Memorandum

MIAMI-DADE COUNTY

Date: August 12, 2012

To: Honorable Chairman Joe A. Martinez
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Sale of Transit System Sales Surtax Revenue Bonds, Series 2012

I am pleased to report the highly successful sale of the $537.270 million Transit System Sales Surtax Revenue Bonds, Series 2012 (the "Bonds"). On June 5, 2012, the Board of County Commissioners (the "Board") approved Resolution R-453-12, authorizing the negotiated sale and issuance of the Bonds. JP Morgan Chase, the senior manager for the transaction, ("JPMorgan") successfully priced the Bonds on July 18 and 19, 2012.

The Bonds were offered to retail customers on Wednesday, July 18. The retail order period began on Wednesday at 9:30 AM and was scheduled to run through 4:00 PM. Maturities 2015 through 2018, 2020 through 2023, 2026, 2029, and 2042 were offered to the retail investors. However, by 1:00 PM several maturities were oversubscribed and additional bonds, maturity 2028, were made available to retail investors. Retail demand continued to be strong throughout the day. By the end of the retail order period at 4:00 PM, orders had been received for $142.8 million (26.6%) of the Bonds. Each maturity offered was oversubscribed.

The institutional pricing for the Bonds opened Thursday, July 19 at 10:30 AM with an order period until 1:00 PM. At the close of the order period, JPMorgan had received orders in excess of $2.2 billion. Since the sale was four times oversubscribed, JPMorgan reduced the interest rates and made a commitment to purchase the Bonds. The County, upon the advice of its financial advisor, PRAG, accepted JPMorgan's offer.

The 2012 Resolution required that the True Interest Cost (TIC) on the Bonds not exceed 5.25%. The Bond sale resulted in a (TIC) of 4.02%. Final maturity of the Bonds will occur July 1, 2042. Based on the outstanding sale of the Bonds, total interest expense, ($563,697,416) decreased compared to the total interest expense ($590,430,000) presented in the 2012 Resolution.

The Bonds were structured to create, when taken together with the other Transit System Sales Tax Revenue Bonds currently outstanding, a net overall level debt service payable by the County. The average annual debt service (for fiscal years 2015 through 2042) of the combined structure is $93.9 million. This $93.9 million is net of the federal direct subsidy received in connection with the Transit Sales Surtax Revenue Bonds, Series 2009 B and Series 2010. The average annual debt service of the Series 2012 Bonds in years 2015 through 2040 is $33.2 million.

The Series 2012 Bonds transaction closed on August 1, 2012.

The firms that participated on the financing team were:

• Bond Counsel:	Greenburg, Traurig, P.A. and Edwards & Associates, P.A.
• Disclosure Counsel:	Nabors, Giblin & Nickerson, P.A. and Liebler, Gonzalez & Portuondo, P.A.
• Financial Advisor:	Public Resources Advisory Group
• Senior Underwriter:	JP Morgan Chase Securities
• Remaining Underwriting Team:	Estrada Hinojosa & Company Rice Financial Products Company Citigroup Global Markets, Inc. Bank of America Merrill Lynch M.R. Beal & Company Blaylock Robert Van, LLC Cabrera Capital Markets, LLC Jackson Securities, LLC Raymond James and Associates, Inc. Morgan Stanley & Co. LLC Goldman Sachs & Co. Barclays Capital Inc. Jefferies & Company, Inc.
• Underwriter's Counsel:	GrayRobinson, P.A.
• Paying Agent/Registrar:	US Bank,NA
• Financial Printer:	ImageMaster, Inc.

Bond Ratings

The County applied for credit ratings on the Transit System Sales Surtax Revenue Bonds from all three major credit agencies (Moody's, Standard & Poor's and Fitch). The ratings received from the three agencies were A1/Stable, AA/Stable and AA-/Stable, respectively. The Moodys' rating was a downgrade from the Aa3 previously assigned to the Bonds. Fitch and Standard and Poor's each affirmed their existing ratings, and Standard & Poor's affirmed its Stable outlook as well. Fitch changed its outlook on the Bonds from Negative to Stable.

Attached to this memorandum please find:

Attachment A - The Bond Buyer – an article on the sale of the Bonds
Attachment B - The "Final Cashflows" for the transaction which reflect the results of the sale.
Attachment C - Credit Reports from Moody's, Standard and Poor's and Fitch.

Attachments

c: R. A. Cuevas, County Attorney
Office of the Mayors Senior Staff
Jennifer Moon, Director, Office of Management and Budget
Ysela Llort, Director, Miami-Dade Transit
Charles Anderson, Commission Auditor

THE BOND BUYER

Miami-Dade County, Fla. Readies $540M Transit Tax Bond Deal
by: Shelly Sigo
Wednesday, July 11, 2012

BRADENTON, Fla. — Miami-Dade County will continue financing its massive, voter-approved transportation improvement program next week with the issuance of $540 million of transit system sales tax revenue bonds.

Proceeds will be used to fund new projects, refinance $100 million of bond anticipation notes issued last year to provide interim financing, and pay capitalized interest through July 2014.

Book-runner JPMorgan is expected to price the 30-year bonds for retail on July 18 and for institutional investors July 19.

The transaction is expected to be structured similar to previous transit tax deals, with serial and term bonds, to provide level debt service, according to county officials. The bonds are secured by a half-cent sales tax approved by voters in 2002.

The proceeds are used to exclusively fund transportation improvements. The special tax does not expire.

The bonds are rated AA-minus by Fitch Ratings, AA by Standard & Poor's and A1 by Moody's Investors Service.

All three rating agencies have stable outlooks on the debt.

Moody's rating, however, was downgraded last week, though it still incorporates the strength of the countywide sales tax pledge on transactions up to $5,000, recent improving collection trends and adequate legal covenants.

"The rating downgrade to A1 from Aa3 reflects Miami-Dade Transit's highly leveraged senior sales-surtax revenues, sizeable capital plans, declining debt service coverage, and narrow financial operations with increased reliance on general fund support from Miami-Dade County," Moody's analyst Xavier Smith wrote.

Fiscal 2011 sales tax receipts provided 1.69 times peak coverage of debt service on the bonds, which was "narrowly above the additional bonds test of 1.50 times," according to Smith.

"Sales tax revenues for the 12 months ending March 2012, which show an improving trend, provide 1.76 times coverage of peak debt service on the bonds," he said. "Coverage levels are likely to decline given Miami-Dade Transit's plans to issue $600 million in additional bonds between now and fiscal 2016."

Debt service requirements, including the issuance of additional bonds, increase from $95 million in fiscal 2015 to $112 million in fiscal 2016, and to $138 million in fiscal 2017, Smith said.

Moody's expects the transit system to benefit from the stable growth of dedicated sales tax revenues, but Smith said taxable sales growth in Miami-Dade County is vulnerable to economic fluctuations as demonstrated in the most recent recession.

Since they were initially levied in 2003, transit sales tax collections increased annually at an average rate of 2% each year.

"However, year-over-year performance of the revenue has been particularly volatile," Smith said. "While the tax has had a compound annual growth rate of 2% since its inception, it has taken five years to return to its pre-recession peak."

Tax collections declined in 2008 and 2009, though they have now returned to pre-recession norms.

In 2011, tax collections increased by 7.1% following a modest 2.3% increase in 2010.

"Management is projecting fiscal 2012 pledged revenues to increase 6.3% over the prior year which is conservative given that year-to-date revenues are 8% ahead of the same time last year," Smith said.

