Memorandum

MIAMI-DADE COUNTY

Date: October 21, 2008

Agenda Item No. 5(C)

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

From: George M. Burgess
County Manager

Subject: Ordinance Authorizing Issuance of $ 1.9 Billion of Aviation Revenue Bonds

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Recommendation

It is recommended that the Board of County Commissioners (BCC) enact the accompanying ordinance which authorizes the issuance of not to exceed $1.9 billion of Aviation Revenue Bonds (2008 Authorization) pursuant to the provisions of the Amended and Restated Trust Agreement (Trust Agreement) for the purpose of financing, together with other funds of the Aviation Department, the balance of the Aviation Department's capital improvement program (CIP) at the approved level expenditure of $6.2 billion and to secure and retire commercial paper notes issued for that purpose.

Scope

This item relates to capital projects at Miami International Airport (MIA) which lies primarily in Commission District 6; however, the impact of the 2008 Authorization will be countywide. The list of projects in Attachment A to the Ordinance is also attached to this memorandum for your reference.

Fiscal Impact/Funding Source

The Bonds authorized by this 2008 Authorization will be paid with revenues (Net Revenues) of the Aviation Department, as defined in the Trust Agreement, charged to airlines serving MIA, contingent upon the Board's adoption of subsequent series resolutions. The incremental annual debt service resulting from the bonds authorized by this 2008 Authorization is forecasted at $147 million, based on a 30 year financing at six percent. The 2008 Authorization is needed to meet current and forecasted aviation demands at MIA. The bonds are needed to fund expenditures that are necessary for MIA to continue to function as the County's primary economic generator. These expenditures were included in the CIP approved by the Board and in the FY 07-08 multi-year capital plan.

Background

Airport properties, owned by the County and operated by the Aviation Department, are financed under the Trust Agreement covering the Port Authority Properties. This Ordinance seeks authorization to issue additional aviation revenue bonds in an amount not to exceed $1.9 billion for improvements to the Port Authority Properties. Prior to initiating each bond transaction authorized by this Ordinance, the BCC will be presented with a series resolution authorizing the issuance of such bonds, describing the uses of the bond proceeds and other particulars of the transaction.

The Port Authority Properties' CIP is presently estimated at $6.2 billion as approved by the BCC. The allocation of the $6.2 billion in expenditures, together with their funding sources (including bond proceeds and pay as you go for capital project costs), is shown in the table below.

Program Description		Program Total ('000s)	Funding Sources ('000s)	
			Pay-as-you-go	Bonds
Airside		$344,253	$280,691	$63,562
Terminals and Concourse Facilities:				
	North Terminal	2,894,454	112,166	2,782,288
	South Terminal	1,113,457	127,414	986,043
	Other Terminal Projects	503,502	109,451	394,051
Landside:				
	Roadways & Parking	161,252	79,792	81,460
Support		719,429	89,382	630,047
Cargo and Aircraft Maintenance		189,107	32,894	156,213
General Aviation Airports		53,037	23,543	29,494
	Subtotal:	$5,978,491	$855,333	$5,123,158
MIA Mover		221,509	21,526	199,983
Total Program Costs		$6,200,000	$876,859	$5,323,141

Currently, $4.3 billion in aviation revenue bonds have been authorized by Ordinances No. 95-38, No. 96-31 and No. 97-207 (collectively, the Authorizations). Pursuant to those Authorizations and the Trust Agreement, approximately $4.142 billion in aviation revenue bonds have actually been issued for capital project costs and financing costs, leaving $158 million available for funding the remaining costs of the CIP. The Department anticipates that the remaining $158 million will be needed in its entirety by November, 2008 for capital expenditures funded from the commercial paper program. The Aviation Department uses commercial paper authorized by the Board in 2005 with the adoption of Resolution R-235-05 to temporarily finance its capital improvements. Interest on the commercial paper is rolled over and financed by commercial paper until the commercial paper is refunded with bonds. Principal is secured by and payable from future aviation revenue bonds.

