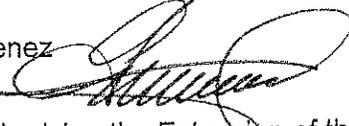


Memorandum



Date: July 17, 2014
To: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners
From: Carlos A. Gimenez
County Mayor 
Subject: Resolution Authorizing the Extension of the Letter of Credit with TD Bank N.A.
Securing the \$45,850,000, Special Obligation Variable Rate Demand Bonds, Series
2003B (Juvenile Courthouse Project)

Special Item No. 1

Recommendation

It is recommended that the Board of County Commissioners (Board) adopt the accompanying resolution (LOC Resolution) extending the Letter of Credit (LOC) dated September 1, 2008 with TD Bank N.A. (Bank) to September 1, 2018 and delegating future extensions of the term of LOC to the County Mayor.

In September 2008, the County converted its outstanding \$45,860,000 Special Obligation Auction Rate Bonds, Series 2003B (Juvenile Courthouse Project) (Auction Rate Bonds) to weekly variable rate bonds. The Auction Rate Bonds did not require an LOC, where weekly variable rate bonds do require an LOC. In conjunction with the conversion, the Bank provided the LOC which expired September 1, 2011. In May 2011, the County extended the LOC to September 1, 2012 in order to review a proposal to use the Bank as the remarketing agent in exchange for a lower LOC fee. In October 2011, the Board passed resolution R-772-11 (2011 Resolution) appointing the Bank as the remarketing agent and extending LOC to September 1, 2014 with no mention of an extension.

Fiscal Impact/Funding Source

If the LOC is not extended, the Special Obligation Variable Rate Demand Bonds, Series 2003B will be called and the LOC will be drawn upon to pay the bondholders. The draw will have to be repaid by the County in 60 monthly payments plus interest equal to the prime rate plus two percent. Assuming the current prime rate of 3.25 percent, the interest rate would be 5.25 percent. The repayment of principal and interest would average approximately \$866,000 per month (\$10.355 million per year) or \$51.775 million for the 60 months.

The County has been able to obtain a market rate for the extended LOC from the Bank of 0.52 percent. The annual fees to be paid shall equal approximately \$244,000 or \$974,000 for the four year term. This is an annual saving over the current LOC fees of \$37,500 or \$150,000 for the four year term.

Both the LOC fees, if extended, and the repayment of the draw, if not extended, shall be paid first from Traffic Surcharge revenues and secondarily from the County's covenant to budget and appropriate from legally available non-ad valorem revenues. Should the LOC not be extended, the Traffic Surcharge revenues would be insufficient and the County would have to use its legally available non-ad valorem revenues to make up the shortfall.

If the County were to extend the LOC and continue with weekly variable rate bonds, the cost of the variable rate bonds is the weekly variable rate plus the LOC fees and the remarketing fee (0.08 percent). Using the last five year average weekly variable rate of 0.50 percent, the interest cost would be 1.10 percent annually or approximately \$505,000 per year. No principal of the Series 2003B Bonds will be paid off over the next five years. So the total cost of the Series 2003B Bonds

with the extension for the next five years is estimated to be \$2.525 million. Should the Series 2003B Bonds be called, it would cost the County an additional \$49.25 million in paying off the draw.

Scope

The Resolution will have a countywide impact.

Track Record/Monitoring

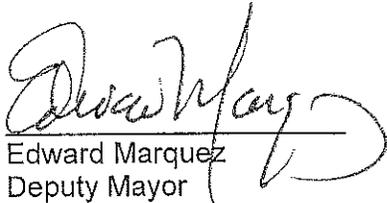
The programming and use of the payment to be received by the County are managed through the annual budget process under the auspice of the Office of Management and Budget. If approved, the LOC will be negotiated by the County Mayor in accordance with the LOC Resolution and managed by the Finance Department, Division of Bond Administration, Frank P. Hinton, Director.

Background

The County has been working with the Bank to extend the LOC for a four year period to September 1, 2018 under the assumption that Board action would not be required in order to extend the LOC. However, upon review by the County Attorney's Office of the 2011 Resolution stating a definitive expiration date, it was determined that Board action is needed to extend the LOC with the Bank.

The LOC Resolution further provides for the extension of the LOC in the future in accordance with the LOC's Reimbursement Agreement by the County Mayor if, after consultation with the County's financial advisor, the County Mayor determines the fees are favorable to the County.

Resolution R-130-06 provides that any County contract with a third party be finalized and executed prior to its placement on a committee agenda by the County Mayor. If documents need to be executed and delivered in order to extend the LOC, such terms and final execution will not occur until after the effective date of the LOC Resolution in order to prevent the call of the Series 2003B Bonds as described above. Therefore, a waiver of Resolution R-130-06 is required.


