Memorandum

MIAMI-DADE COUNTY

Date: July 1, 2008

Agenda Item No. 10(A)(4)

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Resolution Approving Issuance of Industrial Development Transportation Revenue Bonds for Miami Access Tunnel, LLC.

Recommendation

The attached resolution is being placed on the agenda for Board of County Commission (BCC) consideration on behalf of the Miami-Dade County Industrial Development Authority (IDA). The item approves the issuance of industrial development transportation revenue bonds by the IDA. Attached is an accompanying memorandum from the Chairman of the IDA.

Scope

The economic impact of this project is countywide in nature.

Fiscal Impact/Funding Source

Neither the IDA nor Miami-Dade County has any liability with respect to the repayment of the bonds.

The repayment of the bonds is the sole responsibility of MAT, and will come from payments made by FDOT to MAT pursuant to the concessionaire agreement, equity payments, proceeds from the offering of Bonds, insurance payments.

Track Record/Monitor

Issuance of the bonds will be conducted and monitored by the Executive Director of the IDA.

Background

Section 147(f) of the Internal Revenue Code of 1986 ("TEFRA") requires that the BCC, as the highest local governing body, approve the issuance of industrial development transportation revenue bonds after a public hearing has been held either by the IDA or the Board itself. The IDA has the authority to conduct the public hearing subject to review and ratification by the BCC. IDA held a public hearing on April 23, 2008; therefore, this item is being presented for BCC review and ratification.

Assistant County Manager

Memorandum

MIAMI-DADE COUNTY

Date: July 1, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: Albert Morrison, Jr.
Miami-Dade County
Industrial Development Authority

Subject: Application for Industrial Development Transportation Revenue Bond financing for Miami Access Tunnel, LLC project

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RECOMMENDATION

It is recommended the Board approve the issuance of the Authority's Industrial Development Transportation Revenue Bonds for the Miami Access Tunnel, LLC project, as detailed in the attached reports.

BACKGROUND

Review and analysis of the project has been completed by the Authority, County Attorney's Office, and Bond Counsel. The Authority has conducted the federally required public hearing, as detailed in the attached public hearing transcript.

Miami Access Tunnel, LLC, has applied for Industrial Development Transportation Revenue Bond financing assistance in a maximum principal amount not to exceed $980,000,000. The bond issue proceeds will be loaned to Miami Access Tunnel, LLC or related affiliates and will provide financing and refinancing for the design and construction of two approximate 3,900 foot long tunnels to connect the Port of Miami (Dodge Island) to I-395 at Watson Island, the widening of the MacArthur Causeway Bridge, the construction of the necessary connections to the Port of Miami roadway system, and the relocation and improving of buildings, railways and landscaping at the Port of Miami and on Watson Island. The State of Florida Department of Transportation will be the owner of the Project and Miami Access Tunnel, LLC will be the initial manager of the Project. Proceeds will also be used for paying certain bond issuance costs, funding reserves and capitalized interest. The Bonds will be guaranteed by Financial Security Assurance or MBIA or both, each of which is rated AAA/Aaa by Standard & Poor's and Moody's.

MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners

DATE: July 1, 2008

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 10(A)(4)

Please note any items checked.

_____ **"4-Day Rule" ("3-Day Rule" for committees) applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Bid waiver requiring County Manager's written recommendation**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

_____ **Housekeeping item (no policy decision required)**

_____ **No committee review**

Approved _____ Mayor

Veto _____

Override _____

Agenda Item No. 10(A)(4)

7-1-08

RESOLUTION NO. _____

RESOLUTION APPROVING ISSUANCE OF MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY INDUSTRIAL DEVELOPMENT TRANSPORTATION REVENUE BONDS (PORT OF MIAMI TUNNEL PROJECT), IN ONE OR MORE SERIES, IN AN AMOUNT NOT TO EXCEED $980,000,000 TO FINANCE CAPITAL PROJECTS FOR PURPOSES OF AND PURSUANT TO SECTION 147(F) OF INTERNAL REVENUE CODE OF 1986, AS AMENDED

