbcgov.org

ATTACHMENT 2



**INDUSTRIAL DEVELOPMENT REVENUE BOND
PALM BEACH COUNTY, FLORIDA**

APPLICATION FORM

1. Entity that will borrow the bond proceeds from the bond issuer.

Entity Name: The Raymond F. Kravis Center for the Performing Arts, Inc.

Address: 701 Okeechobee Boulevard
West Palm Beach, FL 33401

Telephone: 561-833-8300

Fax: 561-833-3901

This entity is referred to as the project's "principal user" for the remainder of this questionnaire.

2. Form of organization of principal user (check one):

corporation partner sole proprietorship other: _____

- Is the principal user related to any other organization by more than 50% common ownership?

yes no

- If "yes", indicate name of related organization and relationship:

3. Ownership: List all stockholders or partners having 10% or more ownership interest in the principal user:

None

4. If any of the above persons own more than 50% of the principal user, list all other organizations which are related to the principal user by virtue of such persons having more than a 50% interest in such organizations:

None

5. Principal User Description: Provide a brief description of:

- the principal user, its history, and operations:

The Raymond F. Kravis Center for the Performing Arts, Inc. was formed in 1982 in order to acquire, construct and operate The Raymond F. Kravis Center for the Performing Arts (the "Kravis Center"). The Kravis Center was completed in 1992 at a total cost of over \$68 million, all of which was contributed by private fundraising or government grants. The Kravis Center commenced operation in 1992 and is located on a site in West Palm Beach consisting of approximately 10.7 acres of land.

- any outstanding debts: Balance remaining from June 2002 tax exempt variable rate bonds of \$36,270,000 (original issue amount of \$41,500,000).
- earning history: The Kravis Center is a not for profit organization with an annual operating budget of approximately \$27 million. The Center annually meets or exceeds its budgetary revenue goals (in both ticket sales and annual fundraising). For the most recent fiscal year ended June 30, 2018 the Center continued to exceed revenue projections, raising \$6.6 million in annual fundraising and with average ticket sales of 80% (as against 75% budget).

Revenue History	6/30/18	6/30/17	6/30/16
Admissions Revenue (a)	15,473,288	17,184,298	14,348,699
Annual fundraising	6,615,615	6,591,803	6,105,945
Other operating revenue	4,757,767	4,350,020	3,782,549
Total	26,846,670	28,126,121	24,237,193

(a) Admissions revenue will vary year to year based on the Center's programming offerings, inclusive of the number of Broadway series runs in a given year.

6. Issuance Amount: Indicate the specific amount of U.S. dollars being requested by the issuance of Industrial Development Revenue Bonds:

\$21,000,000

7. Proposed Security and Guarantors: Indicate the proposed security and guarantors of the bonds:

Revenues of Borrower and security interest of other collateral determined by the Bank.

8. Method of Sale: Describe the proposed method of sale of the bonds:

Private Placement with The Northern Trust Company

9. Investment-Grade Quality Bonds: Are the prospective bond issues considered to be of investment-grade quality as defined in Palm Beach County Policies and Procedures Manual (PPM) CW-F-065, Section H?

yes no

- If "no", please take note of the restrictions contained in PPM CW-F-065, Section H, including but not limited to, the requirement of an investor letter or representation of the underwriter that the initial purchasers of the bonds are qualified investors as therein defined.

10. Other Parties: As available/appropriate, please provide contact information (name, title, company, email address, telephone, and address) of the following other parties to this application:

- Commercial Bank: The Northern Trust Company
11301 U.S. Highway One, North
North Palm Beach, Florida 33408
Jeffrey White – jw132@ntrs.com
(561) 803-7538
- Financial Advisor: None
- Underwriter: N/A

- General Counsel: Holland & Knight LLP
2115 Harden Boulevard
Lakeland, Florida 33813
Michael L. Wiener – michael.wiener@hklaw.com
(863) 499-5362
- Other: None

11. Bond Counsel:

- Provide name and contact information for Bond Counsel:

Holland & Knight LLP
2115 Harden Boulevard
Lakeland, Florida 33813
Michael L. Wiener – michael.wiener@hklaw.com
(863) 499-5362

- Is Bond Counsel (or Bond Counsel Firm) listed in the latest edition of *"The Bond Buyer's Municipal Market Place Director"* (the "Red Book")?

yes no

- If "no", describe how the proposed Bond Counsel (or Bond Counsel Firm) is qualified to provide such services:

12. Use of Funds: Indicate the proposed use of the issuance:

To finance the construction, renovation and equipping of various capital improvements to the performing arts center's existing parking garage, including without limitation, implementing new technological improvements throughout and the addition of a new entrance/exit ramp to the fourth floor of the garage and construction, and equipping of a new valet parking garage, improvements to the patron and artist drop off areas/canopies and capitalizing interest, and payment of costs of issuance of the Series 2018 Bonds.

