

Memorandum



Date: September 15, 2009

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

Agenda Item No. 8(E)(1)(A)

From: George M. Burgess
County Manager

A handwritten signature in black ink, appearing to read "Burgess", written over the printed name of George M. Burgess.

Subject: Termination of certain AMBAC-enhanced Rice Interest Rate Swaps and Authority to Select and Enter into Agreements with one or more Counterparty(s)

Recommendation

It is recommended that the Board of County Commissioners (Board) adopt the accompanying Resolution authorizing the County Mayor or designee to replace AMBAC-enhanced interest rate swaps with Rice Financial Products Company and/or related affiliates (Rice) with respect to certain Water and Sewer, Convention Development Tax, Solid Waste and BAC Funding Corporation bonds (collectively, AMBAC-Rice Swaps), and delegate authority, within certain parameters, to the County Mayor or designee to select and enter into agreements with one or more new Counterparty(s) for each swap.

The County has had a long and mutually beneficial relationship with Rice on these transactions. Since August 1996 (when the County first entered into the AMBAC-Rice swaps) they have performed exceptionally well. To date, these seven swaps have resulted in more than \$63.9 million in revenues, and in the past year alone, despite the contractions in the economy, the County received revenues from these swaps totaling just over \$11 million. We have been advised by our Swap Advisor, that the structures of these agreements have allowed them to perform well in both good and bad economic times. This makes these types of swaps desirable investments for the County.

As the guarantor for these transactions, AMBAC insures both the payments from Rice to the County, and the payments from the County to Rice. AMBAC is required by agreement to maintain a minimum credit rating of at least A- by Standard & Poor's and A3 by Moody's Investment Services. However, through no fault of Rice's, AMBAC's credit rating has been severely downgraded which poses significant risks to the County should AMBAC file for bankruptcy. The County requested Rice post suitable additional collateral or replace AMBAC within the 60-day period provided in the swap documents. However, the 60-day deadline ended August 23, 2009 and Rice has not been able to post the needed collateral or to replace AMBAC as the insurer.

Considering the risks associated with an AMBAC bankruptcy filing, it has become necessary to immediately replace the seven swaps. In the event that Rice posts suitable collateral and/or replaces AMBAC before an AMBAC bankruptcy filing, the County will terminate the swap replacement process and continue its relationship with Rice.

Scope

This proposed agenda item will have a countywide impact.

Fiscal Impact/Funding Source

AMBAC Assurance Corporation (AMBAC) is the guarantor for Rice (the Counterparty) and the County on all seven interest rate swap transactions which are the subject of the Resolution. However, AMBAC's credit ratings have been downgraded by Standard & Poor's (S&P) and Moody's Investment Services (Moody's) to CC and Caa2 respectively. These ratings that are far below those that are required in the Master Agreement. As a result of this downgrade, an AMBAC insolvency filing becomes more likely each day, which will have an adverse impact on the County. Pursuant to the swap documents, this severe credit rating downgrade allows the County to replace counterparty in the transactions as an "additional termination event" with consequences more favorable to the County than an AMBAC bankruptcy filing.

Taken together, as of June 25, 2009, the net effect of terminating the seven AMBAC-Rice Swaps would result in a payment to the County of \$1,792,132. However, if the swaps are not replaced, the net revenue loss will be approximately \$11.1 million. Additionally, should the AMBAC file for bankruptcy prior to the County replacing the swaps, the County could be found to be in default which could result in substantial additional costs to the County. Some fiscal impacts are outlined below:

Water and Sewer Department: Revenues from the swap are programmed to offset debt service on the Water and Sewer System Revenue Bonds. Without replacing the swaps, the Water and Sewer Department would pay AMBAC-Rice approximately \$5.2 million in termination costs. This payment would have to be funded from reserves, an undesired position because it could affect credit ratings, or funded from revenues. Failure to replace this high performing swap could also result in as much as \$2.6 million in annual revenue loss and would require a 0.75 percent rate increase to cover the lost revenues.

Convention Development Tax: Although termination of the four AMBAC-Rice Swaps associated with the Convention Development Tax Bonds would require AMBAC to make a payment to the County in the amount of \$5.8 million, failure to replace the swaps would have a negative impact on CDT revenues. In FY2009 alone, the County received \$7.7 million in swap revenues which will be lost if the County does not enter into new swap arrangements.

Department of Solid Waste Management: The AMBAC-Rice Swap for the Department is for the Industrial Development Bonds associated with Montenay. Swap revenues are credited to the Department's Disposal Fund which supports the landfills, the transfer stations, and the Resource Recovery Facility. In first six months of FY2009 the Department received swap payments totaling \$89,903 which have served to enhance the already reduced revenues in the Disposal Fund. Similar swap payments would be lost in future years if the County does not enter in new swap arrangements.

BAC Funding Corporation: The County pays lease payments to BAC Funding Corporation for the space rented in the Martin Luther King building. The FY2009 lease payments were reduced by \$279,744 as a result of swap revenues paid to the County, an amount that would have to be made up from other sources.

Control of Swap Replacement:

By declaring an early termination event and entering into new swaps, the County avoids substantially higher termination payments and the loss of positive cash flow as discussed below if

no action is taken and AMBAC files for insolvency. It also eliminates the risk that any payments due the County from AMBAC-Rice will not be delayed or even lost as a result of the insolvency proceedings. In addition, the new Counterparty(s) will be expected to pay an upfront fee to the County upon entering into the transaction(s). Consequently, the termination costs associated with the AMBAC-Rice swaps will be offset by these payments. It should be noted that in certain of the AMBAC-Rice swaps, AMBAC-Rice may owe a termination payment to the County. In such cases, under a County-directed termination, the amount AMBAC-Rice will owe the County will be greater than the amount the County would have to pay to have a new Counterparty replace AMBAC-Rice. Added to these costs, the County will also need to pay fees to its swap financial advisor and bond counsel. Pursuant to the swap documents, these fees can be charged to AMBAC-Rice. Conversely, if AMBAC were to go into insolvency, the County would lose the ability to control the termination which would be financially detrimental to the County.

Should the County fail to terminate the AMBAC-Rice Swaps and an AMBAC insolvency occurs, the County would be faced with a default that would result in an termination payment calculation that will be substantially less beneficial to the County and could cost the County several million in default payments.

Background

The County previously entered into the following seven AMBAC-Rice swaps with Rice as the Counterparty and AMBAC as the guarantor.

