

CITY OF MIAMI, FLORIDA
SUPPLEMENTAL REPORT TO BOND HOLDERS



AS OF SEPTEMBER 30, 2008

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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, Non-Ad Valorem Revenue Bonds, Series 1995 (Pension), Special Obligation Non-Ad Valorem Refunding Revenue Bonds, Series 2002A, Special Obligation Non-Ad Valorem Refunding Revenue Bonds, Series 2002C Non-Ad Valorem Variable Rate Refunding Revenue Bonds, Series 2006 (Pension), Parrot Jungle and Gardens of Watson Island Loan and Sunshine State Governmental Financing Commission Loan Pool, Series 1986, 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

CITY OF MIAMI

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 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 Communication Services Tax Fund as provided in the City's Annual Budget.

Limited Obligations

CITY OF MIAMI

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 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 \$2,010,000. The City has three HUD Section 108 loans. The current outstanding principal balances are \$3,150,000 for the Southeast/Overtown Parkwest Project and \$2,610,000 for the Wynwood Project and \$3,999,000 fro the Wagner Square Project. The pledges for these loans are Community Redevelopment Block Grant Funds. 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 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 \$6,224,609. This excludes capital appreciation.

The City deposits with its Paying Agent from Parking Surcharge, PTT Tax and Local Optional Gas Tax directly into a Bond Service account on a monthly basis an amount equal to 1/6 and 1/12 respectively for interest and principal payable for the Special Obligation Non-Ad Valorem Revenue Bond, Series 2007.

Currently the outstanding principal amount is \$80,000,000.

**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, 2008, the statutory limitation for the City amounted to \$5,400,939,950 providing a debt margin of approximately \$5,167,684,697 after consideration of the \$235,393,765 of general obligation bonds outstanding at September 30, 2008 and adjusted for the fund balance of \$2,138,512 in the related Debt Service Fund.

City of Miami
 General Obligation Bonds
 Bond Disclosure Settlement
 Summary Information
 As of September 30, 2008

| | <u>Outstanding</u> | <u>Rating</u> | <u>Credit Facility</u> | <u>Paying Agent</u> | <u>Final Maturity</u> |
|---|---------------------------|-------------------------|-------------------------|---------------------|-----------------------|
| Individual Bond Issues: | | | | | |
| Fixed Rate: | | | | | |
| Capital Improvement | | | | | |
| General Obligation Bonds 1977B | - | Moody's S&P | N/A | JP Morgan Chase | 12/01/07 |
| General Obligation Bonds 1981 | 880,000 | Moody's S&P | N/A | JP Morgan Chase | 08/01/11 |
| General Obligation Refunding Bonds 1992 | 6,385,000 | Moody's S&P | FGIC | Bank of New York | 12/01/10 |
| General Obligation Refunding Bonds 2002A | 26,795,000 | Moody's S&P Fitch | MBIA | Bank of New York | 09/01/17 |
| General Obligation Bonds 2002 | 40,058,765 | Moody's S&P Fitch | MBIA | U.S. Bank | 01/01/21 |
| General Obligation Refunding Bonds 2003 | 4,100,000 | Moody's S&P Fitch | MBIA | U.S. Bank | 07/01/12 |
| General Obligation Refunding Bonds 2003B | 4,115,000 | Moody's S&P Fitch | XL Capital Assurance | U.S. Bank | 12/01/13 |
| General Obligation Bonds 2007A | 103,060,000 | Moody's S&P Fitch | MBIA | Commerce Bank | 01/01/22 |
| General Obligation Bonds 2007B | 50,000,000 | Moody's S&P Fitch | MBIA | Commerce Bank | 01/01/28 |
| Total General Obligation Debt Outstanding | <u>\$ 235,393,765</u> | | | | |

City of Miami
Special Obligation and Revenue Funds
with Specific Pledge Revenues
Bond Disclosure Settlement
Summary Information
As of September 30, 2008