Miami-Dade County's primary economic driver, tourism, suffered because of lower domestic and international travel during the economic downturn.

The county's real estate market, which had been bolstered by low interest rates and international investment, experienced a material slowdown as did new building permits.

According to a report by Moody's Economy.com in March, recovery in the Miami-Dade metropolitan area will strengthen on the back of service-sector expansion and international spending, according to Smith.

"Long term, Miami-Dade is expected to outperform the nation because of its growing infrastructure, strong international trade ties and stature as an international tourist destination," he said.

The dedicated half-cent transit tax has leveraged $1 billion of bonds to fund a variety of projects in Florida's most populous county.

One major project in particular that has benefitted from the tax is the $506 million AirportLink, a 2.4-mile elevated connector between Miami International Airport and other forms of transit, including the county's 22-mile Metrorail system, which links to Tri-Rail and connections with Broward and Palm Beach counties.

Of the cost to build AirportLink, $404.7 million has been funded by Miami-Dade County's half-cent tax with the Florida Department of Transportation picking up the remaining $101.3 million.

The airport connector has been under construction since 2009 and is set to open July 28, according to Patrice Koonce Rosemond, spokeswoman for the Citizens' Independent Transportation Trust, a quasi-judicial panel that reviews and approves all projects funded with the tax proceeds.

Miami-Dade County last sold transit tax bonds in 2010. That deal was structured with $30 million of tax-exempt bonds maturing in 2020 and $187.6 million of taxable Build America Bonds maturing in 2039.

The 2010 bonds financed projects such as ongoing costs associated with an intermodal center, control equipment, rail vehicle replacement, road and traffic operational improvements, and street lights.

The $100 million of bond anticipation notes sold last year to provide interim financing for certain projects are being taken out with the bonds being sold next week.

Public Resources Advisory Group is the financial advisor for next week's debt sale.

Along with JPMorgan, other firms in the syndicate are Bank of America Merrill Lynch, Barclays Capital, Blaylock Robert Van LLC, Cabrera Capital Markets, Citi, Estrada Hinojosa & Co., Goldman, Sachs & Co., Jackson Securities, Jefferies & Co., Morgan Stanley, M.R. Beal & Co., Raymond James | Morgan Keegan, and Rice Financial Products Co.

Greenberg Traurig PA and Edwards & Associates PA are co-bond counsel.

Nabors, Giblin & Nickerson PA and Liebler, Gonzalez & Portuondo PA are co-disclosure counsel.

GrayRobinson PA is underwriters' counsel.

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SOURCES AND USES OF FUNDS

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
7/20/2012 at 11:30 AM ET

Dated Date	08/01/2012
Delivery Date	08/01/2012

Sources:	
Bond Proceeds:	
Par Amount	537,210,000.00
Net Premium	62,485,780.05
	599,695,780.05

Uses:	
Project Fund Deposits:	
Repayment of Series 2011 Notes	100,066,666.67
Transit Subaccount	298,000,000.00
Public Works and Waste Management Subaccount	115,000,000.00
	513,066,666.67
Other Fund Deposits:	
Deposit to the Capitalized Interest Fund	49,276,134.38
Deposit to the Reserve Account	33,221,264.14
	82,497,398.52
Delivery Date Expenses:	
Cost of Issuance	1,391,549.25
Underwriter's Discount	2,735,868.17
	4,127,417.42
Other Uses of Funds:	
Additional Proceeds	4,297.44
	599,695,780.05

Note: Reserve deposit is based on maximum annual debt service net of BABs subsidy.

BOND SUMMARY STATISTICS

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
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Dated Date	08/01/2012
Delivery Date	08/01/2012
First Coupon	01/01/2013
Last Maturity	07/01/2042
Arbitrage Yield	3.389610%
True Interest Cost (TIC)	4.021842%
Net Interest Cost (NIC)	4.327573%
All-In TIC	4.039215%
Average Coupon	4.840666%
Average Life (years)	21.677
Duration of Issue (years)	13.710
Par Amount	537,210,000.00
Bond Proceeds	599,695,780.05
Total Interest	563,697,415.66
Net Interest	503,947,503.78
Bond Years from Dated Date	11,645,037,500.00
Bond Years from Delivery Date	11,645,037,500.00
Total Debt Service	1,100,907,415.66
Maximum Annual Debt Service	93,935,100.00
Average Annual Debt Service	36,799,133.67
Underwriter's Fees (per $1000)	
Average Takedown	4.883588
Other Fee	0.209147
Total Underwriter's Discount	5.092735
Bid Price	111.122264

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
4% and Discount Serial Bonds	58,230,000.00	103.770	3.536%	13.002	55,103.95
Serial Bonds	161,040,000.00	116.956	4.987%	13.345	138,437.20
2037 Term Bond	75,750,000.00	111.762	5.000%	23.478	66,660.00
2042 Discount Term Bond	25,000,000.00	99.478	4.000%	28.734	43,000.00
2042 Term Bond	217,190,000.00	111.145	5.000%	28.740	191,127.20
	537,210,000.00			21.677	494,328.35

BOND SUMMARY STATISTICS

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
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	TIC	All-In TIC	Arbitrage Yield
Par Value	537,210,000.00	537,210,000.00	537,210,000.00
+ Accrued Interest			
+ Premium (Discount)	62,485,780.05	62,485,780.05	62,485,780.05
- Underwriter's Discount	-2,735,868.17	-2,735,868.17	
- Cost of Issuance Expense		-1,391,549.25	
- Other Amounts			
Target Value	596,959,911.88	595,568,362.63	599,695,780.05
Target Date	08/01/2012	08/01/2012	08/01/2012
Yield	4.021842%	4.039215%	3.389610%

BOND PRICING

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
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Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)	Takedown
4% and Discount Serial Bonds:								
	07/01/2015	2,660,000	4.000%	0.700%	109.510		252,966.00	3.750
	07/01/2016	5,000,000	4.000%	0.950%	111.698		584,900.00	3.750
	07/01/2017	3,190,000	4.000%	1.210%	113.277		423,536.30	3.750
	07/01/2018	3,500,000	4.000%	1.550%	113.798		482,930.00	3.750
	07/01/2020	500,000	4.000%	2.070%	114.024		70,120.00	3.750
	07/01/2021	3,810,000	4.000%	2.310%	113.546		516,102.60	5.000
	07/01/2022	1,125,000	4.000%	2.480%	113.288		149,490.00	5.000
	07/01/2026	5,825,000	3.125%	3.230%	98.828		-68,269.00	5.000
	07/01/2028	11,075,000	3.250%	3.390%	98.286		-189,825.50	5.000
	07/01/2029	14,045,000	3.375%	3.490%	98.538		-205,337.90	5.000
	07/01/2032	7,500,000	4.000%	3.710%	102.385 C	3.828%	178,875.00	5.000
		58,230,000					2,195,487.50	
Serial Bonds:								
	07/01/2015	4,855,000	3.000%	0.700%	106.628		321,789.40	3.750
	07/01/2016	2,765,000	5.000%	0.950%	115.534		429,515.10	3.750
	07/01/2017	4,910,000	5.000%	1.210%	118.036		885,567.60	3.750
	07/01/2018	4,975,000	5.000%	1.550%	119.431		966,692.25	3.750
	07/01/2019	8,865,000	5.000%	1.790%	120.794		1,843,388.10	3.750
	07/01/2020	8,810,000	5.000%	2.070%	121.291		1,875,737.10	3.750
	07/01/2021	5,960,000	5.000%	2.310%	121.562		1,285,095.20	5.000
	07/01/2022	9,095,000	5.000%	2.480%	122.031		2,003,719.45	5.000
	07/01/2023	10,720,000	5.000%	2.640%	120.470 C	2.809%	2,194,384.00	5.000
	07/01/2024	11,255,000	5.000%	2.760%	119.314 C	3.054%	2,173,790.70	5.000
	07/01/2025	11,815,000	5.000%	2.880%	118.172 C	3.264%	2,147,021.80	5.000
	07/01/2026	6,585,000	5.000%	2.980%	117.230 C	3.432%	1,134,595.50	5.000
	07/01/2027	12,920,000	5.000%	3.060%	116.483 C	3.565%	2,129,603.60	5.000
	07/01/2028	2,485,000	5.000%	3.140%	115.741 C	3.684%	391,163.85	5.000
	07/01/2030	14,520,000	5.000%	3.280%	114.457 C	3.873%	2,099,156.40	5.000
	07/01/2031	15,250,000	5.000%	3.350%	113.821 C	3.955%	2,107,702.50	5.000
	07/01/2032	8,515,000	5.000%	3.400%	113.370 C	4.018%	1,138,455.50	5.000
	07/01/2033	16,740,000	5.000%	3.440%	113.010 C	4.070%	2,177,874.00	5.000
		161,040,000					27,305,252.05	