AMBAC-Rice Interest Rate Swaps

Associated Bond	Transaction Type	Net Receipts to County 2009	Termination Value June as at 25, 2009
Miami-Dade Water and Sewer Department			
Series 1999A/2007	Basis Swap	\$2,995,510	(\$5,295,039)
Department of Solid Waste Management			
Series 1996	Basis Swap	\$89,903	\$1,463,798
Convention Development Tax (CDT)			
Series 1996	Basis Swap	\$1,201,383	\$818,627
Series 1997	Basis Swap	\$4,161,954	\$3,212,634
Series 1996	Basis Swap	\$117,880	\$72,635
Series 1997	Basis Swap	\$2,224,678	\$1,713,863
Total CDT		\$7,705,895	\$5,817,759
Industrial Development Bonds (BAC Funding Corp. Project)			
Series 2000B	Basis Swap	\$279,744	(\$194,386)
	Total	\$11,071,052	\$1,792,132

The County has had a long and mutually beneficial relationship with Rice on these transactions and since August 1996 (when the County first entered into the AMBAC-Rice swaps) they have performed consistently well. To date they have resulted in more than \$63.9 million in payments to the County. Since October 1, 2008 the County has received payments from these swaps of just over \$11 million.

As the guarantor for these transactions, AMBAC insures both the payments from Rice to the County, and the payments from the County to Rice. This arrangement was necessary because Rice had no credit rating and at the time, AMBAC was rated "AAA and Aaa" by S&P and Moody's respectively. This dual credit enhancement is typical for Rice swaps, but is unusual elsewhere in the swaps market.

The swap agreements provided that AMBAC should maintain a minimum credit rating of at least A- by S&P and A3 by Moody's. As provided in the swap documents, downgrade below these ratings triggers what is commonly referred to as an "Additional Termination Event" that requires Rice to do the following within 60 days;

- a. replace the guarantor/insurer with another that has Moody's and Standard & Poor's credit ratings of Aa3 and AA- respectively or better, or
- b. post collateral mutually acceptable to Rice and the County

If Rice does not comply or if the County and Rice cannot reach an agreement on the level of collateral needed, the County may continue the swaps with AMBAC as the guarantor or replace Rice as the counterparty.

Aside from the "Additional Termination Event", the parties would be in default in the event that AMBAC files for insolvency or AMBAC is placed under government supervision. Should either of these occur, the cost to each party (County and Rice) will be determined by the market at the time the insolvency occurred.

On November 6, 2008, Moody's downgraded AMBAC's credit rating to below A3 and on June 24, 2009, S&P downgraded their rating to below A- which together triggered an Additional Termination Event on the seven AMBAC-Rice swaps. Since then, the County has been communicating with Rice in an effort to secure additional collateral or for Rice to replace AMBAC as the guarantor. On July 1, Rice responded that it would present a proposal and on August 18, 2009 five days prior to the 60-day deadline, Rice submitted the attached proposal (Appendix A) by e-mail. After consultation with the County's swap financial advisors and bond counsel, it was determined that the proposal was not acceptable without certain modifications. Modifications that were acceptable to the County were communicated to Rice in the County's August 20, 2009 letters (Appendix B).

However, while Rice and the County were seeking to resolve the issues created by AMBAC's ratings downgrade, July 28, 2009, S&P further downgraded AMBAC to CC, a ratings downgrade of 13 notches, and on July 29, 2009 Moody's also downgraded AMBAC to Caa2. Together these events make an AMBAC insolvency filing very likely. It therefore became imperative that the County take immediate steps to reduce the exposure that would be caused by an AMBAC insolvency filing. The costs to the County would be substantially higher than simply terminating the swap transactions prior to any AMBAC insolvency filing.

Rice and the County are continuing discussions. However, since the 60-day deadline for Rice to satisfactorily address the replacement of AMBAC or to post collateral expired on August 23, 2009, and since the County had not received a new proposal from Rice in response to its August 20 letter, and in light of the current AMBAC financial weakness, it is necessary to commence termination proceedings and to enter into new swap arrangements. It should be noted however, that should Rice present a proposal satisfactory to the County prior to termination, and provided AMBAC has not filed for insolvency or is placed under government supervision, the County will not

terminate the agreements. Additionally, if the agreements are terminated, Rice will also be invited to bid to enter into new swap arrangements with the County.

The County has had substantial successes with interest rates swaps and has had net earnings in excess of \$63.9 million since August 1996. It is therefore highly recommended that the County continue to invest in these transactions as long as they continue to offer net benefits to the County. The County's swap financial advisor has prepared a term sheet with the same economic terms as the AMBAC-Rice Swaps but with the modifications described in the attached August 20, 2009 letters. Proposers will have to be qualified entities rated in the double AA and Aa category or better by S&P and Moody's respectively, and be willing to make/receive an upfront payment to/from the County to enter into the swaps. The County would then be able to use these proceeds to defray replacement costs, if any, and the costs to enter into new swaps. After consultation with bond counsel and the Office of the County Attorney, the Finance Director, as Mayor's designee, will enter into one or more agreements with the new swap provider(s) that meets the criteria.

It is therefore recommended that it is in the best interest of the County to replace these seven swap agreements and to enter into new agreements with one or more counterparties. Failure to replace these arrangements could significantly increase the County's liability in the event of an AMBAC insolvency. It is also recommended that the County enter into new swap contracts essentially the same economic criteria in order to preserve the net cash receipts that have been earned from swap transactions.

Resolution R-130-06 provides that any County contract with a third party be finalized and executed prior to being placed on a Board agenda. The actions recommended herein will provide the County the maximum flexibility in the marketplace to conclude these contracts and will occur after the effective date stipulated in Resolution R-130-06. Therefore, a waiver of Resolution R-130-06 is also being requested.


Assistant County Manager

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Appendix A

From: Hinton, Frank (FIN)
Sent: Tuesday, August 18, 2009 3:54 PM
To: 'Peter Shapiro'; 'Gibson, L. Todd'; 'Reiter, Luis'; Heffernan, Gerald (CAO); Hammer, Carter (FIN); Monzon-Aguirre, Lilly (FIN); Camacho, Diane A. (WASD); lchern@swapfinancial.com; Lalla, Matthew (FIN)
Subject: FW: Credit Support Annex for Rice swap with Ambac credit support
Attachments: Miami Dade Special Obligation Ambac Notice letter.pdf; Miami Dade Water and Sewer Ambac Notice letter.pdf; Rice Ambac Credit Support Annex.pdf

Ladies and Gentlemen,

We have received attached Credit Support Annex for the Rice Swaps. If everyone can review it, we will have a call Thursday to determine the sufficiency of the collateral and our next steps.

