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OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA

Memorandum

MIAMI-DADE COUNTY

Date: November 20, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Agenda Item No. 5(D)

Ordinance 08-126

Subject: Ordinance Authorizing Issuance of $400 Million Commercial Paper Notes and $800 Million of Water and Sewer System Revenue Bonds

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Recommendation

It is recommended that the Board enact the accompanying Ordinance which authorizes the issuance of not to exceed, at any one time, $400 million Water and Sewer System Commercial Paper Notes (Notes) and the issuance of not to exceed $800 million of Water and Sewer System Revenue Bonds, (Bonds) in one or more series.

Scope

The implementation of a Commercial Paper Program (CP Program) for the Water and Sewer Department (Department) will provide the temporary financing needed to meet the Department's undertaking of certain improvements, as described in Exhibit "A" (Capital Improvement Plan, CIP Projects), in anticipation of the issuance of additional revenue bonds.

The impact of the projects to be funded from the CP Program will have a countywide effect.

Fiscal Impact/Funding Source

The Ordinance authorizes the issuance of debt to be paid from water and sewer revenues, subject to the Board's adoption of future resolutions, for the issuance of Bonds. All the projects listed in Exhibit A are included in the FY 2007-08 adopted budget and multi-year capital plan.

The CP Program enables the County to have immediate access to construction funds at short- term interest rates, which are usually less costly than long-term rates. On an average, the short term rates based on historical experience are between two percent and three percent whereas the long term rates are between five percent and six percent. Aside from lower interest rates, the CP program benefits the County because it is similar to a line of credit, allowing the County to only pay interest on what is drawn.

Additionally, this Ordinance also authorizes $800 million in revenue bonds to reimburse the CP Program. The details of any issuance of bonds (interest rates, annual debt service payments, etc) shall be determined pursuant to subsequent resolution(s) adopted by the BCC.

The utilization of commercial paper notes during construction is less costly than financing projects initially with long term bonds, which will in return have a lesser impact on the water and sewer rates charged to customers. This financing mechanism has been very successful in reducing the cost of borrowing for the Aviation Department's CIP.

Background

On November 16, 1993, the Board enacted Ordinance No. 93-134, as amended and supplemented (Master Ordinance), authorizing the issuance of water and sewer system revenue bonds from time to time.

This Ordinance seeks authorization to issue, in one or more series, Commercial Paper Notes in an aggregate principal amount not to exceed $400 million at any one time for the purpose of (i) paying a portion of the costs of the CIP Projects; and or (ii) paying Notes previously issued pursuant to this Ordinance. Prior to the refunding of the Notes authorized by this Ordinance, the Board will be presented with a resolution, or resolutions, for approval that describe the uses of the Notes' proceeds, other particulars of the transaction, and authorizes the refunding of the Notes through the issuance of Bonds.

The program is dependent upon commercial banks with high credit ratings to issue a letter of credit to provide liquidity for the commercial paper notes. The letter of credit is necessary to take out the Notes in the event of a failure to achieve a timely remarketing of the Notes or an inability of the County to issue its revenue Bonds when required to repay the principal and interest on the Notes.

This Ordinance also seeks authorization to issue Bonds in an initial amount not to exceed $800 million (Initial Bond Authorization) for the purpose of providing funds to pay costs of improvements to the water and sewer system, including payment of the Notes, fund a deposit, if any, to the Reserve Account and to pay costs of issuance. This Initial Bond Authorization will provide for a two times rolling of the CP Program. The details of any issuance of Bonds shall be determined pursuant to subsequent resolution(s) adopted by the Board.

Exhibit A lists the projects in the CIP anticipated to be funded with the CP Program, which will be subsequently refunded with the issuance of water and sewer revenue bonds. Pursuant to the Ordinance, the Finance Director, as the Mayor's designee is authorized to obtain proposals through requests for proposals or any other competitive process deemed appropriate for the selection of commercial paper dealer(s), issuing and paying agent(s) and credit provider(s) in connection with the Notes. The results and details of the Notes will be presented to the Board for approval and adoption by subsequent resolution.

Attachments

Cynthia W. Curry
Senior Assistant to the County Manager

MEMORANDUM

(Revised)

TO: Honorable Chairman Bruno A. Barreiro and Members, Board of County Commissioners

DATE: November 20, 2008

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 5(D)

Please note any items checked.

