# Memorandum

MIAMI-DADE COUNTY

**Date:** (Public Hearing 6-30-09)
May 19, 2009

Agenda Item No. 5(I)

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

**From:** George M. Burgess
County Manager

**Subject:** Ordinance Authorizing Issuance of Special Obligation Bonds

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**Recommendation**
It is recommended that the Board of County Commissioners (Board) enact the attached Ordinance (Series 2009 Ordinance) authorizing the issuance, in one or more series, of Special Obligation Bonds, in an aggregate principal amount not to exceed $165,000,000.

This Series 2009 Ordinance authorizes the issuance of bonds for the purpose of funding with bond proceeds, together with any other legally available monies (including reimbursing the County for prior expenditures when applicable), the costs of the acquisition, construction, improvement and/or renovation of projects listed in Exhibit A. In addition, it authorizes purposes set forth in each Bond Series Resolution such as funding a cash debt service reserve and paying the costs associated with the issuance of the Bonds. The capital projects, terms, maturities, interest rates and other bond related details for each series of Bonds will be established in a Series Resolution adopted by the Board prior to the issuance of each series of Bonds.

**Scope**
The impact of the projects funded with the proceeds is countywide.

**Fiscal Impact/Funding Source**
The principal and interest on the proposed Special Obligation Bonds are special and limited obligations of the County payable solely from legally available non-Ad Valorem revenues of the County as appropriated annually, or from revenues otherwise available from authorized funds and debt service reserves. The revenues that will be used to make the payments associated with this issuance are Seaport Operating Revenues, Public Health Trust (PHT) Operating Revenues, Causeway Revenues and the Capital Outlay Reserve, as noted on the project list below. Actual debt payments will be made from funds appropriated in the adopted budgets of each entity/department benefitting from the projects financed with each series of Bonds.

**Background**
In the past, the County participated in the pool programs provided by the Sunshine State Governmental Financing Commission (Financing Commission) to fund many of its countywide capital equipment needs. In the later part of FY 2007 and throughout FY 2008, various attempts were made to access the Financing Commission's Commercial Paper Program to fund numerous projects at the Seaport Department and the Public Health Trust; however, due to the volatility in the capital market, and the limited availability of credit facility providers, this financing vehicle currently is no longer a viable funding mechanism.

The accompanying Series 2009 Ordinance provides the County with a mechanism to finance the acquisition, construction and or renovation of priority capital assets through the issuance of Bonds. The County's ability to appropriate funds on an annual "pay-as-you-go" basis for the acquisition of capital assets is limited and at times does not provide a workable solution to meet the required needs of County departments. The County will need to find ways to fund: (i) Seaport capital projects; (ii) additional office space and parking for County administrative offices; (iii) capital projects for the Public

Health Trust; (iv) capital projects for emergency operations; and (v) close out costs associated with various on-going projects. Some of the projects anticipated to be financed over the next three years through the issuance of the proposed Bonds are detailed on Exhibit A and may include but are not limited to:

- ***Seaport Construction and/or Acquisition of Capital Assets*** (Seaport Revenues)
  - Channel Dredging
  - Seaport Redevelopment Program
  - Oleta River Mitigation
  - Terminal D & E Construction
  - Terminal Improvements
  - Cargo Yard Improvements
  - Security Projects
  - Dredge III
  - Port-wide Facility Improvements
- ***PHT Construction and Equipment Purchase*** (PHT Revenues)
  - Construction Projects – such as remodeling to existing plant, expansion of services in support of strategic initiatives, main campus security enhancements and other life/safety improvements.
  - Information Technology Software
- ***Cyber Security – Phase Two*** (Capital Outlay Reserve)
  - Hardware and software relating to maintaining the integrity of the County's technology infrastructure
- ***Project Closeout Costs – Various Projects*** (Capital Outlay Reserve)
  - Lightspeed Phase One
  - Animal Services Facility
  - Arcola Complex (Northside Police Station and Regional Headstart Center)
  - Countywide technology and communication projects
- ***Causeways - Various Projects*** (Causeway Revenues)
  - Venetian Bridge Design
  - Venetian Bridge Rehabilitation
  - Causeway Toll System Upgrade
  - Rickenbacker Shoreline Roadway Protection
  - Rickenbacker Powell Bridge Structural Repairs

Exhibit A may be modified or supplemented by a certificate executed by the County Manager and for other purposes specified in the subsequent Series Resolution(s).

