Memorandum

MIAMI-DADE COUNTY

Date: June 5, 2015

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

From: Carlos A. Gimenez
Mayor

Subject: Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2015 Post-Sale and Assigned Credit Ratings Update

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I am pleased to report the successful sale of the Miami-Dade County Water and Sewer System Revenue Refunding Bonds, Series 2015 (Series 2015 Bonds) in a par amount of $481.175 million. The Series 2015 Bonds refunded a portion of the outstanding Miami-Dade County Water and Sewer System Revenue Bonds, Series 2007 and Series 2008C (Refunded Bonds).

On April 21, 2015, the Board of County Commissioners (Board) approved Resolution No. R-298-15, which authorized the issuance of the Series 2015 Bonds in an amount not to exceed $550 million. The Series 2015 Bonds were successfully priced on May 18 and May 19, 2015 with Jefferies serving as the Senior Manager for the negotiated transaction. The closing took place on June 3, 2015.

Pursuant to Resolution R-1313-09, results from the negotiated pricing are summarized in the chart below as compared to the initial number run of March 11, 2015 and the number run update provided at the time of Board approval:

Number Run	Par Amount of Refunding Bonds to be Issued	Gross Debt Service Savings over Life of the Refunding Bonds	Net Present Value Savings	Estimated Issuance Cost	Estimated Final Maturity
Initial Number Run of Attachment 1 as of March 11, 2015	$479,375,000.00 not to exceed $550,000,000.00	$37,806,549.71	6.37 percent or $31,858,802.94	$4,074,687.50 including Underwriter's Discount	**Oct. 1, 2026**
Rerun of Attachment 1 as of April 14, 2015	$475,250,000.00	$43,497,924.71	7.42 percent or $37,093,584.94	$4,039,625.00 including Underwriter's Discount	**Oct. 1, 2026**
Final Pricing May 19, 2015	**$481,175,000.00**	**$35,156,188.87**	**5.9 percent or $29,531,687.07**	**$3,876,770.17 including Underwriter's Discount**	**Oct. 1, 2026**

The pricing of the Series 2015 Bonds resulted in a true interest cost of 2.86 percent with gross debt service savings of $35.156 million, which represents a net present value savings of $29.532 million or 5.9 percent of the Refunded Bonds. The final maturity of the Refunded Bonds was October 1, 2026 and the final maturity of the Series 2015 Bonds is October 1, 2026. The Series 2015 Bonds were sold in accordance with the delegation parameters of Resolution No. R-299-15, which required the net present value savings to be greater than five (5) percent and the final maturity of the Series 2015 Bonds is not to exceed the final maturity of the Refunded Bonds.

The total of principal and interest payments to be made over the life of the Series 2015 Bonds equals $694.735 million, which is a reduction of $35.156 million in debt service that would have been paid on the Refunded Bonds. Attachment 1 provides a numerical summary of the transaction and savings.

The firms participating in the financing team include:

Bond Counsel:	Squire Patton Boggs (US) LLP
Co-Bond Counsel:	D. Seaton and Associates
Disclosure Counsel:	Locke Lord LLP
Co-Disclosure Counsel:	Rasco Klock Perez & Nieto, P.L.
Financial Advisor:	Public Resources Advisory Group
Senior Underwriter:	Jefferies
Remaining Underwriting Team:	Citigroup
	Drexel Hamilton, LLC
	Loop Capital Markets
	Rice Financial Products Company
	Barclays
	Blaylock Beal Van, LLC
	Cabrera Capital Markets
	Estrada Hinojosa & Company, Inc.
	Goldman, Sachs & Co.
	J.P. Morgan
	Morgan Stanley
	Raymond James
	Siebert Brandford Shank & Co., L.L.C.
Underwriter's Counsel:	Moskowitz, Mandell, Salim & Simowitz, P.A.
Registrar/Paying Agent:	US Bank Global Corporate Trust Services
Escrow Agent:	The Bank of New York Mellon

Ancillary services were provided by:

Verification Agent:	Integrity Public Finance Consulting, LLC
Financial Printer:	ImageMaster, LLC

Fitch Ratings (Fitch), Moody's Investors Service, Inc. (Moody's), and Standard & Poor's Ratings Services (S&P) assigned ratings of "A+" (stable outlook), "Aa3" (stable outlook) and "A+" (stable outlook). All three (3) rating agencies affirmed their ratings and stable outlooks on the County's outstanding Water and Sewer System Revenue Bonds of "A+," "Aa3" and "A+," respectively. The report from each of the rating agencies is attached.

