

MIAMI-DADE COUNTY
IMPLEMENTING ORDER

PROCESS FOR ALLOCATION OF SURPLUS AND OTHER FUNDS FROM BUILDING
BETTER COMMUNITIES-GENERAL OBLIGATION BOND (BBC-GOB) PROGRAM

AUTHORITY

Section 5.02 of the Miami-Dade County Home Rule Amendment and Charter.

POLICY

Resolution R-67-08, approved by the Board of County Commissioners on January 10, 2008, directed the Mayor or his designee to recommend a process to allocate surplus, premium, and other bond funds received from the sale of Building Better Communities General Obligation Bonds. This resolution also directed the Mayor or his designee to submit quarterly reports to the Board regarding such premium, interest earnings and surplus bond funds.

PURPOSE

The purpose of this Implementing Order is to establish a procedure for the allocation of surplus and other funds from the Building Better Communities General Obligation Bond (BBC-GOB) Program. The BBC-GOB Program is a multi-year capital improvement program which will generate \$2.9 billion to fund more than 360 capital improvement projects in thousands of sites throughout the County over the next 15 to 18 years. Funding for these projects is secured through the periodic sale of general obligation bonds on an as-needed basis. This program is being administered by the Miami-Dade Office of Capital Improvements (OCI). The following generally addresses the proposed procedure for the allocation of the aforementioned BBC-GOB Program funds:

DEFINITIONS

A. Surplus Funds and other Sources of Funds

Surplus Funds

- 1) Net interest income – funds derived from unspent bond proceeds that accrue from the time bonds are sold to the time the bond proceeds are spent, less administrative expenses and any arbitrage liability set-asides;
- 2) Unallocated proceeds - funds that remain unspent when a project is completed for less than the authorized allocation or from the deletion or “significant modification” of a project by the Board of County Commissioners (the “Board”).

Other Sources of Funds

- 1) Premium funds – the amount by which the price paid for a bond exceeds the bond face value. Premium funds are not excess funds. While bond sales can sometimes generate premium

funds, premium funds are not additional funds, and are included in the total BBC authorized bond proceeds.

B. Other Definitions -

- 1) Projects – Unless otherwise noted, “projects” refers to projects that were authorized by the Board of County Commissioners on July 20, 2004 through the following eight authorizing resolutions: R-912-04, R913-04, R914-04, R915-04, R916-04, R917-04, R917-04 AND R919-04 and approved by voters in a referendum held November 2, 2004, as may be amended from time to time by the Board after a public hearing.
- 2) New Project – projects not included in the eight referendum questions approved by voters mentioned above.
- 3) Budget shortfall – An estimated or actual deficiency in the funds required to implement a project. The deficiency may be caused by a variety of reasons such as but not limited to, an underestimation in the original cost estimate, an increase in scope, unforeseen conditions, steep escalation in cost of materials or services or other increase in costs during project implementation.

PROCEDURE

A. Restrictions on the Use of Funds

- 1) Premium funds – Premium funds are part of the total \$2.9 billion authorized proceeds. They do not represent “new” funds to the bond program. Therefore, premium funds may only be used to accelerate projects and not for funding budget shortfalls in projects or to fund new projects.
- 2) Surplus funds (Net Interest Income and unallocated proceeds) - Surplus funds are to be used first to fund budget shortfalls in projects. Surplus funds may also be used to retire bond debt or to accelerate projects. Surplus funds may only be used to fund new projects when all approved projects have been completed or when all the necessary funding for all approved projects has been identified.

B. Implementation of this Procedure

- 1) Procedure for funding budget shortfalls in approved projects
 - a. Throughout the year OCI may become aware of budget shortfalls in projects by stakeholders.
 - b. OCI will work with stakeholders and the Office of Strategic and Business Management (OSBM) to determine if the application of surplus funds (net interest income earnings and unallocated proceeds), complemented by other

available non-bond related funds, as necessary, may be used to eliminate the budget shortfall.

- c. OCI shall prepare recommendations to the County Manager on the application of surplus funds and other non-bond related funds to cover budget shortfalls in approved projects.
- d. In the event the need for surplus funds by multiple projects exceeds the available surplus funds, OCI shall apply the evaluation factors included in Section 4 below. The application of the evaluation factors shall be explained in the recommendation to the BCC on the use of premium and surplus funds.
- e. A recommendation on the use of surplus funds to subsidize budget shortfalls in projects shall be presented to the GOB Citizens' Advisory Committee (CAC). The recommendation of the CAC shall be included in the County Manager's recommendation to the BCC.
- f. Recommendations on the use of surplus funds will be made to the BCC on a case-by-case basis.

