

For the Frost science museum, an ‘aggressive’ plan that failed

Backed by \$165 million in county dollars, the \$325 million construction project started without the money to finish

Promised pledges weren’t enough to secure a crucial loan last fall

“Looking back, there should have been more pledges secured”

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When the Frost Museum of Science crafted the formula for a \$325 million [move to the Miami waterfront](#), boldness was a fundamental element.

There’s the architectural challenge of a 500,000-gallon, two-story cone of an aquarium suspended above the floor by six concrete arms, offering visitors below a clam’s-eye view of swimming sharks. Also, the 65-year-old local institution needs to be dramatically more popular in its new location in Miami’s Museum Park, with attendance projected to increase 300 percent and admission prices nearly doubling.

But the most ambitious component of the mix might have been the financing.

When Miami-Dade County began turning over the \$165 million in tax funds to start the project in early 2012, the independent museum did not have the money needed to finish it. Instead, Frost and county officials hoped that excitement from

Frost’s risk came in breaking ground while still needing to borrow a significant amount of cash. The \$105 million it sought from lenders last summer amounted to a third of its development budget.

“You obviously have to borrow the money,” said [Jeffrey deCarlo](#), a Coral Gables lawyer with Weiss Serota who specializes in public finance. “You don’t really start construction unless you know you have the financing to finish it.”

Internal planning and financial documents highlight Miami-Dade’s role as the Frost’s primary source of ready cash.

Between groundbreaking in February 2012 and last August, Miami-Dade spent \$135 million on the construction project, compared to just \$30 million from a category that included donor cash and other revenue sources. The figures come from an August offering to potential lenders seeking the \$105 million loan, part of a batch of Frost documents obtained through a public-records request to Miami-Dade.

Like other institutions relying on deep-pocketed donors, the Frost’s major gifts are slated to take years to morph into actual cash.

The museum’s single largest gift from the private sector — a \$35 million naming package funded by the [billionaire couple](#) of Patricia and Phillip Frost — was not even halfway paid as of last summer. The museum told lenders that \$20 million of the Frosts’ gift would arrive in 2023. While announced [last March](#), the terms for an additional \$10 million gift from the Frosts were only formalized in a signed contract during the last few weeks, the museum confirmed Friday.

With significant dollars still outstanding, the Frosts used their leverage as the museum’s top donors to impose a stunning board shake-up announced on Wednesday. A press release from the museum said the [entire board](#) was leaving at the Frosts’ request, part of the conditions the couple imposed in exchange for backing a short-term loan that’s believed to be for \$11 million.

The public upheaval marked the most contentious chapter yet in a stretch of financial strain that began over the summer as the museum began running low on county cash. In August, the museum told lenders it needed \$159 million to finish the project and could offer less than \$60 million toward the bill.

Lack of county dollars will put extra pressure on Frost to meet its ambitious attendance target of 750,000 people a year, up from a recent peak of 169,000 at its old Vizeaya location.

The feasibility study by ConsultEcon Inc. out of Cambridge, Massachusetts, predicts Frost will outdraw every local attraction cited in the analysis but one: Zoo Miami, which counts about 900,000 visitors a year.

The Pérez Art Museum Miami, which opened next door in late 2013, draws less than half the people Frost predicts, with annual attendance of about 300,000. The Miami Seaquarium, a for-profit dolphin theme park with an admission price of \$44, attracts about 600,000 people a year, according to the report.

Frost’s surge in popularity would come despite significantly higher prices: from \$15 at its old location to a \$27 admission cost cited in the study. (Miami-Dade residents would receive a \$3 discount, and the museum plans free field trips for schoolchildren.) Frost expects to sell significantly more museum memberships, too, from 1,000 at its recent peak in 2013 to nearly 12,000 by 2017.

Frank Steslow, the museum’s chief operating officer, said the numbers make sense given the Frost’s central location, the affection locals have for the planetarium and the draw of the city’s first true aquarium.

“We feel fairly confident in the projections,” he said. “I think they’re conservative.”



the new museum coming to life in concrete would spur enough donations to secure a nine-figure loan during construction.

“Looking back, there should have been more pledges secured,” said Michael Spring, the county administrator overseeing Frost and other cultural projects. He said that each county-backed project brings risk, “but if you don’t begin them, they never happen.”

The Frost’s financing plan [collapsed last fall](#) when, according to county and museum officials, lenders balked at providing the \$105 million needed to finish the latest addition to Miami’s new Museum Park.

Now Miami-Dade Mayor Carlos Gimenez is pursuing a tax-funded bailout for Frost, with the county putting up about \$45 million to match the amount that private lenders say they can provide based on the museum’s pledged donations. More than \$20 million worth of trims to the construction budget are slated to close the rest of the gap.

Gimenez’s reluctant [election-year](#) effort to rescue the Frost has highlighted a string of thorny issues — from the volume of tax dollars devoted to [cultural pursuits](#) in a city of harsh prosperity gaps, to the ability of Miami’s wealthiest to underwrite a world-class portfolio of concert halls, museums and other high-minded institutions.

It also has thrust Frost’s ambitions and planning into the spotlight, raising questions about how leadership allowed the venerable museum to flirt with financial ruin and why Miami-Dade officials were confident enough to green-light a groundbreaking without the money to realize a grand opening four years later.

LOOKING BACK, THERE SHOULD HAVE BEEN MORE PLEDGES SECURED

Miami-Dade cultural chief Michael Spring

Large institutions typically use the excitement of construction to raise money, and often will lump operating endowments and other future expenses into large campaigns under way during the building process. Banks readily accept pledges as collateral, since they represent anticipated income in the same way that a mortgage applicant’s future earnings can be enough to secure a mortgage.

“It was ambitious,” Spring said of the museum’s fund-raising plan. “Even aggressive.”

PEOPLE MAY BE FRIGHTENED OF PHYSICS. BUT THEY’RE NOT FRIGHTENED OF FISH.

Frost Museum CEO Gillian Thomas

The Frost will be one of the few science museums across the country to offer both a planetarium — a favorite of the museum’s previous location near Coconut Grove — and an aquarium. Sharks and barracuda will be the star attractions in a 500,000-gallon aquarium with a glass bottom and a top open to the southwestern Miami sky. Frost officials want \$12 million for the naming rights to the aquarium, and see it as the educational institution’s signature draw.

“People may be frightened of physics,” Frost CEO [Gillian Thomas](#) said during a recent tour of the unfinished museum as construction workers pumped concrete into one of seven aquariums in the four-acre complex. “But they’re not frightened of fish.”

Birds will fly in a netted aviary nearby. An exhibit dedicated to the history of flight expects to feature kid-friendly icons, from a winged dinosaur to a [Star Wars “Naboo” fighter](#) the museum says it has secured from George Lucas. An Everglades area designed for young children will let their actions control digital versions of wood storks, pig frogs and alligators.

A July feasibility study predicts that the new offerings will send visitors streaming to the new museum, which started in a house at the corner of Biscayne Boulevard and 26th Street in 1950 as the Junior Museum of Miami. Ten years later it moved to the grounds of the county-owned [Vizeaya](#) estate in Coconut Grove. There it remained for nearly six decades as the Miami Science Museum, with its planetarium a field-trip staple for generations of local schoolchildren.

Even while sustaining a projected operating budget topping \$20 million in Museum Park — up from about \$9 million at its old location — Frost must do without a yearly subsidy from Miami-Dade. A \$4 million annual payment to the museum was included in county plans extended for decades, but Gimenez wants to use that stream of revenue to pay debt payments on the \$45 million construction bailout.