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May 13, 2011

Ms. Linda Gehrke
Acting Regional Administrator
U.S. Department of Transportation
Federal Transit Administration
Region IV
230 Peachtree Street, N.W., Suite 800
Atlanta, GA 30303

Dear Ms. Gehrke:

Enclosed please find Miami-Dade Transit's (MDT) Corrective Action Plan and other supporting documents addressing the eight items raised by Dr. Yvette Taylor in her April 8, 2011 letter and most of the financial documentation requested by you on May 11, 2011. The cash flow details are being compiled and will be forwarded by your May 18, 2011 deadline. Please note that the Corrective Action Plan provides an overview of the measures MDT has taken or plans to institute to further improve our business processes and controls in the areas of financial reporting, procurement, revenue collection, and grants management. We are also pleased that you have requested the financial data and consider this an important step to restoring MDT's drawdown privileges. Nonetheless, I want to provide a brief overview of our cash-flow situation, including why receipt of the preventive-maintenance funding is critical to MDT's operations.

As discussed, Miami-Dade County (County) has been using pooled cash to cover MDT deficits caused by the suspended federal grant funds. Using pooled cash resources was not anticipated in our 2011 Operating Budget, and thus may eventually require that we adjust MDT service levels and tax supported services. For example, as of September 30, 2010, MDT had a cash deficit of \$152 million, of which \$50 million was recorded as a receivable towards the suspended \$185 million Federal Transit Administration (FTA) grant awards. An additional \$59 million in reimbursable eligible grant expenditures has been incurred for the seven months ended April 30, 2011. That amount is expected to grow by \$5.5 million monthly or to \$86.5 million by September 30, 2011 and increase the FTA receivable balance to \$136.5 million. The projected operating budget gap the County is facing for FY 2011-12 approaches \$400 million. It will be necessary to institute service adjustments countywide to close this gap and submit a balanced budget. Any additional funding that would be necessary to support MDT operations would only serve to exacerbate that gap. Unfortunately, the County does not have the capacity to sustain a cash deficit of this magnitude.

We have also shared with you how the federal suspension has impacted our ability to continue with our planned \$2 billion capital improvement program. To date, MDT has issued more than \$1 billion in bonds, and another \$1 billion is needed to cover projects programmed through March 2013. These bond issuances have been placed on hold as a direct result of the FTA grant funding suspension. The two most important projects in our capital improvement program are the acquisition of Metrorail replacement vehicles and the AirportLink project connecting our Earlington Heights Metrorail station to the new Miami Intermodal Center. We are seeking a \$100 million short-term loan to bridge MDT's fiscal needs until FTA funding is restored.

Delivering Excellence Every Day

As discussed in our May 9, 2011 conference call, I am not aware of any criminal behavior and understand that you are not able to disclose any information regarding any criminal investigation that may or may not be underway. Miami-Dade County will, of course, provide any documents, materials or other assistance that would aid in swiftly completing these probes. I will take immediate and decisive action towards any criminal wrongdoing brought to my attention as it jeopardizes the economic and quality-of-life needs of our community.

In summary, public transit is a vital part of the County's economy as our business community, residents, and visitors depend upon it. While we agree that reforms were needed to ensure more effective management of our federal grant monies and fare revenues, reaching that next level of excellence requires a continued partnership between Miami-Dade County and the FTA, including funding restoration. Without your support, the constituents and economy of this County will be severely impacted. To that end, I am confident that our Corrective Action Plan includes safeguards to improve our control environment. Again, thank you for your time and commitment to helping us resolve these issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Alina T. Hudak". The signature is fluid and cursive, with the first name "Alina" being more prominent and the last name "Hudak" following in a similar style.

Alina T. Hudak
County Manager

Attachments

- c: Honorable Ray LaHood, Secretary, United States Department of Transportation
Honorable Joe A. Martinez, Chairman,
and Members, Miami-Dade Board of County Commissioners
Peter M. Rogoff, Administrator, Federal Transit Administration
Yvette G. Taylor, Ph.D., Regional Administrator, Region IV, Federal Transit Administration
Ysela Llort, Assistant County Manager
Jennifer Glazer-Moon, Special Assistant/Director, Office of Strategic Business Management
Cathy Jackson, Director, Audit and Management Services
Carter Hammer, Finance Director