Attachments

c: Robert A. Cuevas, Jr., County Attorney
Office of the Mayor Senior Staff
Lester Sola, Director, Water and Sewer Department
Jennifer Moon, Director, Office of Management and Budget
Blanca Padron, Deputy Director, Finance Department
Frank P. Hinton, Director, Division of Bond Administration, Finance Department
Charles Anderson, Commission Auditor

SOURCES AND USES OF FUNDS

Miami-Dade County, Florida
Water and Sewer Refunding Revenue Bonds, Series 2015
Final Verified Pricing

Dated Date	06/03/2015
Delivery Date	06/03/2015

Sources:	
Bond Proceeds:	
Par Amount	481,175,000.00
Premium	82,029,900.05
	563,204,900.05
Other Sources of Funds:	
Debt Service Fund Release (2007)	2,028,648.96
Debt Service Fund Release (2008C)	2,297,525.00
	4,326,173.96
	567,531,074.01

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	4,801,746.80
Open Market Purchases	558,849,116.02
	563,650,862.82
Delivery Date Expenses:	
Cost of Issuance	1,455,475.40
Underwriter's Discount	2,424,735.79
	3,880,211.19
	567,531,074.01

SUMMARY OF REFUNDING RESULTS

Miami-Dade County, Florida
Water and Sewer Refunding Revenue Bonds, Series 2015
Final Verified Pricing

Dated Date	06/03/2015
Delivery Date	06/03/2015
Arbitrage yield	2.759722%
Escrow yield	0.994749%
Value of Negative Arbitrage	25,625,621.73
Bond Par Amount	481,175,000.00
True Interest Cost	2.858251%
Net Interest Cost	3.132027%
Average Coupon	4.993290%
Average Life	8.889
Par amount of refunded bonds	500,085,000.00
Average coupon of refunded bonds	5.185165%
Average life of refunded bonds	8.857
PV of prior debt to 06/03/2015 @ 2.759722%	598,694,273.09
Net PV Savings	29,531,687.07
Percentage savings of refunded bonds	5.905334%
Percentage savings of refunding bonds	6.137411%

SUMMARY OF BONDS REFUNDED

Miami-Dade County, Florida
Water and Sewer Refunding Revenue Bonds, Series 2015
Final Verified Pricing

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Revenue Refunding Bonds, Series 2007, 2007:					
SERA	10/01/2018	5.000%	14,935,000.00	10/01/2017	100.000
	10/01/2019	5.000%	15,685,000.00	10/01/2017	100.000
	10/01/2020	5.000%	16,465,000.00	10/01/2017	100.000
	10/01/2021	5.000%	16,885,000.00	10/01/2017	100.000
	10/01/2022	5.000%	10,000,000.00	10/01/2017	100.000
	10/01/2023	5.000%	19,015,000.00	10/01/2017	100.000
	10/01/2024	5.000%	19,965,000.00	10/01/2017	100.000
	10/01/2025	5.000%	20,665,000.00	10/01/2017	100.000
	10/01/2026	5.000%	101,885,000.00	10/01/2017	100.000
SERB	10/01/2021	4.200%	400,000.00	10/01/2017	100.000
	10/01/2022	4.500%	8,150,000.00	10/01/2017	100.000
	10/01/2025	4.375%	305,000.00	10/01/2017	100.000
			244,355,000.00		
Revenue Refunding Bonds, Series 2008C, 2008C:					
SERA	10/01/2019	5.000%	8,490,000.00	10/01/2018	100.000
	10/01/2020	5.500%	3,000,000.00	10/01/2018	100.000
	10/01/2021	5.500%	9,515,000.00	10/01/2018	100.000
	10/01/2022	5.250%	10,065,000.00	10/01/2018	100.000
	10/01/2023	5.625%	1,185,000.00	10/01/2018	100.000
	10/01/2024	5.375%	25,000,000.00	10/01/2018	100.000
	10/01/2025	5.500%	23,000,000.00	10/01/2018	100.000
SERB	10/01/2020	5.500%	5,980,000.00	10/01/2018	100.000
	10/01/2023	6.000%	31,900,000.00	10/01/2018	100.000
	10/01/2024	5.000%	42,895,000.00	10/01/2018	100.000
	10/01/2025	5.125%	53,845,000.00	10/01/2018	100.000
SERC	10/01/2023	5.000%	10,000,000.00	10/01/2018	100.000
	10/01/2024	5.400%	5,000,000.00	10/01/2018	100.000
SERD	10/01/2023	6.000%	25,855,000.00	10/01/2018	100.000
			255,730,000.00		
			500,085,000.00		

SAVINGS

Miami-Dade County, Florida
Water and Sewer Refunding Revenue Bonds, Series 2015
Final Verified Pricing

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/03/2015 @ 2.7597217%
10/01/2015	12,978,521.88	4,326,173.96	8,652,347.92	7,867,846.67	784,501.25	738,793.01
10/01/2016	25,957,043.76		25,957,043.76	24,003,600.00	1,953,443.76	1,896,626.91
10/01/2017	25,957,043.76		25,957,043.76	24,003,600.00	1,953,443.76	1,845,349.05
10/01/2018	40,892,043.76		40,892,043.76	37,508,600.00	3,383,443.76	3,100,799.32
10/01/2019	49,385,293.76		49,385,293.76	46,003,350.00	3,381,943.76	3,015,194.70
10/01/2020	49,446,543.76		49,446,543.76	46,060,600.00	3,385,943.76	2,936,559.06
10/01/2021	49,484,393.76		49,484,393.76	46,098,350.00	3,386,043.76	2,856,408.79
10/01/2022	49,515,018.76		49,515,018.76	46,129,750.00	3,385,268.76	2,777,725.22
10/01/2023	107,859,856.26		107,859,856.26	104,473,500.00	3,386,356.26	2,703,057.92
10/01/2024	107,782,150.02		107,782,150.02	104,399,250.00	3,382,900.02	2,623,648.99
10/01/2025	107,980,400.02		107,980,400.02	104,593,750.00	3,386,650.02	2,554,260.51
10/01/2026	106,979,250.00		106,979,250.00	103,593,000.00	3,386,250.00	2,483,263.57
	734,217,559.50	4,326,173.96	729,891,385.54	694,735,196.67	35,156,188.87	29,531,687.07

