Memorandum

MIAMI-DADE COUNTY

Date: April 16, 2015

To: Honorable Chairman Jean Monestime
and Members, Board of County Commissioners

From: Carlos A. Gimenez
County Mayor

Subject: Rating Reports Regarding Remarketing of $400 Million Miami-Dade County, Florida General Obligation Bonds (Building Better Communities Program) Series 2013-A and Series 2014-A

I am pleased to advise you that the upcoming remarketing transaction for the $400 Million Miami-Dade County, Florida General Obligation Bonds (Building Better Communities Program) Series 2013-A and 2014-A has received credit rating assignments of "AA" with stable outlook from Standard and Poor's Ratings Services (S&P) and "Aa2" with negative outlook from Moody's Investors Service (Moody's). These also represent an affirmation of current ratings. S&P has also reaffirmed its "AA-" rating on the County's non-ad valorem backed special obligation bonds and its "A+" rating on the County's public facilities revenue bonds, all with stable outlook.

The negative outlook for Moody's indicates a higher likelihood of a ratings change in the near term. About one half the time (according to Moody's literature) once on negative outlook, the next rating review results in a review for credit downgrade or a downgrade. As the existing rating was reaffirmed a downgrade did not occur, and we continue to believe that further positive developments for the County between now and Moody's next general credit review may result in an outlook improvement.

Background

The County intends to remarket its outstanding Miami-Dade County, Florida General Obligation Bonds (Building Better Communities Program) Series 2013-A and 2014-A in late April 2015 converting the outstanding bonds currently in a variable interest rate mode as drawdown bonds to a fixed interest rate mode. Each series of bonds has $200 million outstanding. The maximum amount of bonds that can be outstanding at any time in the variable rate mode as drawdown bonds is $400 million during the drawdown period, which expires in January 2017. In order to issue the remaining $275 million of drawdown bonds under the authority granted by the Board in 2012 ($675 million) within the allotted time period, it is necessary to remarket the outstanding bonds to a fixed rate mode. The authorization of the remaining $275 million is necessary to continue to pay for the Building Better Communities Program.

The S&P rating is based on an assessment of the following factors: the County's economy, budgetary flexibility and performance, liquidity, management and financial policies, debt and contingent liability profile, and institutional framework. The stable outlook reflects, "*The County's consistent financial performance, which is supported by good management.*"

The Moody's rating emphasizes, "*...strengths including the largest tax and economic base in the state, a manageable level of debt, sizeable non-ad valorem revenues and solid debt service coverage on the Public Service Tax bonds.*" Moody's detailed credit discussion in its report (attached) noted, "*Future challenges related to rising service costs and the sizable budget are balanced against officials appropriate response in reducing costs and focusing on budgetary structural balance and growing reserves, aided by a recovering economy.*" Moody's further makes note that the negative outlook, "*...recognizes the County's narrow financial condition, despite officials' implementation of significant budget cuts in recent years, and political challenges in raising additional revenues.*" However, the rating could go up with "*significant strengthening of county financial reserves and liquidity, economic improvement leading to increased property tax and other major county revenues, and an improved socio-economic profile.*"

<u>Purpose of Credit Review Process</u>

The credit review process is an integral part of the County's debt issuance. Credit ratings and outlooks are forward looking and represent an opinion of the creditworthiness of an issuer with respect to certain financial, managerial and economic information. Consideration is given to the likelihood of making prompt payments, commitment to financial obligations, nature and provisions of the obligation and protections afforded to the County's bondholders. Higher ratings and positive outlooks ultimately result in a lower borrowing cost.

S&P defines the "AA" rated issue/issuer as having, *"Very strong capacity to meet financial commitments."* For Moody's, an "Aa2" represents an obligation, "*...judged to be of high quality and subject to low credit risk"* with the numerical modifier "2" denoting a mid-range ranking among issuers in the same category. For both rating agencies, the assigned credit ratings are considered investment grade. A stable outlook generally reflects an expectation of ongoing stable financial performance.