Frank

From: Michael C. Murray [mailto:Michael.Murray@Ricefin.com]
Sent: Tuesday, August 18, 2009 3:19 PM
To: Hinton, Frank (FIN)
Cc: J. Donald Rice, Jr; Dionyse Fitzwilliam; TMcGavin@mwe.com
Subject: Credit Support Annex for Rice swap with Ambac credit support

As discussed, we are prepared to enter into a Credit Support Annex (CSA) with Miami Dade related to all of the Master Agreements for our Ambac supported interest rate swaps. Attached is the form of such CSA. We are prepared to immediately begin negotiation of this CSA.

Please feel free to give me a call.

Michael C. Murray
Partner
Rice Financial Products Company
17 State Street; 40th Floor
New York, New York 10004
212•908•9200 (PH)
212•908•9299 (FX)

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Office of the Finance Director
111 NW 1 Street - Suite 2550
Miami, Florida 33128-1995
T 305-375-5147 F 305-375-5659

August 20, 2009

miamidade.gov

VIA ELECTRONIC MAIL AND OVERNIGHT DELIVERY

RFPC, Ltd.
c/o Rice Capital Partners, LLC
One World Trade Center
Suite 5201
New York, NY 10048
Attn: Donald Rice, Jr.

RFPC, Ltd.
c/o Rice Financial Products Company
17 State Street, 40th Floor
New York, NY 10004

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004
Attn: General Counsel

Re: ISDA Master Agreement dated as of May 12, 2000 (the "Agreement"), by and between RFPC, Ltd. ("RFPC" or "you") and Miami-Dade County, Florida (the "County" or "us" or "we")

Ladies and Gentlemen:

As you are aware, the County is in receipt of your letter to us dated July 1, 2009 (the "July 1 Letter") in which you (i) acknowledge that Ambac Assurance Corporation's ("Ambac") financial strength and claims paying ability ratings create a condition in which the County has the right to designate an Additional Termination Event, subject to your right to remediate that condition; (ii) indicate that you desire to exercise your option to deliver collateral to us under mutually acceptable terms and conditions pursuant to an ISDA Credit Support Annex (a "CSA"); and (iii) did not enclose a proposed form of CSA or indicate your proposed terms. We are now also in receipt of an e-mail from Michael Murray, a partner of Rice Financial Products, Inc., dated August 18, 2009, 3:19 p.m., containing a proposed form of CSA (the "Proposed CSA Form") and an indication of RFPC's willingness to negotiate the Proposed CSA Form. Based on

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the July 1 Letter and the delivery of the Proposed CSA Form, we presume that you cannot deliver, or will not consider delivering, a financial guaranty comparable to the Surety Bond provided by a financial guarantor or insurer with a financial strength rating of at least Aa from Moody's Investors Service ("Moody's") and a claims paying ability rating of at least AA from Standard & Poor's Rating Services ("S&P").

We appreciate your interest in remediating the condition caused by the severe deterioration of Ambac's credit ratings and welcome your willingness to discuss mutually agreeable terms and conditions for collateral.

Part I(h)(ix)(c)(Y) of the Schedule to the Agreement provides that any delivery of collateral for purposes of remediating an Additional Termination Event specified therein shall be "under terms and conditions as shall be mutually agreeable to both parties." Upon reviewing the Proposed CSA Form, we have identified a few fundamental concerns that make the Proposed CSA Form unacceptable to the County. Your acceptance of the following modifications to the Agreement and the Proposed CSA Form (the "Preliminary Conditions") would represent substantial progress toward addressing those concerns, and such acceptance would allow for us to proceed with meaningful and detailed negotiations of the terms and conditions for the delivery of collateral:

1.) The Agreement must be revised (i) to eliminate Ambac as a Credit Support Provider to the County, (ii) to eliminate the Swap Insurance Policy as a Credit Support Document in relation to the County, and (iii) to provide that the "Automatic Early Termination Provisions" of Section 6(a) do not apply to either party.

The foregoing changes (together with any related consequential changes the parties might identify) are necessary to avoid unintended consequences and/or disruptions in the mechanics of the Agreement and the Proposed CSA Form.

2.) In Paragraph 13(b)(iv)(A) of the Proposed CSA Form, the Independent Amount applicable to RFPC must be at least \$74,000,000, and in Paragraph 13(b)(iv)(C) of the Proposed CSA Form, the Minimum Transfer Amount applicable to RFPC must be zero.

These terms are altogether consistent with what any other dealer or end-user would require of a "CC" rated counterparty. Because RFPC is not rated by the rating agencies and no financial information for RFPC is publicly available, we must presume that Ambac is the only source of payment for RFPC's future obligations under the Agreement and any CSA that might be executed.

3.) In Paragraph 13(c)(i) of the Proposed CSA Form, the "Valuation Agent" must be a recognized swap dealer designated by the County.

Given the one-way nature of the collateral posting, and the severe deterioration of Ambac's creditworthiness, the County will not rely on Ambac to perform the functions of Valuation Agent.

4.) Paragraph 13(k)(iv) of the Proposed CSA Form must be eliminated.

While we would be willing to accept collateral delivered by Ambac on your behalf, and would be willing to return excess collateral to Ambac's account at your written direction, we will not accept you transferring all of your rights and obligations under the Proposed CSA Form to Ambac. We view our relationship in this Agreement as being with RFPC and we expect that you view the delivery of collateral, and continued compliance with mutually agreeable terms and conditions, as being your responsibility.

Any potential determination by us that your delivery of collateral is on terms and conditions that are agreeable to us will require, at a minimum, the satisfaction of the foregoing conditions together with the complete and detailed negotiation of the Proposed CSA Form and the related amendments to the Agreement.

In a letter to you from us dated March 26, 2009 (the "Notice Letter"), we notified you and Ambac that (i) the downgrade by Moody's on November 5, 2008 of the insurance financial strength rating of Ambac constitutes an Additional Termination Event under Part I(h)(ix)(c) of the Schedule to the Agreement, (ii) the opportunity for you to undertake remedial action (such as that proposed in the July 1 Letter) had passed, (iii) an Additional Termination Event had occurred, and (iv) we have the right, but not the obligation, to terminate the Affected Transactions under the Agreement.

Furthermore, as you are aware, S&P downgraded the claims paying ability rating of Ambac on June 24, 2009, which would constitute a further Additional Termination Event under Part I(h)(ix)(c) of the Schedule to the Agreement. If an Additional Termination Event under the Agreement based on Ambac's November 2008 downgrade by Moody's did not presently exist, any opportunity to take remedial action in response to the S&P action of June 24, 2009 would expire on Sunday, August 23, 2009.