Savings Summary

PV of savings from cash flow	29,531,687.07
Net PV Savings	29,531,687.07

BOND SUMMARY STATISTICS

Miami-Dade County, Florida
Water and Sewer Refunding Revenue Bonds, Series 2015
Final Verified Pricing

Dated Date	06/03/2015
Delivery Date	06/03/2015
Last Maturity	10/01/2026
Arbitrage Yield	2.759722%
True Interest Cost (TIC)	2.858251%
Net Interest Cost (NIC)	3.132027%
All-In TIC	2.893822%
Average Coupon	4.993290%
Average Life (years)	8.889
Weighted Average Maturity (years)	8.906
Duration of Issue (years)	7.413
Par Amount	481,175,000.00
Bond Proceeds	563,204,900.05
Total Interest	213,560,196.67
Net Interest	133,955,032.41
Total Debt Service	694,735,196.67
Maximum Annual Debt Service	104,593,750.00
Average Annual Debt Service	61,330,228.25
Underwriter's Fees (per $1000)	
Average Takedown	4.778979
Other Fee	0.260219
Total Underwriter's Discount	5.039197
Bid Price	116.543911

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Retail Bond Component	4,465,000.00	109.435	3.812%	5.410	2,388.80
Bond Component	476,710,000.00	117.119	5.000%	8.921	400,374.80
	481,175,000.00			8.889	402,763.60

	TIC	All-In TIC	Arbitrage Yield
Par Value	481,175,000.00	481,175,000.00	481,175,000.00
+ Accrued Interest			
+ Premium (Discount)	82,029,900.05	82,029,900.05	82,029,900.05
- Underwriter's Discount	-2,424,735.79	-2,424,735.79	
- Cost of Issuance Expense		-1,455,475.40	
- Other Amounts			
Target Value	560,780,164.26	559,324,688.86	563,204,900.05
Target Date	06/03/2015	06/03/2015	06/03/2015
Yield	2.858251%	2.893822%	2.759722%

MOODY'S
INVESTORS SERVICE

New Issue: Moody's assigns Aa3 to Miami-Dade County, FL's Water and Sewer Bonds; outlook is stable

Global Credit Research - 06 May 2015

Affects approximately $2.1B of debt

MIAMI-DADE (COUNTY OF) FL WATER & SEWER ENTERPRISE
Counties
FL

Moody's Rating

ISSUE		RATING
Water and Sewer System Revenue Refunding Bonds, Series 2015		Aa3
Sale Amount	$479,000,000	
Expected Sale Date	05/08/15	
Rating Description	Revenue: Government Enterprise	

Moody's Outlook STA

NEW YORK, May 06, 2015 --Moody's Investors Service has assigned an Aa3 rating to Miami-Dade County's Water and Sewer System Revenue Refunding Bonds, Series 2015. The approximate par amount of the Series 2015 bonds will be $479 million. We have also affirmed the county's outstanding parity debt, which amounts to approximately $2.1 billion, including the current issue. The outlook is stable.

SUMMARY RATING RATIONALE

The rating is based on an improving debt service coverage ratio that is more in line with the system's historical average, currently moderate level of debt, broad service area with very large customer base, adequate system supply and capacity, and adherence to existing consent decrees with the EPA. The rating also incorporates the department's very significant $12.2 billion in future capital needs and possible concomitant borrowing, which is counterweighted by the system's substantial customer base, low rates and steady management.

The system's credit quality will ultimately be dictated by the ability to fund substantial capital needs while maintaining adequate reserves and coverage levels, and by the county's demonstrated willingness to implement timely and sufficient rate increases to support this sizable program. Further, major issues that face system officials include upkeep of an aging infrastructure and continued compliance with current and expected regulatory mandates.

OUTLOOK

The stable outlook reflects the likelihood that the rating will remain stable over the next few years. The system's current low rates, along with management's commitment to incrementally increase those rates, very large population base served by the utility, and adequate system water supply and water and sewer treatment capacity are positive credit aspects that the system will leverage to maintain adequate coverage levels.

