

Memorandum



Date: November 6, 2009

To: Honorable Dennis C. Moss and
Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: *Building Better Communities* General Obligation Bond Program Quarterly* Progress Report - Fourth Quarter FY 2009 (August 1 – September 30, 2009)

The following report provides an update on the *Building Better Communities* General Obligation Bond Program (GOB) for the period from August 1 through September 30, 2009. During this time span, we continued with ongoing bond projects now underway at 444 sites throughout Miami-Dade. Below are highlights of the program during this period (See Attachment 1). Current economic conditions, consequent impacts to the tax roll and the Board's decision regarding the debt service millage have significantly impacted the County's ability to sell bonds. Based on this, staff is in the process of evaluating the effect that reduced bonding capacity will have on the program. This process is expected to be completed in the near future.

CUMULATIVE OVERALL PROGRAM OVERVIEW

- **Design and Construction** – More than \$208 million in design and construction contracts have been approved for advertising or awarded.
- **Municipalities** – More than \$134 million in municipal agreements have been fully executed.
- **Property Acquisitions** – Approximately \$69 million in County property acquisitions have been completed including 2,671 acres of Environmentally Endangered Lands.
- **Not-for-Profits** – Approximately \$55 million in not-for-profit grant agreements have been executed or are in various stages of the contracting process.

A total of 444 individual project sites (County departments, municipal and not-for-profit projects) were in various stages of development, with 403 (91%) of these sites proceeding on-schedule. As of this reporting period, the entire \$147 million from the first tranche of the current bond sale (Series 2008B – approximately \$350 million total) has been spent. Further, \$24.6 million of the second tranche (approximately \$202 million) has also been spent bringing the overall total spent from the Series 2008B bond sale to \$171.6 million.

COUNTY PROJECTS

County projects are continuing to progress through various stages of development including design, construction and property acquisition (See Attachment 2). During this period, 352 individual County department project sites were in various stages of development with 316 (90%) of these sites proceeding on schedule.

****This report reflects only two months of the fourth quarter (August and September) due to a reporting variance the previous quarter in which results for the second and third quarters and the first month of the fourth quarter (July) were combined in a single report.***

MUNICIPAL PARTICIPATION

There were no municipal agreements executed this period. The total value of municipal agreements fully executed to date is more than \$134 million.

NOT-FOR-PROFIT PARTICIPATION (INCLUDING CULTURAL AFFAIRS PROJECTS)

No grant agreements were executed this reporting period. The total value of grant agreements executed to date with not-for-profit organizations is \$24.8 million. This \$24.8 million does not include agreements executed as part of the Not-for-Profit Organization Capital Grant Fund (NFP Fund) discussed below.

NOT-FOR-PROFIT COMMUNITY ORGANIZATION CAPITAL GRANT FUND

No agreements were executed this period related to the 37 grant allocations (awarded by the Board in July 2007) that are part of the \$30 million grant fund. To date, 28 NFP Fund agreements have been executed with a total value of \$21 million. The remaining nine agreements, worth approximately \$9 million, are in various stages of completion. OCI is working with stakeholders for these projects to complete the funding process that includes receipt of stakeholder information, internal staff due-diligence review and final approval procedures. As of the end of this reporting period, seven NFP Fund projects have been completed. They are the Center for Excellence in Early Education, Intergenerational Recreational Community Center, Community Public Radio Station Building, Sunrise Community Adult Training Center, Jewish Museum, Daily Bread Food Bank and Pierre Community Center.

SURPLUS FUNDS (NET INTEREST INCOME AND UNALLOCATED PROCEEDS) AND OTHER SOURCES OF FUNDS

Implementing Order (IO) No. 3-47 established the process for the allocation of surplus funds from the BBC-GOB and was approved by the Board on March 17, 2009. This IO requires that the following three items be reported to the Board on a quarterly basis:

1. CASH FLOW REVISIONS (SERIES 2008B and B-1 Bond Sales)

IO No. 3-47 defines a cash flow revision as an amendment to a project's original expenditure timetable approved by the Board for funding from a particular bond sale provided such change does not increase the total allocation approved by the voters for a specific project. This period, OCI administratively approved approximately \$8.6 million in cash flow revisions from the first tranche (\$147 million) of the Series 2008B bond sale (approximately \$350 million total) for 27 project sites (See Attachment 3). To date, a total of \$53.4 million in cash flow revisions funded from the Series 2008B bond sale have been approved for 64 project sites.