BOND PRICING

Miami-Dade County, Florida
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FINAL CASHFLOWS
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Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)	Takedown
2037 Term Bond:								
	07/01/2034	17,575,000	5.000%	3.580%	111.762 C	4.231%	2,067,171.50	5.000
	07/01/2035	18,455,000	5.000%	3.580%	111.762 C	4.231%	2,170,677.10	5.000
	07/01/2036	19,375,000	5.000%	3.580%	111.762 C	4.231%	2,278,887.50	5.000
	07/01/2037	20,345,000	5.000%	3.580%	111.762 C	4.231%	2,392,978.90	5.000
		75,750,000					8,909,715.00	
2042 Discount Term Bond:								
	07/01/2038	2,245,000	4.000%	4.030%	99.478		-11,718.90	5.000
	07/01/2039	2,355,000	4.000%	4.030%	99.478		-12,293.10	5.000
	07/01/2040	2,355,000	4.000%	4.030%	99.478		-12,293.10	5.000
	07/01/2041	8,805,000	4.000%	4.030%	99.478		-45,962.10	5.000
	07/01/2042	9,240,000	4.000%	4.030%	99.478		-48,232.80	5.000
		25,000,000					-130,500.00	
2042 Term Bond:								
	07/01/2038	19,115,000	5.000%	3.650%	111.145 C	4.332%	2,130,366.75	5.000
	07/01/2039	20,055,000	5.000%	3.650%	111.145 C	4.332%	2,235,129.75	5.000
	07/01/2040	21,150,000	5.000%	3.650%	111.145 C	4.332%	2,357,167.50	5.000
	07/01/2041	76,560,000	5.000%	3.650%	111.145 C	4.332%	8,532,612.00	5.000
	07/01/2042	80,310,000	5.000%	3.650%	111.145 C	4.332%	8,950,549.50	5.000
		217,190,000					24,205,825.50	
		537,210,000					62,485,780.05	

BOND PRICING

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
7/20/2012 at 11:30 AM ET

Dated Date	08/01/2012	
Delivery Date	08/01/2012	
First Coupon	01/01/2013	
Par Amount	537,210,000.00	
Premium	62,485,780.05	
Production	599,695,780.05	111.631537%
Underwriter's Discount	-2,735,868.17	-0.509274%
Purchase Price	596,959,911.88	111.122264%
Accrued Interest		
Net Proceeds	596,959,911.88	

BOND DEBT SERVICE

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
7/20/2012 at 11:30 AM ET

Dated Date	08/01/2012
Delivery Date	08/01/2012

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2013			23,566,846.88	23,566,846.88
09/30/2014			25,709,287.50	25,709,287.50
09/30/2015	7,515,000	** %	25,709,287.50	33,224,287.50
09/30/2016	7,765,000	** %	25,457,237.50	33,222,237.50
09/30/2017	8,100,000	** %	25,118,987.50	33,218,987.50
09/30/2018	8,475,000	** %	24,745,887.50	33,220,887.50
09/30/2019	8,865,000	5.000%	24,357,137.50	33,222,137.50
09/30/2020	9,310,000	** %	23,913,887.50	33,223,887.50
09/30/2021	9,770,000	** %	23,453,387.50	33,223,387.50
09/30/2022	10,220,000	** %	23,002,987.50	33,222,987.50
09/30/2023	10,720,000	5.000%	22,503,237.50	33,223,237.50
09/30/2024	11,255,000	5.000%	21,967,237.50	33,222,237.50
09/30/2025	11,815,000	5.000%	21,404,487.50	33,219,487.50
09/30/2026	12,410,000	** %	20,813,737.50	33,223,737.50
09/30/2027	12,920,000	5.000%	20,302,456.26	33,222,456.26
09/30/2028	13,560,000	** %	19,656,456.26	33,216,456.26
09/30/2029	14,045,000	3.375%	19,172,268.76	33,217,268.76
09/30/2030	14,520,000	5.000%	18,698,250.00	33,218,250.00
09/30/2031	15,250,000	5.000%	17,972,250.00	33,222,250.00
09/30/2032	16,015,000	** %	17,209,750.00	33,224,750.00
09/30/2033	16,740,000	5.000%	16,484,000.00	33,224,000.00
09/30/2034	17,575,000	5.000%	15,647,000.00	33,222,000.00
09/30/2035	18,455,000	5.000%	14,768,250.00	33,223,250.00
09/30/2036	19,375,000	5.000%	13,845,500.00	33,220,500.00
09/30/2037	20,345,000	5.000%	12,876,750.00	33,221,750.00
09/30/2038	21,360,000	** %	11,859,500.00	33,219,500.00
09/30/2039	22,410,000	** %	10,813,950.00	33,223,950.00
09/30/2040	23,505,000	** %	9,717,000.00	33,222,000.00
09/30/2041	85,365,000	** %	8,565,300.00	93,930,300.00
09/30/2042	89,550,000	** %	4,385,100.00	93,935,100.00
	537,210,000		563,697,415.66	1,100,907,415.66