WHAT COULD MAKE THE RATING GO UP

-Significant increases in system liquidity and coverage

-Above-average performance related to budgeting and delivery in implementing the large capital program

WHAT COULD MAKE THE RATING GO DOWN

-Notable reduction in system liquidity and coverage levels

-Inability or unwillingness to implement rate increases in a timely fashion

-Inability to meet consent order deadlines

STRENGTHS

-A very large customer base

-Very modest utility rates

-Large, diverse and regionally-important service area

-Good system water supply and water and sewer treatment capacity

CHALLENGES

-The district is facing a very large and aggressive capital borrowing program

-Aging infrastructure in need of upgrade and repair

-Below-average resident socio-economic profile

RECENT DEVELOPMENTS

Recent developments are incorporated in the Detailed Rating Rationale.

DETAILED RATING RATIONALE

SERVICE AREA AND CUSTOMER BASE: LARGE REGIONAL SYSTEM WITH ADEQUATE WATER SUPPLY AND SYSTEM TREATMENT CAPACITY, BUT IN NEED OF UPGRADE

The system serves a very large percentage of the county's over 2.5 million residents in a 2,209 square mile area through 432,315 retail water and 349,778 retail sewer connections. The system also provides wholesale service to 15 water and 13 sewer (including Homestead Air Reserve Base) customers.

The systems' retail customer growth for both water and sewer has been marginal over a nine-year period from fiscal 2005 through 2014: customer growth, on a compounding annual basis, was 0.70% and 1.57% for the water and sewer system, respectively. Wholesale water and sewer customer contracts are generally long-term arrangements with no minimum purchase requirements. The top 10 municipal customers of the water and wastewater system compose a moderate 15.6% and 20.1% of each system's gross revenues, respectively, in fiscal 2014.

The system's supply and treatment capacities are currently satisfactory, and the large capital program will, among other things, address capacity issues related to its sewer system. The system's substantial capital program is designed to address regulatory mandates as well as ongoing upgrades and maintenance needs of this aging system.

The county's primary water supply is from the Biscayne Aquifer. The water has a rated treatment capacity of 453.9 MGD in relation to average and peak usage of 299.1 MGD and 356.1 MGD, respectively. Management's focus on conservation has enabled the system to defer costly projects for alternate water supplies (approaching $1 billion). Officials project, with the current near-term capital program, the system is adequate through at least 2035.

The wastewater system includes three regional treatment plants with a 375.5 MGD installed and permitted capacity in relation to 315.5 MGD average flow in fiscal 2014. In some instances, peak usage exceeded the plants' rated capacity. Effluent is disposed of by either ocean outfall or deep well injection to the Lower Floridian Aquifer.

COUNTY'S LARGE AND DIVERSIFIED ECONOMY WITH ESTABLISHED TOURISM AND INTERNATIONAL TRADE COMPONENTS

Miami-Dade County's (Aa2 negative) sizable economic base is 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.

The Miami area was strongly affected by the residential housing crisis, leading to significant foreclosure activity and falloff in construction activity, although recent housing sales and construction activity have been positive. While foreclosures are up from the prior year, residential sales volume has also increased and commercial real estate metrics have improved. The county's very large $273 billion tax base is once again expanding after several years of full value declines.

Positively, the county's January 2015 unemployment rate (5.8%) now runs slightly below the comparable national rate (6.1%). During the recession and for several years thereafter, this relationship was the opposite, with the county's unemployment rate well above that of the US.

DEBT SERVICE COVERAGE AND NET WORKING CAPITAL: COVERAGE LEVELS ARE STABLE AND ARE LIKELY TO REMAIN SO, ALTHOUGH THEY ARE NARROW FOR THE RATING CATEGORY

The system's five-year track record of relatively stable levels of debt service coverage should continue over the next three to five years. Since FY 2010, the system's implementation of rate increases caused revenues to grow by 12.9%, while expenditures have remained flat. This positive variance has enabled the system to generate an overall coverage ratio (senior plus subordinate lien) of between 1.5x and 2.2x, or an average five-year coverage ratio of 1.8x, even though debt service grew by nearly 66%. While this ratio is below the Aa3 median ratio of 2x for combined water and sewer systems nationally, Miami-Dade's $579 million in revenues dwarfs by a factor of 26 the median Aa3-rated system. Management's ability to maintain these levels of coverage, despite the complexity and size of the system and significantly rising debt payments, is a credit strength.

As the county's plans for additional debt issuances become more concrete, management will have to contend with increasing revenue to offset higher debt service charges. In its FY 2015 budget, the county projects multi-year rate increases averaging 7.4% annually over 5 years, which translates into 34% growth over budgeted FY 2015 revenues. While this represents a significant jump in rates, the county's rate structure is one of the lowest among major utilities in the Southeast. This position gives the county the ability to increase rates by approximately a third while still remaining below the average charged by its peers.

County approval of these future annual rate increases to meet escalating debt service requirements is a critical credit factor to be considered in future credit reviews.

Liquidity

The system's liquidity ratios are below the medians for Aa-rated combined water and sewer utilities, but are otherwise satisfactory given the system's size and operating scales. We calculate the FY 2013 and 2014 working capital ratio, which includes some restricted funds under the bond ordinance and which would need board approval for the system to utilize, to be 112.2% and 119.1% of annual expenditures, respectively (409.5 and 434.7 days, respectively). According to our methodology, the system's 89 days cash-on-hand equates to an A-range in our scorecard factor under our utility methodology.