In order to complete the CIP and to continue managing its costs through the use of commercial paper, authorization is needed by November 2008 in order to ensure additional funds are available before the $158 million is consumed.

In addition to aviation revenue bonds, the County has authorized $247.5 million in double-barreled general obligation revenue bonds for the Aviation Department by Ordinance No. 85-75, none of which has been issued to date. The Board will be requested for authorization to modify the use of these bonds for MIA Mover project costs and financing costs.

Projects to be funded by debt issued under the $1.9 billion 2008 Authorization are listed in Attachment A. The projects are consistent with Aviation Department's CIP which was approved by the Board on March 20, 2007.

Assistant County Manager

Attachment A

Terminal projects, including but not limited to:		(In Thousands)	
North Terminal			$1,211,169
South Terminal			70,292
Other Terminal:			
CC E Fire Sprinkler & Fire Alarm Upgrades	$8,143		
MIA Front & Back Terminal D-H	26,282		
CC F Fire Sprinkler & Fire Alarm Upgrades	7,122		
Terminal Building Re-roofing	17,687		
Balance of Other Projects	22,295		81,529
Total Terminal Projects		**$**	**1,362,990**
MIA Airside projects, including, but not limited to:			
Runway 8R/26LPavement Reconstruction	$36,770		
Balance of Airside Projects	1,263		
Total Airside Projects		**$**	**38,033**
Replacement of Commissary Warehouse Building	$2,046		
Railroad Relocation (for Perimeter Rd)	3,812		
Short-term Parking	2,463		
Balance of Landside Projects	7,343		
Total Landside Projects		**$**	**15,664**
MIA Support projects, including, but not limited to:			
Environmental Remediation	$39,522		
Cost Estimating & Scheduling Services	7,714		
Wayfinding (signage)	6,779		
Security – access control; CCTV Monitoring	7,398		
Water Distribution System	3,718		
Sewer Booster Pump Station	3,023		
Balance of Support Projects	51,016		
Total Support Projects		**$**	**119,170**
Cargo & Aircraft Maintenance, including, but not limited to:			
Tract One Drainage, Grading & Pavement improvements	$17,153		
New GAC Building	7,767		
Balance of Cargo & Aircraft Maintenance	1,810		
Total Cargo & Aircraft Maintenance Projects		**$**	**26,730**
General Aviation Airports Projects:			
Total General Aviation Airports Projects		**$**	**691**
Total Project Costs from Dec. 2008 thru completion of CIP		**$**	**1,563,278**
Less project costs funded by pay-as-you-go revenues			(187,684)
Project costs to be funded by New Bond Authorization		**$**	**1,375,594**
Capitalized interest and other financing costs		$	524,406
Total New Bond Authorization		**$**	**1,900,000**

MEMORANDUM

(Revised)

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

DATE: October 21, 2008

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

SUBJECT: Agenda Item No. 5(C)

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

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Approved _____ Mayor

Veto _____

Override _____

Agenda Item No. 5(C)

10-21-08

ORDINANCE NO. _____

ORDINANCE AUTHORIZING ISSUANCE OF NOT TO EXCEED $1.9 BILLION AGGREGATE ORIGINAL PRINCIPAL AMOUNT OF MIAMI-DADE COUNTY, FLORIDA, AVIATION REVENUE BONDS, IN ONE OR MORE SERIES, PURSUANT TO PROVISIONS OF AMENDED AND RESTATED TRUST AGREEMENT INCLUDING SECTION 210, DATED AS OF DECEMBER 15, 2002 FOR PURPOSE OF PAYING OR REIMBURSING AVIATION DEPARTMENT FOR COSTS OF CERTAIN CAPITAL IMPROVEMENTS TO COUNTY'S PORT AUTHORITY PROPERTIES; PROVIDING THAT TERMS, MATURITIES, INTEREST RATES AND OTHER DETAILS OF SAID BONDS BE DETERMINED IN ONE OR MORE SUBSEQUENT SERIES RESOLUTIONS; AND PROVIDING FOR SEVERABILITY AND EFFECTIVE DATE