13. Location of the Project:

- Street Address:

Performing Arts Center: 701 Okeechobee Boulevard, West Palm Beach
Parking Garage: 700 South Tamarind Avenue, West Palm Beach
Valet Parking Garage: 701 South Sapodilla Avenue, West Palm Beach

- Indicate if the location is within a municipality or unincorporated Palm Beach County.

14. Project Site:

- Indicate approximate size (in acres or square feet) of project site:

Renovations to our existing facilities which are on 10.7 acres.

- Are there buildings now on the project site?

yes no

- Indicate the present use of the project site:

Performing arts center

- Indicate present owner of project site:

The Raymond F. Kravis Center for the Performing Arts, Inc.

15. If the principal user now owns the project site, indicate:

- Date of Purchase: August 29, 1989
- Purchase Price: n/a
- Holder of Mortgage: The Northern Trust Company (subordinate lien by Palm Beach County and City of West Palm Beach related to grant proceeds)
- Balance of Existing Mortgage: \$36,270,000

16. If the principal user is not now the owner of the project site, does the principal user have an option to purchase the site and any buildings on the site?

yes no N/A

- If "yes", indicate:
 - Date Option Agreement Signed with Owner.
 - Purchase Price under Option:
 - Expiration Date of Option:

17. Has the principal user entered into a contract to purchase the site?

yes no N/A

- If "yes", indicate:
 - Date signed:
 - Purchase Price:
 - Settlement Date:

18. If the principal user is not the owner of project site, does the principal user now lease the site or any buildings on the site?

yes no N/A

19. Is there a relationship legally or by virtue of common control or ownership between the principal user and the seller / lessor of the project site?

yes no N/A

- If "yes", describe this relationship:

20. Does the project involve acquisition of an existing building or buildings?

yes no N/A

- If "yes", indicate number and size of buildings:

21. Does the project consist of the construction of a new building or buildings?

yes no

- If "yes", indicate number and size of new buildings: Construction of a new valet parking garage, which will be 94,454 square feet.

22. Does the project consist of additions and/or renovations to existing buildings?

yes no

- If "yes", indicate nature of expansion and/or renovations:

The improvements include construction, renovation and equipping of various capital improvements to the performing arts center's existing parking garage, including without limitation, implementing new technological improvements throughout and the addition of a new entrance/exit ramp to the fourth floor of the garage and construction, and equipping of a new valet parking garage, improvements to the patron and artist drop off areas/canopies.

23. What will be the use of the buildings or buildings to be acquired, constructed or expanded by the principal user for this project?

Performing arts center and associated parking for use of its patrons

24. If any space in the project is to be leased to third parties, indicate total square footage of the project, amount to be leased to each tenant, and proposed use by each tenant: N/A

Project Total Sq. Ft.	Third Parties Leased Sq. Ft.	Tenant / Proposed Use

25. Has construction work on this project begun?

yes no

- If "yes", complete the following:

Construction Work	Yes	No	% Complete
Site Clearance	x		33%
Foundation	x		10%
Footings	x		15%
Steel	x		27%
Masonry Work		x	0%
Other (describe below)	x		28.5%

Other consists of Design costs and general conditions.

26. List principal items or categories of equipment to be acquired as part of the project:

Update to the Center Building Automated controls (EMS)
 Update to the Dreyfoos Hall Fire Alarm systems.
 Modernization of the existing parking garage elevators
 Refresh the interior furnishings in the Center's existing Windsor amenities room
 Campus wide technology upgrades, inclusive of IT networks, security cameras, close circuit TV and automated signage.