_____ **"4-Day Rule" ("3-Day Rule" for committees) applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Bid waiver requiring County Manager's written recommendation**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

_____ **Housekeeping item (no policy decision required)**

_____ **No committee review**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 5(D)
11-20-08

ORDINANCE NO. **08-126**

ORDINANCE AUTHORIZING ISSUANCE OF NOT TO EXCEED $400,000,000 PRINCIPAL AMOUNT OUTSTANDING AT ANY ONE TIME OF MIAMI-DADE COUNTY, FLORIDA WATER AND SEWER SYSTEM COMMERCIAL PAPER NOTES, IN ONE OR MORE SERIES, IN ANTICIPATION OF ISSUANCE OF MIAMI-DADE COUNTY, FLORIDA WATER AND SEWER SYSTEM REVENUE BONDS; AUTHORIZING ISSUANCE OF NOT TO EXCEED $800,000,000 MIAMI-DADE COUNTY, FLORIDA WATER AND SEWER SYSTEM REVENUE BONDS, IN ONE OR MORE SERIES, FOR PURPOSE, AMONG OTHERS, OF REPAYING COMMERCIAL PAPER NOTES, PURSUANT TO SECTION 208 OF ORDINANCE NO. 93-134; AUTHORIZING MAYOR OR HIS DESIGNEE TO OBTAIN PROPOSALS FOR SELECTION OF COMMERCIAL PAPER DEALER(S), ISSUING AND PAYING AGENT(S) AND LETTER OF CREDIT PROVIDER(S) IN CONNECTION WITH COMMERCIAL PAPER NOTES; PROVIDING FOR ESTABLISHMENT OF DETAILS OF COMMERCIAL PAPER NOTES AND BONDS BY SUBSEQUENT RESOLUTIONS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Board of County Commissioners (the "Board") of Miami-Dade County, Florida (the "County"), acting pursuant to the authority cited in Section 1, owns and operates water and wastewater treatment plant facilities and a distribution and collection system and pursuant to such authority and Ordinance No. 93-134, enacted by the Board on November 16, 1993, as amended and supplemented (the "Master Ordinance"), is authorized to issue revenue bonds from time to time; and

WHEREAS, all terms used in capitalized form and not defined herein have the meanings assigned to such terms in the Master Ordinance; and

WHEREAS, the County is undertaking certain Improvements, as more particularly described in Exhibit "A" attached hereto and made a part hereof (the "CIP Projects"); and

WHEREAS, the County is in urgent need of funds to pay Costs of the CIP Projects and in order to provide temporary financing therefor in anticipation of the issuance of Additional Bonds under the Master Ordinance, the County desires to issue commercial paper notes (the "Notes"); and

WHEREAS, Section 208 of the Master Ordinance permits proceeds derived from the sale of Additional Bonds to be applied to the payment of the Notes; and

WHEREAS, the County also desires to authorize the issuance of Additional Bonds pursuant to Section 208 of the Master Ordinance for the purpose, among others, of paying the Notes (for purposes of this ordinance, the "Bonds"); and

WHEREAS, the Board deems it appropriate to authorize to the Finance Director, as the designee of the Mayor, to obtain proposals through requests for proposals or any other process as the Finance Director deems appropriate for the selection of commercial paper dealer(s), issuing and paying agent(s) and credit provider(s) in connection with the Notes; and

WHEREAS, it is the intent of the Board that the details of the Notes and the Bonds be approved by subsequent resolutions adopted by the Board; and

WHEREAS, the Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated in this ordinance by reference,

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. This ordinance is enacted pursuant to the provisions of the Constitution of the State of Florida, the Home Rule Amendment and Charter of Miami-Dade County, Florida,

Chapters 125 and 166, Florida Statutes, as amended, Section 215.431, Florida Statutes, as amended, the Code of Miami-Dade County, Florida, as amended, and other applicable provisions of law (collectively, the "Act").

Section 2. The recitals contained in the foregoing "WHEREAS" clauses are incorporated in this ordinance by this reference.

Section 3. (a) Under the authority of the Act and the provisions of this ordinance, commercial paper notes of the County to be known as "Miami-Dade County, Florida Water and Sewer System Commercial Paper Notes" are hereby authorized to be issued, at one time or from time to time in one or more series, in an aggregate principal amount not to exceed $400,000,000 outstanding at any time, for the purpose of (i) paying a portion of the Costs of the CIP Projects and/or (ii) paying Notes (including accrued interest thereon) previously issued pursuant to the provisions of this ordinance, including in each case paying costs and expenses incurred in connection with the issuance of the Notes, all as shall be provided by subsequent resolution or resolutions adopted by the Board. It is hereby understood and agreed that Notes may be issued hereunder in an aggregate principal amount exceeding $400,000,000; provided, however, that at no one time shall Notes be outstanding hereunder in an aggregate principal amount exceeding $400,000,000.

(b) The Notes shall be payable from the sources described in subsequent resolution or resolutions adopted by the Board. The Notes shall not constitute an indebtedness, liability, general or moral obligation, or a pledge of the faith, credit or power of the County, the State of Florida or any political subdivision of the State of Florida, within the meaning of any constitutional, statutory or charter provision.

