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## **CITY OF MIAMI**

### **COVENANT TO BUDGET AND APPROPRIATE BONDS**

#### **DESCRIPTION OF THE DEBT**

The Special Obligation Non-Ad Valorem Revenue Bonds, Series 1995's, Sunshine State Governmental Financing Commission Loan Pool, Series 1988, Sunshine State Governmental Financing Commission Secondary Loan Pool, Series 1995 shall be payable from the Covenant Revenues and other legally available revenues of the City actually budgeted and appropriated and deposited into the funds and accounts created and established pursuant to and in the manner provided in the Covenant Ordinance and/or Resolution. Deposited into the funds and accounts created under the Covenant Ordinance and/or Resolution, Covenant Revenues are not pledged for the payment of the Covenant Debt and Bondholders will not have a lien thereon. The City has covenanted to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its annual budget for each fiscal year, by amendment if necessary, and deposit to the credit of the Revenue Account established pursuant to the Covenant Ordinance and/or Resolution, Covenant Revenues in an amount which together with other legally available revenues budgeted and appropriated for such purpose equal to the Debt Service Requirement with respect to the Covenant Debt, plus an amount sufficient to satisfy all other payment obligations of the City under the Covenant Ordinance and/or Resolution for the applicable fiscal year, including, without limitations, the obligations of the City to fund and cure deficiencies in any sub accounts in the Reserve Account created under the Covenant Ordinance and/or Resolution. Such covenant and agreement on the part of the City to budget and appropriate sufficient amounts of Covenant Revenues shall be cumulative, and shall continue until such Covenant Revenues in amounts, together with any other legally available revenues budgeted and appropriated for such purposes, sufficient to make all required payments under the Covenant Ordinance and/or Resolution as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts under the Covenant Ordinance and/or Resolution.

Such covenant shall not constitute a lien, either legal or equitable, on any of the City's Covenant Revenues or other revenues, nor shall it preclude the city from pledging in the future any of its Covenant Revenues or other revenues to other obligations, nor shall it give the Bondholders a prior claim on the Covenant Revenues. Anything herein to the contrary notwithstanding, all obligations of the City under the Covenant Ordinance and/or Resolution shall be secured only by the Covenant Revenues and other legally available revenues actually budgeted and appropriated and deposited into the funds and accounts created under the Covenant Ordinance and/or Resolution, as provided for therein. The City may not expend moneys not appropriated or moneys in excess of its current budgeted revenues. The obligation of the City to budget, appropriate and make payments under the Covenant Ordinance and/or Resolution from its Covenant Revenues is subject to the availability of the Covenant Revenues in the General Fund of the City after satisfying funding requirements for obligations having an

## CITY OF MIAMI

express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the City.

The City has not covenanted to maintain any programs or other activities, which generate Covenant Revenues.

All obligations of the City under the Covenant Ordinance and/or Resolution with respect to the Covenant Debt and any Additional Bonds issued hereunder shall be secured only by the Covenant Revenues and other legally available revenues actually budgeted and appropriated and deposited into the funds and accounts created under the Covenant Ordinance and/or Resolution. Nothing in the Covenant Ordinance and/or Resolution shall be deemed to create a pledge of or lien on the Covenant Revenues, the ad valorem tax revenues, or any other revenues of the City, or to permit or constitute a mortgage or lien upon any assets owned by the City. No Bondholder shall ever have the right to compel any exercise of the ad valorem taxing power of the City for any purpose, including without limitation, to pay the principal of or interest or premium, if any, on the Bonds or to make any other payment required under the Covenant Ordinance and/or Resolution or to maintain or continue any of the activities of the City which generate user charges, regulatory fees or any other Covenant Revenues, nor shall the Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the City.

Since holders of the Covenant Debt are not entitled to a lien on the Covenant Revenues until such revenues are deposited into the funds and accounts created under the Covenant Ordinance and/or Resolution in favor of the holders of the Covenant Debt, the City is free to grant liens on the Covenant Revenues to secure other obligations. The exercise of remedies by the holders of other debt payable from the Covenant Revenues (whether or not so secured by a lien), including Non-Self Sufficient Debt which is not issued as Bonds under the Covenant Ordinance and/or Resolution or the holders of the other obligations of the City, including judgment creditors, may result in the payment of debt service on some obligations so secured prior to the payment of debt service on other Non-Self Sufficient Debt, including the Covenant Debt.

The City has covenanted and agreed in the Covenant Ordinance and/or Resolution that for so long as any Bonds are outstanding under the Covenant Ordinance and/or Resolution, the City shall continue to deposit to the credit of the City's General Fund those revenue sources that are deposited to the credit of the General Fund and Public Services Tax Fund as provided in the City's Annual Budget.