This letter does not designate an Early Termination Date, and the County reserves the right to make such a designation at any future date of its choosing.

Our willingness to discuss terms and conditions for collateral should in no way be construed to supersede our Notice Letter. This letter is sent without prejudice to or limitation of any rights or remedies that we may have under the Agreement, the Transactions thereunder, the documents related thereto or applicable law, and the County hereby reserves the right at any time to avail itself of any and all such rights and remedies as it deems appropriate without further notice.

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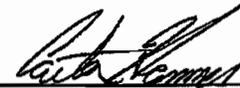
We hope to resolve this matter with you on mutually agreeable terms and conditions so as to protect the interests of County and its residents. Absent our receipt of a written confirmation of your acceptance of the Preliminary Conditions by Monday, August 24, 2009, we will assume that you are unable or unwilling to remediate the Additional Termination Event specified in Part I(h)(ix)(c) of the Agreement by providing collateral under terms and conditions acceptable to us.

Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the Agreement and the Proposed CSA Form.

Very truly yours,

MIAMI-DADE COUNTY, FLORIDA

By: _____



Carter Hammer
Finance Director



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Office of the Finance Director
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Miami, Florida 33128-1995
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August 20, 2009

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VIA ELECTRONIC MAIL AND OVERNIGHT DELIVERY

RFPC, Ltd.
c/o Rice Capital Partners, LLC
One World Trade Center
Suite 5201
New York, NY 10048
Attn: Donald Rice, Jr.

RFPC, Ltd.
c/o Rice Financial Products Company
17 State Street, 40th Floor
New York, NY 10004

Ambac Assurance Corporation
One State Street Plaza
New York, NY 10004
Attn: General Counsel

Re: ISDA Master Agreement dated as of August 27, 1998 (the "Agreement"), by and between RFPC, Ltd. ("RFPC" or "you") and Miami-Dade County, Florida (the "County" or "us" or "we")

Ladies and Gentlemen:

As you are aware, the County is in receipt of your letter to us dated July 1, 2009 (the "July 1 Letter") in which you (i) acknowledge that Ambac Assurance Corporation's ("Ambac") financial strength and claims paying ability ratings create a condition in which the County has the right to designate an Additional Termination Event, subject to your right to remediate that condition; (ii) indicate that you desire to exercise your option to deliver collateral to us under mutually acceptable terms and conditions pursuant to an ISDA Credit Support Annex (a "CSA"); and (iii) did not enclose a proposed form of CSA or indicate your proposed terms. We are now also in receipt of an e-mail from Michael Murray, a partner of Rice Financial Products, Inc., dated August 18, 2009, 3:19 p.m., containing a proposed form of CSA (the "Proposed CSA Form") and an indication of RFPC's willingness to negotiate the Proposed CSA Form. Based on

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the July 1 Letter and the delivery of the Proposed CSA Form, we presume that you cannot deliver, or will not consider delivering, a financial guaranty comparable to the Surety Bond provided by a financial guarantor or insurer with a financial strength rating of at least Aa from Moody's Investors Service ("Moody's") and a claims paying ability rating of at least AA from Standard & Poor's Rating Services ("S&P").

We appreciate your interest in remediating the condition caused by the severe deterioration of Ambac's credit ratings and welcome your willingness to discuss mutually agreeable terms and conditions for collateral.

Part I(h)(ix)(c)(Y) of the Schedule to the Agreement provides that any delivery of collateral for purposes of remediating an Additional Termination Event specified therein shall be "under terms and conditions as shall be mutually agreeable to both parties." Upon reviewing the Proposed CSA Form, we have identified a few fundamental concerns that make the Proposed CSA Form unacceptable to the County. Your acceptance of the following modifications to the Agreement and the Proposed CSA Form (the "Preliminary Conditions") would represent substantial progress toward addressing those concerns, and such acceptance would allow for us to proceed with meaningful and detailed negotiations of the terms and conditions for the delivery of collateral:

1.) The Agreement must be revised (i) to eliminate Ambac as a Credit Support Provider to the County, (ii) to eliminate the Swap Insurance Policy as a Credit Support Document in relation to the County, and (iii) to provide that the "Automatic Early Termination Provisions" of Section 6(a) do not apply to either party.

The foregoing changes (together with any related consequential changes the parties might identify) are necessary to avoid unintended consequences and/or disruptions in the mechanics of the Agreement and the Proposed CSA Form.

2.) In Paragraph 13(b)(iv)(A) of the Proposed CSA Form, the Independent Amount applicable to RFPC must be at least \$29,000,000, and in Paragraph 13(b)(iv)(C) of the Proposed CSA Form, the Minimum Transfer Amount applicable to RFPC must be zero.

These terms are altogether consistent with what any other dealer or end-user would require of a "CC" rated counterparty. Because RFPC is not rated by the rating agencies and no financial information for RFPC is publicly available, we must presume that Ambac is the only source of payment for RFPC's future obligations under the Agreement and any CSA that might be executed.

3.) In Paragraph 13(c)(i) of the Proposed CSA Form, the "Valuation Agent" must be a recognized swap dealer designated by the County.

Given the one-way nature of the collateral posting, and the severe deterioration of Ambac's creditworthiness, the County will not rely on Ambac to perform the functions of Valuation Agent.

4.) Paragraph 13(k)(iv) of the Proposed CSA Form must be eliminated.

While we would be willing to accept collateral delivered by Ambac on your behalf, and would be willing to return excess collateral to Ambac's account at your written direction, we will not accept you transferring all of your rights and obligations under the Proposed CSA Form to Ambac. We view our relationship in this Agreement as being with RFPC and we expect that you view the delivery of collateral, and continued compliance with mutually agreeable terms and conditions, as being your responsibility.

Any potential determination by us that your delivery of collateral is on terms and conditions that are agreeable to us will require, at a minimum, the satisfaction of the foregoing conditions together with the complete and detailed negotiation of the Proposed CSA Form and the related amendments to the Agreement.

In a letter to you from us dated March 26, 2009 (the "Notice Letter"), we notified you and Ambac that (i) the downgrade by Moody's on November 5, 2008 of the insurance financial strength rating of Ambac constitutes an Additional Termination Event under Part I(h)(ix)(c) of the Schedule to the Agreement, (ii) the opportunity for you to undertake remedial action (such as that proposed in the July 1 Letter) had passed, (iii) an Additional Termination Event had occurred, and (iv) we have the right, but not the obligation, to terminate the Affected Transactions under the Agreement.