WHEREAS, Miami Access Tunnel, LLC, a Florida corporation (the "Company"), has requested the Miami-Dade County Industrial Development Authority (the "Authority") to issue its Industrial Development Transportation Revenue Bonds (Port of Miami Tunnel Project) (the "Bonds") in one or more series an amount not to exceed $980,000,000 aggregate principal amount to finance necessary transportation capital expenditures in Miami-Dade County (the "Project"), and to pay for bond issuance costs; and

WHEREAS, the Authority intends to issue the Bonds subject to approval by the Board of County Commissioners (the "Board") and final approval by the Authority of the financing documents for the Project, which is more particularly described in the report

prepared by the Executive Director of the Authority (a copy of which is attached hereto as Exhibit A); and

WHEREAS, on April 23, 2008, the Authority held a public hearing, notice of which was published on April 9, 2008 in The Miami Herald (a copy of which notice is attached hereto as Exhibit B), for the purpose of giving all interested persons an opportunity to express their views in connection with the issuance of the Bonds, as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, after reviewing a copy of the transcript of the Authority's public hearing held on April 23, 2008, in respect of the Bonds (a copy of which transcript is attached hereto as Exhibit C), and finding that the Project will inure to the benefit of the citizens of Miami-Dade County, this Board desires to approve the issuance of the Bonds for the purpose of complying with Section 147(f) of the Code,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA that:

Section 1. The issuance of Industrial Development Transportation Revenue Bonds in one of more series of the Miami-

Dade County Industrial Development Authority in an aggregate principal amount not to exceed $980,000,000 for the purpose of financing all or a portion of the costs of the Project, as previously described, is approved.

Section 2. The Bonds and the interest on the Bonds shall not constitute a debt, liability or general obligation of the Authority, the County or of the State of Florida or of any political subdivision thereof, but shall be payable solely from the revenues or other moneys specifically provided by the Company for the payment of the Bonds and neither the faith and credit nor any taxing power of the Authority, the County or of the State of Florida or of any political subdivision thereof is pledged to the payment of the principal or interest on the Bonds.

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

Bruno A. Barreiro, Chairman
Barbara J. Jordan, Vice-Chairwoman

Jose "Pepe" Diaz	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Joe A. Martinez	Dennis C. Moss
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 1st day of July, 2008. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Gerald T. Heffernan

MIAMI ACCESS TUNNEL, LLC

THE COMPANY

Miami Access Tunnel, LLC ("MAT") was selected by the State of Florida Department of Transportation ("FDOT") on May 2, 2007 (which selection was confirmed by FDOT on February 15, 2008) to design, build, finance, operate and maintain for a period equal to or greater than 35 years, the Port of Miami Tunnel and Access Improvements project with an estimated construction cost in the $1 billion range. MAT is owned by two single purpose Florida corporations ("Holdco I" and "Holdco II"), Holdco I holds 98% of the outstanding share capital of MAT and Holdco II holds the remaining 2%. Holdco I shares are owned 89.8% by Babcock & Brown Infrastructure Group US LLC ("BBIG") and 10.2% by Bouygues Travaux Publics ("Bouygues"). Holdco II is wholly-owned by BBIG.

Babcock & Brown Infrastructure Group US LLC, is a subsidiary of the Babcock & Brown group of companies headquartered in Sydney, Australia. Babcock & Brown has extensive experience in the development and implementation of infrastructure projects around the world, including tunnel projects. It operates from 30 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa, has in excess of 1,250 employees worldwide and reported a profit of approximately $539.4 million for the fiscal year ended December 31, 2007. It has offices in six cities throughout the United States: San Francisco, New York, Houston, Greenwich, Dallas and San Diego.

Bouygues Travaux Publics, is a subsidiary of the Bouygues group of companies, a diversified industrial group headquartered in Paris, France with reported revenues for the fiscal year 2007 approximating 29.2 billion Euros. Bouygues Travaux Publics' activities include large scale construction and civil engineering and is reportedly one of the most experienced companies in the world in tunnel construction. Bouygues Travaux Publics reports having constructed in excess of 215 miles of tunnels both individually and in association with other companies over the last 20 years. Bouygues Travaux Publics reported revenues approximating 820 million Euros for the fiscal year ended December 31, 2007 and has a workforce in excess of 4,900 employees.