27. Has any of the above equipment been ordered or purchased?

yes no

• If "yes", complete the following:

Equipment Item	Date Ordered	Delivery Date	Price
EMS System	6/18	On going	248,240
Parking garage elevator upgrades	8/18	On going	225,210
Windsor room interior refresh	8/18	On going	83,708

28. List the face amount of all tax-exempt financing previously arranged by or for the benefit of the principal user in Palm Beach County:

Date of Issue	Original Face	Current Outstanding
June 4, 2002	\$41,500,000	\$36,270,000

29. Allocation of bond proceeds: Complete the following to detail the allocation of bond proceeds:

Description of Cost	Amount
Land	\$0
Buildings	\$29,860,000
Equipment	\$2,347,624
Engineering	
Architecture	
Interest During Construction	
Bond Discount	\$64,325
Cost of Financing	\$327,993
Other Refunding/purchase of garage	\$8,900,058
Total	\$41,500,000

30. Have any of the above expenditures already been made by the applicant?

yes no

- If "yes", provide details: All of the above items associated with the prior bond financing have been paid and are complete.

31. Have any of the above expenditures been incurred but not paid by the principal user?

yes no

- If "yes", provide details:

32. Are costs of working capital, moving expenses, work in process, or stock in trade included in the proposed uses of bond proceeds?

yes no

- If "yes", provide details:

33. Will any of the funds to be borrowed through the County be used to repay or refinance an existing mortgage or outstanding loan?

yes no

- If "yes", provide details:

34. List capital expenditures with respect to **this project**:

Expenditure	Past 3-Years Amount	Next 3-Years Amount
Land	0	0
Buildings	0	20,760,184
Equipment	0	3,250,000
Engineering (WGI)	339,610	1,737,521
Architecture (Leo Daly)	309,953	Incl above
Research & Development	93,090	0
Interest During Construction	0	0
Other (please explain below)	0	0
TOTAL	742,653	25,747,705

Research and development expenses with respect to a facility must be treated as capital expenditures with respect to it. This would include research and development with respect to products to be produced at the facility and with respect to equipment to be used there. Research and development expenses allocable to the project under the foregoing rule must be treated as capital expenditures with respect to it even though the research and development work takes place in a different county or state.

Costs of molds, etc., to be used at a facility are capital expenditures even if paid by the customer.

Costs of equipment to be moved to a facility are capital expenditures even if the purchase and initial use of the equipment occurred outside the County.

35. List capital expenditures with respect to **other facilities** of the principal user or any related person, if the facilities are located in Palm Beach County: **N/A**

Expenditure	Past 3-Years Amount	Next 3-Years Amount
Land		
Buildings		
Equipment		
Engineering		
Architecture		
Research & Development		
Interest During Construction		
Other (please explain below)		
TOTAL		

36. Contribution to the Local Economy: In accordance with Florida State 159.29(1), describe the nature and extent on the impact of the proposed project in Palm Beach County:

- Impact economic growth in the County: Having presented more than 13,000 performances by artists and companies of the highest caliber, the Kravis Center has welcomed over 10 million residents and tourists through its doors. In a recent season alone, audience members spent between an estimated \$17.4 million and \$21.1 million in Palm Beach County. The Kravis Center's economic impact on the community is estimated at half a billion dollars, thanks to jobs provided, local goods and services purchased, tickets sold, dinners eaten at nearby restaurants and overnight guests who stayed at area hotels.
- Number of new jobs to be created and estimated annual payroll: The Center will increase its payroll in the areas of valet, custodial and maintenance positions. We anticipate this to be an increase of approximately 5% - an increase of around 10 employees.
- Number of existing jobs retained and estimated annual payroll: The Kravis Center currently has 128 full time employee positions and an additional 100 part-time employees (the part time figure will fluctuate during the height of our operational season in November to May). The total estimated annual payroll for all current employees inclusive of employee benefits is \$10.3 million.
- Estimated value of property to be added to tax rolls: NA, except for ad valorem taxes on the added \$40m in new project costs.
- Other ways in which the project will affect the economic prosperity and general welfare of the County and residents: The completion of this project will greatly reduce the traffic congestion and improve traffic flow to and around the Kravis Center and greatly improve pedestrian access to the Center. Increased access to the Center, i.e. ease of ingress/egress for the self-parking garage, for increased valet parking services available, and ease with which pedestrians are able to access the Center will encourage increased attendance and ticket sales for both residents and tourists, thereby increasing the economic impact of the Kravis Center for Palm Beach County.
- Extent to which local resources, manpower, and businesses will be used in the construction, operation, and maintenance of the project: The Kravis Center's design team of General Contractor – The Weitz Company; the Architectural Design firm – Leo A Daly, and WGI Land Design are all local firms with local staffing and project management. The majority of the sub-contractors are local. The ongoing operation and maintenance of the project is under the direction of full-time Kravis Center staff.