Furthermore, as you are aware, S&P downgraded the claims paying ability rating of Ambac on June 24, 2009, which would constitute a further Additional Termination Event under Part I(h)(ix)(c) of the Schedule to the Agreement. If an Additional Termination Event under the Agreement based on Ambac's November 2008 downgrade by Moody's did not presently exist, any opportunity to take remedial action in response to the S&P action of June 24, 2009 would expire on Sunday, August 23, 2009.

This letter does not designate an Early Termination Date, and the County reserves the right to make such a designation at any future date of its choosing.

Our willingness to discuss terms and conditions for collateral should in no way be construed to supersede our Notice Letter. This letter is sent without prejudice to or limitation of any rights or remedies that we may have under the Agreement, the Transactions thereunder, the documents related thereto or applicable law, and the County hereby reserves the right at any time to avail itself of any and all such rights and remedies as it deems appropriate without further notice.

We hope to resolve this matter with you on mutually agreeable terms and conditions so as to protect the interests of County and its residents. Absent our receipt of a written confirmation of your acceptance of the Preliminary Conditions by Monday, August 24, 2009, we will assume that you are unable or unwilling to remediate the Additional Termination Event specified in Part I(h)(ix)(c) of the Agreement by providing collateral under terms and conditions acceptable to us.

Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the Agreement and the Proposed CSA Form.

Very truly yours,

MIAMI-DADE COUNTY, FLORIDA

By: 
Carter Hammer
Finance Director

Paragraph 13. Elections and Variables

(a) **Security Interest for "Obligations"**. The term "**Obligations**" as used in this Annex includes the following additional obligations:

With respect to Party A: None

With respect to Party B: None

(b) **Credit Support Obligations.**

(i) **Delivery Amount, Return Amount and Credit Support Amount.**

(A) "**Delivery Amount**" has the meaning specified in Paragraph 3(a).

(B) "**Return Amount**" has the meaning specified in Paragraph 3(b).

(C) "**Credit Support Amount**" has the meaning specified in Paragraph 3.

(ii) **Eligible Collateral.** The following items will qualify as "**Eligible Collateral**" for both Party A and Party B:

	<u>Valuation Percentage</u>
1. Cash in United States Dollars	100%
2. Negotiable debt obligations issued by the U.S. Treasury Department having a remaining maturity of not more than one (1) year.	100%
3. Negotiable debt obligations issued by the U.S. Treasury Department having a remaining maturity of more than one (1) year but not more than five (5) years.	98.5%
4. Negotiable debt obligations issued by the U.S. Treasury Department having a remaining maturity of more than five (5) years but not more than ten (10) years.	98.5%
5. Negotiable debt obligations issued by the U.S. Treasury Department having a remaining maturity of more than ten (10) years.	96%

- | | | |
|----|---|-------|
| 6. | Agency Securities having a remaining time to maturity as of the Valuation Date of not more than five (5) years. | 98.5% |
| 7. | Agency Securities having a remaining time to maturity as of the Valuation Date of more than five (5) years but not more than ten (10) years. | 97.5% |
| 8. | Agency Securities having a remaining time to maturity as of the Valuation Date of more than ten (10) years but not more than thirty (30) years. | 96% |

For purposes of the foregoing, "Agency Securities" shall mean negotiable debt obligations that are fully guaranteed as to both principal and interest by either (i) the Federal National Mortgage Association, (ii) the Government National Mortgage Association, or (iii) the Federal Home Loan Mortgage Corporation which are rated at least AA/Aa2 by S&P or Moody's, respectively, including Collateralized Mortgage Obligations and Real Estate Mortgage Investment Conduits but excluding interest only and principal only securities.

(iii) **Other Eligible Support.** The following items will qualify as "**Other Eligible Support**" for the party specified: None.

(iv) **Thresholds.**

(A) "**Independent Amount**" means with respect to Party A: \$ None
 "**Independent Amount**" means with respect to Party B: \$ None

(B) **Thresholds.**

"Threshold" means:

With respect to Party A: zero

With respect to Party B: infinity

(C) "**Minimum Transfer Amount**", with respect to a party on any Valuation Date, means \$ 500,000.

(D) **Rounding.** The Delivery Amount and the Return Amount will be rounded up and down, respectively, to the nearest integral multiple of \$1,000.

(c) **Valuation and Timing:**

(i) "**Valuation Agent**" means Party A.



- (ii) **“Valuation Date”** means each Local Business Day.
- (iii) **“Valuation Time”** means the close of business on the Local Business Day before the Valuation Date or date of calculation, as applicable; provided that the calculations of Value and Exposure will be made as of approximately the same time on the same date.
- (iv) **“Notification Time”** means 1:00 p.m., New York time, on a Local Business Day.
- (v) **“Exposure”** has the meaning provided in Paragraph 12 except that the proviso in the definition of “Exposure” is deleted and the following is substituted therefor: “provided, that Market Quotation will be determined by the Valuation Agent using its good faith estimate at mid-market of the amounts that would be payable for Replacement Transactions (as that term is defined in the definition of “Market Quotation”).

(c) **Conditions Precedent and Secured Party’s Rights and Remedies.** The following Termination Event(s) will be a **“Specified Condition”** for the party specified (that party being the Affected Party if the Termination Event occurs with respect to that party): so long as all Transactions are Affected Transactions: Additional Termination Events and Credit Event Upon Merger.

(d) **Substitution.**

- (i) **“Substitution Date”** means (A) the Local Business Day on which the Secured Party received the Substitute Credit Support, if such receipt is made by 1:00 p.m. (New York time), and (B) the Local Business Day following the date on which the Secured Party receives the Substitute Credit Support, if such receipt is made after 1:00 p.m. (New York time).
- (ii) **Consent.** If specified here as applicable, then the Pledgor must obtain the Secured Party’s consent for any substitution pursuant to Paragraph 4(d): Not Applicable.

(e) **Dispute Resolution.**

- (i) **“Resolution Time”** means 1:00 p.m., New York time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 5.
- (ii) **Value.** For the purpose of Paragraphs 5(i)(C) and 5(ii), the Value of Posted Credit Support will be calculated as follows: Each party shall name a market maker that regularly acts as dealer in the securities; if the party which is not the Valuation Agent does not name a market maker within 30 minutes of such a request from the Valuation Agent, the Valuation Agent shall choose a second market maker; the Valuation Agent will ask each market maker for a bid quote as of the relevant Valuation Date or date of

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transfer and shall calculate the Value according to the procedures set out in subsection (B) of the Definition of Value in Paragraph 12 using the arithmetic average of the bid quotes obtained from each market maker.

(iii) *Alternative.* The provisions of Paragraph 5 will apply.