THE PROJECT

Miami Access Tunnel, LLC is requesting Industrial Development Transportation Revenue Bond financing assistance in an amount not to exceed $980 million to be used in conjunction with an equity contribution of approximately $60 million from the MAT shareholders to facilitate the construction of the project, estimated to take approximately 4 years to complete. Annual payments in an amount not less than $33.26 million will be provided by FDOT to MAT for the operation and maintenance of the project over the balance of the term of the Concession Agreement with FDOT. These annual payments, as well as the other payment obligations of FDOT under the Concession Agreement, will be funded by FDOT through a master agreement made between FDOT, Miami-Dade County and the City of Miami.

The bond proceeds will provide financing and refinancing for the design and construction of two approximate 3,900 foot long tunnels to connect the Port of Miami (Dodge Island) to I-395 at Watson Island, the widening of the MacArthur Causeway Bridge, the construction of the necessary connections to the Port of Miami roadway system in order to greatly reduce traffic congestion at the Port and

Downtown Miami, and the relocation and improving of buildings, railways and landscaping at the Port of Miami and on Watson Island. Traffic and demand studies conducted in 2003 concluded there were approximately 24,000 vehicles per day visiting the Port of which 29% were trucks and buses. That volume is projected to increase to approximately 70,000 by 2033. It is expected that all trucks and buses and approximately 60% of the passenger vehicle traffic would be diverted through new tunnels. Proceeds will also be used for paying certain bond issuance costs, funding reserves and capitalized interest.

Elements of the proposed project include:

1. Construction, including:----------$592,710,000
    - Two approximate 3,900 foot long tunnels:---------- $ 474,355,000
    - MacArthur Causeway Bridge Widening:---------- $ 28,589,000
    - Port of Miami Roadway Connections: ---------- $ 76,385,000
    - Buildings, Landscaping, Railway Relocation-------- $ 13,381,000

FINANCIAL SUFFICIENCY

For information purposes the audited financial statements of Bouygues Travaux Publics for the fiscal years ended December 31, 2007, 2006, 2005 and 2004 and annual reports of Bouygues Construction for the fiscal years ended December 31, 2006, 2005 and 2004, as well as the annual reports of Babcock & Brown for the fiscal years ended December 31, 2007, 2006 and 2005 have been provided. Additionally, the 2007 annual reports of Financial Security Assurance and MBIA have also been provided. The December 31, 2007 audited financial statements of Bouygues Construction will be provided when the English language version is completed.

A review of the submitted financial and related information indicates:

SOURCE OF FUNDS		USE OF FUNDS	
Bond Proceeds*	$980,000,000	Construction Costs	$592,710,000
		Mechanical/Electrical/Transport Systems	75,410,000
		Engineering Costs	41,770,000
		Contingency Reserve for impact of macro-economic conditions on costs	110, 520,000
		Interest Expense	115,380,000
		Debt Service Reserve	30,000,000
		Bond Issuance Expenses	14,210,000
TOTAL	**$980,000,000**	**TOTAL**	**$980,000,000**

* *The Company will supply or borrow from other sources all additional funds which are necessary for the completion of the project in accordance with, and subject to, the Company's obligations to fund the project under the Concession Agreement.*

Information relative to the proposed financial structure includes:

Repayment:	It is anticipated that the bond proceeds will be loaned to MAT pursuant to a loan agreement between MAT and the Authority (the "Loan Agreement"). The principal source of the repayment of the Bonds is payments of interest and principal under the Loan Agreement. MAT's obligations under the Loan Agreement will be satisfied by (i) payments made by FDOT to MAT pursuant to the Concession Agreement (Milestone Payments and Availability Payments), (ii) equity contributions, (iii) proceeds of the offering of the Bonds and (iv) insurance payments.
Security:	Security for repayment of the Bonds includes all security granted to the Authority under the Loan Agreement, including (i) all assets and property of MAT, including MAT's interest in the Project Contracts (including the Concession Agreement) and (ii) the reserve accounts and certain other Project Accounts.
Guarantee:	Repayment of the Bonds will be guaranteed by Financial Security Assurance or MBIA or both, each of which is rated AAA/Aaa by Standard & Poor's and Moody's, respectively.
Marketing:	Limited Public Offering by Lehman Brothers to Institutional Investors. Lehman Brothers reports as part of FDOT proposal submission process applicants were required to submit a firm commitment with respect to the financing package. Lehman Brothers' underwriting commitment has expired; however, Lehman Brothers has agreed with MAT that, subject to the terms of a customary bond purchase agreement, Lehman Brothers will purchase bonds at a fixed price on a date certain prior to financial closing of the Project and then place such bonds with a limited number of institutional investors.

LEGAL

The project qualifies under State and Federal regulations which provide that capital expenditures for qualified highway facilities under Section 11143 of Title XI of the "Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU, Public Law 100-59)", which amends Section 142(m) of the Internal Revenue Code, may be financed with Tax-Exempt Bonds. A bond issuance allocation is required and the applicant has provided a copy of a Provisional Bond Issuance Allocation Approval Letter granted by the United States Department of Transportation ("USDOT") in an amount not to exceed $900,000,000 of Private Activity Bonds for the Port of Miami Tunnel and Access Improvements Project. The Company reports it has requested and received verbal approval from the USDOT for an additional $80,000,000 in issuance allocation and expects to receive the written approval within a week.

ECONOMIC IMPACT

The Port of Miami is Miami-Dade County's second leading economic generator and provides approximately 81,800 jobs, $5 billion in wages and $12 billion in economic output. The Port's continued viability is crucial to maintaining the long term growth of the region and sustaining vitality and growth in key sectors such as manufacturing, wholesale trade and distribution, land-based freight transportation and international trade-related finance.

In addition to improving the Port's competitiveness in regards to cargo and cruise ship operations other economic benefits include the creation of approximately 500 local job opportunities during the construction phase of the project and 44 local job opportunities following completion of the project, to operate and maintain the project over the balance of the 35 year contract period. Also, the project is expected to generate an additional 500 indirect jobs and will support local efforts to revitalize Downtown Miami by removing cargo trucks, buses and vehicle traffic from the City of Miami's arterial roadways and making Downtown roadways safer in general.

Exhibit B

MIAMI-DADE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY
TEFRA/PUBLIC HEARING

The Miami-Dade County Industrial Development Authority (the "Authority") has been requested to issue its Industrial Development Revenue Bonds for the following:

Miami Access Tunnel, LLC

The Authority has received a request for the issuance of its Industrial Development Transportation Revenue Bonds (Port of Miami Tunnel Project), in one or more series in an aggregate principal amount not to exceed $980,000,000 over a three (3) year plan of finance (the "Bonds"), the proceeds of which will be loaned to Miami Access Tunnel, LLC or related affiliates ("MAT") and will provide financing and refinancing for the design and construction of (i) two approximately 4,000 foot long tunnels to connect the Port of Miami (Dodge Island) to I-395 at Watson Island, (ii) the widening of the MacArthur Causeway Bridge, (iii) the construction of the necessary connections to the Port of Miami roadway system and (iv) the relocation and improving of buildings, railways and landscaping at the Port of Miami and on Watson Island (the "Project"). The State of Florida Department of Transportation will be the owner of the Project and MAT will be the initial manager of the Project. Proceeds will also be used for paying certain bond issuance costs, funding reserves and capitalized interest.

The Bonds shall not be a debt, liability or obligation of the Authority or of Miami-Dade County, Florida, or of the State of Florida, or of any political subdivision thereof, but shall be payable solely from payments derived from the operations of the Project or the security instruments for the Bonds.