DEBT AND LEGAL COVENANTS: SIGNIFICANT AMOUNT OF OUTSTANDING DEBT AND VERY SUBSTANTIAL LONG-TERM CAPITAL PROGRAM FUNDED LARGELY WITH DEBT

The system's very sizable customer base will have to absorb the over five-fold increase in system debt through 2027, which is being layered on top of a current moderate debt load (50.1% debt ratio). Over a five-year horizon, however, the increase in debt will be more moderate. Approximately $1.6 billion in projects are associated with a new consent decree related to the sewer system and are part of a much larger $12.4 billion multi-year (FY 2015 to 2027) capital program, related both to sewer ($8.9 billion) and water ($3.5 billion). Over the next five years, through FY 2019, the county's budget projects approximately $5.1 billion in combined projects, of which the budget estimates $4.8 million will be in debt.

The capital program is needed to meet regulatory requirements (including the new consent decree), provide R&R of existing facilities, provide back-up reserve capacity for transmission systems, provide additional treatment capacity and improve fire flows, improve efficiencies, and comply with county level of service requirements.

The borrowing program through 2019 is expected to be supported by rate increases of 6% in each fiscal 2015 and 2016, and 5% in each fiscal 2017 and 2018, followed by an estimated 15% increase for FY 2019, which, as mentioned previously, averages to approximately 7.4% annually. The county commissioners approve rates one year at a time. Officials' willingness to implement timely rate increases in sufficient amounts will ultimately be important determinants of the rating.

Debt Structure

The system's debt structure consists entirely of fixed-rate bonds. Approximately 16.5% of the system's debt $2.1 billion in outstanding debt as of FY 2014 is subordinate state revolving fund debt.

Debt-Related Derivatives

The county has two (basis) swaps outstanding with Bank of New York, Mellon (BONY; rated Aa2 RUR possible upgrade) for the life of the bonds (Series 2013B and Series 2015). The swaps, with a total notional amount of $405 million, have collateral posting requirements if the system's bonds are rated below A3 ($15 million threshold), Baa1 ($5 million threshold) and Baa2 (no threshold). Termination events include a rating downgrade below investment grade. The most recent audited market valuations for the swaps are a combined positive $33.6 million value to the county. The swaps can be terminated by the county with five days notice.

Pensions and OPEB

System employees, along with other county general employees, participate in the Florida Retirement System (FRS), a multi-employer, cost-sharing retirement plan sponsored by the State of Florida (GO rated Aa1 stable). The departments' annual required contribution (ARC) for the plans was $11.3 million in fiscal 2014, or 3.2% of system expenditures. The county's combined adjusted net pension liability (including all county employees), under Moody's methodology for adjusting reported pension data, is $7.4 billion, or approximately an above-average 2.5 times county operating revenues.

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 district's share of liability for the state-run plans in proportion to its contributions to the plans.

MANAGEMENT AND GOVERNANCE

The county's water and sewer system is a department of the county. It is administered by a the county's board under the supervision of a Director, who reports to the County Mayor.

KEY STATISTICS

-Useful life of assets: 19 years

-System size: $349.8 million

-Service area wealth, MFI: 79.5%

-Annual debt service coverage: 1.8x

-Days cash on hand: 89 days

-Debt to operating revenue: 3.4x

-Rate management: Aa

-Regulatory compliance and capital planning: Aa

-Rate covenant: 1.25x

-Debt service reserve fund: Baa

OBLIGOR PROFILE

The Miami Dade County Water and Sewer Department is a water and sewer utility that is the largest municipal water and sewer system in the state and among the largest in the nation.

LEGAL SECURITY

The system has an open-loop flow of funds, although no scheduled payments are made to the county (aside from a $25 million loan made to the county's General Fund in fiscal 2012, which is expected to be paid back in $5 million increments). The county increased the rate covenant to 125% annual debt service from 110% previously (100% for subordinate debt), and net operating revenues in each year may be adjusted for deposits or withdrawals from the Rate Stabilization Fund.

The additional bonds test is a two-tiered test: adjusted net revenues for four consecutive of preceding six quarters, as well as net operating revenues for three fiscal years following the fiscal year funded improvements are placed in operation, must equal at least 110% maximum debt service on all bonds to be outstanding, and 100% of required reserve account deposits. Also, adjusted net operating revenues remaining after deduction of maximum principal and interest on senior lien bonds (both in the historical and prospective periods) must equal at least 100% of all debt service and reserve requirements on subordinate obligations.

The debt service reserve requirement is the lesser of maximum annual debt service or the maximum amount allowed under the Code. The reserve requirement may be funded by at least 50% at the time of issuance of bonds with the remainder funded up to a maximum of three years, provided the rating is not withdrawn or reduced for such funding.