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

Attachments

c: Honorable Harvey Ruvin, Clerk of the Board
Robert A. Cuevas, Jr., County Attorney
Office of the Mayor Senior Staff
Charles Anderson, Commission Auditor

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

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Summary:
Miami-Dade County, Florida; Appropriations; General Obligation; Joint Criteria; Miscellaneous Tax; Moral Obligation

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Summary:

Miami-Dade County, Florida; Appropriations; General Obligation; Joint Criteria; Miscellaneous Tax; Moral Obligation

Credit Profile		
US$181.72 mil GO bnds (Building Better Cmntys Prog) ser 2014-A dtd 04/30/2015 due 07/01/2042		
Long Term Rating	AA/Stable	New
US$180.215 mil GO bnds (Building Better Cmntys Prog) ser 2013-A dtd 04/30/2015 due 07/01/2033		
Long Term Rating	AA/Stable	New
Miami Dade Cnty GO		
Long Term Rating	AA/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'AA' rating to Miami-Dade County, Fla.'s series 2013-A and 2014-A general obligation (GO) bonds. At the same time, Standard & Poor's affirmed its 'AA' rating on the county's outstanding GO bonds, its 'AA-' rating on the special obligation bonds. and its 'A+' rating on the public facilities revenue bonds. The outlook is stable.

Securing the GO bonds is the county's full faith, credit and taxing power. The special obligation bonds are secured by the county's non-ad valorem pledge, while the public facilities revenue bonds are backed by the county's requirement to replenish any deficiencies in the debt service reserve fund from available non-ad valorem revenues on an annual basis.

The 'AA' rating reflects our assessment of the following factors for the county.

- Strong economy, which benefits from participation in the broad and diverse economy of Miami-Fort Lauderdale-West Palm Beach metropolitan statistical area (MSA) and is demonstrating signs of recovery;
- Strong budgetary flexibility, with 2013 audited reserves at 11% of adjusted general fund expenditures;
- Adequate budgetary performance;
- Very strong liquidity providing very strong cash levels to cover both debt service and expenditures;
- Strong management with good financial policies;
- Very weak debt and contingent liability profile; and
- Strong institutional framework score.

The series 2013-A bonds (originally issued on Jan. 9, 2013) and 2014-A bonds (originally issued on Feb. 3, 2014) are being converted to the fixed-rate mode on the remarketing date.

Strong economy

We consider Miami-Dade County's economy strong due, in part, to its participation in the broad and diverse Miami-Fort Lauderdale-West Palm Beach MSA. The county's declining unemployment rate and tax-base growth support our view that an economic recovery is underway. Officials attribute the drop in unemployment to 6.8% in 2014 from 8.4% in 2013, 9.3% in 2012, 11.1% in 2011, and 12.4% in 2010 to robust job creation, rather than a drop in the labor participation rate. Taxable value is also showing signs of strength following sharp declines between fiscal 2009 and 2012; it increased 6.7% year over year in 2014 and 7.3% in 2015 (preliminary), to $210.5 billion. The corresponding market value per capita for 2015 is $117,000, and the county's projected per capita effective buying income measures 81.3% of the U.S.

Strong budgetary flexibility

In our opinion, the county's budgetary flexibility is strong. Draft results for 2014 show available general fund reserves (assigned and unassigned combined) slightly lower than 2013 levels at $192 million (9.8% of adjusted expenditures). For audited fiscal 2013 (Sept. 30 year-end), the total available general fund balance was $207.4 million, or 11% of expenditures after adjusting for recurring transfers. Fiscal 2015 marks the first time since 2010 that the county has raised its millage rate above that of the prior year, which we believe reflects a departure from the recent political resistance to tax increases. County officials expect the fiscal 2016 budget to be structurally balanced without a millage increase.

Adequate budgetary performance

The county's budgetary performance remains adequate overall, in our view, with a small deficit of 2.5% for the general fund in fiscal 2013 but a 0.8% surplus for total governmental funds. Both of these metrics are from audited results and adjusted for recurring transfers as well as nonrecurring revenue. Draft results for fiscal 2014 show a 2.8% general fund deficit after again adjusting for recurring transfers and nonrecurring revenue. Approximately 52% of the county's general fund revenue in fiscal 2014 was from general property taxes, followed by state sales tax (8%), utility taxes (5%), and state revenue sharing (5%). While there is some exposure to volatile revenue streams, we believe the county's recent general fund drawdowns have reflected heightened appeal activity and depressed property tax receipts rather than revenue cyclicality. Management reports the 2015 budget is structurally balanced and expects the 2016 budget to be as well. We understand non-ad valorem revenue in fiscal 2015 is trending favorably relative to budget. We also understand that appeal activity has normalized; management reports appeals are below 60,000 for fiscal 2015 compared with a recessionary peak of 140,000.