The Series 2009 Ordinance provides for submission of subsequent resolutions for each series of Bonds to be issued. Each Series Resolution will provide a more detailed description of the capital assets to be financed, the terms, maturities, interest rates, hedge arrangements and other details for the series of bonds to be issued. Some of the projects listed above have been funded with funds advanced by the County after receiving Board approval. The first series of Bonds, when presented to the Board for its consideration, will provide for the reimbursement of those funds to the County.

In addition to authorizing the issuance of Bonds in one or more series, the Series 2009 Ordinance limits the maximum maturity to 40 years in the form of either tax-exempt or taxable bonds.

Assistant County Manager

# MEMORANDUM
(Revised)

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

**DATE:** June 30, 2009

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

**SUBJECT:** Agenda Item No. 5(I)

**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 Mayor'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. 5(I)
6-30-09

ORDINANCE NO. _____

ORDINANCE AUTHORIZING ISSUANCE OF NOT TO EXCEED $165,000,000 OF MIAMI-DADE COUNTY, FLORIDA SPECIAL OBLIGATION BONDS, IN ONE OR MORE SERIES, FOR PURPOSE OF ACQUIRING, CONSTRUCTING, IMPROVING AND/OR RENOVATING CERTAIN CAPITAL ASSETS; PROVIDING THAT DETAILS OF SAID BONDS BE DETERMINED IN ONE OR MORE SUBSEQUENT RESOLUTIONS; PROVIDING FOR SEVERABILITY AND EFFECTIVE DATE

WHEREAS, the Board of County Commissioners (the "Board") of Miami-Dade County, Florida (the "County"), after consultation with the County's various departments and agencies, has reviewed and determined with reasonable specificity the current capital acquisition needs of the County and has determined to undertake the acquisition, construction, improvement and/or renovation of all or a portion of the capital assets listed on Exhibit A to this Ordinance (the "Projects"), which is incorporated in this Ordinance by reference; and

WHEREAS, in order to provide funds to pay costs of the acquisition, construction, improvement and/or renovation of all or a portion of the Projects, the Board finds that it is necessary and desirable for the County to issue from time to time its special obligation bonds in one or more series in an aggregate principal amount not to exceed $165,000,000; and

WHEREAS, the Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated in this Ordinance by reference,

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

Section 1. (a) Pursuant to the Constitution and laws of the State of Florida, including Chapters 125 and 166, Florida Statutes, the Home Rule Amendment and Charter of Miami-Dade

County, Florida, as amended, and other applicable provisions of law, there is hereby authorized to be issued by the County, as provided in this Ordinance, special obligation bonds (the "Bonds") from time to time in one or more series in an aggregate principal amount not to exceed One Hundred Sixty-Five Million Dollars ($165,000,000). Prior to the issuance of each series of Bonds, the Board shall adopt a subsequent resolution with respect to such series of Bonds (each a "Subsequent Resolution" and, collectively, the "Subsequent Resolutions"). The Board may, by Subsequent Resolution, provide that after the issuance of the series of Bonds with respect to which such Subsequent Resolution is being adopted, the authorization for the issuance of any portion of the aggregate principal amount of Bonds authorized under this Ordinance that has not been issued shall expire.

(b) The Bonds shall be dated such date or dates, shall mature at such time or times, not to exceed forty (40) years, shall bear interest at such rate or rates, not to exceed in any event the maximum rate authorized by law at the time of the sale of such Bonds, and may be either tax-exempt or taxable bonds, or a combination thereof, all as shall be determined by the Subsequent Resolutions with respect to each series of Bonds.

(c) The Bonds shall be payable from legally available non-ad valorem revenues of the County that the County may covenant to appropriate annually or from moneys otherwise available from authorized funds and reserves.

(d) The Bonds shall be issued for the purpose of paying, together with any other legally available moneys, including where applicable reimbursing the County for prior expenditures, the costs of the acquisition, construction, improvement and/or renovation of Projects that are set forth on Exhibit A, as Exhibit A may be modified or supplemented from time to time by a certificate executed by the County Manager, and for such other purposes as may be specified in the Subsequent Resolutions.

(e) The Board may, by the Subsequent Resolutions, authorize the Finance Director of the County as the designee of the Mayor of the County to negotiate all agreements associated with the issuance of the Bonds and to award the sale of the Bonds from time to time in the manner, and subject to such conditions and limitations, as may be set forth in the Subsequent Resolutions.

Section 2. This Ordinance shall be governed by and construed and interpreted in accordance with the laws of the State of Florida. Venue shall lie in Miami-Dade County, Florida.