WHEREAS, the Board of County Commissioners (the "Board") of Miami-Dade County, Florida (the "County") previously authorized the issuance of $4.3 billion in aviation revenue bonds pursuant to the Amended and Restated Trust Agreement dated as of December 15, 2002 (the "Trust Agreement") by and among the County, The Bank of New York (successor in interest to JPMorgan Chase Bank, N.A.), as trustee (the "Trustee"), and U.S. Bank National Association (successor in interest to Wachovia Bank, N.A.), as co-trustee (the "Co-Trustee"), which amended and restated the Trust Agreement dated as of October 1, 1954 with The Chase Manhattan Bank as predecessor-in-interest to the Trustee) and First Union National Bank of Miami (predecessor-in-interest to the Co-Trustee), as amended and supplemented ("Original Trust Indenture"), and Ordinance No. 95-38 enacted by the Board on February 21, 1995 authorizing the issuance of up to $1,200,000,000 in aviation revenue bonds (the "1995 Authorization"), Ordinance No. 96-31 enacted by the Board on February 6, 1996 authorizing the issuance of up to $2,600,000,000 in additional aviation revenue bonds (the "1996 Authorization") and Ordinance No. 97-207 enacted by the Board on November 4, 1997 authorizing the issuance of up to $500,000,000 in additional

aviation revenue bonds (the "1997 Authorization," and collectively with the 1995 Authorization and the 1996 Authorization, the "Authorizations") to pay the costs of capital improvements to the Port Authority Properties in accordance with the Capital Improvement Program ("CIP") and to redeem any bond anticipation notes issued for such purpose from time to time pursuant to Ordinance No. 97-201 enacted by the Board on October 21, 1997, as amended ("1997 Ordinance") and any subsequent authorizations (the "BANS"); and

WHEREAS, the County has issued $4.142 billion in revenue bonds pursuant to the Original Trust Indenture, the Trust Indenture, and the Authorizations (the "Outstanding Bonds"), leaving $158 million available for paying costs of the CIP and to redeem any outstanding BANS; and

WHEREAS, since the cost to complete the CIP will exceed $158 million, the Board desires to authorize, pursuant to Section 210 of the Trust Agreement, the issuance of additional revenue bonds, in one or more series, payable from Net Revenues (as defined in the Trust Agreement) on a parity with the Outstanding Bonds (the "Bonds"), in an aggregate principal amount not to exceed ONE BILLION NINE HUNDRED MILLION DOLLARS ($1.9 BILLION); and

WHEREAS, the proceeds of the Bonds together with certain other moneys of Miami-Dade County's Aviation Department (the "Aviation Department"), shall be applied to pay all or a portion of, or reimburse the Department for the payment of, any cost (as defined in the Trust Agreement) of the CIP, to pay certain costs in connection with the issuance of the Bonds and to redeem any outstanding BANS; and

WHEREAS, the Board desires to provide for the issuance and the details of each series of Bonds through a subsequent series resolution of the Board; and

WHEREAS, the Board desires to accomplish the purposes outlined in the accompanying memorandum (the "County Manager's Memorandum"), a copy of which is incorporated in this Series 2008 Ordinance by reference,

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

Section 1. Incorporation of Recitals and Definitions. The matters set forth in the foregoing recitals to this Ordinance are incorporated as part of this Ordinance.

Capitalized terms not defined in the recitals shall have the meaning set forth in the Trust Agreement.

Section 2. Authorization To Issue Bonds. Bonds authorized to be issued under this Ordinance are issued and the agreements authorized to be executed and secured under the provisions of this Ordinance are entered into pursuant to the authority of the laws of the State of Florida, all other applicable laws and Sections 210 and 212A and other applicable provisions of the Trust Indenture, as amended from time to time.