AGGREGATE DEBT SERVICE

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
7/20/2012 at 11:30 AM ET

Period Ending	Transit System Sales Surtax Revenue Bonds, Series 2012	Other D/S	Aggregate Debt Service
09/30/2013	23,566,846.88	60,709,923.62	84,276,770.50
09/30/2014	25,709,287.50	60,711,273.62	86,420,561.12
09/30/2015	33,224,287.50	60,710,973.62	93,935,261.12
09/30/2016	33,222,237.50	60,709,723.62	93,931,961.12
09/30/2017	33,218,987.50	60,712,023.62	93,931,011.12
09/30/2018	33,220,887.50	60,711,923.62	93,932,811.12
09/30/2019	33,222,137.50	60,711,423.62	93,933,561.12
09/30/2020	33,223,887.50	60,711,173.62	93,935,061.12
09/30/2021	33,223,387.50	60,709,123.62	93,932,511.12
09/30/2022	33,222,987.50	60,709,515.98	93,932,503.48
09/30/2023	33,223,237.50	60,709,967.02	93,933,204.52
09/30/2024	33,222,237.50	60,712,274.18	93,934,511.68
09/30/2025	33,219,487.50	60,713,454.72	93,932,942.22
09/30/2026	33,223,737.50	60,709,358.46	93,933,095.96
09/30/2027	33,222,456.26	60,712,314.88	93,934,771.14
09/30/2028	33,216,456.26	60,714,016.28	93,930,472.54
09/30/2029	33,217,268.76	60,713,368.12	93,930,636.88
09/30/2030	33,218,250.00	60,712,823.82	93,931,073.82
09/30/2031	33,222,250.00	60,711,846.62	93,934,096.62
09/30/2032	33,224,750.00	60,710,483.24	93,935,233.24
09/30/2033	33,224,000.00	60,709,930.98	93,933,930.98
09/30/2034	33,222,000.00	60,712,331.60	93,934,331.60
09/30/2035	33,223,250.00	60,712,030.42	93,935,280.42
09/30/2036	33,220,500.00	60,709,721.74	93,930,221.74
09/30/2037	33,221,750.00	60,709,680.08	93,931,430.08
09/30/2038	33,219,500.00	60,710,992.86	93,930,492.86
09/30/2039	33,223,950.00	60,710,959.98	93,934,909.98
09/30/2040	33,222,000.00	60,711,084.92	93,933,084.92
09/30/2041	93,930,300.00		93,930,300.00
09/30/2042	93,935,100.00		93,935,100.00
	1,100,907,415.66	1,699,913,718.48	2,800,821,134.14

Note: Other debt service assumes all outstanding Transit System Sales Surtax debt service net of BABs subsidy.

NET DEBT SERVICE

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
7/20/2012 at 11:30 AM ET

Period Ending	Total Debt Service	Deposit to the Capitalized Interest Fund	Net Debt Service
09/30/2013	23,566,846.88	23,566,846.88	
09/30/2014	25,709,287.50	25,709,287.50	
09/30/2015	33,224,287.50		33,224,287.50
09/30/2016	33,222,237.50		33,222,237.50
09/30/2017	33,218,987.50		33,218,987.50
09/30/2018	33,220,887.50		33,220,887.50
09/30/2019	33,222,137.50		33,222,137.50
09/30/2020	33,223,887.50		33,223,887.50
09/30/2021	33,223,387.50		33,223,387.50
09/30/2022	33,222,987.50		33,222,987.50
09/30/2023	33,223,237.50		33,223,237.50
09/30/2024	33,222,237.50		33,222,237.50
09/30/2025	33,219,487.50		33,219,487.50
09/30/2026	33,223,737.50		33,223,737.50
09/30/2027	33,222,456.26		33,222,456.26
09/30/2028	33,216,456.26		33,216,456.26
09/30/2029	33,217,268.76		33,217,268.76
09/30/2030	33,218,250.00		33,218,250.00
09/30/2031	33,222,250.00		33,222,250.00
09/30/2032	33,224,750.00		33,224,750.00
09/30/2033	33,224,000.00		33,224,000.00
09/30/2034	33,222,000.00		33,222,000.00
09/30/2035	33,223,250.00		33,223,250.00
09/30/2036	33,220,500.00		33,220,500.00
09/30/2037	33,221,750.00		33,221,750.00
09/30/2038	33,219,500.00		33,219,500.00
09/30/2039	33,223,950.00		33,223,950.00
09/30/2040	33,222,000.00		33,222,000.00
09/30/2041	93,930,300.00		93,930,300.00
09/30/2042	93,935,100.00		93,935,100.00
	1,100,907,415.66	49,276,134.38	1,051,631,281.28

COST OF ISSUANCE

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
7/20/2012 at 11:30 AM ET

Cost of Issuance	$/1000	Amount
Bond Administration	1.00000	537,210.00
Bond Counsel Fee	0.42451	228,052.50
Disclosure Counsel Fee	0.29716	159,636.75
Financial Advisor Fee	0.27922	150,000.00
Fitch Rating Fee	0.16753	90,000.00
Moody's Rating Fee	0.20848	112,000.00
S&P Rating Fee	0.14315	76,900.00
Paying Agent/Registrar	0.00465	2,500.00
Printer	0.00931	5,000.00
Bond Counsel Expenses	0.01396	7,500.00
Disclosure Counsel Expenses	0.00977	5,250.00
FA Expenses	0.01861	10,000.00
Miscellaneous	0.00931	5,000.00
DAC	0.00465	2,500.00
	2.59033	1,391,549.25

UNDERWRITER'S DISCOUNT

Miami-Dade County, Florida
Transit System Sales Surtax Revenue Bonds, Series 2012
FINAL CASHFLOWS
7/20/2012 at 11:30 AM ET

Underwriter's Discount	$/1000	Amount
Average Takedown	4.88359	2,623,512.50
Cusip Fee	0.00145	778.00
DTC	0.00093	500.00
DayLoan	0.02778	14,924.00
Investor NetRoadshow	0.01396	7,500.00
Ipreo Live Order Access	0.01500	8,058.15
Underwriters' Counsel	0.07446	40,000.00
Travel and Out-of-Pocket	0.00931	5,000.00
Dalcomp	0.06626	35,595.52
	5.09274	2,735,868.17

Miami-Dade County, Florida

Transportation Sales Tax Revenues
New Issue Report

Ratings

New Issue

Transit System Sales Surtax Revenue Bonds, Series 2012	AA–
Outstanding Debt	
Transportation Sales Tax Revenues	AA–

Rating Outlook

Stable[a]

[a]Revised from Negative on 7/3/12.

Related Research

Fitch Rates Miami-Dade County, FL Transit System Sales Surtax Revs 'AA-'; Outlook Stable, July 3, 2012

Fitch Affirms Various Miami-Dade County, FL Tax-supported Bonds; Outlook to Stable, July 3, 2012

Analysts

Amy R. Laskey
+1 212 908-0568
amy.laskey@fitchratings.com

Charles Askew
+1 212 908-0644
charles.askew@fitchratings.com

New Issue Details

Sale Information: $550,000,000 Transit System Sales Surtax Revenue Bonds, Series 2012, expected to sell during the week of July 16 via negotiation.

Security: The transit revenue bonds are secured by a first lien on revenues from a one-half-cent sales surtax levied countywide, net of an administrative fee to the state not to exceed 3% of proceeds and another 20% of proceeds distributed to cities within the county that were incorporated at the time the tax was approved. Also pledged are hedged receipts and federal direct payments. The bonds are additionally secured by a standard, cash-funded debt service reserve fund (DSRF).

Purpose: To redeem $100,000,000 in outstanding subordinate transit system sales surtax bond anticipation notes maturing Nov. 1, 2012 and fund various transit and public works capital projects and associated costs of issuance, capitalized interest through July 2014, and a debt service reserve fund.

Final Maturity: April 1, 2026.

Key Rating Drivers

Outlook Revision: The Rating Outlook is being revised to Stable from Negative in conjunction with a similar Outlook Revision to the county's other tax-supported ratings *(see "Fitch Affirms Various Miami-Dade County, FL Tax-supported Bonds; Outlook to Stable," dated July 3, 2012, available on Fitch's Web site at www.fitchratings.com)*. Given Miami Dade Transit's (MDT) reliance on county revenue to provide ongoing operating support and bolster liquidity, Fitch believes there is a strong link between the two ratings.