(f) *Holding and Using Posted Collateral.*

(i) *Eligibility to Hold Posted Collateral; Custodians.*

Party B and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); provided that the following conditions applicable to it are satisfied:

- (1) Party B is not a Defaulting Party;
- (2) Posted Collateral may be held only in the following jurisdictions: United States; and
- (3) The Custodian is a bank or trust company located in the United States having total assets of at least US \$10,000,000,000 and the long-term unsubordinated unsecured debt of the Custodian is rated at least "A" by S&P and at least A2 by Moody's.

Initially, the Custodian for Party B is: To be provided by Party B

(ii) *Use of Posted Collateral.* The provisions of Paragraph 6(c) will apply to Party A and Party B.

(g) *Distributions and Interest Amount.*

(i) *Interest Rate.* "Interest Rate" means, for any day, the rate set forth for that day opposite the caption "Federal Funds (Effective)" in the weekly statistical release designated "H.15(519)", or any successor publication, published by the Board of Governors of the Federal Reserve System.

(ii) *Transfer of Interest Amount.* The Transfer of the Interest Amount will be made, in arrears, on the second Local Business Day of each calendar month and on any Local Business Day that Posted Collateral in the form of Cash is Transferred to the Pledgor pursuant to Paragraph 3(b).

(iii) *Alternative to Interest Amount.* The provisions of Paragraph 6(d)(ii) will apply.

(h) *Other Eligible Support and Other Posted Support.*

(i) "Value" with respect to Other Eligible Support and Other Posted Support means: Not Applicable.

(ii) **“Transfer”** with respect to Other Eligible Support and Other Posted Support means: Not Applicable.

(i) ***Demands and Notices.***

All demands, specifications and notices under this Annex will be made pursuant to the Notices Section of this Agreement, unless otherwise specified here:

Party A: Ambac Financial Services, LLC
 One State Street Plaza
 New York, New York 10004
 Attention: Treasury Operations
 Telephone Number: (212) 208-3338
 Facsimile Number: (212) 208-3507

with a copy to Party A:

RFPC Capital Services, LLC
c/o Rice Financial Products Company
17 State Street
40th Floor
New York, New York 10004
Attention: J. Donald Rice, Jr.
Telephone: (212) 908-9200
Facsimile: (212) 908-9299

and

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: General Counsel

Party B: []
 Attention: []
 Telephone: []
 Facsimile: []

(j) ***Addresses for Transfers***

With respect to Party A: [provide Ambac wire information]

With respect to Party B: []

(k) ***Other Provisions.***

- (i) The definition of Posted Collateral shall also include any and all accounts in which the Cash Collateral is held.
- (ii) Paragraph 6(a) is hereby amended by adding the following sentence to the end thereof:

The Secured Party shall segregate and separately account on its books and records the Posted Collateral (including for the sake of clarity, any cash proceeds of or distribution on such Posted Collateral) held by it from all other assets it may hold. Segregation may be accomplished by appropriate identification on the books and records of the Secured Party.

- (iii) Party A shall be the sole "Pledgor" hereunder and Party B shall be the sole "Secured Party".
- (iv) Party A and Party B hereby acknowledge and agree that (A) all obligations of, and actions to be performed by, Party A (as Pledgor or otherwise) under this Annex (including, but not limited to, (1) granting the security interest to the Secured Party pursuant to Paragraph 2 of this Annex, (2) making the representations contained in Paragraph 9 of this Annex, (3) the obligation to Transfer Eligible Credit Support to the Secured Party and (4) the obligation to act as Valuation Agent) shall be satisfied by performance by Ambac Financial Services, LLC ("Ambac") on behalf of Party A, (B) all rights exercisable by Party A (as Pledgor or otherwise) under this Annex (including, but not limited to, (1) the right to declare an Event of Default pursuant to Paragraph 7, (2) the right receive Transfers of Posted Credit Support and (3) the right to dispute amounts pursuant to Paragraph 5) shall be exercisable by Ambac on behalf of Party A and (C) all obligations of, and actions to be performed by, Party B as Secured Party or otherwise under this Annex (including, but not limited to, (1) the obligation to Transfer Posted Credit Support to the Pledgor, (2) the obligation to Transfer Distributions and Interest Amounts to the Pledgor) shall be satisfied by performance or delivery directly to Ambac.
- (v) Party A and Party B agree that this Annex shall not be amended without the prior written consent of Ambac.

IN WITNESS WHEREOF, the parties have executed this document with effect from the date specified on the first page of this document:

RFPC, LLC

[]

By: _____
Name:
Title:
Date:

By: _____
Name:
Title:
Date:

Appendix B



Finance Department
Office of the Finance Director
111 NW 1 Street • Suite 2550
Miami, Florida 33128-1995
T 305-375-5147 F 305-375-5659

August 20, 2009

miamidade.gov

VIA ELECTRONIC MAIL AND OVERNIGHT DELIVERY

RFPC, Ltd.
c/o Rice Capital Partners, LLC
One World Trade Center
Suite 5201
New York, NY 10048
Attn: Donald Rice, Jr.

RFPC, Ltd.
c/o Rice Financial Products Company
17 State Street, 40th Floor
New York, NY 10004

Ambac Assurance Corporation
One-State Street Plaza
New York, NY 10004
Attn: General Counsel

Re: ISDA Master Agreement dated as of May 12, 2000 (the "Agreement"), by and between RFPC, Ltd. ("RFPC" or "you") and Miami-Dade County, Florida (the "County" or "us" or "we")

Ladies and Gentlemen:

As you are aware, the County is in receipt of your letter to us dated July 1, 2009 (the "July 1 Letter") in which you (i) acknowledge that Ambac Assurance Corporation's ("Ambac") financial strength and claims paying ability ratings create a condition in which the County has the right to designate an Additional Termination Event, subject to your right to remediate that condition; (ii) indicate that you desire to exercise your option to deliver collateral to us under mutually acceptable terms and conditions pursuant to an ISDA Credit Support Annex (a "CSA"); and (iii) did not enclose a proposed form of CSA or indicate your proposed terms. We are now also in receipt of an e-mail from Michael Murray, a partner of Rice Financial Products, Inc., dated August 18, 2009, 3:19 p.m., containing a proposed form of CSA (the "Proposed CSA Form") and an indication of RFPC's willingness to negotiate the Proposed CSA Form. Based on

Delivering Excellence Every Day

the July 1 Letter and the delivery of the Proposed CSA Form, we presume that you cannot deliver, or will not consider delivering, a financial guaranty comparable to the Surety Bond provided by a financial guarantor or insurer with a financial strength rating of at least Aa from Moody's Investors Service ("Moody's") and a claims paying ability rating of at least AA from Standard & Poor's Rating Services ("S&P").