37. Do any new or existing project jobs require specialized training or skills?

yes no

- If "yes", please indicate whether or not training programs will be instituted or whether or not local technical and vocational education can provide such training:

38. Impact of the Project: In accordance with Florida Statute 159.29(3) describe how the County will be able to cope satisfactorily with the impact of the project and will be able to provide, or cause to be provided when needed, the public facilities (including utilities and public services) that will be necessary for the construction, operation, repair and maintenance of the project or that will be needed due to any increases in population or other circumstances resulting from the project.

All utility needs are currently met except for the parking garage which will require limited utilities

39. Does the project produce emissions through stacks or chimneys which would subject it to the jurisdiction of the Florida Department of Environmental Regulation?

yes no

- If "yes", provide details:

40. Does the project produce sewage, industrial effluent, or discharge of an unusual character requiring specialized treatment?

yes no

- If "yes", provide details:



**INDUSTRIAL DEVELOPMENT REVENUE BOND
PALM BEACH COUNTY, FLORIDA**

APPLICATION ATTACHMENTS

Please provide the following Application Attachments:

1. Pro Forma Financial Statements
 - Preferably for 10 years
 - For a minimum of 5 years
 - Statements must
 - i. disclose the principal user's estimate of company operations resulting from the new investment
 - ii. include management discussion and analysis
 - iii. summarize significant accounting policies
 - iv. summarize significant forecast assumptions
2. Conventional Financing Statements:
 - Provided for principal user (including a parent or subsidiary)
 - Prepared in accordance with generally accepted accounting principals
 - Audited by an independent Certified Public Accountant
 - For the immediate 3 preceding years
3. Annual Report for the Principal User
4. Form 10-K filed with the Securities and Exchange Commission
 - If applicable
5. Any additional information from Application Form questions.
 - Please indicate the number of the question(s) pertaining to the additional information.



**INDUSTRIAL DEVELOPMENT REVENUE BOND
PALM BEACH COUNTY, FLORIDA**

APPLICATION ACKNOWLEDGEMENTS

By initialing and signing, the following is acknowledged

JM: Agreement with the provisions set forth in all of the following:

- U.S. Internal Revenue Code Sections 103, 146, and 148; and applicable U.S. Treasury Regulations
- Chapter 159, Florida Statutes
- Chapter 19A-4, Florida Administrative Code
- Palm Beach County Board of County Commissioners Resolution R2007-0927
- Palm Beach County Board of County Commissioners Resolution R2018-0606
- Palm Beach County Policies and Procedures Manual (PPM) CW-F-065

JM: Agreement to pay all fees costs payable to the Palm Beach County Department of Housing and Economic Sustainability and the County Attorney's Office prior to and post- closing

JM: At, or as soon as possible after, the Bond Closing the principal user will provide the County Attorney's Office with 1 complete bond transcript bound hard copy and 3 complete bond transcript electronic copy

- Bond transcripts will be provided at the principal users' own expense

JM: The principal user will submit Form BF2006-G (Notice of Intent to Issue Bonds and Request for Written Confirmation) to the State of Florida Division of Bond Finance and provide a copy to the County Attorney's Office and the Department of Housing and Economic Sustainability

Justin A. Mitchell
Authorized Company Officer Signature
Judith Mitchell
Print Name


Chief Executive Officer
Title
9-28-18
Date



Interoffice Memorandum

Date: October 1, 2018

To: Faye W. Johnson
Assistant County Administrator

From: Sherry Howard 
Deputy Director, Department of Housing and Economic Sustainability

Re: Industrial Development Revenue Bond Application
The Raymond F. Kravis Center for the Performing Arts, Inc.

Department of
Housing & Economic
Sustainability

Administration

100 Australian Avenue – Suite #500

West Palm Beach, FL 33406

(561) 233-3600

FAX: (561) 233-3651

www.discover.pbcgov.org

In accordance with the Florida Industrial Development Act, 159.25 et. seq., Florida Statutes, the Palm Beach County Department of Housing and Economic Sustainability (DHES) reviewed a 2018 Industrial Development Revenue Bond application (“2018 application”) submitted by The Raymond F. Kravis Center for the Performing Arts, Inc. (“Borrower”). The 2018 application satisfactorily requests the issuance of bonds to cover costs associated with a project as defined in 159.27, Florida Statutes, and DHES supports the Borrower’s application.