There is authorized to be issued Bonds in an aggregate principal amount not to exceed ONE BILLION NINE HUNDRED MILLION DOLLARS ($1.9 BILLION). Bonds may be issued at any one time, or from time to time, in one or more series, at the option of the County and when so issued shall constitute one or more separate Series under the Trust Agreement.

Section 3. Details, Terms and other Matters Relating to the Bonds. Prior to the issuance of each Series of Bonds, the Board shall adopt a resolution (the "Series Resolution") (i) authorizing the issuance of such Series in accordance with Section 210 of the Trust Indenture; (ii) setting out the principal amount and details, including their date, form, denominations and maturity which shall be no later than forty years from their date; (iii) providing for the use of the

bond proceeds, including a brief description of the Improvements to be financed; (iv) providing that the Bonds shall bear interest from their date until redemption at either a fixed or variable interest rate, not exceeding the maximum rate permitted by law at the time of issuance of such Bonds; (v) providing for the capitalization of interest in accordance with Section 405 of the Trust Agreement; (vi) providing for the payment of all costs in accordance with Section 404 of the Trust Agreement; (vii) providing that such Series of Bonds may be payable or subject to purchase prior to their maturity at the option of the registered owners of such Series of Bonds, on such terms and conditions consistent with the provisions of the Trust Agreement (viii) providing for credit enhancement and for additional security for such Series of Bonds to be provided by bond insurance, a letter of credit, a stand-by bond purchase agreement, a line of credit, a revolving credit agreement or any other credit of liquidity facility ("Liquidity Facility") with a bank or other financial institution, the proceeds of which will be available for application to the payment of principal of and interest on such Bonds; and (ix) providing for the use of Hedge Agreements and Interest Swap Agreements.

The Bonds of each Series shall comply in all respects with Section 210 and Section 301 of the Trust Agreement. Such Bonds shall be designated:

> "MIAMI-Dade County, Florida, Aviation Revenue Bonds, Series _____" (inserting a *year* or a year and a letter to identify the particular series).

In the event any of the Bonds of any Series shall be serial bonds, the maturities of such bonds shall be provided in the Series Resolution for the Series and shall be consistent with Section 210 of the Trust Agreement. In the event the Bonds of any Series shall consist of term bonds on both serial bonds and term bonds, the Amortization Requirements for such term bonds shall be provided in the Series Resolution for the Series and shall be consistent with Section 210

of the Trust Agreement.

The Bonds of each Series shall be executed in the form and manner provided in the Trust Agreement, and shall be delivered to the Trustee under the Trust Agreement for authentication and delivery to the purchasers in accordance with the provisions of Section 210 of the Trust Agreement.

Section 4. Covenants of Trust Agreement. All of the material covenants of the Trust Agreement will be applicable to the Bonds. No default by the County shall have occurred and be continuing in the performance of any of its covenants and obligations under the Trust Agreement and all payments required have been made into the accounts and funds under the terms of the Trust Agreement shall have been made to the full extent required before any Bonds may be issued.

Section 5. Further Acts. The officers, agents and employees of the County and of the Trustee and the Co-Trustee are hereby authorized and directed to do all acts and things required of them by the provisions of the Bonds, and the Trust Agreement, for the full, punctual and complete performance of all the terms, covenants, provisions and agreements of the Bonds, and the Trust Agreement, and also to do all acts and things required of them by the provisions of this Ordinance.

Section 6. Severability. If any section, subsection, sentence, clause or provision of this ordinance is held invalid, the remainder of this ordinance shall not be affected by such invalidity.

Section 7. Headings Not Part of Ordinance. Any headings preceding the Sections of this Ordinance shall be solely for convenience of reference and shall not constitute a part of this Ordinance, nor shall they affect its meaning, construction or effect.

Section 8. Effective Date. This Ordinance shall become effective ten (10) days after the date of enactment unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

PASSED AND ADOPTED:

Approved by County Attorney as to form and legal sufficiency:

Prepared by:

Gerald T. Heffernan