We appreciate your interest in remediating the condition caused by the severe deterioration of Ambac's credit ratings and welcome your willingness to discuss mutually agreeable terms and conditions for collateral.

Part I(h)(ix)(c)(Y) of the Schedule to the Agreement provides that any delivery of collateral for purposes of remediating an Additional Termination Event specified therein shall be "under terms and conditions as shall be mutually agreeable to both parties." Upon reviewing the Proposed CSA Form, we have identified a few fundamental concerns that make the Proposed CSA Form unacceptable to the County. Your acceptance of the following modifications to the Agreement and the Proposed CSA Form (the "Preliminary Conditions") would represent substantial progress toward addressing those concerns, and such acceptance would allow for us to proceed with meaningful and detailed negotiations of the terms and conditions for the delivery of collateral:

1.) The Agreement must be revised (i) to eliminate Ambac as a Credit Support Provider to the County, (ii) to eliminate the Swap Insurance Policy as a Credit Support Document in relation to the County, and (iii) to provide that the "Automatic Early Termination Provisions" of Section 6(a) do not apply to either party.

The foregoing changes (together with any related consequential changes the parties might identify) are necessary to avoid unintended consequences and/or disruptions in the mechanics of the Agreement and the Proposed CSA Form.

2.) In Paragraph 13(b)(iv)(A) of the Proposed CSA Form, the Independent Amount applicable to RFPC must be at least \$74,000,000, and in Paragraph 13(b)(iv)(C) of the Proposed CSA Form, the Minimum Transfer Amount applicable to RFPC must be zero.

These terms are altogether consistent with what any other dealer or end-user would require of a "CC" rated counterparty. Because RFPC is not rated by the rating agencies and no financial information for RFPC is publicly available, we must presume that Ambac is the only source of payment for RFPC's future obligations under the Agreement and any CSA that might be executed.

3.) In Paragraph 13(c)(i) of the Proposed CSA Form, the "Valuation Agent" must be a recognized swap dealer designated by the County.

Given the one-way nature of the collateral posting, and the severe deterioration of Ambac's creditworthiness, the County will not rely on Ambac to perform the functions of Valuation Agent.

4.) Paragraph 13(k)(iv) of the Proposed CSA Form must be eliminated.

While we would be willing to accept collateral delivered by Ambac on your behalf, and would be willing to return excess collateral to Ambac's account at your written direction, we will not accept you transferring all of your rights and obligations under the Proposed CSA Form to Ambac. We view our relationship in this Agreement as being with RFPC and we expect that you view the delivery of collateral, and continued compliance with mutually agreeable terms and conditions, as being your responsibility.

Any potential determination by us that your delivery of collateral is on terms and conditions that are agreeable to us will require, at a minimum, the satisfaction of the foregoing conditions together with the complete and detailed negotiation of the Proposed CSA Form and the related amendments to the Agreement.

In a letter to you from us dated March 26, 2009 (the "Notice Letter"), we notified you and Ambac that (i) the downgrade by Moody's on November 5, 2008 of the insurance financial strength rating of Ambac constitutes an Additional Termination Event under Part I(h)(ix)(c) of the Schedule to the Agreement, (ii) the opportunity for you to undertake remedial action (such as that proposed in the July 1 Letter) had passed, (iii) an Additional Termination Event had occurred, and (iv) we have the right, but not the obligation, to terminate the Affected Transactions under the Agreement.

Furthermore, as you are aware, S&P downgraded the claims paying ability rating of Ambac on June 24, 2009, which would constitute a further Additional Termination Event under Part I(h)(ix)(c) of the Schedule to the Agreement. If an Additional Termination Event under the Agreement based on Ambac's November 2008 downgrade by Moody's did not presently exist, any opportunity to take remedial action in response to the S&P action of June 24, 2009 would expire on Sunday, August 23, 2009.

This letter does not designate an Early Termination Date, and the County reserves the right to make such a designation at any future date of its choosing.

Our willingness to discuss terms and conditions for collateral should in no way be construed to supersede our Notice Letter. This letter is sent without prejudice to or limitation of any rights or remedies that we may have under the Agreement, the Transactions thereunder, the documents related thereto or applicable law, and the County hereby reserves the right at any time to avail itself of any and all such rights and remedies as it deems appropriate without further notice.

We hope to resolve this matter with you on mutually agreeable terms and conditions so as to protect the interests of County and its residents. Absent our receipt of a written confirmation of your acceptance of the Preliminary Conditions by Monday, August 24, 2009, we will assume that you are unable or unwilling to remediate the Additional Termination Event specified in Part I(h)(ix)(c) of the Agreement by providing collateral under terms and conditions acceptable to us.

Capitalized terms used herein but not otherwise defined shall have the meaning set forth in the Agreement and the Proposed CSA Form.

Very truly yours,

MIAMI-DADE COUNTY, FLORIDA

By: _____



Carter Hammer
Finance Director



July 1, 2009

Miami-Dade County, Florida
111 N.W. 1st Street
25th Floor
Miami, Florida 33128
Attention: Finance Director

Re: Notice of Downgrade and RFPC, LLC election to enter into Collateral Agreement

Dear Sirs:

Reference is hereby made to the ISDA Master Agreement dated as of May 12, 2000 (as amended from time to time, the "Agreement") between you ("Counterparty") and RFPC, LLC ("RFPC").

We are hereby providing notice that the financial strength and claims paying ability ratings of Ambac Assurance Corporation ("Ambac") issued by Moody's Investors Service, Inc. and by Standard & Poor's Corporation have been downgraded to Ba3 and BBB, respectively. As a consequence of these downgrades and pursuant to Part I of the Agreement, RFPC hereby exercises its option, in lieu of a Termination Event, to deliver collateral to Counterparty under mutually agreeable terms and conditions.

RFPC agrees to enter into a Credit Support Annex with Counterparty, in a form which we will provide under separate cover, and to post collateral in the amounts, if any, required by such Credit Support Annex.

Nothing in this notice shall be deemed to constitute a waiver by RFPC of any event which may be or become an Event of Default under the Agreement, or any default or termination event, not specified herein. RFPC hereby reserves, on behalf of itself and its affiliates, all other rights and remedies that it or they may have at law, in equity, under the Agreement or any other agreement between RFPC or any of its affiliates and Counterparty, or otherwise.