| | <u>Outstanding</u> | <u>Rating</u> | <u>Credit Facility</u> | <u>Paying Agent</u> | <u>Final Maturity</u> |
|--|--------------------|-------------------------|------------------------|---------------------|-----------------------|
| Individual Bond Issues: | | | | | |
| Fixed Rate: | | | | | |
| Capital Improvement | | | | | |
| Southeast Overtown/Parkwest, HUD | 3,150,000 | Moody's S&P | | JP Morgan Chase | 08/01/14 |
| Wynwood HUD | 2,610,000 | Moody's S&P | | JP Morgan Chase | 08/01/16 |
| Wagner Square HUD | 3,999,000 | Moody's S&P | | JP Morgan Chase | 08/01/24 |
| Community Redevelopment Revenue Bonds (Tax Increment Bonds) | 2,010,000 | Moody's S&P | | Bank of New York | 10/01/15 |
| Specific Revenue Refunding Bonds 1987 (Convention Center) | 6,224,609 | Moody's S&P | | U. S. Bank | 01/01/15 |
| Special Obligation Non-Ad Valorem Revenue Bonds 2007 (PTT Tax 80%, Parking Surcharge 20%) (Local Optional Gas Tax 100%) | 80,000,000 | Moody's S&P Fitch | MBIA | Commerce Bank | 01/01/37 |
| Gran Central Corporation Corp. Loan | 1,708,864 | N/A | N/A | N/A | 07/01/08 |
| Total Special Obligation and Revenue Funds with Specific Pledged Revenues Debt Outstanding | \$ 99,702,473 | | | | |

City of Miami
Covenant to Budget and Appropriate Bonds
Bond Disclosure Settlement
Summary Information
As of September 30, 2008

| | <u>Outstanding</u> | <u>Rating</u> | <u>Credit Facility</u> | <u>Paying Agent</u> | <u>Final Maturity</u> |
|---|-----------------------|------------------------------------|---|--------------------------------------|-----------------------|
| Individual Bond Issues: | | | | | |
| Fixed Rate: | | | | | |
| Capital Improvement | | | | | |
| Special Obligation Non-Ad Valorem Revenue Bonds 1995 | 1,245,000 | Moody's S&P | FGIC | Bank of New York | 02/01/25 |
| Non-Ad Valorem Revenue Bonds Taxable Pension 1995 Taxable Compensated Absence 1995 | 30,875,000 | Moody's S&P | AMBAC | U. S. Bank | 12/01/20 |
| Special Obligation Non-Ad Valorem Refunding Revenue Bonds 2002A | 27,330,000 | Moody's S&P Fitch | MBIA | U. S. Bank | 09/01/25 |
| Special Obligation Non-Ad Valorem Refunding Revenue Bonds 2002B | - | Moody's S&P Fitch | MBIA | U. S. Bank | 09/01/08 |
| Special Obligation Non-Ad Valorem Refunding Revenue Bonds 2002C | 21,790,000 | Moody's S&P Fitch | MBIA | U. S. Bank | 10/01/17 |
| Parrott Jungle & Gardens of Watson Island (CST Tax) | 4,312,000 | | | Miami-Dade County | 08/01/11 |
| Sub-Total | <u>\$ 85,552,000</u> | | | | |
| Variable Rate: | | | | | |
| Sunshine State Governmental Financing Commission Loan Series 1986 | 7,581,900 | Moody's | FGIC | Deutsche Bank Trust Company Americas | 07/01/12 |
| Sunshine State Governmental Financing Commission Loan Series 1986 | 6,600,000 | Moody's | FGIC | Deutsche Bank Trust Company Americas | 07/01/16 |
| Sunshine State Governmental Financing Commission Loan Series 2007 | 42,500,000 | Moody's | FGIC | Deutsche Bank Trust Company Americas | 07/01/16 |
| Sunshine State Governmental Financing Commission Secondary Loan Series 1995 | 1,195,000 | Moody's P1 S&P A1+ Fitch F1+ | Union Bank of Switzerland Letter of Credit | Deutsche Bank Trust Company Americas | 07/01/12 |
| Non-Ad Valorem Variable Rate Refunding Revenue Bonds Taxable Pension 2006 | 29,010,000 | Moody's S&P Fitch | MBIA | N/A | 12/01/25 |
| Sub-Total | <u>\$ 86,886,900</u> | | | | |
| Total Covenant to Budget and Appropriate Debt Outstanding | <u>\$ 172,438,900</u> | | | | |

NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORIES

BLOOMBERG MUNICIPAL REPOSITORIES

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DPC DATA INC.

One Executive Drive
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FAX: (201) 947-0107
Email: nrmsir@dpcdata.com

INTERACTIVE DATA

ATTN: Repository
100 Williams Street
New York, NY 10038
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FAX: (212) 771-7390 (Secondary Mkt Info)
FAX: (212) 771-7391 (Primary Mkt Info)
Email: NRMSIR@FTID.com

STANDARD & POOR'S J J KENNY REPOSITORY

55 Water Street
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New York, NY 10041
PH: (212) 438-4595
FAX: (212) 438-3975
Email: nrmsir_repository@sandp.com