### Limited Obligations

All obligations of the City under the Covenant Ordinance and/or Resolution shall be secured only by the Covenant Revenues and other legally available revenues actually budgeted

## **CITY OF MIAMI**

and appropriated and deposited into the funds and accounts created in the Covenant Ordinance and/or Resolution, as provided for therein. Nothing in the Covenant Ordinance and/or Resolution shall be deemed to create a pledge of or lien on the Covenant Revenues, the ad valorem tax revenues, or any other revenues of the City or to permit or constitute a mortgage or lien upon any assets owned by the City. No Bondholder shall ever have the right to compel any exercise of the ad valorem taxing power of the City for any purpose, including, without limitation, to pay the principal of or interest or premium, if any, on the Bonds or to make any other payment required hereunder or to maintain or continue any of the activities of the City which generates user service charges, regulatory fees or any other Covenant Revenues, nor shall the Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the City. The obligation of the City to budget, appropriate and make payments required by the Covenant Ordinance and/or Resolution from its Covenant Revenues is subject to the availability of the Covenant Revenues in the General Fund after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the City.

**VARIOUS SPECIAL OBLIGATION AND REVENUE BONDS /LOANS  
WITH SPECIFIC PLEDGE REVENUES  
DESCRIPTION OF THE DEBT**

The City deposits tax increment revenues from the Southeast Overtown Park West district into a special Trust Account. In addition it also deposits a pledge from the State of Florida Guaranteed Entitlement revenue to pay principal and interest for the Community Redevelopment Bond Series 1990. Currently the outstanding principal amount is \$2,615,000. The City has two HUD Section 108 loans. The current outstanding principal balances are \$4,400,000 for the Southeast/Overtown Parkwest Project and \$4,220,000 for the Wynwood Project. The pledges for these loans are Community Redevelopment Block Grant Funds. The City also has another HUD 108 loan in the amount of \$700,000 for the Citadel Project. The pledge for this loan is funds set aside in a restricted account. The City has a redevelopment loan in the amount of \$1,708,864 for the Gran Central Corporation Loan Project. The pledge for this loan is Tax Incremental revenue from the Southeast Overtown Park West district.

The City deposits with its Trustee revenue generated from the Convention Center and Parking garage directly into a Revenue Fund and on a monthly basis and the Trustee transfers an amount equal to 1/6 and 1/12 respectively for interest and principal. When there is a shortfall of funds, to meet the above requirement, the secondary pledge of utilities service tax is used to cover the shortfall.

Currently the outstanding principal amount is \$13,886,325. This excludes capital appreciation.

Florida law authorizes any municipality in the State of Florida to levy a utilities service tax on the purchase within such municipality of electricity, metered or bottled gas (natural liquefied petroleum gas or manufactured), water service and fuel oil as well as any services competitive with those specifically enumerated. This tax may not exceed 10% of the payments received by the sellers of such utilities services from purchasers (except in the case of fuel oil, for which the maximum tax is four cents per gallon). The purchase of natural gas or fuel oil by a public or private utility either for resale or for use as fuel in the generation of electricity, or the purchase of fuel oil or kerosene for use in aircraft or internal combustion engines, is exempt from the levy of such tax.

Pursuant to the Constitution of the State of Florida, Florida Statutes and the Code of the City (The "City Code"), the City levies a utilities service tax, also referred to herein as Public Service Tax, within the incorporated area of the City at the rate of 10% on sales of all utility services for which it is allowed to tax, except telecommunications service, and with the restriction that the tax on fuel oil cannot exceed four cents per gallon. The City Code exempts from levy of such utilities service tax (a) purchases of special fuels to be used as a raw material in a manufacturing process or a cleaning agent or solvent, (c) purchases of special fuels for use in an internal combustion engine to

propel any form of vehicle, and (d) any increases in the cost of utility service to the ultimate consumer resulting from an increase in the cost of fuel to the utility subsequent to October 1, 1973.

**CITY OF MIAMI  
ESCROW AGREEMENT WITH FIRST UNION NATIONAL  
BANK OF FLORIDA FOR ALL THE CITY'S DEBT**

On March 17, 1997, an agreement was entered into by and among an Escrow Agent, the Oversight Board, acting through its committee FSAB, and the City. The agreement directs the Escrow Agent to establish several accounts, and maintain appropriate balances to ensure the timely payment of debt service on outstanding General Obligation and Revenue Bonds.

With respect to the General Obligations Bonds, the City made an initial deposit of \$9,700,000 with the escrow agent on March 17, 1997. The city has agreed that certain ad valorem tax revenues received from the County will be deposited each calendar month into the Escrow Account for an amount specified by the underlying agreement. If the ad valorem taxes received in any month from the County are inadequate to make any required deposit, the City must use other sources of funds to make the required deposits.

With respect to the Revenue Bonds, the city made an initial deposit of approximately \$5,000,000 with the Escrow Agent on March 17, 1997. The City has agreed to deposit revenues each month in amounts specified in the underlying agreement.

The agreement will terminate upon the earlier of (i) the period of three years after the City has produced two successive years of balanced operations and none of the conditions exist that are set forth in section 218.503(1), Florida Statutes or (ii) the termination of the agreement by the parties thereto.

Although this agreement could have been terminated because the City fulfilled its commitment under (i), the City chooses to continue with this agreement in good faith as an additional security to its bondholders.