Very strong liquidity

Supporting the county's finances is liquidity we consider very strong, with total government available cash and liquid investments at 39.5% of adjusted total governmental fund expenditures and 566.7% of debt service. We believe the county has exceptional access to external liquidity as it has issued bonds of various security types frequently during the past 15 years. The county currently has variable-rate debt supported by liquidity facilities. We view the reimbursement agreements supporting the letters of credit as sources of liquidity risk given what we consider permissive events of default that could result in an automatic acceleration of principal. However, we believe the risk is moderated by the county's historical maintenance of sufficient cash and liquid investments to cover the principal subject to acceleration. We will continue to monitor the county's cash and liquid assets against outstanding principal at risk of acceleration and would view a decline in coverage to below 1x as a negative credit event.

Strong management conditions

We view the county's management conditions as strong, with "good" financial practices under our Financial Management Assessment methodology. Highlights include a financial forecast through fiscal 2019 that we understand is balanced for the first time in a decade and brings the county closer to compliance with its $100 million special contingency reserve policy.

Very weak debt and contingent liability profile

In our opinion, the county's debt and contingent liability profile is very weak, with total governmental fund debt service at 7% of adjusted governmental fund expenditures, and with net direct debt at 111% of total governmental fund revenue. The county's reimbursement agreements and bank loans allow for an increase in the interest rate following an event of default that, if triggered, would increase annual debt service payments by more than 20%. The county has GO debt as well as debt secured by its covenant to budget and appropriate that is currently being funded through its enterprise funds representing well over 10% of adjusted total governmental revenue. Overall net debt is just 2.4% of market value, and the most sizable additional debt planned is the issuance of remaining authority under the 2012 resolution of Building Better Communities G.O. Drawdown Bonds.

The county participates in the state public employees' retirement plan and provides postretirement medical and dental coverage to eligible employees. Combined, pension and other postemployment benefit (OPEB) expenditures represented 5.3% of fiscal 2013 adjusted total governmental expenditures.

Strong institutional framework

We consider the institutional framework score for Florida counties strong.

Outlook

The stable outlook reflects our view of the county's consistent financial performance, which is supported by good management. We do not expect to revise the rating in the next two years because we believe the county will maintain strong reserves and continue to benefit from a recovering economy.

However, a failure to maintain cash and liquid investments covering principal at risk of acceleration could result in a negative rating action, while a trend of structurally balanced operations, coupled with improved flexibility and economic indicators, could result in a positive rating action.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Non Ad Valorem Bonds, Oct. 20, 2006
- USPF Criteria: Moral Obligation Bonds, June 27, 2006

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Florida Local Governments

Ratings Detail (As Of April 6, 2015)		
Miami Dade Cnty cap acquis non ad valorem (wrap of insured) (AMBAC & ASSURED GTY) (SEC MKT)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty cap asset acquis		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty cap asset acquis spl oblig and rfdg bnds		
Long Term Rating	AA-/Stable	Affirmed
Miami Dade Cnty cap asset acquis spl oblig bnds		
Long Term Rating	AA-/Stable	Affirmed
Miami Dade Cnty cap asset acquis spl oblig bnds		
Long Term Rating	AA-/Stable	Affirmed
Miami Dade Cnty cap asset acquis spl oblig bnds (Build America Bnds)		
Long Term Rating	AA-/Stable	Affirmed
Miami Dade Cnty cap asset acquis spl oblig rfdg bnds		
Long Term Rating	AA-/Stable	Affirmed
Miami Dade Cnty cap asset acquis spl oblig ser 2010D (AGM)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty cap asset (AGM)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty non ad valorem (Pro Sport) (ASSURED GTY)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty rfdg bnds		
Long Term Rating	AA/Stable	Affirmed
Miami Dade Cnty special oblig court fac bnds ser 2014B due 04/01/2043		
Long Term Rating	AA-/Stable	Affirmed
Miami Dade Cnty special oblig court fac rfdg bnds ser 2014A due 04/01/2020		
Long Term Rating	AA-/Stable	Affirmed
Miami Dade Cnty GO (Building Better Communities Program) (ASSURED GTY)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Miami Dade Cnty Seaport GO rfdg bnds ser 2011C due 10/01/2026		
Long Term Rating	AA/Stable	Affirmed
Miami Dade Cnty (non ad valorem) cap asset acquis spl oblig bnds (ASSURED GTY)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty (Bldg Better Comntys Prog) GO (wrap of insured) (FGIC) (MBIA - SEC MKT)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Miami Dade Cnty (Jackson Hlth Sys) (ASSURED GTY)		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed

Ratings Detail (As Of April 6, 2015) (cont.)		
Miami Dade Cnty (Juvenile Courthouse Proj) (AMBAC)		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty (Pro Sport) misc tax VRDBs		
Long Term Rating	AAA/A-1+	Affirmed
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty non ad valorem		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty pub facs ser 2005 A&B		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed
Miami Dade Cnty various taxes		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Miami Dade Cnty GO		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Miami Dade Cnty (Pks Prog) GO		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Miami Dade Cnty Indl Dev Auth, Florida		
Miami Dade Cnty, Florida		
Miami Dade Cnty Indl Dev Auth (BAC Fdg Corp Proj) dtd 10/01/2000 due10/01/2002-2015 2020 2030		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed
Sunshine St Govt Fing Comm, Florida		
Miami Dade Cnty, Florida		
Sunshine St Govt Fing Comm (Miami Dade Cnty) multimodal rev bnds bnds ser 2010A-1 due 09/01/1935		
Long Term Rating	AA-/Stable	Affirmed
Sunshine St Govt Fing Comm (Miami Dade Cnty) multimodal rev bnds bnds ser 2010B-1 due 09/01/1935		
Long Term Rating	AA-/Stable	Affirmed
Sunshine St Govt Fing Comm (Miami Dade Cnty) multimodal rev bnds bnds ser 2011B-1 due 09/01/2032		
Long Term Rating	AA-/Stable	Affirmed
Sunshine St Govt Fing Comm (Miami Dade Cnty) multimodal rev bnds bnds ser 2011C-1 due 09/01/2032		
Long Term Rating	AA-/Stable	Affirmed
Sunshine St Govt Fing Comm (Miami Dade Cnty) rev bnds		
Long Term Rating	AA-/Stable	Affirmed
Sunshine St Govt Fing Comm (Miami Dade Cnty) - 2011A (AGM)		
Unenhanced Rating	AA-(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa2 to Miami-Dade Co.'s (FL) $361.9M GO (Building Better Communities Program), Ser. 2013-A and 2014-A; outlook is negative

Global Credit Research - 01 Apr 2015

Maintains Aa2 on $1.4B outstanding GO bonds; outlook is negative

MIAMI-DADE (COUNTY OF) FL
Counties
FL

Moody's Rating

ISSUE		RATING
General Obligation Refunding Bonds (Building Better Communities Program), Series 2013-A		Aa2
Sale Amount	$180,200,000	
Expected Sale Date	04/22/15	
Rating Description	General Obligation	
General Obligation Refunding Bonds (Building Better Communities Program), Series 2014-A		Aa2
Sale Amount	$181,700,000	
Expected Sale Date	04/22/15	
Rating Description	General Obligation	

Moody's Outlook NEG(m)

NEW YORK, April 01, 2015 --Moody's Investors Service has assigned a Aa2 rating to Miami-Dade County's (FL) $361.9 million General Obligation Refunding Bonds (Building Better Communities Program), Series 2013-A ($180.2 million) and Series 2014-A ($181.7 million); the outlook is negative. We maintain a Aa2 rating on $1.4 billion in outstanding general obligation bonds.

SUMMARY RATING RATIONALE

The Aa2 county general obligation bonds are supported by the largest tax and economic base in the state which continues to recover from the recession, a sizable but manageable level of debt, and a narrow financial position.

OUTLOOK

The negative outlook on the general obligation bonds recognizes the county's narrow financial condition, despite officials' implementation of significant budget cuts in recent years, and political challenges in raising additional revenues.

WHAT COULD MAKE THE RATING GO UP:

-Significant strengthening of county financial reserves and liquidity

-Substantial economic improvement leading to increased property tax and other major county revenues

-Improved socio-economic profile

WHAT COULD MAKE THE RATING GO DOWN:

-Further erosion of county reserves, liquidity and flexibility

-Inability to maintain budgetary structural balance

-Overleveraging of non-ad valorem security

STRENGTHS

-Largest tax and economic base in the state

-Manageable level of debt

-Sizable level of county non-ad valorem funds

-Solid debt service coverage on Public Service Tax bonds

CHALLENGES

-Narrow county financial condition with political challenges in raising additional revenues

-Ability to manage increasing operating costs given the very sizable countywide budget

-Significant county obligations supported by the covenant (non-ad valorem) pledge

RECENT DEVELOPMENTS

Recent developments are incorporated in the Detailed Rating Rationale below.