Requested Amount

The 2018 application requests the issuance of up to \$21,000,000 in Industrial Development Revenue Bonds (“Series 2018 Bonds”).

Use of Funds

Proceeds from the sale of the Series 2018 Bonds will be used to finance: various capital improvements to the Raymond F. Kravis Center for the Performing Arts’ (Kravis Center’s) existing parking garage and patron/artist drop off areas; the addition of a new entrance/exit ramp to the garage; construction and equipping of a new valet parking garage; implementation of various technological and security upgrades; capitalization of interest; and payment of cost of issuance. The Series 2018 Bonds will be payable from revenues and other funds available to the Borrower, and shall not be deemed to constitute a debt, liability, or obligation of the County or the State of Florida, or of any political subdivision thereof.

Appropriateness, Economic Contribution, & Public Purpose – 159.29(1), Florida Statute

The DHES-conducted Regional Economic Models Inc. (REMI) analysis of the project indicates a positive economic impact of at least \$138,393,450 over 5 years, and the creation of a minimum of 724 direct and indirect full-time equivalent jobs, including 484 temporary construction jobs.

The Kravis Center commenced operations in 1992 and sits on a 10.7 acre site in West Palm Beach. With more than 3,700 seats, the Kravis Center has presented more than 13,000 performances and welcomed more than 10 million visitors over its 26-year history. As a non-profit performing arts venue, the Kravis Center’s mission is to enhance the quality of life in Palm Beach County by: presenting a diverse schedule of national and international artists and companies of the highest quality; offering comprehensive arts education programs; providing a Palm Beach County home for local and regional arts organizations in which to showcase their work; and providing economic catalyst and community leadership in West Palm Beach, supporting efforts to increase travel and tourism to Palm Beach County.

ATTACHMENT 3

**Palm Beach County
Board of County
Commissioners**

Melissa McKinlay, Mayor

Mack Bernard, Vice Mayor

Hal R. Valeche

Paulette Burdick

Dave Kerner

Steven L. Abrams

Mary Lou Berger

County Administrator

Verdenia C. Baker

*“An Equal Opportunity
Affirmative Action Employer”*

Financially Responsible – 159.29(2), Florida Statute

Financial documents provided by the Borrower and reviewed by DHES demonstrate fiscal ability to meet the financial obligations of the bond issuance.

Coping with the Impact of the Project – 159.29(3), Florida Statute

The Borrower provided a July 18, 2018 letter from the City of West Palm Beach – Development Services, outlining the formal site plan review chronology to date and approving the architectural, civil, and landscape plans for the project. The letter includes an approved resolution (R 68-18) declaring the project's site plan to be consistent with the City of West Palm Beach comprehensive plan and the requirements of Section 94-35 of the City's zoning and land development regulations.

Recommendation

Based on review and analysis of the application and applicable statutes and the County's limited obligation, DHES supports the Borrower's application.

cc: Jonathan B. Brown, Director, Department of Housing and Economic Sustainability
David C. Behar, Assistant County Attorney

RESOLUTION NO. R2018-_____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA ("ISSUER"): (I) AUTHORIZING THE ISSUANCE OF THE INDUSTRIAL DEVELOPMENT REVENUE BOND (THE RAYMOND F. KRAVIS CENTER FOR THE PERFORMING ARTS, INC. PROJECT), SERIES 2018, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$21,000,000 FOR THE PURPOSE OF MAKING A LOAN OF FUNDS TO THE RAYMOND F. KRAVIS CENTER FOR THE PERFORMING ARTS, INC. ("BORROWER") IN ORDER TO FINANCE ALL OR A PORTION OF THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN FACILITIES OF THE BORROWER AND FOR OTHER PURPOSES DESCRIBED HEREIN; (II) PROVIDING THAT SUCH REVENUE BOND SHALL NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF PALM BEACH COUNTY, FLORIDA OR THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, BUT SHALL BE PAYABLE SOLELY FROM THE REVENUES HEREIN PROVIDED; (III) APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT AMONG THE ISSUER, THE BORROWER AND THE NORTHERN TRUST COMPANY; (IV) APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN OTHER DOCUMENTS REQUIRED IN CONNECTION WITH THE FOREGOING; AND (V) PROVIDING CERTAIN OTHER DETAILS IN CONNECTION THEREWITH.

BE IT RESOLVED by the Board of County Commissioners (the "Board") of Palm Beach County, Florida (the "Issuer") that:

SECTION 1. This Resolution is adopted pursuant to the Constitution of the State of Florida, Part II, Chapter 159, Florida Statutes, and other applicable provisions of law (collectively, the "Act").