At close, the county will also have approximately $171.3 million in debt service reserves funded as follows: five surety bonds reserves, two of which ($36.5 million) are with FGIC Corp. (not rated), two ($43.8 million) with Assured Guaranty Municipal Corp. (A2 stable), and one ($30.5 million) with Berkshire Hathaway Inc. (Aa2 stable). There is also $60.6 million in cash funded reserves, representing 35.0% of the total debt service reserve.

USE OF PROCEEDS

The district will use Series 2015 proceeds to advance refund all or a portion of its Series 2007 and Series 2008C bonds.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was US Municipal Utility Revenue Debt published in December 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.

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.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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RATINGS SERVICES
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Miami-Dade County, Florida; Water/Sewer

Credit Profile		
US$479.375 mil wtr and swr sys rev rfdg bnds ser 2015		
Long Term Rating	A+/Stable	New

Rationale

Standard & Poor's Ratings Services has assigned its 'A+' rating to Miami-Dade County, Fla.'s series 2015 water and sewer system revenue refunding bonds. At the same time, Standard & Poor's has affirmed its 'A+' long-term rating and underlying rating (SPUR) on the county's outstanding water and sewer revenue bonds. The outlook is stable.

The rating continues to reflect our assessment of the water and sewer department's:

- Revenue stability derived from its participation in a large, regional economy and its sizable and diverse retail customer base;
- Historical debt service coverage (DSC) that has remained strong in recent years;
- Good levels of system liquidity, with about 90 days' cash on hand, when including all available funds; and
- Competitive monthly water and sewer rates.

In our opinion, these strengths are partially offset by the sizable capital improvement program (CIP) that will require significant additional bonding and likely rate increases. To generate similar coverage levels in the future, the system will need to experience a steady increase in operating revenues. Given the slowing of population and subsequent customer base growth, consumption increases alone will probably be insufficient. Therefore, rate increases are likely, but, because rates are at the low end of the range of rates charged by systems the department considers its peers, there is rate-raising flexibility.

Miami-Dade Water & Sewer Department, which serves about 2.5 million people, operates Florida's largest public utility. Currently, the department serves about 432,000 retail water customers and 350,000 retail sewer customers. In addition to retail customers, the department provides wholesale water services to 15 municipalities and wastewater services to 12 municipalities, as well as Homestead Air Force Base. The customer base continues to grow, but the pace of growth has slowed in recent years. There remains limited customer concentration, as the leading customers account for less than 20% of system revenues. The majority of these are municipal wholesale customers.

In our view, the department's financial position and performance remain strong. In the past five years, net revenues available for debt service steadily increased from $171.3 million to approximately $231.0 million in fiscal 2014. The annual debt service requirement also increased each year, with resultant senior-lien DSC ranging from 1.5x to 1.8x over that period and 2014 coverage of 1.6x. The department also has annual loan payments due to the Florida Department of Environmental Protection, issued through the state's revolving fund loan program. These annual payments are relatively small compared with revenue bond debt service, but they do cause total DSC to decline slightly. For fiscal 2014, the $231.0 million of net revenues covered total debt service of $159.0 million by about 1.5x. Additionally, through this period, system reserves remained relatively stable. According to management, fiscal 2014 ended with a total of about $129.0 million of cash available in the rate stabilization fund, general reserve, and operating reserves.

Outlook

The stable outlook continues to reflect management's track record of maintaining good DSC and liquidity, even while managing large capital projects. Although there is concern over the department's large, regulatory-driven CIP and the rate increases necessary to fund it, especially in light of consumption patterns, management has a track record of maintaining good financial margins. Rating stability remains predicated on a continuation of these good coverage margins and maintenance of an adequate level of system liquidity. The financial projections indicate rising debt service costs, offset in part by the likelihood of additional rate increases. Absent any significant deviations from the financial projections or any substantial changes to the capital program, the rating is unlikely to change as the department navigates through the lengthy CIP.

Capital Improvement Program Summary

The vast majority of the department's CIP focuses on regulatory compliance issues related to the consent decree, which accounts for about $1.6 billion of capital projects. The CIP, including the costs associated with the consent decree, totals more than $13.5 billion, but that is over a 20-year period. In the nearer term, for fiscal years 2015-2021, management projects this amount will total about $6.6 billion, with $1.8 billion estimated for water system projects and $4.8 billion estimated for wastewater projects.

Water system projects include line extensions, safe drinking water act modification requirements, and general maintenance and upgrades. Wastewater system projects focus on projects related to management of flows, transmission lines, plant upgrades, and pump station improvements.

Annual spending is projected to climb to more than $1.1 billion, with many projects with high price tags scheduled for funding in the later years. Although the system does generate annual surpluses, there will be a need for significant additional bonding in future years.

Financial Projections

The department's financial projections remain largely unchanged from two years ago and show operating revenues growing from $536 million in 2012 to $790 million by 2019. This represents a 47% increase over that seven-year period. During that same period, operating expenditures are projected to increase, but at a slower rate, by about 36% from $325 million to $442 million. Annual senior-lien debt service expenditures are projected to climb to about $265 million by 2019. The department expects resulting DSC to remain level at approximately 1.5x through 2017, but may decline after that. Management does not anticipate the amount of state revolving fund loans outstanding will increase during this time, with the annual loan repayment requirement decreasing over time. The system's combined general reserve and rate stabilization fund balances are projected to decline in fiscal 2015 to about $48 million, before rebounding and stabilizing at between $60.0 million and $65.0 million through 2020.