DETAILED RATING RATIONALE

REVENUE GENERATING BASE: LARGE AND DIVERSIFIED ECONOMY WITH ESTABLISHED TOURISM AND INTERNATIONAL TRADE COMPONENTS

The county's very sizable economic base is well-diversified by the tourism, trade, banking, health care, construction, business services and manufacturing industries. The airport, a primary entry point for Latin American and Caribbean visitors, and seaport, with the largest multi-day cruise port in the world, remain major economic engines. Several economic sectors are doing well (real estate, health services, leisure and hospitality, and professional and business services), while others are contracting (especially public sector employment). International trade has also dropped off as evidenced in declines in both imports and exports, although foreign tourism and enplaned passengers have increased.

The Miami area had been strongly affected by the residential housing crisis, leading to significant foreclosure activity and falloff in construction activity, although recent foreclosure rates (Feb. 2015) have improved (1 in every 680) and housing sales and construction activity have been strong, with the exception of the condominium market. Also, commercial, industrial and office real estate metrics have improved. Tourism continues to remain positive, and taxable sales have surpassed pre-recession levels. And finally, although some annexation and incorporation activity is occurring according to county officials, it is not expected to have any material impact on the county.

The county's tax base, which had almost doubled from fiscal 2004 to the fiscal 2009 high of $245.9 billion, had subsequently contracted 24% to $187 billion by fiscal 2012. More recently however, the tax base has grown 12.3% for the last three fiscal years through 2015 (to $209.9 billion), with 6.5% growth in fiscal 2015 alone, showing signs of a sustained recovery. The number of county jobs, which had grown in 2010 and 2011, has not shown improvement since then. Good private sector job growth is in contrast to declines in public sector jobs in the county. Unemployment rates have also shown recovery at 6.9% in December 2014, compared to 12.9% in June 2010, although they have remained persistently at an above average level compared to the state (5.4%) and nation (5.4%), as average real wages have trended down since 2006. Employment growth is expected to hit a high of 3.5% in 2014. Larger local construction projects for water and sewer, the school system, and the Public Health Trust should provide an economic stimulus for the area.

According to Moody's Economy.com (November 2014), in the near term, the Miami area will grow in line with the nation due to strength in multi-family construction and trade, and the metro division's international linkages. Over the forecast horizon, Miami's international character, combined with infrastructure expansion, will help its household income growth to outperform the nation's.

FINANCIAL OPERATIONS AND POSITION: COUNTY FINANCIAL RESERVES ARE NARROW; FORECASTED STRUCTURALLY-BALANCED BUDGETS AND GROWTH IN RESERVES ARE POSITIVE

Future challenges related to rising service costs and the sizable budget, are balanced against officials appropriate response in reducing costs and current focus on budgetary structural balance and growing reserves, aided by a recovering economy. However, officials face political challenges in raising additional recurring revenues, which could be an obstacle in attaining sustainable long-term financial health.

In an effort to maintain tax rates, county officials have made sizable cuts in the last three fiscal years through 2015, including the elimination of 2,185 positions and reported savings of $400 million in personnel costs, as well as utilizing one-time revenues. These cuts have come at the price of continuing to defer some maintenance and replacement costs, continuing concessions for non-bargaining employees, and reducing back office and support functions, operating reserves, and other general government support costs. Although operating deficits in fiscal 2012 and 2013, are modest relative to budget and General Fund balance remains at about 18% of revenues, available reserves have declined. The county plans to begin to replenish reserves beginning in fiscal 2016, which is a positive credit factor.