FUNDING ACCELERATIONS

IO No. 3-47 defines acceleration as the addition of a new project to the list of projects approved by the Board for funding from a specific bond sale. This period, there were no accelerations processed for Board approval under IO No. 3-47. To date, a total of \$21 million in accelerations have been processed for Board approval under IO No. 3-47. See Attachment 4.

2. GOB NET INTEREST INCOME AVAILABLE

IO #3-47 defines net interest income as interest earnings on 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. At the time covered in this report, the net BBC-GOB interest available per bond sale was as follows:

- Series 2005A - There are no interest proceeds remaining from this bond series. An agenda item for the allocation of a total of \$5 million in interest from Series 2005A to

fund budget shortfalls (an allowable use of interest under the IO) for the Northside Police Station (Project No. 322) and the Regional Head Start Facility (Project No. 300) was approved by the Board in July 2009.

- Series B (Seaport Tunnel) - \$2.5 million
- Series 2008B and B-1 - \$1.3 million

SIGNIFICANT MODIFICATIONS

There were no significant modifications to BBC-GOB projects approved by the Board this period.

PUBLIC OUTREACH EFFORTS

Public outreach efforts during this period were primarily related to keeping stakeholders informed during the County's FY 2009-10 budget process. OCI communicated with stakeholders representing 36 municipalities and 34 nonprofit groups regarding the status of funding for their GOB projects in view of bonding capacity limitations over the next year(s). An editorial article authored by CAC Chair Robin Reiter was published in the Herald during this period along with articles in *Miami Today* discussing the progress of the bond program and the need to establish priorities as economic conditions impact available resources. OCI Director Johnny Martinez was a guest on Spanish language WQBA to discuss related issues. Once policy decisions are made, OCI staff will work with the GOB Citizens' Advisory Committee (CAC) in developing a community outreach initiative to inform residents on the impact of the current economic conditions on the implementation of the bond program.

CITIZENS ADVISORY COMMITTEE

County Manager George M. Burgess addressed the CAC at its September 21, 2009 meeting. The Manager discussed the FY 09-10 budget process and the related review of capital projects necessitated by budget constraints. The Manager told the CAC that the County needed to take extreme caution when establishing priorities to ensure that it only expands and/or builds new facilities that it can afford to operate. Other significant items discussed at this meeting included the revised GOB-funded public housing project, the Hialeah Multi-purpose facility and the GOB Second and Third Quarters Progress Report. A project progress subcommittee meeting was held on July 21, 2009. The project progress subcommittee reviews projects that are progressing slower than anticipated and seeks input from stakeholders on causes and remedies. The Housing Subcommittee, which did not convene during this reporting period, reviews the status of projects that are allocated GOB funding for affordable and public housing projects. The CAC also discussed the importance of reviewing the proposed delayed projects list so that they could provide input prior to the County finalizing decisions based on available dollars. They were told the list would be available within a few weeks and that their input would be appreciated before any final actions were taken.

SERIES 2008B BOND SALE

Financial markets necessitated that the County sell its 2008/2009 series of bonds in groups (called tranches) rather than a single sale, as was done with the initial 2005 bond sale. The first tranche (\$147.1 million) of the \$350 million Series 2008B bond sale was sold on December 11, 2008. The second tranche (\$201.7 million) was sold on March 12, 2009 thereby completing the series. These bonds will fund GOB projects over the next year with the largest number (81%) slated for ongoing work funded in the initial 2005 bond sale.

CONCLUSION

The period covered in this report reflects a productive period for implementation of the bond program with improvement projects, both large and small, moving forward in neighborhoods throughout Miami-

Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners
Page 4

Dade. At the close of this reporting period, the total amount spent from the current Series 2008B bond sale is approximately \$172 million with the County poised to continue spending funds from the second tranche.

c: Honorable Carlos Alvarez, Mayor
Denis Morales, Chief of Staff
Assistant County Managers/Special Assistants
Department Directors