Stable Pledged Revenue Performance: Fitch expects MDT's pledged sales surtax revenue to show moderate growth over the long term, supported by the county's growing population base and a broad, diverse, and internationally focused economy. Surtax receipts have shown sound growth over the last two fiscal years and the first half of fiscal 2012 after recessionary declines.

Solid Bondholder Protections: An additional bonds test set at 1.5x MADS on parity debt provides satisfactory protection against overleveraging. Fitch believes additional debt will result in actual coverage close to the ABT in most years. The common debt service reserve fund is primarily cash funded.

Sizable Capital Program: MDT's ambitious capital program will result in a sizable amount of additional debt. County projections show annual debt service payments continuing to rise through 2040 if all planned debt is issued.

Operating Pressures: The rating also considers the operations of MDT which historically run at a deficit despite a large annual maintenance of effort (MOE) contribution from the county's general fund. Recent cost-containment strategies and departmental efficiencies should assist in mitigating budget imbalances going forward. However, projections indicate the need for additional revenue support or expense reduction, as the growth in debt service will reduce the amount of sales tax revenue available for operations.

Rating History

Rating	Action	Outlook/ Watch	Date
AA–	Affirmed	Stable	7/3/12
AA–	Affirmed	Negative	2/1/12
AA–	Affirmed	Stable	8/1/10
AA–	Revised	Stable	4/30/10
A+	Affirmed	Stable	9/2/09
A+	Affirmed	Negative	6/5/08
A+	Assigned	Stable	3/28/06

Credit Profile

The People's Transportation Plan (PTP) was authorized by voters in 2002 by a two-to-one margin. The PTP authorized the county to impose a permanent one-half percent discretionary sales surtax for the purpose of funding specific transit and roadway improvements in Miami-Dade County and to cover a portion of MDT's operating and maintenance costs. MDT is the 14th largest public transit system in the U.S. and the largest transit agency in the state of Florida.

MDT is responsible for planning for and providing all public transit services in the county including the Metrobus fleet, connecting most areas of Miami-Dade County, Metrorail, a 22.6-mile above-ground heavy rail system, and Metromover, a 4.4-mile elevated people mover that serves the downtown central business district of Miami.

Sound Economic Prospects

Miami-Dade County has a broad and diverse economy that is somewhat dependent on international trade, particularly with Latin America. The impact of the housing market decline had an acute impact on the county's economy, although the taxable assessed value of property (TAV) did not decline as much here as in many other parts of the state.

The unemployment rate has been well above average but dropped significantly in May 2012 to 9.8% from 12.3% in May 2011. The improvement was the result of healthy employment growth of 5% (consistent with year-over-year growth in each month of 2012), as well as an increasing labor force. Over the same period Florida's unemployment rate dropped by a slightly smaller magnitude, to 8.5% from 10.3%.

Large-scale projects under way should have a positive impact on economic activity. The Miami Intermodal Center, a massive ground transportation hub located next to Miami International Airport (MIA) and scheduled for completion in July 2012, should provide interconnectivity throughout the South Florida region and relieve traffic congestion as well as bolstering pledged revenue for the transit sales surtax bonds. At the Port of Miami, construction of a $900 million tunnel is expected to be complete by spring 2014 and to improve access to and from the port.

Capital Needs Will Keep Debt Service Coverage Moderate

While debt service coverage in fiscal 2011 was a strong 2.5x (netting out the Build America Bond subsidy), Fitch believes senior lien debt service coverage will decline to about 1.5x, the level required under the ABT, and remain near that level, barring significant revenue erosion.

The county's sizable debt plans will require steady issuance over the next 10 years, totaling about $947 million in either parity or subordinate debt (for which the ABT is 1.25x MADS). The bonds benefit from a pooled, standard-sized debt service reserve fund of which about 82% is funded with cash, and the remainder with a surety provided by Assured Guaranty Municipal.

Related Criteria

U.S. Local Tax Supported Rating Criteria, Aug. 15, 2011

Tax-Supported Rating Criteria, Aug. 15, 2011

Debt Service Coverage

(Fiscal Years Ended Sept. 30)

	2007	2008	2009	2010	2011
Pledged Revenue ($000)	153,065	149,201	138,165	141,333	151,438
% Change	—	(2.5)	(7.4)	2.3	7.1
Debt Service ($000)	12,045	12,043	29,491	40,546	50,171
Coverage (x)	12.71	12.39	4.68	3.49	3.02

Note: Includes Build America Bond subsidy.

If pledged revenue declines, the county will need to either further scale back its capital plan or provide another source of funding. Fitch believes both would be difficult, given the county's commitment to funding the projects currently included in its capital plan and demonstrated taxpayer resistance to increased levies. Two major projects have already been postponed indefinitely.

Pledged revenue is net of both an administrative fee and a 20% allocation to cities that were incorporated at the time the tax was approved. Since that time, three additional cities have incorporated, and the county has made total payments of about $6 million to them in each of the last two fiscal years. These interlocal agreements with the existing cities must be reviewed every five years and expire in August 2012. If new agreements are not in place by that time MDT has stated its intent to honor the existing contracts. Any payments to cities beyond the 20% allocation would be subordinate to debt service since the bond ordinance specifically defines the cities' distribution as 20%. However, such payments would erode operating revenue to some extent.

Operating Pressures

As part of the PTP, the county is required to provide a MOE payment for transit service existing prior to collection of the new sales surtax. The MOE increases at a rate of 3.5% annually and is paid by the county as a transfer from the general fund. Despite this sizable subsidy, which represented 26% of fiscal 2011 operating revenue, operations are strained.

Statement of Operating and Non-Operating Activities

($000, Audited Fiscal Years Ended Sept. 30)

	2007	2008	2009	2010	2011
Total Operating Revenues	106,387	97,560	103,594	105,819	110,818
Total Operating Expenses	485,593	510,249	484,782	453,658	458,796
Net Operating Income/(Deficit)	**(379,206)**	**(412,689)**	**(381,188)**	**(347,839)**	**(347,978)**
Non-Operating Revenues					
Investment Income/(Loss)	**1,957**	**1,427**	**1,069**	**1,204**	**(714)**
Other	4,553	9,247	7,023	12,073	3,325
Subsidies Specified for Operations					
Federal	84,960	978	260	128	83,308
State	35,182	22,731	26,169	27,641	20,482
Local Option Gas Tax	17,329	16,702	16,953	17,200	17,458
Subsidies Specified for Capital					
Federal	—	82,503	63,597	76,699	15,460
State	—	12,615	6,813	95,363	12,645
CITT	—	15,898	25,355	25,418	27,536
Intergovernmental Transfers					
County	138,773	140,964	145,576	121,761	152,916
CITT	152,598	105,159	99,810	148,071	103,013
Total Non-Operating Revenues	**435,352**	**408,224**	**392,625**	**525,558**	**435,429**
Change in Net Assets, Excluding Depreciation and Interest Expense	56,146	(4,465)	11,437	177,719	87,451
Depreciation	(65,544)	(71,940)	(70,737)	(74,376)	(77,184)
Interest Expense	(14,227)	(13,272)	(17,679)	(39,846)	(31,130)
Change in Net Assets	(23,625)	(89,677)	(76,979)	63,497	(20,863)

Note: Numbers may not add due to rounding.

MDT's operations are also dependent on residual sales surtax revenue, which given strong coverage to date have been substantial. As additional senior and subordinate debt is issued, Fitch believes very little of this source will remain available after the next few years, unless sales tax revenue exceeds the county's projections of 2.1% in fiscal 2013 and 3%–4.5% annual growth thereafter (which Fitch believes is somewhat optimistic as a long-term projection).