Rates

The board has a history of approving rate increases, though the last increase, before fiscal 2014, was for fiscal 2011. No increases occurred in fiscal years 2012 or 2013, but the board raised rates for fiscal 2014 that reflect an 8.0% increase in both water and wastewater rates. For fiscal 2015, it raised them by another 6.0%. Despite the rate increase, the combined bill for an average usage of 6,750 gallons per month totals only $48.11, which keeps the department's rates at the low end of charges relative to those of its self-defined peers.

Related Criteria And Research

Related Criteria

- USPF Criteria: Key Water And Sewer Utility Credit Ratio Ranges, Sept. 15, 2008
- USPF Criteria: Standard & Poor's Revises Criteria For Rating Water, Sewer, And Drainage Utility Revenue Bonds, Sept. 15, 2008
- USPF Criteria: U.S. Not-For-Profit Acute-Care Stand-Alone Hospitals, Dec. 15, 2014
- USPF Criteria: Methodology: Definitions And Related Analytic Practices For Covenant And Payment Provisions In U.S. Public Finance Revenue Obligations, Nov. 29, 2011

Ratings Detail (As Of May 8, 2015)		
Miami Dade Cnty util		
Long Term Rating	A+/Stable	Affirmed
Miami Dade Cnty wtr & swr rev bnds		
Long Term Rating	A+/Stable	Affirmed
Miami Dade Cnty wtr & swr (AGM)		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed
Miami Dade Cnty wtr & swr (BHAC)		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed
Miami Dade Cnty wtr & swr		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed
Miami Dade Cnty wtr & swr sys		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed
Miami Dade Cnty wtr/swr		
Unenhanced Rating	A+(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

FITCH RATES MIAMI DADE COUNTY, FL'S WATER AND SEWER REVS, SERIES 2015 'A+'

Fitch Ratings-San Francisco-07 May 2015: Fitch Ratings assigns its 'A+' rating to the following Miami-Dade County bonds, issued on behalf of the county's water and sewer department:

--Approximately $480 million water and sewer revenue and refunding bonds, series 2015.

Proceeds of the 2015 bonds will advance refund outstanding debt for level savings and pay costs of issuance. The refunding will not extend bond maturity. Bonds are expected to price via negotiated sale the week of May 18.

Fitch also affirms its 'A+' rating on the following outstanding bonds:

--Approximately $2.18 billion water and sewer revenue bonds.

The Rating Outlook is Stable.

SECURITY

Bonds are secured by a first lien on net revenues of the combined water and sewer system.

KEY RATING DRIVERS

LARGE DIVERSE SERVICE AREA: The department provides water and sewer services to most of the county. Continued growth in the service area has offset the impact of increasing industry efficiencies and conservation efforts that are reducing water and sewer flows nationally. Demand in the county has remained relatively stable and is predominantly residential.

ADEQUATE FINANCIAL MARGINS: Financial margins are stable with Fitch-calculated debt service coverage of revenue bonds at 1.7x in fiscal 2014. Fitch expects coverage ratios will remain at or above 1.5x, without connection fees, based on the department's most recent financial forecast. Liquidity is adequate with 162 days cash at the end of fiscal 2014.

SIGNIFICANT CAPITAL NEEDS: The department has a 10-year $13.5 billion capital improvement plan (CIP) for both systems driven by the need to replace aging infrastructure and to comply with multiple regulatory mandates. The majority of investment will be funded with additional debt issuance that will increase debt levels rapidly in the next few years to above-average levels. Capital needs extend beyond the 10-year CIP.

WEAK FINANCIAL FORECASTING: The absence of well-defined financial policies coupled with the lack of timely long-term financial and rate forecasts is a growing concern, particularly as debt issuance and capital spending ramps up over the coming years.

ONGOING RATE PRESSURE: Rate sensitivity is a credit concern despite the system's very low combined rates. Rate increases occurred in fiscals 2014 and 2015 following two years of no increases. The department expects to need annual rate increases in the range of 6% through the current forecast period but final rate action occurs in conjunction with the county's budget adoption process each year.

RATING SENSITIVITIES

PACE OF DEBT ESCALATION: Rating stability will be predicated on the timeliness and sufficiency of future rate increases to absorb the rapid pace of additional debt issuance projected by the department.

CREDIT PROFILE

The department provides water and sewer services to the entire county through direct retail service and through wholesale water and sewer contracts with 14 and 12 municipal systems, respectively. The department also provides sewer treatment services to Homestead Air Reserve Base.

The county sets wholesale rates annually to cover wholesale costs, but retail revenues for water and sewer services account for the majority of department revenues at 82%. Retail customers have been stable with five-year average growth of less than 0.5% in both systems. Water sales have been stable to both groups of customers at between 231 and 236 million gallons per day (mgd).