SECTION 2. The term "Mayor" as used herein refers to the Mayor or the Vice Mayor (or any other member of the Board if the Mayor or Vice Mayor are unavailable) of the Issuer unless specifically indicated otherwise. Throughout this Resolution when reference is made to the "Mayor," the Mayor or the Vice Mayor (or any other member of the Board if the Mayor or Vice Mayor are unavailable) of the Issuer may act independently and interchangeably in performing the duties and functions resolved herein. The term "Clerk" as used herein refers to the Clerk of the Circuit Court of the Fifteenth Judicial Circuit and Comptroller, in and for Palm Beach County, Florida, and the ex officio Clerk of the Board of County Commissioners of Palm Beach County, Florida or any Deputy Clerk unless specifically indicated otherwise. Throughout this Resolution when reference is made to the "Clerk," the Clerk or any Deputy Clerk may act independently and interchangeably in performing the duties and functions resolved herein.

the fact that the interest on such Series 2018 Bond will be excludable from gross income at the time of the delivery of the Series 2018 Bond.

H. Adequate provision has been made for a loan (the "Loan") by the Issuer to the Borrower to finance the Project and thereafter for the operation, repair and maintenance of the facilities being financed with the proceeds of the Series 2018 Bond at the expense of the Borrower and for the repayment by the Borrower of the Loan in installments sufficient to pay the principal of and the interest on the Series 2018 Bond and all costs and expenses relating thereto in the amounts and at the times required.

I. The Borrower is financially responsible based on the criteria established by the Act, the Borrower is fully capable and willing to fulfill its obligations under the Financing Agreement (the "Financing Agreement") among the Issuer, the Borrower and The Northern Trust Company (the "Lender"), including the obligation to repay the Loan under the Financing Agreement in installments in the amounts and at the times required, the obligation to operate, repair and maintain the facilities financed with the Series 2018 Bond at the Borrower's own expense and such other obligations and responsibilities as are imposed under the Financing Agreement. The payments to be made by the Borrower under the Financing Agreement and the other security provided by the Financing Agreement and related documents, are adequate within the meaning of the Act for the security of the Series 2018 Bond.

J. The Issuer is not obligated to pay the Series 2018 Bond or the interest or premium, if any, thereon except from the proceeds derived from the repayment of the Loan to the Borrower, or from the other security pledged therefor, as hereinafter defined, and neither the faith and credit of the Issuer nor the faith and credit or taxing power of Palm Beach County, Florida or the State of Florida or any other political subdivision thereof is pledged to the payment of the principal of or the interest on the Series 2018 Bond.

K. The Issuer and the Borrower will concurrently with the issuance of the Series 2018 Bond execute the documentation required for the financing of the Project as contemplated hereby.

L. A negotiated sale of the Series 2018 Bond is required and necessary and is in the best interest of the Issuer for the following reasons: the Series 2018 Bond will be special and limited obligations of the Issuer and none of the State of Florida, the County or any political subdivision thereof shall in any way be liable for the payment of the principal or interest on the Bond; the cost of issuance of the Series 2018 Bond, which must be borne directly or indirectly by the Borrower, would most likely be greater if the Series 2018 Bond were sold at public sale by competitive bid than if the Series 2018 Bond is sold at negotiated sale, and there is no basis, considering prevailing market conditions, for any expectation that the terms and conditions of a sale of the Series 2018 Bond at public sale by competitive bid would be any more favorable than at negotiated sale; because prevailing market conditions are uncertain, it is desirable to sell the Series 2018 Bond at a predetermined price; and revenue bonds having the characteristics of the Series 2018 Bond are typically sold at negotiated sale under prevailing market conditions.

M. The Lender, as purchaser of the Series 2018 Bond, shall provide the Issuer with a disclosure statement containing the information required by Section 218.385(6), Florida Statutes, prior to the execution of the Financing Agreement, as hereinafter defined, and the Lender shall also provide a truth-in-bonding statement. Disclosure containing such statutorily-required information shall be acceptable to the Issuer, and the Issuer does not require any further disclosure from the Lender.

N. The costs of financing the Project will be paid from the proceeds of the Series 2018 Bond in accordance with the terms of the Financing Agreement, and these costs constitute permissible "costs" within the meaning of the Act.