**CITY OF MIAMI  
GENERAL OBLIGATION BONDS  
DESCRIPTION OF DEBT**

A summary of major provisions and significant debt services requirements follows:

Debt service for general obligation bonds is provided for by a tax levy on non-exempt property value. The total general obligation debt outstanding is limited by the City Charter to 15% of the assessed non-exempt property value. At September 30, 2003, the statutory limitation for the City amounted to \$2,914,141,286 providing a debt margin of approximately \$2,676,558,525 after consideration of the \$236,549,956 of general obligation bonds outstanding at September 30, 2003 and adjusted for the deficit fund balance of \$1,032,805 fund balance in the related Debt Service Fund.



City of Miami  
 General Obligation Bonds  
 Bond Disclosure Settlement  
 Summary Information  
 As of September 30, 2003

	<u>Outstanding</u>	<u>Rating</u>	<u>Credit Facility</u>	<u>Paying Agent</u>	<u>Final Maturity</u>
<b>Individual Bond Issues:</b>					
<b>Fixed Rate:</b>					
<b>Capital Improvement</b>					
General Obligation Bonds 1977B	475,000	Moody's S&P		Chase Manhattan Bank	12/01/07
General Obligation Bonds 1981	1,985,000	Moody's S&P		Chase Manhattan Bank	08/01/11
General Obligation Refunding Bonds 1992	32,625,000	Moody's S&P	FGIC	Bank of New York	12/01/13
General Obligation Refunding Bonds 2002A	30,095,000	Moody's S&P Fitch	MBIA	Bank of New York	09/01/17
General Obligation Bonds 2002A	154,741,389	Moody's S&P Fitch	MBIA	Wachovia Bank, N.A.	01/01/2:
General Obligation Refunding Bonds 2003	18,680,000	Moody's S&P Fitch	MBIA	Wachovia Bank, N.A.	07/01/1:
Total Debt Outstanding	<u>\$ 238,601,389</u>				

**City of Miami  
Special Obligation and Revenue Funds  
with Specific Pledge Revenues  
Bond Disclosure Settlement  
Summary Information  
As of September 30, 2003**

	<u>Outstanding</u>	<u>Rating</u>	<u>Credit Facility</u>	<u>Paying Agent</u>	<u>Final Maturity</u>
<b>Individual Bond Issues:</b>					
<b>Fixed Rate:</b>					
<b>Capital Improvement</b>					
Southeast Overtown/Parkwest, HUD	4,400,000	Moody's S&P		Chase Manhattan Bank	08/01/14
Citidal HUD	700,000	Moody's S&P		Chase Manhattan Bank	08/01/04
Wynwood	4,220,000	Moody's S&P		Chase Manhattan Bank	08/01/16
Community Redevelopment Revenue Bonds (Tax Increment Bonds)	2,615,000	Moody's S&P		Bank of New York	01/01/15
Specific Revenue Refunding Bonds 1997 (Convention Center)	46,125,757	Moody's S&P		Wachovia Bank, N.A.	01/01/15
Total Debt Outstanding	<u>\$ 58,060,757</u>				

**City of Miami**  
**Covenant to Budget and Appropriate Bonds**  
**Bond Disclosure Settlement**  
**Summary Information**  
**As of September 30, 2002**

	<u>Outstanding</u>	<u>Rating</u>	<u>Credit Facility</u>	<u>Paying Agent</u>	<u>Final Maturity</u>
<b>Individual Bond Issues:</b>					
<b>Fixed Rate:</b>					
<b>Capital Improvement</b>					
Special Obligation Non-Ad Valorem Revenue Bonds 1995	3,850,000	Moody's S&P	FGIC	Bank of New York	02/01/25
Non-Ad Valorem Revenue Bonds Taxable Pension 1995 Taxable Compensated Absence 1995	65,645,000	Moody's S&P	AMBAC	Wachovia Bank, N.A.	12/01/25
Special Obligation Non-Ad Valorem Refunding Revenue Bonds 2002A	27,895,000	Moody's S&P Fitch	MBIA	Wachovia Bank, N.A.	07/01/25
Special Obligation Non-Ad Valorem Refunding Revenue Bonds 2002B	9,160,000	Moody's S&P Fitch	MBIA	Wachovia Bank, N.A.	07/01/08
Special Obligation Non-Ad Valorem Refunding Revenue Bonds 2002C	27,385,000	Moody's S&P Fitch	MBIA	Wachovia Bank, N.A.	07/01/08
Gran Central Corporation Corp. Loan	1,708,864	N/A	N/A	N/A	07/01/08
Sub-Total	<u>135,643,864</u>				
<b>Variable Rate:</b>					
Sunshine State Governmental Financing Commission Loan Series 1988	14,856,900	Moody's	FGIC	Deutsche Bank Trust Company Americas	07/01/12
Sunshine State Governmental Financing Commission Secondary Loan Series 1995	2,345,000	Moody's P1 S&P A1+ Fitch F1+	Union Bank of Switzerland Letter of Credit	Deutsche Bank Trust Company Americas	01/01/12
Sub-Total	<u>17,201,900</u>				
Total Debt Outstanding	<u>\$ 152,845,764</u>				

**NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES**

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