FINANCIAL PERFORMANCE IS ADEQUATE

Financial performance in fiscal 2014 was healthy with senior lien debt service coverage of revenue bonds, including connection fee revenues, of 1.93x. All-in debt service coverage was 1.75x including subordinate state revolving fund loans. Senior and all-in coverage levels excluding cash connection fees were 1.72x and 1.55x, respectively. Liquidity was adequate at $155.3 million, or 162 days of operations, including the department's current cash and investments, the rate stabilization fund and the general reserve fund.

Financial performance in fiscal 2015 will likely be weaker than in fiscal 2014 given an additional $30 million in expenditures and increasing debt service costs. Department financial projections provided in a 2013 Black & Veatch consulting engineer's report indicate that revenue bond coverage is expected to remain at or above 1.5x and all-in debt service coverage is projected to remain above 1.4x through fiscal 2019 with anticipated rate increases and additional debt.

ONGOING RATE INCREASES NEEDED TO SUPPORT PLANNED DEBT

Despite very low combined rates, Fitch views the system's rate flexibility as limited, as indicated by the county's decision not to impose rate increases in fiscals 2012 and 2013, despite escalating debt service costs. Moderate rate increases of 8% and 6% were adopted in fiscals 2014 and 2015 as capital needs were clarified with the sewer system consent decree modification.

Debt service costs will continue to increase given the magnitude of additional debt expected to be issued. Expenditure levels are relatively fixed and much of the planned capital spending is needed to meet regulatory requirements, so Fitch views flexibility on the expenditure side as limited.

WATER CAPITAL DRIVEN BY SUPPLY DIVERSIFICATION AND INFRASTRUCTURE REPLACEMENT

The department faces a very large capital plan that is primarily driven by regulatory requirements. Of the 10-year $13.5 billion CIP, $3 billion relates to the water system. Water system CIP projects include distribution system expansion, repair and replacement of existing infrastructure, compliance with the safe drinking water act, and reflect requirements of the department's 20-year water use permit. The new water permit strives to protect groundwater resources by reducing use of the department's sole water source, the Biscayne aquifer, by requiring the development of alternative water supplies. To comply with the water use permit, the department will begin withdrawing water from the Floridan aquifer and treating the water at its 10mgd reverse osmosis plant. The plant, which was recently constructed and is undergoing testing before entering commercial operation, is jointly owned with the city of Hialeah.

In addition, the department must build an additional 20mgd reverse osmosis plant that will also treat water from the Floridan aquifer. The South Miami Heights water treatment plant is required to be completed by 2019. The two reverse osmosis plants will provide a slight diversification of water supply (25mgd), albeit small compared to overall demand (230.8mgd in 2014). The plants will satisfy the balance of requirements in the 2007 water permit.

LARGE SHARE OF CAPITAL PLAN RELATES TO SEWER

The remaining $10.5 billion in the 10-year CIP relates to the sewer system, including $1.6 billion in requirements based on a consent decree with the Florida Department of Environmental Protection (FDEP) and another $3.3 billion related to the state's ocean outfall legislation. The 2013 consent decree replaces previous consent orders and requires sewer system treatment and collection system repairs. The 2008 ocean outfall state legislation requires the department to end its use of ocean outfalls for sewer effluent disposal by 2025, which will require major system redesign and investment.

CIP EXECUTION IS CRITICAL; NEEDS PRIMARILY DEBT FUNDED

The department must execute a multitude of capital projects simultaneously to meet regulatory deadlines. Timely execution of the CIP is viewed as a risk. Recent upper management changes appear designed to bring additional expertise to the department in this area. However, the absence of defined financial policies and internal long-term financial and rate forecasting are concerning, given the magnitude of capital needs.

Five-year (2016-2020) capital needs are projected at $4.9 billion, of which management estimates that around 88%, or $4.3 billion, will be debt financed. The department's free cash flow-to-depreciation is consistently below 100% (65% in fiscal 2014), limiting available cash flow to fund capital replacement.

Debt levels are already above average for the sector at $2,952 per customer (although this does include the department's wholesale customers) and debt-to-net plant assets of 66%. Debt per customer may climb to over $6,200 over the next five years. Fitch expects that with timely rate recovery, the department can absorb costs related to the additional debt at the current rating level.

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In addition to the sources of information identified in Fitch's U.S. Municipal Revenue-Supported Rating Criteria, this action was additionally informed by information from Creditscope.

Applicable Criteria and Related Research:
--'Revenue-Supported Rating Criteria' (June 2014);
--'U.S. Water and Sewer Revenue Bond Rating Criteria' (July 2013);
--'2015 Water and Sewer Medians', December 2014;
--'2015 Outlook: Water and Sewer Sector', December 2014.

Applicable Criteria and Related Research:
2015 Outlook: Water and Sewer Sector
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=818410
2015 Water and Sewer Medians
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=818409
U.S. Water and Sewer Revenue Bond Rating Criteria
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Revenue-Supported Rating Criteria
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