Operating deficits in fiscal 2008 and 2009, associated with tax base declines and expenditure pressures, reduced General Fund balance nearly 19% to $296.5 million in fiscal 2010 (15% of General Fund revenues), and unreserved fund balance to less than one-half of what it was in fiscal 2007 ($76.4 million; 3.9% of General Fund revenues). From that point, due to a savings plan implemented by the county as well as some over-collection of revenues sources (especially in fiscal 2011), General Fund balance improved to $357.9 million in fiscal 2012 (19.4% of revenues), and assigned/unassigned balance was $221.11 million (12.04% of revenues) which includes an unassigned balance of $71.2 million. In fiscal 2013, an unexpected $23.4 million operating deficit, caused by lost property tax revenues associated with refunds for tax appeals, as well as reserve transfers for Fire-District tax shortfalls, reduced fund balance to $334.3 million, or 17.9% of revenues, and assigned and unassigned balance of $207.4 million, or over 11% of revenues. Most of the assigned and unassigned General Fund reserve is available for any purpose. Operations also resulted in a $9 million reduction in the contingency fund (part of unassigned balance), to $42.3 million, or a narrow 2.3% of revenues.

The fiscal 2014 budget was initially balanced with the help of $26 million in one-time tourist tax revenues, and earlier expectations were that the contingency fund would increase to the $52 million level. However, property tax losses related to tax appeals contributed to a $29.6 million reduction in total fund balance and a $42.2 million contingency reserve (2.2% of revenues). This level of targeted contingency reserves is low for Aa2-rated local governments in the U.S. and for a government the size of Miami-Dade. Fiscal 2014 total and assigned/unassigned fund balance are still 15.7% and 10% of revenues, respectively.

The county has some additional legal revenue-raising flexibility in the tax rate and some other minor county fees, but flexibility is limited and the negative political implications of imposing such increases, as evidenced by a county official being removed from office or reversing a proposed minor tax rate increase, has proven to be a material obstacle.

Going forward, with the help of ongoing employee concessions, health care savings and government reorganization, county officials anticipate a slight surplus in fiscal 2015, and increased contributions to the contingency fund beginning in fiscal 2016. The contingency fund is expected to reach over $78 million in 2019 (the end of the forecast period), with a goal of $100 million. Based on reasonable assumptions of growth in the tax base, the financial forecast appears to be structurally-balanced over the five-year term. While challenges will persist over the duration, the ability to achieve balanced operations is a positive credit factor.

HOSPITAL OPERATIONS REMAIN NARROW

We believe that voter-support for the health trust's hospital infrastructure needs, as exhibited by voter support for a general obligation (G.O.) bond authorization in November 2013, is a positive factor. County voters approved the issuance of $830 million G.O. bonds in order to fund modernization, improvement and equipping of the Jackson Health System's facilities located throughout the County, including, emergency rooms, a children's ambulatory pavilion and urgent care centers.

In addition to the authorized G.O. bonds, the county has $340 million in debt on behalf of the hospital that is backed by the county's covenant to budget and appropriate legally-available non-ad valorem revenues in the form of Debt Service Reserve Fund replenishment. The non-ad valorem obligations are effectively paid from a health care sales tax from first funds that are received and paid directly to the county, acting as its own trustee. The health care sales tax is estimated at about $227.3 million in fiscal 2014, in relation to about $25 million in annual debt service on the bonds. Residual sales tax funds are transferred to the hospital for its operating needs only. The non-ad valorem obligations are paid prior to hitting the debt service reserve, as the legal structure allows. The

Public Health Trust also has taken out a $75 million line of credit with Wells Fargo for a one-year period (ending December 31, 2014), and there are currently no draws on this line of credit. An extension of the line of credit has recently been negotiated for $50 million through December 30, 2015.

The county's hospital system, Jackson Health System (JHS), has experienced financial difficulties in the recent past. The hospital system operates with a very lean days-in-cash position, and was in violation of its rate covenant from fiscal 2009 to fiscal 2011, although in compliance subsequently. In May 2011, the county disbanded the hospital system's Board and replaced them with an independent, seven-member Financial Recovery Board, which became the permanent Board of the Public Health Trust in 2013. Hospital expenses have been lowered materially, with about $200 million in operational reductions implemented, including elimination of about 1,800 full time equivalent positions. Also, hospital net revenue increased minimally in fiscal 2012, and days-in-cash remained very narrow at about 13 days at the end of fiscal 2012. Hospital operations for fiscal 2013 ended with a $51.5 million increase in net position, and about 28 days cash, while fiscal 2014 operations ended in a net position of $50.6 million, and slight improvement to 41 days cash on hand. The fiscal 2015 budget is balanced and projects an $11.6 million gain from operations.