Section 3. If any one or more of the provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such provisions shall be null and void and shall be deemed separate from the remaining provisions of this Ordinance.

Section 4. 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

## EXHIBIT A

## THE PROJECTS

| PROJECT DESCRIPTION | ESTIMATED COST | BCC APPROVAL |
|---|---|---|
| **Seaport** | | |
| • Channel Dredging-reimbursement for advance payment to the Corps Engineers to continue with dredging project | $3,400,000 | R-681-05 |
| • Haskell Settlements-construction claims arising from the Seaport Redevelopment Program | 2,447,000 | R-1366-07 and R-345-07 |
| • Tetra-Tech settlement construction claims arising from the Seaport Redevelopment Program | 800,000 | R-1367-07 |
| • Dredge II – Oleta River mitigation | 3,066,000 | R-761-08 |
| • Terminal D & E construction claims arising from the construction of Terminals D & E | 1,214,000 | R-983-07 |
| • Terminal Improvements | | |
| o Terminal A | 672,000 | R-762-08 |
| o Terminals B & C | 10,190,000 | R-1442-08 |
| o Terminals D & E | 11,241,000 | R-703-07 |
| o Terminals F & G | 1,075,000 | R-1345-08 |
| o Parking Garage D | 7,516,000 | R-703-07 |
| o Cruise Provisioning Facility | 388,000 | Project #E-04-SEA-01 approved under Ord. 00-104 |
| • Cargo Yard Improvements – per cargo agreements with Terminal Link and Seaport | 11,246,000 | R-599-08 and R-763-08 |
| • Security Projects | 6,161,000 | Project #E-04-SEA-01 approved under Ord. 00-104, EDP approved under R-667-03 |
| • Dredge III | 629,000 | R-203-09 |
| • Port-wide facility improvements, upgrades and enhancements | 2,732,000 | E01-SEA-02, E03-SEA-04, E03-SEA-05-E05-SEA-01, approved under Ord.00-104; E03-PW-05, E06-PW-02, approved under R-1165-04; EDP approved under R-667-03, R-1344-08 |
| • Issuance Cost/Interest Reserve | 2,223,000 | |
| **Seaport Total** | **65,000,000** | |
| **Public Health Trust** | | |
| • Construction Projects - Construction Projects and related equipment associated with general and related equipment associated with general and departmental specific upgrades such as remodeling to existing plant, expansion of services in support of strategic initiatives, main | 24,000,000 | N/A |

| | | |
|---|---|---|
| campus security enhancements and other life/safety improvements. Specific projects include, but are not limited to, elevator modernization; exterior painting and water-proofing; replacing of windows and installation of hurricane shutters; renovation of facilities such as those for imaging services, the infusion and special immunology suite, and office space; upgrades to patient rooms; improvements associated with campus security; mandated replacement of underground fuel tanks for emergency generators; and other projects associated with patient care, ancillary services, and support activities. Equipment purchases include, but are not limited to, radiology, MRI, and other imaging equipment, beds and other furniture for patient rooms and support facilities associated with the construction projects and other new and replacement radiology, patient care, laboratory, and support equipment | | |
| • IT Equipment - Information Technology software development including but not limited to, roll out the electronic medical records system to other JHS facilities, and the upgrade of that system too include other functionally, implementation of a new patient billing system, and implementation of a system wide ERP system and other financial and support software | 21,000,000 | N/A |
| **Public Health Trust Total** | **45,000,000** | |
| **Project Closeout Costs - Various Projects** | | |
| • OSMB is programming $10 million for Project Closeout Cost in the 2009 Capital Asset Acquisition Bond Series. These funds will be included as Close-Out Costs for any or all of the following projects incurred in the current year or as programmed in the FY 2009-10 Proposed Capital Budget and Multi-Year Capital Plan<br>o Countywide technology and Communication Projects<br>o Lightspeed Phase One<br>o Animal Services Facility<br>o Arcola Complex (Northside Police Station and Regional Headstart Center) | 10,000,000 | Subject to Board review and approval with this Ordinance and through the FY 2009-10 Budget Ordinance. |
| **Cyber Security - Phase Two** | 6,400,000 | Ordinance No. 08-109 - Page 65 of 120 in the Ordinance |
| • Procure hardware and software relating to maintaining the integrity of the County's technology infrastructure. This financing will fund completion of Phase 2, which represents the remainder of the entire project implemented in prior years | | |
| **Causeways - Various Projects** | | |
| • Venetian Bridge Design | 1,400,000 | Ordinance No. 08-109 - Pages 50-52 of 120 in the |

| | | |
|---|---|---|
| • Venetian Bridge Rehabilitation | 1,200,000 | Ordinance which required $10.6 million. Will be re-programmed in the FY 2009-10 Proposed Budget at $10.4 million and will be issued in FY 2009-10 |
| • Causeway Toll System Upgrade | 2,050,000 | |
| • Rickenbacker Shoreline Roadway Protection | 5,000,000 | |
| • Rickenbacker Powell Bridge Structural Repairs | 750,000 | |
| **Causeway Financing Total** | **10,400,000** | |
| **GRAND TOTAL** | **$136,800,000** | |