2) Accelerating an approved project

- a. Using proceeds in the construction account.
 - i. No project will be un-funded or delayed as a result of an acceleration of another approved project.
 - ii. OCI will identify projects that are ready to move forward and will apply bond proceeds to those projects.
 - iii. OCI will work with stakeholders to identify those projects that are ready to move forward and those projects that are not proceeding as quickly as expected. This will allow bond proceeds to be adequately allocated to those projects that are ready to proceed.
 - iv. OCI shall keep records of all administrative accelerations.
 - v. In the event the need for premium and surplus funds to accelerate projects exceeds the available funds, OCI shall apply the evaluation factors included in Section 4 below. The application of the evaluation factors shall be explained in the recommendation to the BCC on the use of premium and surplus funds.
- b. Using premium or surplus funds –

- i. The use of premium or surplus funds to accelerate projects will require Board approval.
- ii. The use of premium or surplus funds to accelerate a project shall not delay or impact another approved project without Board approval.
- iii. OCI will work with stakeholders and OSBM to identify non-bond related funds to complement premium and surplus funds to accelerate approved projects upon Board approval.
- iv. OCI shall prepare recommendations to the County Manager on the application of premium funds and surplus funds and other non-bond related funds to accelerate projects.
- v. In the event the need for premium and surplus funds to accelerate approved projects exceeds the available funds, OCI shall apply the evaluation factors included in Section 4 below. The application of the evaluation factors shall be explained in the recommendation to the BCC on the use of premium and surplus funds.
- vi. The recommendation on the application of surplus funds to fund new projects shall be presented to the CAC and the recommendation of the CAC shall be included in the County Manager's recommendation to the BCC.
- vii. Recommendations on the use of premium or surplus funds will be made to the BCC on a case-by-case basis.

3) Procedure for adding a new project to the program

- a. New projects shall only be added when all approved projects have been completed or when all the necessary funding for all projects has been identified and will require the affirmative vote of three-fourths of the Board of County Commission members in office, after a public hearing.
- b. The new Project, as determined by the County Attorney's Office, must fit within the general scope of one of the eight voter-approved bond questions.
- c. Any new project being added must be ready to proceed. Project readiness is established when a stakeholder has demonstrated that the project scope is completely defined, all the necessary remaining resources are in place or can be obtained and the project delivery system will start within

the next 270 days or less. The technical analysis necessary to determine the readiness of a project is performed by OCI's professional staff with the requisite technical skills in various construction and engineering disciplines.

- d. Any new project must be fully supported with adequate operational funds as demonstrated by the proposed stakeholder through the use of a business plan, pro forma and/or other supporting documentation as the County's professional staff may reasonably require.
- e. OCI will work with stakeholders and OSBM to determine if the application of surplus funds, complemented by other available non-bond related funds, as necessary, may be used to fund a new project.
- f. OCI shall prepare recommendations to the County Manager on the application of surplus funds and other non-bond related funds to subsidize a new project.
- g. The recommendation on the application of surplus funds to fund new projects shall be presented to the CAC and the recommendation of the CAC shall be included in the County Manager's recommendation to the BCC.
- h. The County Manager's recommendation will be made to the BCC on a case-by-case basis.

4) Evaluation factors to apply when the need for surplus funds exceeds available funding – The following evaluation factors will be applied whenever the need for premium or surplus funds exceeds the available funds for the purpose listed above.

- a. Does the project have a positive impact on the crime in the project area? (in accordance with resolution R-67-08)
- b. Does the project have a positive impact on the poverty in the project area? (in accordance with resolution R-67-08)
- c. Does the project have positive impact on the safety of a particular facility or area?
- d. Does the project have a positive impact of the housing needs in the project area?
- e. Does the project spur economic development in the project area?
- f. Does the project have a positive impact on the healthcare of the population of Miami-Dade County?

5) Reporting –

- a. The status of surplus and premium funds will be reported to the BCC as part of each BBC/GOB Quarterly Report.
- b. Accelerations of approved projects will be reported to the BCC as part of each BBC/GOB Quarterly Report.

WAIVER PROVISION

The provisions of this implementing order may be waived by an affirmative vote of three fourths of the Board of County Commission members in office.

George M. Burgess
County Manager