In addition to the health care sales tax excess the hospital receives after payment of non-ad valorem obligations, the county is required to contribute each year a maintenance-of- effort (MOE) amount no less than 80% of the General Fund support at the time of the tax levy. The MOE is calculated as 11.873% times the millage rate levied for countywide purposes in fiscal 2007 times 95% of the preliminary tax roll for the upcoming fiscal year, and by multiplying 11.873% on General Fund non-ad valorem revenues with the exception of local and state gas taxes ($137.9 million in fiscal 2014). The county advanced both sales tax and MOE funds in fiscal 2010 to ease the hospital system's cash flow difficulties, but the county declined a similar request in fiscal 2011 in favor of the administrative actions previously discussed. Since that time, no requests for advanced funds have been made by hospital officials. The hospital, which continually faces competitive issues, is additionally facing federal and state funding uncertainties associated with new health care reform measures. Florida did not expand Medicaid in the last legislative session, which would have aided Jackson's financial performance. Additional financial support to the health system from the county could further weaken the county's overall financial condition and weigh heavily on its credit strength.

Liquidity

The county has an estimated $142.2 million in fiscal 2014 General Fund unrestricted cash which equates to 7.4% of General Fund revenues (and transfers). Net cash has declined over the past two fiscal years.

DEBT AND OTHER LIABILITIES: MODERATE DEBT LEVELS WITH MANAGEABLE NON-ENTERPRISE BORROWING EXPECTED

The county's debt burden will likely remain manageable given moderate non-enterprise borrowing expectations. The county has an overall debt burden of 2.8% (1.6% direct net), which is manageable given the size of the tax base and population, although debt per capita is above average at $1,681 (net direct) and $2,922 overall. Debt service costs of about 8.7% of fiscal 2013 total operating revenues are moderate. The county's $21.7 billion multi-year capital program (including $9.7 billion for FY 2015-2020, and $7.5 billion for years beyond 2020) is heavily weighted towards enterprise systems (especially water & sewer) and transportation, and includes projects that may not be funded. Within the next year, governmental new money borrowing plans include the continual funding for the G.O. (BBC) drawdown bond program and up to $21 million in non-ad valorem obligations. The county is also in the midst of a multi-billion water and sewer funding program.

Currently, nearly 52% of the county's net direct (non-enterprise) debt is special tax debt, with the remainder being general obligation bonds. About 14% of total countywide debt ($92 million G.O and $426 million non-ad valorem) is related to the seaport, a separate entity that runs the Port of Miami, and is being paid from seaport revenues. Seaport operations have narrowed in recent years and could pose some near-term stress if some portion of the debt service on these county-backed obligations would have to be paid from countywide operating revenues.

The county has approximately $440 million in outstanding variable rate obligations currently (11.9% of total debt). These variable rate issues are represented by: two special tax issues that total $145.9 million (backed by TD Bank and Wells Fargo letter of credit facilities, expiring September 1, 2018 and July 12, 2019, respectively); non-ad valorem bonds issued through the Sunshine State ($92.4 million), with a Bank of NY Mellon letter of credit expiring December 19, 2016, which are related to, and paid by, the Seaport; and, a $50 million line of credit with Wells Fargo for Public Health Trust (none currently outstanding) expiring in December, 2015.

Finally, the county has entered into a flexible drawdown bond program with RBC Capital Markets (to January 9,

2017) in conjunction with its BBC G.O. bond authorization. The program has a commitment total of $675 million that requires maximum amount outstanding at any one time of $400 million, of which the county has drawn $400 million to date. All of the county's credit facilities have favorable three to five year term out provisions (except for the PHT line of credit which is due and payable at the end of 2015).

There are also three non-enterprise basis swaps on special tax debt (including one for some Industrial Development Bonds - BAC funding), $437.7 million notional amount, all requiring collateral posting (below the Baa1 rating level). No collateral posting is currently required. All three swaps are with Deutsche Bank. Under the swaps, the county pays SIFMA divided by 0.604 and receives LIBOR plus a rate anywhere from 1.43% to 1.57%. Mark-to-market values on the swaps (at March 20, 2015) are a positive $25.3 million to the county.

Debt Structure

Nearly 52% of the county's net direct debt is special tax debt, with the remainder being general obligation bonds (including remarketed bonds). The county has approximately $440 million in outstanding variable rate obligations currently (11.9% of total debt), excluding a flexible drawdown bond program with RBC Capital Markets (to January 9, 2017) in conjunction with its BBC G.O. bond authorization.