Please take note that the Authority will hold a public hearing on the Project and associated issues regarding the Bonds at the Brickell BayView Centre, 80 SW 8th Street, Suite 2801, Miami, Florida, on **Wednesday, April 23, 2008** commencing at **10:00 a.m.** or shortly thereafter, at which time any person may be heard regarding the proposed issuance of said Bonds and the project. The Authority will submit a transcript of the statements made at the hearing to the Board of County Commissioners, Miami-Dade County, Florida, which must approve or disapprove the issuance of the Bonds.

MIAMI-DADE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY

TRANSCRIPT OF PUBLIC HEARING

WEDNESDAY, APRIL 23, 2008

At 10:00 a.m., the Executive Director of the Miami-Dade County Industrial Development Authority announced that the Authority would proceed to hold a public hearing on the issuance of Industrial Development Revenue Bonds. The following is a substantially verbatim account of the proceedings of this hearing.

The following persons were present:

James D. Wagner Jr. *Executive Director*	Miami-Dade County Industrial Development Authority	80 SW 8th Street, Ste. 2801 Miami, Florida 33130
Amanda Llovet *CFO*	Miami-Dade County Industrial Development Authority	80 SW 8th Street, Ste. 2801 Miami, Florida 33130
Cynthia Castillo *Assistant to Executive Director*	Miami-Dade County Industrial Development Authority	80 SW 8th Street, Ste. 2801 Miami, Florida 33130
Bruce Giles-Klein	Greenberg Traurig, P.A.	1221 Brickell Avenue Miami, Florida 33131

Executive Director We will now conduct the public hearing on the proposed issuance of Industrial Development Transportation Revenue Bonds for the capital project located in Miami-Dade County.

This public hearing is being conducted pursuant to requirements of the Federal Tax Equity and Fiscal Responsibility Act of 1982. The Act requires that in order for the interest on Industrial Development Transportation Revenue Bonds to be exempt from Federal Income Tax, such proposed bonds must be approved by either a voter referendum or by an applicable elected legislative body after a public hearing following reasonable public notice.

We have received a copy of a notice advising that the Industrial Development Authority will hold a public hearing on the proposed issuance of Industrial Development Transportation Revenue Bonds to finance all or a portion of the capital costs associated with the project mentioned in that notice. The notice appeared in The Miami Herald on Wednesday, April 9, 2008, page 5B.

We will now commence the public hearing. The hearing will be conducted in the following format: First, a brief synopsis of the proposed bonds and the project will be provided. Second, testimony from anyone desiring to speak will be heard. Anyone wishing to speak should give their name and address for the record.

The project for consideration is an Industrial Development Authority Transportation Revenue Bond issue for the Port of Miami Tunnel project, in one or more series in a maximum principal amount not to exceed $980,000,000. The bond proceeds which will be loaned to Miami Access Tunnel, LLC or related affiliates ("MAT") and will provide financing and refinancing for the design and construction of two approximate 4,000 foot long tunnels to connect the Port of Miami (Dodge Island) to I-395 at Watson Island, the widening of the MacArthur Causeway Bridge, the construction of the necessary connections to the Port of Miami roadway system and the relocation and improving of buildings, railways and landscaping at the Port of Miami and on Watson Island. The State of Florida Department of Transportation will be the owner of the Project and MAT will be the initial manager of the Project. Proceeds will also be used for paying certain bond issuance costs, funding reserves and capitalized interest.

Executive Director Action taken by the Authority to date includes a review of the project in accordance with Authority Guidelines and Procedures and the adoption of a Memorandum of Agreement which specifies the terms of the proposed bond issue.

Testimony will now be heard by anyone desiring to speak.

Representative Let the record reflect that Bruce Giles-Klein is in attendance representing Miami Access Tunnel, LLC. Mr. Giles-Klein, is there anything you would like to add?

Bruce Giles-Klein Not at this time. Thank you.

Executive Director This concludes the public hearing scheduled for today. This project, together with a transcript of today's public hearing, will be forwarded to the Miami-Dade County Board of County Commissioners at a regular meeting, at which time the Commission will approve or disapprove the proposed issuance of Bonds by the Miami-Dade County Industrial Development Authority.