(c) The Notes shall have such series designations, shall be issued in fully registered form without coupons in such denominations, shall be numbered, shall be dated as of such dates, shall mature on such dates, shall be subject to redemption, shall bear interest at such rates payable on such dates, shall be in such forms, and shall have such other terms, all as shall be determined pursuant to subsequent resolution or resolutions adopted by the Board.

Section 4. (a) Under the authority of the Act, as applicable, and the provisions of the Master Ordinance and this ordinance, Additional Bonds of the County in an aggregate principal amount not to exceed $800,000,000 are hereby authorized to be issued pursuant to Section 208 of the Master Ordinance, at one time or from time to time in one or more series, for the purpose of providing funds to pay Costs of the CIP Projects, including payment of the Notes, fund a deposit, if any, to the Reserve Account and pay costs of issuance thereof.

(b) The Bonds shall be special limited obligations of the County, payable solely from Pledged Revenues as provided in the Master Ordinance.

(c) The Bonds shall have such series designations, shall be issued in fully registered form without coupons in such denominations, shall be numbered, shall be dated as of such dates, shall mature on such dates, be subject to redemption, shall bear interest at such rates payable on such dates, shall be in such forms, and shall have such other terms, all as shall be determined pursuant to subsequent resolution or resolutions adopted by the Board.

Section 5. The Finance Director is hereby authorized to obtain proposals through requests for proposals or any other process as the Finance Director deems appropriate for the selection of commercial paper dealer(s), issuing and paying agent(s) and credit provider(s) in connection with the Notes.

Section 6. This ordinance shall become effective ten (10) days after the date of enactment unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

PASSED AND ADOPTED: **November 20, 2008**

Approved by County Attorney as
to form and legal sufficiency:

Prepared by:

Gerald T. Heffernan

Exhibit "A"
Miami-Dade Water & Sewer Department
Exhibit of Projects for Commercial Paper Program

WASTEWATER PROJECTS		
Biscayne Bay Coastal Wetlands Rehydration (52 MGD)	$	621,000,000
Central District Plant Upgrades		33,000,000
Central Miami-Dade WW Transmission Maines & Pump Station Improvements		62,000,000
Corrosion Control Facilities Improvements		5,000,000
Gravity Sewer Renovations		31,000,000
North District WW Treatment Plant Upgrades		3,000,000
North District WW Transmission Mains & Pump Station Improvements		1,300,000
Peak Flow Management Facilities		439,000,000
Pump Sation Generators & Miscellaneous Upgrades		8,000,000
Pump Station Improvement Program		44,000,000
South District WW Transmission Mains & Pump Station Improvements		3,000,000
South District WW Treatment Plant Upgrades		15,000,000
South District WW Treatment Plant - High Level Disinfection (1)		408,000,000
South District WW Treatment Plant Expansion -Phase III		18,000,000
Wastewater General Maintenance & Office Facilities		42,000,000
Wastewater Treatment Plant Automation Enhancements		6,000,000
Wastewater Treatment Plants Effluent Reuse		705,000,000
Wastewater Treatment Plants Miscellaneous Upgrades		4,000,000
TOTAL WASTEWATER PROJECTS	**$**	**2,448,300,000**

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Exhibit "A"
Miami-Dade Water & Sewer Department
Exhibit of Projects for Commercial Paper Program

WATER PROJECTS		
Aquifer Storage Recovery - Wellfields	$	3,000,000
Central Miami-Dade Water Transmission Main Improvements		19,000,000
North Miami-Dade Water Transmission Main Improvements		15,000,000
Safe Drinking Water Act Modification		115,000,000
South Miami Heights New Water Treatment Plant & Wellfield		41,000,000
South Miami Heights Transmission Mains Improvements		11,000,000
Water Distribution System Extension Enhancements		56,000,000
Water General Maintenance & Office Facilitites		36,000,000
Water Treatment Plant - Alexander Orr, Jr Expansion		46,000,000
Water Treatment Plants - Hialeah/Preston Improvements		55,000,000
Water Treatment Plant - Upper Floridian Reverse Osmosis		22,000,000
Wellfield Improvements		122,000,000
TOTAL WATER PROJECTS	**$**	**541,000,000**

RECAP:

TOTAL WASTEWATER PROJECTS	$	2,448,300,000
TOTAL WATER PROJECTS		541,000,000
	$	**2,989,300,000**

Total Water & Sewer Project Costs Projected to be Funded from Future Bond Proceeds	**$**	**2,989,300,000**

This exhibit is subject to amendment from time to time as annual revisions are incorpororated into the "Adopted Capital Budget and Multi-Year Capital Plan" as it is adopted annually by the Miami-Dade County Board of County Commissioners.

Note: above amounts represent not the total project cost, but instead the amount anticipated to be funded from future bond sales.