O. It is in the best interest of the Issuer to award the sale of the Series 2018 Bond to the Lender pursuant to the Financing Agreement.

P. On the date hereof, a public hearing concerning the issuance of the Series 2018 Bond was held by the Board to finance the Project, at which comments and discussions from interested persons were solicited and, if received, heard, after, and pursuant to, appropriate publication of notice thereof in *The Palm Beach Post*, a newspaper of general circulation in Palm Beach County, Florida, at least fourteen (14) days in advance of said hearing.

Q. The Board is the elected legislative body of the Issuer and has jurisdiction over the entire area in which the facilities being financed by the Series 2018 Bond are located.

SECTION 4. The financing of the Project is hereby authorized and approved.

SECTION 5. For the purpose of financing the cost of the Project, funding necessary reserves for the Series 2018 Bond, capitalizing interest on the Series 2018 Bond and paying certain costs of issuance related to the Series 2018 Bond, subject and pursuant to the provisions hereof, the issuance of revenue bonds of the Issuer under the authority of the Act designated "Palm Beach County Industrial Development Revenue Bond (The Raymond F. Kravis Center for the Performing Arts, Inc. Project), Series 2018" in the original principal amount not exceeding \$21,000,000 (the "Maximum Authorized Amount"), is hereby authorized. Such Series 2018 Bond shall be issued and delivered to the order of the Lender at a price of par.

The Series 2018 Bond shall be dated such date, shall be in such principal amount (not exceeding the Maximum Authorized Amount), shall bear interest at such rates, shall be payable or shall mature on such date or dates, shall be issued in such denominations, shall be subject to optional, extraordinary and mandatory redemption and tender at such time or times, and upon such terms and conditions, shall be payable at the place or places and in the manner, shall be executed, authenticated and delivered and shall otherwise be in such form and subject to such terms and conditions, all as provided in the Financing Agreement and the form of the Series 2018 Bond.

None of the State of Florida, the County or any political subdivision thereof shall in any event be liable for the payment of the principal of or interest on the Bond. The Bond issued hereunder shall never constitute an indebtedness of the State of Florida or of any political subdivision of the State of Florida or of the County within the meaning of any state constitutional provisions, statutory limitation, or any other applicable law and shall never constitute or give rise to the pecuniary liability of the State of Florida or any political subdivision thereof, or of the County or a charge against their general credit. The holder of the Bond shall not have the right to compel any exercise of any taxing power of the State of Florida or of any political subdivision thereof, including the County, to pay any sums in any way related to the Bond or its issuance.

SECTION 6. In order to provide for a loan of the proceeds of the Series 2018 Bond to the Borrower and to secure the payment of the principal of and interest on the Series 2018 Bond herein authorized, according to its tenor, purport and effect, and in order to secure the performance and observance of all of the covenants, agreements and conditions in said Series 2018 Bond, the execution and delivery of a Financing Agreement in a form to be approved of by the County Attorney is hereby authorized. The form of the Financing Agreement is hereby approved, subject to such changes, insertions and omissions and such filling of blanks therein, including, without limitation, the determination of the principal amount of the Series 2018 Bond as may be approved and made in such forms by the Mayor, in a manner consistent with the provisions of this Resolution, and by the Borrower, execution by the Mayor to be conclusive evidence of such approval, provided, however, that in no event shall the principal amount of the Series 2018 Bond exceed the Maximum Authorized Amount.

SECTION 7. The Issuer hereby approves the delivery of a Tax Regulatory Agreement and No Arbitrage Certificate for the Series 2018 Bond (the "Tax Regulatory Agreement") between the Issuer and the Borrower in a form to be approved of by the County Attorney.

SECTION 8. The financing of the Project, and the payment of the costs of issuance, in an amount not to exceed \$21,000,000 are hereby authorized and approved by the Board for purposes of Section 147(f) of the Code, and Section 125.01(1)(z), Florida Statutes. The Board is the elected legislative body of the Issuer, and the Project will be located wholly within the jurisdiction of the Board.

