

# Memorandum



**Date:** June 3, 2013

**To:** Honorable Xavier L. Suarez  
County Commissioner

**From:** Carlos A. Gimenez  
Mayor 

**Subject:** Response to Questions Regarding Memoranda dated May 14, 2013 on the Updated Aviation Revenue Bonds Market Conditions and the Updated Series 2013A, 2013B Water and Sewer Revenue and Refunding Bonds

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In response to your June 3, 2013 inquiry in relation to the updated Aviation Revenue Bonds market conditions memorandum dated May 14, 2013, below are the answers to your questions:

1. Is the refunding going to extend the estimated final maturity (which is stated here to be October 1, 2036) or does it simply mirror the existing maturity rate?

*The refunding does not extend the maturities of the Refunded Bonds.*

2. The attachment entitled "Sources and Uses" has a line that reads "par" amount of bonds. Is the par amount the same as principle amount?

*Yes, the par amount will be the new principal amount of the Series 2013 Bonds.*

3. The last line reads "total uses" and has a column that shows \$820 million series 2013 refunding bonds. A second column that reads series 2013 money bonds shows (approximately) \$69 million. A third column reads series 2013 bonds at \$889 million. It appears that the funded amount of the new money adds up to what was stated in the third column and yet it has the same title as the first column.

*The Series 2013 Bonds are made up of the following two components*

- *Series 2013 Refunding Bonds to refund the refunded bonds, and*
- *Series 2013 New Bonds to fund the new projects.*

*The Sources and Uses Statement is showing the sources, (where the money comes from) and uses (on what the money is being spent on) broken out by component (column 1 and 2) and in total (column 3).*

In relation to the updated Series 2013A, 2013B Water and Sewer Revenue and Refunding Bonds memorandum dated May 14, 2013, below are the answers to your questions:

1. The second complete paragraph reads in the table above, "Max Parameters is the run based on the maximum parameters in the Series Resolution of 5.50 percent true interest cost, \$520 million...in a term not to exceed 40 years." The term "max parameters" is not defined. True interest cost is not defined. Par amount of cost is not defined.

- *Maximum parameters are the upper threshold for certain parameters under which the issuance can occur. Such parameters include the true interest cost, the par amount, and the maturity term.*
- *True Interest Cost is the actual interest rate for the bond transaction.*
- *Par Amount is the principal amount of the issuance.*

2. In regards to the 40 year terms, is this the first time the county issues 40 year bonds? Is it not risky and unfair to future generations to saddle them with obligations lasting so long?

*No, this is not the first bond issued with a 40-year maturity. These bonds, like those that are issued for 20 or 30 year maturities, are issued based on the need and useful life of the capital project, and most importantly the availability of revenues.*

*It is important to note that while the Bond Ordinance authorizing future series resolutions, and the Series Resolution authorizing the issuance of the 2013A and 2013B Water and Sewer Revenue and Refunding Bonds include a maximum maturity term of 40 years as allowed by the State, staff anticipates an actual maturity term of 30 years for the new money bonds as illustrated in Attachment 2. The refunding bonds will not exceed the maturity term of the bonds to be refunded.*

If you have any questions or concerns, please feel free to contact Deputy Mayor Edward Marquez at 305-375-1451.

c: Honorable Chairwoman Rebeca Sosa  
and Members, Board of County Commissioners  
R.A. Cuevas, Jr., County Attorney  
Office of the Mayor Senior Staff  
Jennifer Moon, Director, Office of Management and Budget  
John Renfrow, Director, Water and Sewer Department  
Blanca Padron, Deputy Director, Finance Department  
Frank Hinton, Director of Bond Administration, Finance Department  
Charles Anderson, Commission Auditor