

Memorandum

MIAMI-DADE
COUNTY

Date: March 17, 2009

Supplement to
Agenda Item No. 9A1

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

From: George M. Burgess
County Manager

Subject: Supplemental Report - Building Better Communities (BBC) General Obligation Bond (GOB) Program – Adoption of Implementing Order (IO) Relating to the Use of Surplus Funds, Premium Funds, and Unspent Bond Proceeds

On July 8, 2008 a recommendation for the adoption of an Implementing Order relating to the use of Building Better Communities (BBC) General Obligation Bond (GOB) Program Surplus Funds, Premium Funds, and Unspent Bond Proceeds, listed as Agenda Item No. 2N, was considered by the Governmental Operations and Environment Committee (GOE). The item was amended by the Committee as described in the accompanying agenda item. An alternate approach to the Committee amendments is respectfully being recommended at this time. The specific Committee amendment which I am referring to requires Board approval prior to any project acceleration and cash flow revision within the program, as well as notification to the District Commissioner which the affected project is located prior to Board consideration.

I am in agreement with the requirement that Board approval be obtained first for acceleration of a project when added to the list of projects eligible for funding from a particular series of bonds after the bonds are issued. It is the cash flow revisions within the list of projects approved by the Board for a particular series of bonds that causes concern. As authorized by the Board, since 2006 these revisions have been approved administratively by the County Manager, and delegated to the Office of Capital Improvements (OCI) Director. It is important to note that since this administrative process has been in place, no BBC GOB project has been de-funded or delayed as a result of an acceleration or cash flow revision. In fact, on the contrary, the movement of funds to projects that were ready to move forward has resulted in capital improvements being completed faster than anticipated. In addition, the authority to administratively move funds has allowed us to expend all Series 2005A BBC GOB monies by the three year limit minimizing any arbitrage liability.

Since the GOE Committee meeting, staff from OCI, the Finance Department, Office of Strategic Business Management (OSBM) and County Attorney's Office have discussed the most efficient way to use the bond proceeds. These discussions focused on appropriately funding active projects and minimizing arbitrage risks without delaying projects. In addition to satisfying these conditions, the recommendation below is consistent with the intent of the GOEC amendment to require Board approval prior to moving any project forward that would impact another project.

When making cash flow revisions to a project approved by the Board for funding from a specific bond sale, it is not necessary to temporarily borrow money from other projects. It is recommended that these cash flow revisions be funded from the total available proceeds from that particular bond sale without having to identify a "donor" project. The result of adjusting the cash flow schedule to an approved project to increase current funding or funding projects that were scheduled for future bond sales sooner than expected will simply make the subsequent bond sale necessary earlier than planned. For example, the next bond sale (Series 2008B) will be for \$325 million and is estimated to be spent in 12-18 months. Adding more projects to the Board approved list for funding from this bond series, or adjusting the cash flow to a project already on the Series 2008B list, may cause the \$325 million to be spent in less than 12-18 months. The net effect is that the next bond sale will be needed sooner. With this

approach, there is no need to decelerate or de-fund any project. No project will be allocated more than its total allotment approved by the voters without Board approval, and the total amount of the Bond program cannot exceed the voter approved maximum of \$2.9 billion. OCI will continue to work with the Finance and OSBM to monitor projected expenses and available bonding capacity. If the County's bonding capacity is ever projected to be exceeded, the IO stipulates ranking criteria for funding projects.

Based on the above, it is recommended that adding projects to the Board approved list for funding from a particular bond sale be presented to the Board for prior approval, while cash flow revisions to projects already on the list should continue to be approved administratively. The following definitions are being provided in support of this recommendation:

1. Define project "Acceleration" more accurately to mean the addition of a project to the list of projects approved by the Board for funding from a specific bond sale. All accelerations shall require Board approval.
2. Define "Project Cash-Flow Revision" to mean a revision to the cash-flow of a Project approved by the Board for funding from a particular bond sale, provided such Project Cash-Flow Revision does not increase the allocation approved by the voters for that Project. Any such increase shall be approved by the Board. The subtotal of a bond question to be funded from a particular bond sale may be increased or decreased as a result of a Cash-Flow Revision. The Mayor or the Mayor's designee is authorized to approve Project Cash-Flow Revisions which will be reported to the Board quarterly. In the event that a Project is expected to be delayed as a result of a Project Cash-Flow Revision, prior Board approval is required before a Project Cash-Flow is implemented.

I believe that authorizing the Mayor or the Mayor's designee to continue to make these administrative, non-substantial cash flow revisions to the Board-approved BBC GOB program will assure its continued success. Therefore, I respectfully recommend that the Board adopt this alternate approach by approving the companion item on this agenda recommending the Implementing Order for use of Surplus Funds, Premium Funds, and Unspent Bond Proceeds as amended by this supplement.



Assistant County Manager