Edward Marquez
Deputy Mayor



MEMORANDUM

(Revised)

TO: Honorable Chairwoman Rebeca Sosa
and Members, Board of County Commissioners

DATE: July 17, 2014

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

SUBJECT: Special Item No. 1

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 Mayor'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
Veto _____
Override _____

Special Item No. 1
7-17-14

RESOLUTION NO. _____

RESOLUTION APPROVING EXTENSION OF LETTER OF CREDIT FROM TD BANK, N.A. SECURING MIAMI-DADE COUNTY'S \$45,850,000 SPECIAL OBLIGATION VARIABLE RATE DEMAND BONDS, SERIES 2003B (JUVENILE COURTHOUSE PROJECT) UNTIL SEPTEMBER 1, 2018; APPROVING EXECUTION AND DELIVERY OF AMENDMENT TO REIMBURSEMENT AGREEMENT, IF NECESSARY; AND DELEGATING AUTHORITY TO THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE TO EXTEND THE LETTER OF CREDIT IN THE FUTURE WITHOUT FURTHER BOARD ACTION

WHEREAS, the County previously issued its \$45,850,000 Auction Rate Special Obligation Bonds, Series 2003B (Juvenile Courthouse Project) (the "Series 2003B Bonds") as auction rate bonds pursuant to the provisions of Ordinance No. 02-172 enacted by the Board of County Commissioners (the "Board") of Miami-Dade County, Florida (the "County") on September 24, 2002 and Resolution No. R-144-03 adopted by the Board on February 20, 2003, as subsequently amended by Ordinance No. 04-117 duly enacted by the Board on May 25, 2004 (collectively, the "Original Resolution"); and

WHEREAS, as a result of the collapse of the auction rate market, the County adopted Resolution No. R-837-08 on July 17, 2008 which amended the Original Resolution (the "Amending Resolution") to provide for the conversion of the Series 2003B Bonds from auction rate bonds to another type of variable rate bonds to preserve the lower debt service cost; and

WHEREAS, pursuant to the Amending Resolution, the County remarketed the Series 2003B Bonds on September 5, 2008 as variable rate demand bonds secured by a letter of Credit issued by TD Bank, N.A. (the "Bank") for an initial term of three years until September 1, 2011; and

WHEREAS, the Reimbursement Agreement with the Bank granted the County the option to request an extension of the LOC for a one year period starting on September 1, 2011 on the same terms; and

WHEREAS, the County exercised that option and extended the LOC to September 1, 2012 because at the time, the annual letter of credit fee of 60 basis points (0.60%) was very favorable to the County; and

WHEREAS, pursuant to Resolution No. R-772-11 the County extended the LOC until September 1, 2014 at an annual letter of credit fee of 65 basis points (0.65%), replaced the remarketing agent for the Series 2003B Bonds with TD Securities (USA) LLC ("TD Securities") and approved the execution and delivery of a Remarketing Agreement between the County and TD Securities; and

WHEREAS, this Board wishes to take advantage of an offer by the Bank to extend the LOC until September 1, 2018 at a lower annual letter of credit fee of 52 basis points (0.52%) which is also very favorable to the County; and

WHEREAS, in order to allow the County the flexibility to take advantage of favorable renewal fees, this Board wishes to delegate to the County Mayor or the County Mayor's designee the right to further extend the term of the LOC if, in consultation with the County's financial advisor, the Finance Director determines that the fees are favorable to the County,

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

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

Section 1. The extension of the LOC with the Bank until September 1, 2018 is approved in accordance with the terms set forth in the County Mayor's Memorandum.

Section 2. The County Mayor or the County Mayor's designee is authorized to execute and deliver an amendment to the Reimbursement Agreement, if necessary to extend the terms of the LOC.

Section 3. The County Mayor or the County Mayor's designee is authorized to further extend the term of the LOC if, in consultation with the County's financial advisor, he/she determines that the fees are favorable to the County.

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:

Rebeca Sosa, Chairwoman
Lynda Bell, Vice Chair

Bruno A. Barreiro
Jose "Pepe" Diaz
Sally A. Heyman
Jean Monestime
Sen. Javier D. Souto
Juan C. Zapata

Esteban L. Bovo, Jr.
Audrey M. Edmonson
Barbara J. Jordan
Dennis C. Moss
Xavier L. Suarez

The Chairperson thereupon declared the resolution duly passed and adopted this 17th day of July, 2014. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

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

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

JRA

Juliette R. Antoine