Growth was 7.1% in fiscal 2011 and was 8.4% in the first six months of fiscal 2012, which in combination with what Fitch views as a fairly conservative projection for fiscal 2013, provide some margin for volatility in later years.

Management has been successful in achieving some labor savings through negotiations with the transit workers union (TWU), as well as other labor groups. The current contract extends through fiscal 2014. Fitch will continue to monitor MDT's ability to hold down costs while not negatively affecting service provision, as MDT's challenges in delivering promised service to date have weakened taxpayer and rider sentiment.

Progress on FTA Audit Resolution

In November 2010, the Federal Transit Administration (FTA) revealed the findings of its audit of MDT, including the identification of several material weaknesses and significant deficiencies. As a result of these findings, the FTA suspended funding to MDT, which is reportedly a rare action.

Since then MDT has been working with the FTA to address the deficiencies cited, and although it has not resumed automatic payments, the FTA reports that it has been releasing funding as requested except for $41 million in grants from fiscal years 2004–2009, which are being withheld due to a civil investigation by the US DOT Office of Inspector General.

Fitch has received confirmation from FTA staff that MDT continues to make solid progress in addressing financial management and reporting issues. Fitch finds this progress encouraging, but will need to see a longer track record to allay concerns about management issues at MDT.

County General Credit Characteristics

Improved Financial Operations, But Challenges Remain

Financial operations had become more constrained given weak economic performance and a constrained revenue-raising environment. Fiscal 2010 ended with break-even general fund results after two consecutive sizable deficits, but fiscal 2011 results were solidly positive with a $62.8 million operating surplus (after transfers) or the equivalent of 3.2% of operating expenditures and transfers out.

The ending unrestricted general fund balance (the sum of committed, assigned, and unassigned under GASB 54) was a sound $221.6 million or 11.4% of spending including transfers out, a notable improvement from the fiscal 2010 ending unreserved balance of $76.4 million, or 3.9%. The improvement was due to a $63 million operating surplus in addition to the implementation of GASB 54.

Consistent with generally conservative budgeting, the county projects that both revenues and expenditures will be ahead of budget in fiscal 2012 given improved performance of economically-sensitive revenue and spending cuts that were largely labor-related. Challenges remain, however, including an inflexible revenue environment and limited ability to reduce spending further without affecting service levels.

General Fund Financial Summary

($000, Audited Fiscal Years Ended Sept. 30)

	2007	2008	2009	2010	2011
Revenue	2,215,188	2,116,939	2,093,112	1,970,270	1,960,949
Expenditures	1,628,967	1,645,169	1,637,145	1,494,874	1,513,306
Net Transfers and Other	(550,097)	(512,786)	(523,013)	(475,330)	(384,838)
Net Surplus/(Deficit)	**36,124**	**(41,016)**	**(67,046)**	**66**	**62,805**
Total Fund Balance	404,889	365,187	300,168	296,493	360,915
As % of Expenditures, Transfers Out, and Other Uses	18.43	16.82	13.78	14.98	18.51
Unreserved Fund Balance[a]	183,838	124,723	94,593	76,443	—
As % of Expenditures, Transfers Out, and Other Uses	8.37	5.74	4.34	3.86	—
Unrestricted Fund Balance[b]	—	—	—	—	221,642
As % of Expenditures, Transfers Out, and Other Uses	—	—	—	—	11.37

[a]Pre GASB54. [b]Reflects GASB 54 Classifications: Sum of Committed, Assigned, and Unassigned.

Note: Numbers may not add due to rounding.

The fiscal 2013 budget is expected to be proposed by July 15. The budget is not expected to include a millage rate increase although a 1.5% increase in TAV (based on preliminary figures) may result in a small increase in property tax revenue. There appears to be some pressure to restore some labor concessions gained in fiscal 2013, although the term of existing labor contracts do not expire until the close of fiscal 2014.

In March 2011, voters elected to recall the mayor; reports indicated that the reasons for the recall were an increase in the property tax rate (although many residents did not see an increase in their tax bill due to TAV declines) and the granting of salary increases to employees. The current mayor rolled back the millage rate to the fiscal 2010 level and reduced spending to compensate for the revenue decrease. Given this recent occurrence Fitch believes there is minimal practical ability to increase revenue, particularly property taxes which made up 55% of fiscal 2011 general fund revenue and transfers in.

The county has reduced headcount and service levels as general fund revenue declined during the economic downturn, and obtained some concessions from labor units as noted above. The state has provided some relief by increasing employee contributions to the Florida Retirement System, in which county workers participate. This increased contribution is being challenged so might provide only temporary relief.

About 25% of fiscal 2011 general fund spending was transfers out was for debt service and maintenance of effort requirements for MDT and the Public Health Trust (PHT). Fitch believes that financial strain at both MDT and PHT presents some risk that the county will be pressured to increase general fund support to either or both to maintain adequate operations.

Sizable Contingent Liabilities

A number of contingent liabilities, if called upon, could also pressure the county's financial operations. The county supports the PHT through a maintenance of effort agreement, a dedicated one-half cent sales surtax, and a covenant to budget and appropriate sufficient revenue to make up any debt service reserve fund deficiency. Fitch believes the last is unlikely since the sales surtax revenues, which provided 7.6x coverage in fiscal 2011, are used first to make debt service payments on the PHT bonds. However the PHT is experiencing severe financial difficulty and has been unable to meet the rate covenant associated with its revenue bond issue. The county is working closely with the PHT's new management team to address its financial issues but does not expect the PHT to meet its rate covenant in fiscal 2013.

The county has also covenanted to support debt service on a number of special tax bonds that are currently self-supporting but volatility in those revenue streams could trigger a general fund contribution. In total Fitch calculates that the county has committed to covering bonds whose debt service in fiscal 2012 totals 8% of budgeting general fund spending. Fitch does not believe the county will be required to make that much, if any, of a contribution to these bonds in fiscal 2012 but this is an additional long-term risk to the county's financial position.

Moderate Debt and Other Liabilities But Slow Amortization

Overall debt levels are moderate even considering these contingent obligations, at 3.5% of full market value and $3,681 per capita. However, amortization of direct debt is very slow at only 17% in five years and 30% in 10 years, as some pledged revenue streams require annual growth to be sufficient to cover debt service.

Tax-supported debt service in fiscal 2011 totaled 11% of general and debt service fund spending, although maintaining this ratio even without additional issuance will require budget growth as annual debt service is ascending.

Debt Statistics

($000)

This Issue	550,000
Outstanding Direct Debt – Net of Refunding	5,418,887
Self-Supporting	111,375
Total Net Direct Debt	**5,307,512**
Overlapping Debt	4,096,935
Total Overall Debt	**9,404,447**
Debt Ratios	
Net Direct Debt Per Capita ($)[a]	2,077
As % of Full Market Value[b]	2.0
Overall Debt Per Capita ($)[a]	3,681
As % of Full Market Value[b]	3.5

[a]Population: 2,554,766 (2011). [b]Full market value: $265,572,390,000 (2011). Note: Numbers may not add due to rounding.

The county's general government pension liability is limited to its participation in the Florida Retirement System, which is relatively well-funded. OPEB obligations are modest compared to the county's resource base and annual payments on a pay-as-you-go basis are fairly close to the annually required contribution.