Debt-Related Derivatives

There are three basis swaps on special tax obligations with a $437.7 million notional amount. A March 20, 2015 mark-to-market is $25.3 million favorable to the county.

Pensions and OPEB

County employees participate in the Florida Retirements System (FRS), a multi-employer, cost-sharing retirement plan sponsored by the State of Florida (GO rated Aa1/stable). The county's annual required contribution (ARC) for the plan was $222.5 million in fiscal 2014 up from $151.7 million in fiscal 2012. The adjusted net pension liability for fiscal 2013 under Moody's methodology for adjusting reported pension data is $4.1 billion, or approximately 1.43 times operating revenues (1.55% of full value). Moody's uses the adjusted net pension liability to improve comparability of reported pension liabilities. The adjustments are not intended to replace the county's reported liability information, but to improve comparability with other rated entities. We determined the county's share of liability for the state-run plans in proportion to its contributions to the plans.

Officials have reported an estimated $424.2 million unfunded liability related to GASB 45 (OPEB), with a fiscal 2013 annual costs of $35.6 million, in relation to the $25 million contributed (70.1%). County health care, pension and OPEB contributions (excluding the Public Health Trust) are reportedly less than 10% of the countywide budget.

MANAGEMENT AND GOVERNANCE

As reflected in the Aa institutional framework score, Florida counties have a fairly diverse revenue structure. They rely primarily on property taxes to fund operations, and have renewed tax base growth as well as the ability to increase tax rates to the statutory 10 mill limit. Expenditures, which are primarily for public safety, have generally manageable fixed costs, with strong ability to reduce expenditures if necessary.

County management has favorably responded to revenue shortfalls through budget adjustments, although practically and politically, additional revenue generation, outside of tax base growth, has been challenging.

KEY STATISTICS:

Post-Remarketing G.O. Bonds Outstanding (excluding $322.8 million Double-Barreled Bonds): $1.4 billion

Bond Payout,

10 years: 24.4%

20 years: 70.2%

30 years: 100%

County Population (2010 Census): 2.47 million (2.6 million 2014 est.)

FY 2015 Full Value: $304.8 billion

Full value, Per Capita: $118,809

FY 2013 General Fund Balances (as % of G.F. Revenues),

Total: 17.9%

Available: 11.5%

5-Year Dollar Change in Fund Balance as % of Revenues: 4.77%

Cash Balance as % of Revenues, Fiscal 2013: 12.3%

5-Year Dollar Change in Cash Balance as % of Revenues: 1.66%

Institutional Framework: "Aa"

5-Year Average Operating Revenues / Operating Expenditures: 1.00x

Net Direct Debt as % of FV: 1.09%

Net Direct Debt / Operating Revenues: 1.79x

3-Year Average ANPL as % of Full Value: 1.55%

3-Year Average ANPL / Operating Revenues: 1.43x

Unemployment rate, 12/2014: 6.9% (5.4% state; 5.4% U/S.)

County as % State,

Median Family Income: 96.6%

Housing Values: 112.4%

Persons Below Poverty: 140.9%.

OBLIGOR PROFILE

Miami-Dade County is located in southeast Florida. The county has the largest population and tax base in the state, with a population of 2.6 million and a tax base of nearly $210 billion. Together with adjacent Broward and Palm Beach counties, the area composes about 30% of the state's 19.6 million total population in 2013, and constitutes a major economic engine for Florida with both a national and international identity.

LEGAL SECURITY

The bonds are secured by the county's general obligation unlimited tax pledge.

USE OF PROCEEDS

This offering represents the remarketing of the county's General Obligation Bonds (Building Better Communities Program), Series 2013-A (originally issued on January 9, 2013) and Series 2014-A (originally issued on February 3, 2014), The bonds are being converted to the fixed rate mode and are not subject to conversion to another mode or subsequent remarketing by the remarketing agent.

The bonds are part of a November 2004 voter-approved $2.9 billion bond authorization (Building Better Communities Program Bonds), of which $1.35 billion has been issued as of April 1, 2015. Another $275 million of bonds are expected to be remarketed (Series 2015-A) from the drawdown mode in June 2015. After the current remarketing and the $275 million expected in June, $1.3 billion of the G.O. authorization will remain outstanding.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US Local Government General Obligation Debt published in January 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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