SECTION 9. The Mayor of the Issuer is hereby authorized and empowered, on behalf of the Issuer, to execute and deliver the Series 2018 Bond, the Financing Agreement, the Tax Regulatory Agreement (collectively, the "County Documents"), and all documents contemplated thereby, including, without limitation, filing appropriate financing statements, and, on behalf of the Issuer, to endorse any such documents, in each case, subject to such changes and modifications as the Mayor may approve, such execution to be conclusive evidence of any such approval. The Clerk is hereby authorized to attest the signature of the Mayor on any documents requiring the same, and to affix thereto or impress thereon, the seal of the Issuer (as referred to below); if required by such documents. It is not necessary for the seal of the Issuer to be impressed upon any County Document or any instrument contemplated thereby. Notwithstanding any other provision hereof, no County Document shall be delivered

unless and until the same shall have been approved as to form and legal sufficiency on behalf of the Issuer by the Office of the County Attorney. The Clerk is also authorized to certify copies of any instruments, resolutions and records of the Issuer. The Mayor, the Clerk, the County Attorney, or any other officer or employee of the Issuer is hereby authorized to accept and acknowledge receipt on behalf of the Issuer, for entry into the books and records of the Issuer, of a certificate of the Borrower setting forth the terms of any interest rate swap transaction or transactions entered into by the Borrower in connection with the Series 2018 Bond.

SECTION 10. The Issuer and the officers, employees and agents of the Issuer acting on behalf of the Issuer and the Clerk are hereby authorized and directed to execute such documents, instruments and contracts, whether or not expressly contemplated hereby, and to do all acts and things required by the provisions of this Resolution and by the provisions of the County Documents authorized herein, as may be necessary for the full, punctual and complete performance of all the terms, covenants, provisions and agreements herein and therein contained, or as otherwise may be necessary or desirable to effectuate the purpose and intent of this Resolution, or as may be requested by the Lender or the Borrower. The Mayor is hereby designated as the primary officer of the Issuer charged with the responsibility of issuing the Series 2018 Bond, and the Mayor is hereby authorized to delegate to any other person any of the duties or authorizations of the Mayor hereunder.

SECTION 11. In case any one or more of the provisions of this Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution, and this Resolution shall be construed and enforced as if such illegal or invalid provision had not been contained herein. This Resolution is adopted and the Financing Agreement shall be executed, and the Series 2018 Bond shall be issued, with the intent that the laws of the State of Florida shall govern their construction, except as shall otherwise be expressly provided by the terms thereof.

SECTION 12. No recourse under or upon any obligation, covenant or agreement contained in this Resolution, the Financing Agreement, the Bond, any other document or under any judgment, or by the enforcement of any assessment or by legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Resolution, shall be had against any member, agent, employee or officer, as such, past, present or future, of the County, either directly or through the County, or otherwise, for the payment for or to the County or any receiver thereof, or for or to the holder of the Bond or otherwise of any sum that may be due and unpaid upon the Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any member or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the County or any receiver thereof, or for or to the holder of the Bond or otherwise, of any sum that may remain due and unpaid upon the Bond is hereby expressly waived and released as a condition of and in consideration for the execution of this Resolution and the issuance of the Bond.

SECTION 13. Nothing in this Resolution or in any other documents, express or implied, is intended to, or shall be construed to create any third party beneficiary or to provide any rights to any person or entity not a party thereof.

SECTION 14. All resolutions or parts thereof in conflict herewith are hereby repealed.

SECTION 15. The approval given herein shall not be construed as (i) an endorsement of the creditworthiness of the Borrower or the Lender or the financial validity of the Project, (ii) a recommendation to any prospective purchaser of the Series 2018 Bond, (iii) an evaluation of the likelihood of the repayment of the debt service on the Series 2018 Bond, or (iv) any necessary governmental approval relating to the Project, and the Issuer shall not be construed by reason of its adoption of this resolution to have made any such endorsement, finding or recommendation or to have waived any of the Issuer's rights or estopping the Issuer from asserting any rights or responsibilities it may have in that regard.

SECTION 16. This Resolution shall become effective immediately upon its passage and adoption by the Board.

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

District 1: Commissioner Hal R. Valeche	-	_____
District 2:	-	_____
District 3: Commissioner Dave Kerner	-	_____
District 4:	-	_____
District 5: Commissioner Mary Lou Berger	-	_____
District 6: Commissioner Melissa McKinlay	-	_____
District 7: Commissioner Mack Bernard	-	_____

The Mayor thereupon declared the Resolution duly passed and adopted this _____ day of _____, 20____.

PALM BEACH COUNTY, FLORIDA, BY ITS BOARD OF COUNTY COMMISSIONERS

APPROVED AS TO FORM AND LEGAL SUFFICIENCY

**ATTEST: SHARON R. BOCK
CLERK & COMPTROLLER**

By:  _____
Assistant County Attorney

By: _____
Deputy Clerk