The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Moody's
INVESTORS SERVICE

New Issue: Moody's lowers rating on Miami-Dade Transit System's Senior Sales Surtax Revenue Bonds to A1 from Aa3; Outlook revised to Stable

Global Credit Research - 03 Jul 2012

Stable Outlook affects Approximately $900 Million Outstanding Sales Surtax Sales Surtax Revenue Bonds

MIAMI-DADE (COUNTY OF) FL
Mass Transit
FL

Moody's Rating

ISSUE	RATING
Transit System Sales Surtax Revenue Bonds, Series 2012	A1
Sale Amount $605,000,000	
Expected Sale Date 07/02/12	
Rating Description Revenue: Government Enterprise	

Moody's Outlook STA

Opinion

NEW YORK, July 03, 2012 --Moody's Investors Service has downgraded the rating on the Miami-Dade Transit's (MDT) Senior Sales Surtax Revenue Bonds to A1 from Aa3 and revised the outlook to stable from negative. Concurrently, Moody's has assigned an A1 rating and stable outlook to the Senior Sales Surtax Revenue Bonds, Series 2012. Proceeds of the bonds will be used to fund various transit and public works projects, refund outstanding Bond Anticipation Notes and fund a debt service reserve fund . Following this issuance, the MDT will have $1.5 billion in senior sales surtax bonds outstanding. The outlook has been revised to stable.

SUMMARY RATING RATIONALE

The rating downgrade to A1 from Aa3 reflects Miami-Dade Transit's highly leveraged senior sales surtax revenues, sizeable capital plans, declining debt service coverage, and narrow financial operations with increased reliance on General Fund support from Miami-Dade County (G.O. bonds rated Aa2/negative outlook). The A1 rating incorporates the strength of the gross ½ cent county-wide sales tax pledge (on transactions up to $5,000), recent improving collection trends, and adequate legal covenants including an additional bonds test (ABT) of 1.5 times.

STRENGTHS

* Sizable economic base which the sales surtax revenue is derived

* County's willingness and ability to increase its General Fund subsidy by 3.5% annually to operate the transit system

* Oversight of "People's Transportation Plan" projects by a quasi-independent board, the Citizens' Independent Transportation Trust (CITT)

* Improvement in sales tax performance

CHALLENGES

* Debt service coverage expected to decline as sales tax is leveraged with sizeable planned bond issuance

*Impact of slow economic recovery on pledged sales tax performance

* Heavy reliance on the county's General Fund to subsidize transit operations and need for additional operating funds in 2014

* Large capital program relies on significant future borrowing and will likely require additional revenues for full and timely implementation

DETAILED CREDIT DISCUSSION

DEDICATED SALES TAXES SECURE BONDS; SATISFACTORY LEGAL COVENANTS

The bonds are secured by a gross pledge of 80 percent of the receipts from a one-half cent county-wide sales tax . approved by voters in November 2002 by a margin of two to one. The tax is applied to all transactions up to $5,000. Collection of the tax began in January 2003. Total revenues are net of an up to 3% state collection fee and pledged revenues are net of a 20% distribution to cities in the county with transit projects.

Gross sales taxes are collected by the state department of revenue and then deposited on a monthly basis, net of a 3% administrative charge, into the system's Sales Surtax Trust Fund held by the county finance director. After satisfying debt service requirements, including the revenue bonds as well as other special obligations of the county issued for transit purposes, the remaining sales tax receipts are used to support MDT's operating costs.

The ABT is an adequate 1.5 times maximum annual debt service (MADS) for senior lien debt, based on pledged revenues for twelve consecutive months in the preceding eighteen consecutive months, and 1.25 times for senior and subordinate debt combined. The debt service reserve fund requirement is equal to MADS or such lesser amount which is the greatest allowable under the federal tax code. The reserve is currently funded at MADS, approximately $94.7 million net of federal Build America Bond subsidies for prior issuances, with $77.3 million in cash and $17.4 million in a surety with FSA.

DEBT SERVICE COVERAGE PROJECTED TO DECLINE FOLLOWING INCREASED ISSUANCE

MDT's sales surtax bonds provide funds for projects under the "People's Transportation Plan" (PTP) overseen by a quasi-independent board, the Citizens' Independent Transportation Trust (CITT). The PTP includes new capital projects and service improvements to both transit and roadway infrastructure. Transit projects include bus and rail facility improvements, fare collection system replacements, vehicle rehabilitation and replacements, and improvements to the rapid transit corridor. Public Works projects include from major roadway to neighborhood improvements. Funding for the capital plan to date totals $1.5 billion. Additional financing through 2017 totals a substantial $1.17 billion(including this current issue), which will result in increased debt issuance. The MDT has demonstrated its ability to successfully complete projects ahead of schedule and on budget.

Fiscal 2011 sales tax receipts provide 1.69 times peak coverage of debt service on the bonds, narrowly above the additional bonds test of 1.50 times. Sales tax revenues for the 12 months ending March 2012, which show an improving trendy, provide 1.76 times coverage of peak debt service on the bonds. Coverage levels are likely to decline given MDT's plans to issue $600 million in additional bonds between now and FY2016. As coverage levels approach the ABT, MDT may need to issue subordinate lien debt, as planned, to finance its capital plans. Debt service requirements, including the issuance of additional debt, increase from $95 million in fiscal 2015 to $112 in fiscal 2016 and then $138 million in fiscal 2017.

RECOVERING ECONOMY EXPECTED TO PRODUCE MODEST GROWTH OF PLEDGED REVENUE STREAM OVER THE NEAR TERM

Moody's expects the system to benefit from the stable growth of transit dedicated sales surtax revenues. Taxable sales growth in Miami-Dade County is vulnerable to economic fluctuations, as demonstrated in the most recent recession. Since initially levied in 2003, net sales surtax collections increased annually at a rate of 2% each year. However, year-over-year performance of the revenue has been particularly volatile. While the tax has had a compound annual growth rate of 2% since its inception, it has taken five years to return to its pre-recession peak. Following two years of declines in 2008 and 2009, collection have returned to pre-recession norms. In 2011, tax collections increased by 7.1% following a 7.4% decline in 2009 and a modest 2.3% increase in 2010. Management is projecting fiscal 2012 pledged revenues to increase 6.3% over the prior year which is conservative given that year-to-date revenues are 8% ahead of the same time last year.

COUNTY-WIDE SALES TAX SUPPORTED BY SIZABLE AND DIVERSE ECONOMIC BASE

Tourism, the county's primary economic component, was hurt by both domestic and international travel during the recession. International trade has taken on an increasingly important role in the economy, fueled by the county's airport and seaport operations. The county's real estate market, which had been bolstered by low interest rates and international investment, experienced a material slowdown underscored by a steep decline in building permits, high foreclosure rates, and a falloff in construction activity. However, there are signs of economic stabilization. According to Moody's Economy.com (March 2012), recovery in the Miami-Dade Metropolitan area will strengthen on the back of service sector expansion aided by international spending. Long term, Miami-Dade is expected to outperform the nation because of its growing infrastructure, strong international trade ties, and stature as an international tourist destination.

OPERATIONS MORE RELIANT ON INCREASED SUPPORT FROM THE COUNTY'S GENERAL FUND

MDT is owned and operated by Miami-Dade County. Like many transit systems across the country, MDT is heavily reliant on operating subsidies which come in the form of transfers from the county's General Fund. These transfers account for approximately one-third of the system's operating revenues. The county has committed to increasing its "maintenance of effort" contribution by 3.5% annually. In addition to General Fund contributions , the county also transfers a portion of its Local Option Gas Tax revenues, which amounted to $17.5 million in fiscal 2011. The transit system also receives state subsidies for operations which account for approximately 11.5% of operating revenues. State subsidies totaled $20.5 million in fiscal 2011, down from $27.6 million in fiscal 2010.