**MIAMI-DADE COUNTY**
**BOARD OF COUNTY COMMISSIONERS**
**OFFICE OF THE COMMISSION AUDITOR**

Legislative Notes

| | |
|---|---|
| **Agenda Item:** | **5(I)** |
| **File Number:** | **091430** |
| **Committee(s) of Reference:** | **BCC** |
| **Date of Analysis:** | **June 5, 2009** |
| **Type of Item:** | **Special Obligation Bonds Ordinance (Series 2009)** |
| **Sponsor/ Requester:** | **Finance Department** |

**Summary**

This proposed ordinance authorizes the issuance of Special Obligation Bonds (Series 2009), in one or more sub-series, in an aggregate principal amount not to exceed $165 million for the purpose of financing:

(1) the acquisition, construction and/or renovation of Seaport capital projects,
(2) the acquisition, construction and/or renovation of Public Health Trust projects,
(3) the upgrade of the County's technology infrastructure,
(3) various causeway projects,
(4) the close-outs costs of on-going projects,
(5) reimbursements to the County for prior expenditures advanced by the County,
(6) a cash debt service reserve, and
(7) the costs associated with issuing the bonds.

The specific projects are delineated in Exhibit A of the proposed bond ordinance.

The proposed bond ordinance limits the maximum maturity to 40 years and the form of the bonds to tax-exempt or taxable bonds or a combination of both. The principal and interest and costs associate with issuance of the proposed bonds will be paid from available non-ad valorem revenues, from revenues of authorized funds, from debt service reserves, and from the funds of each department benefitting from the projects financed with the Bonds. Specifically, Seaport Operating Revenues, Public Health Trust (PHT) Operating Revenues, Causeway Revenues and the Capital Outlay Reserve will be pledged. The bonds will not be secured by the taxing power of the County or obligate the County to levy ad valorem taxes to pay the principal, premium, interest or costs incident to the bonds.

The details of the bonds, such as interest rates, denominations, method of sale (competitive versus negotiated), amortization schedule, debt service and the like are set forth in Item 8E(1)(B)of this agenda.

However, the BCC must initially grant authorization to issue the pending Special Obligation Bonds before considering Item 8E(1)(B).

**Policy Change and Implication**

The Administration notes that it is altering its funding mechanism. Until recently, the County issued commercial paper as short term debt (with a maximum maturity date of 270 days) to fund many of the named capital projects. By issuing commercial paper, the County's borrowing and transactional costs are lower. Plus the short term maturity allows the County to meet immediate needs and to expedite projects. A prerequisite, under the terms of the County's Commercial Paper Program, is the execution of a line of credit agreement with a financial institution that can provide financial liquidity (i.e., sufficient funds to repay the principal and interest upon each maturity date) in the event there are no new investors to whom the notes could be remarketed. Due to the current market condition/ credit crisis and a down-grade of many credit facilities' ratings, many line of credit facilities have either exhausted their financial capacity or credit reserves, or have questionable credit strength, in effect, diminishing accessibility of the commercial paper financing mechanism and escalating commitment fees. As a result, the Administration is primarily reducing its commercial paper program and relying on long-term debt, i.e., bonds.

It should be noted that the proposed bond ordinance also provides the County with the flexibility of using hedge arrangements (i.e. interest rate swaps) with the Bonds. However, a final determination regarding any hedge arrangement will be presented to the BCC in subsequent resolutions.

**Prior BCC Action**

A number of the projects delineated in Exhibit A of the proposed bond ordinance pertaining to various seaport capital improvements, previously appeared before the BCC for funding, and have been approved for funding from the 2005, 2006 and 2009 Sunshine State Government Loan proceeds. Given that these projects appear once again before the BCC, it appears that these projects are still pending.

What is the status of the committed funds and the seaport capital projects?

**Prepared By:** Lauren Young-Allen