You are further advised that no oral communication from or on behalf of RFPC or any of its affiliates by any party shall constitute any agreement, commitment, or evidence of any assurance or intention of RFPC or any of its affiliates with respect to the subject matter hereof. Any agreement, commitment, assurance or intention of RFPC and/or its affiliates shall be effective only in writing and duly executed on behalf of RFPC and/or its affiliates.

Very truly yours,

A handwritten signature in cursive script that reads "Michael C. Murray".

Michael C. Murray



CC:

Ambac Financial Services, LLC
One State Street Plaza
New York, New York 10004
Attention: Swap Operations

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: General Counsel



July 1, 2009

Miami-Dade County, Florida
111 N.W. 1st Street
25th Floor
Miami, Florida 33128
Attention: Finance Director

Re: Notice of Downgrade and RFPC, LLC election to enter into Collateral Agreement

Dear Sirs:

Reference is hereby made to the ISDA Master Agreement dated as of August 27, 1998 (as amended from time to time, the "Agreement") between you ("Counterparty") and RFPC, LLC ("RFPC").

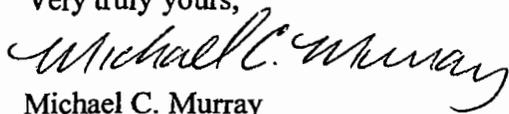
We are hereby providing notice that the financial strength and claims paying ability ratings of Ambac Assurance Corporation ("Ambac") issued by Moody's Investors Service, Inc. and by Standard & Poor's Corporation have been downgraded to Ba3 and BBB, respectively. As a consequence of these downgrades and pursuant to Part I of the Agreement, RFPC hereby exercises its option, in lieu of a Termination Event, to deliver collateral to Counterparty under mutually agreeable terms and conditions.

RFPC agrees to enter into a Credit Support Annex with Counterparty, in a form which we will provide under separate cover, and to post collateral in the amounts, if any, required by such Credit Support Annex.

Nothing in this notice shall be deemed to constitute a waiver by RFPC of any event which may be or become an Event of Default under the Agreement, or any default or termination event, not specified herein. RFPC hereby reserves, on behalf of itself and its affiliates, all other rights and remedies that it or they may have at law, in equity, under the Agreement or any other agreement between RFPC or any of its affiliates and Counterparty, or otherwise.

You are further advised that no oral communication from or on behalf of RFPC or any of its affiliates by any party shall constitute any agreement, commitment, or evidence of any assurance or intention of RFPC or any of its affiliates with respect to the subject matter hereof. Any agreement, commitment, assurance or intention of RFPC and/or its affiliates shall be effective only in writing and duly executed on behalf of RFPC and/or its affiliates.

Very truly yours,


Michael C. Murray



CC:

Ambac Financial Services, LLC
One State Street Plaza
New York, New York 10004
Attention: Swap Operations

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attention: General Counsel



MEMORANDUM
(Revised)

TO: Honorable Chairman Dennis C. Moss and Members, Board of County Commissioners **DATE:** September 15, 2009

FROM: R. A. Cuevas, Jr. County Attorney **SUBJECT:** Agenda Item No. 8(E)(1)(A)

Please note any items checked.

- "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
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous ____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor

Agenda Item No. 8(E)(1)(A)
9-15-09

Veto _____

Override _____

RESOLUTION NO. _____

RESOLUTION AUTHORIZING COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO TERMINATE INTEREST RATE SWAPS WITH RICE FINANCIAL PRODUCTS COMPANY/AFFILIATED ENTITIES THAT ARE INSURED BY AMBAC INDEMNITY CORPORATION RELATED TO CERTAIN WATER AND SEWER BONDS, CONVENTION DEVELOPMENT TAX BONDS AND BAC FUNDING CORPORATION BONDS IN ORDER TO MINIMIZE POTENTIAL ECONOMIC LOSS TO COUNTY; DELEGATING AUTHORITY WITHIN CERTAIN PARAMETERS TO COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO SELECT NEW COUNTERPARTY(S) FOR EACH TERMINATED INTEREST RATE SWAP AFTER COMPETITIVE SELECTION PROCESS AND TO ENTER INTO RELATED AGREEMENTS; AND AUTHORIZING COUNTY OFFICIALS TO TAKE ALL ACTIONS NECESSARY TO ACCOMPLISH SUCH PURPOSES

WHEREAS, this Board wishes to authorize the County Mayor or County Mayor's designee to terminate those interest rate swaps with Rice Financial Products and related entities ("Swaps") that are insured by AMBAC Indemnity Corporation ("AMBAC") with respect to certain Water and Sewer Bonds, Convention Development Bonds and BAC Funding Corporation Bonds more fully described in the accompanying County Manager's memorandum ("Memorandum") in order to minimize the loss that will result if AMBAC's financial position continues to deteriorate as described in more detail in the Memorandum; and

WHEREAS, this Board wishes to delegate to the County Mayor or County Mayor's designee, the authority, within the parameters described in the Memorandum, to (i) select one or more counterparties for the Swaps after a competitive process; and (ii) finalize and execute any and all related agreements,

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

Section 1. The foregoing recital clauses are incorporated in this resolution.

Section 2. The Board authorizes the County Mayor or County Mayor's designee to terminate the Swaps for the purposes and in the manner described in the Memorandum.

Section 3. The Board delegates to the County Mayor or County Mayor's designee the authority to select one or more counterparties for the Swaps after a competitive process in accordance with the terms and parameters described in the Memorandum after consultation with the Office of the Miami-Dade County Attorney and the County's Swap Financial Advisor and to execute those documents that are necessary to effectuate the Swaps with the new counterparty or counterparties after consultation with the Office of the Miami-Dade County Attorney. The execution of any such documents by the County Mayor or County Mayor's designee shall be conclusive evidence of their approval by this Board.

Section 4. The Finance Director, the Clerk of the Board, the Office of the Miami-Dade County Attorney and other officers, employees and agents of the County are authorized and directed to do all acts and things and to execute and deliver any and all documents and certificates which they deem necessary or advisable in order to effectuate the termination of the Swaps and the entering into new Swaps with one or more counterparties.

Section 5. The provisions of Resolution No. R-1198-05, as amended, requiring that any contracts of the County with third parties be executed and finalized prior to their placement on the committee agenda is waived at the request of the County Manager for the reasons set forth in the Memorandum.

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:

Dennis C. Moss, Chairman	
Jose "Pepe" Diaz, Vice-Chairman	
Bruno A. Barreiro	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Barbara J. Jordan	Joe A. Martinez
Dorin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this
15th day of September, 2009. 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

Approved by County Attorney as
to form and legal sufficiency.



Gerald T. Heffernan

By: _____
Deputy Clerk