In 2010, the Federal Transit Administration (FTA) suspended approximately $185 million in grants to MDT following allegations of material weakness in its financial controls. Corrective actions have been identified and taken; however, MDT is still on what is referred to as "Restrictive Draw," which requires a FTA review of supporting expense documentation prior to approval of the release of funds. According to management, the "Restrictive Draws" have not materially impacted cash flows. Between June 2011 and May 2012, MDT has received approximately, $133.5 million in back payments of federal reimbursements. The suspension of the federal funds has not had an impact on the flow of sales tax revenues to debt service or operations, and no operating cuts or service reductions were necessary as a result of the FTA action.

Outlook

The stable outlook reflects Moody's expectation the debt service coverage will remain adequate as the pledged sales tax is leveraged to accommodate substantial capital plans.

What would make the rating go up

* Maintenance of higher-than-expected debt service coverage, despite MDT's significant borrowing plans

* Voter approval of an additional sales tax to better support transit operations and lessen MDT's reliance on transfers from the county's general fund

What would make the rating go down

* Lower debt service coverage resulting from a continued economic weakness or aggressive issuance of new debt absent new revenue sources

* The County's diminished ability of provide support for the transit enterprise as a result of budgetary pressures

* Downgrade of Miami-Dade County's GO rating

RATING METHODOLOGY

The principal methodology used in this rating was US Public Finance Special Tax Methodology published in March 2012. Please see the Credit Policy page on ww.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moodys.com for further information.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Analysts

Xavier Smith
Lead Analyst
Public Finance Group
Moody's Investors Service

Nicole Johnson
Backup Analyst
Public Finance Group

Moody's Investors Service

Nicholas Samuels
Additional Contact
Public Finance Group
Moody's Investors Service

Contacts

Journalists: (212) 553-0376
Research Clients: (212) 553-1653

Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
USA

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Summary:
Miami Dade County, Florida; General Obligation; Sales Tax

Primary Credit Analyst:
Le T Quach, New York (1) 212-438-5544; le_quach@standardandpoors.com

Secondary Contact:
Hilary A Sutton, New York (1) 212-438-7093; hilary_sutton@standardandpoors.com

Table Of Contents

Summary:

Miami Dade County, Florida; General Obligation; Sales Tax

Credit Profile		
US$539.335 mil transit sys sales surtax rev bnds (Transit System) ser 2012 due 07/01/2042		
Long Term Rating	AA/Stable	New

Rationale

Standard & Poor's Ratings Services has assigned its 'AA' long-term rating to Miami Dade County, Fla.'s series 2012 transit system sales surtax revenue bonds and affirmed its 'AA' long-term rating and underlying rating (SPUR) on the county's parity sales surtax revenue bonds. The outlook is stable.

The ratings reflect our view of:

- The county's very large, deep, and diverse economy, which is beginning to experience modest year-over-year positive economic growth;
- The county's strong coverage of maximum annual debt service (MADS) at 2.2x (excluding federal subsidy payments) for fiscal 2011; and
- The bonds' good legal provisions, which include a 1.5x MADS additional bonds test.

Net transit system sales surtax revenues secure the bonds. Miami Dade County will use the bond proceeds to refund its series 2011 bond anticipation notes and finance transit-related capital improvements. The sales surtax or half-cent infrastructure sales tax is levied on the first $5,000 of transactions subject to sales and use tax in the county. The tax was approved by two-thirds of the county voters on Nov. 5, 2002, and is used to exclusively fund transportation improvements included in the county's People's Transportation Plan (PTP). The authorization requires a fixed 20% of gross proceeds to be distributed to municipalities that incorporated before the authorization (or 31 municipalities). The county recently entered into three additional interlocal agreements with the City of Doral, Town of Cutler Bay, and the City of Miami Gardens, which were incorporated after the Nov. 5, 2002 authorization. The county has paid each of the three cities its respective share of sales surtax revenues for fiscals 2010 to 2012 (to date). Their future distributions will be paid monthly. These payments to cities incorporated after the Nov. 5, 2002 authorization are subordinate to the series 2012 and all parity debt service payments. The transit system sales surtax authorization does not expire, but we understand the interlocal agreements expire in August 2012 and will be renegotiated.

Miami Dade County's transit system sales surtax has been levied since Jan. 1, 2003. The sales surtax is collected by the state and distributed to the county, which then distributes 20% to the aforementioned participating municipalities. Pledged revenues are net of the distribution to municipalities that were incorporated before the authorization, and a county administrative fee. The county's pledged revenues have exhibited some recent volatility, with pledged taxes decreasing 3% for fiscal 2008 and 7% for fiscal 2009 followed by a 2% jump in fiscal 2010. In addition, fiscal 2011 pledged taxes grew 7% year over year to $151 million, covering MADS (excluding federal subsidy payments) by a strong 2.16x. Based on the county's pro forma projections, the current fiscal year's pledged taxes are expected to grow 6% year over year, covering estimated total MADS (net of federal subsidy payments and capitalized interest) by a strong 1.7x. Management reports that revenues are estimated to grow by about 2% for fiscal 2013 and 3% through fiscal 2017, down from its 2010 projections of a 5% year-over-year growth rate.

The transit system's capital needs are sizable, in our opinion, and its total capital plan calls for an additional $600 million in new debt through 2016. We understand the county's transit system anticipates issuing new debt annually to finance these identified capital needs and will likely bond down to its additional bonds test of 1.5x MADS. The series 2012 bond structure includes a debt service reserve sized at MADS, which will be funded by bond proceeds.

Outlook

The stable outlook reflects our expectation that pledged revenues should continue to provide strong coverage of MADS due to the county's broad economic base, which in particular has shown some signs of sluggish growth. We do not expect the rating to change over the two-year outlook period due to our expectation of largely stable pledged sales surtax revenues coupled with a sizable capital plan that will require continued borrowing, thereby reducing MADS coverage to about 1.5x.

Weakened Economy But Long-Term Strength Still Apparent

The county's employment base is broad and diverse, with trade, transportation, and utilities making up 26% of the total, followed by education and health (17%), government (15%), professional and business services (14%), and leisure/hospitality (11%). Due to its proximity to and strong ties to the Latin America, the county is arguably the center for trade and business with this region. The county's unemployment rate has tracked downward in recent months in part due to good growth in the trade and leisure/hospitality sectors following strong international trade activity and growth in tourism. The county's jobless rate (not seasonally adjusted) was 9% for March 2012. Income indicators for the county remain steady, with median household and per capita effective buying income at 87% and 86% of the U.S. levels, respectively, in 2011.

Related Criteria And Research

USPF Criteria: Special Tax Bonds, June 13, 2007

Ratings Detail (As Of June 28, 2012)		
Miami Dade Cnty sales tax		
Long Term Rating	AA/Stable	Affirmed
Miami Dade Cnty sales tax (wrap of insured) (SYNCORA) (ASSURED GTY - SEC MKT)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Miami Dade Cnty sales tax (AGM)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed

Ratings Detail (As Of June 28, 2012) (cont.)		
Miami Dade Cnty sales tax (ASSURED GTY)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Miami Dade Cnty sales tax (MBIA) (National) (SYNCORA GTY)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Miami Dade Cnty sales tax		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Many issues are enhanced by bond insurance.		

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