

In the opinion of Bond Counsel to the County to be delivered upon the issuance of the Series 2014 Bonds, under existing law and assuming continuing compliance by the County with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be met subsequent to the issuance of the Series 2014 Bonds, with which the County has certified, represented and covenanted its compliance, (i) interest on the Series 2014A Bonds is excludable from gross income for federal income tax purposes, except for any period during which such Series 2014A Bonds are held by a person who is a “substantial user” of the facilities financed or a “related person,” as those terms are used in Section 147(a) of the Code; (ii) interest on the Series 2014A Bonds is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations; (iii) interest on the Series 2014B Bonds is excludable from gross income for federal income tax purposes; and (iv) interest on the Series 2014B Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations; however, such interest on the Series 2014B Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel are further of the opinion that the Series 2014 Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.



MIAMI-DADE COUNTY, FLORIDA

\$598,915,000

**Aviation Revenue Refunding Bonds
Series 2014A (AMT)**

\$162,225,000

**Aviation Revenue Refunding Bonds
Series 2014B (Non-AMT)**

Dated: Date of delivery

Due: October 1, as shown on inside cover page

Miami-Dade County, Florida (the “County”) is issuing its \$598,915,000 Aviation Revenue Refunding Bonds, Series 2014A (AMT) (the “Series 2014A Bonds”) and its \$162,225,000 Aviation Revenue Refunding Bonds, Series 2014B (Non-AMT) (the “Series 2014B Bonds” and, together with the Series 2014A Bonds, the “Series 2014 Bonds”). The Series 2014 Bonds are being issued as fully registered bonds, initially registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Series 2014 Bonds. So long as the Series 2014 Bonds are in book-entry form, purchases of beneficial interests in the Series 2014 Bonds will be made in book-entry only form, without certificates, in denominations of \$5,000 or integral multiples of \$5,000. See “AUTHORIZATION FOR THE SERIES 2014 BONDS.”

Interest on the Series 2014 Bonds will accrue from their initial date of delivery and will be payable on April 1 and October 1 of each year, commencing on April 1, 2015.

Principal of and interest on the Series 2014 Bonds will be payable at the corporate trust offices of The Bank of New York Mellon (successor in interest to JPMorgan Chase Bank), as trustee (the “Trustee”), in New York, New York. So long as DTC or its nominee is the registered owner of the Series 2014 Bonds, payments of the principal of and interest on the Series 2014 Bonds will be paid directly to DTC or its nominee, and disbursements of such payments to beneficial owners will be the responsibility of DTC and its participants. See “THE SERIES 2014 BONDS – Book-Entry Only System.” Certain of the Series 2014 Bonds will be subject to optional and mandatory redemption prior to maturity at the prices, in the manner and at such times as set forth in this Official Statement. See “THE SERIES 2014 BONDS – Redemption.”

The Series 2014 Bonds are being issued for the purposes of: (a) refunding and redeeming all or a portion of certain Outstanding aviation revenue bonds of the County as described in this Official Statement; and (b) paying certain costs of issuance relating to the Series 2014 Bonds. See “INTRODUCTION” and “PLAN OF REFUNDING.”

THE SERIES 2014 BONDS WILL BE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM A PLEDGE OF NET REVENUES (AS DESCRIBED IN THIS OFFICIAL STATEMENT) DERIVED FROM THE PORT AUTHORITY PROPERTIES, INCLUDING THE OPERATION OF THE MIAMI INTERNATIONAL AIRPORT, AS DESCRIBED IN THIS OFFICIAL STATEMENT, AND CERTAIN OTHER MONIES. THE SERIES 2014 BONDS WILL BE SECURED ON A PARITY BASIS WITH THE COUNTY'S OUTSTANDING BONDS UNDER THE TRUST AGREEMENT DESCRIBED IN THIS OFFICIAL STATEMENT. NEITHER THE FAITH AND CREDIT OF THE STATE OF FLORIDA OR THE COUNTY NOR THE FAITH AND CREDIT OF ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR THE COUNTY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS. THE ISSUANCE OF THE SERIES 2014 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF FLORIDA OR THE COUNTY OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR THE COUNTY TO LEVY ANY TAXES FOR THE PAYMENT OF THE SERIES 2014 BONDS OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE NET REVENUES AND CERTAIN OTHER MONIES PLEDGED TO THE PAYMENT OF THE SERIES 2014 BONDS UNDER THE TRUST AGREEMENT.

See the inside cover page for maturities, principal amounts, initial CUSIP numbers, interest rates and yields of the Series 2014 Bonds.

This cover page contains information for quick reference only. It is not a summary of the Series 2014 Bonds. Investors must read the entire Official Statement, including the APPENDICES attached hereto, to obtain information essential to the making of an informed investment decision. Unless otherwise specified, cross-references are to specific captioned sections of this Official Statement.

The Series 2014 Bonds are offered when, as and if issued by the County and accepted by the Underwriters, subject to the delivery of an opinion as to legality by Greenberg Traurig, P.A., Miami, Florida, and Edwards & Associates, P.A., Miami, Florida, Bond Counsel. Certain legal matters will be passed upon for the County by the Office of the Miami-Dade County Attorney. Certain other legal matters relating to disclosure will be passed upon for the County by Hunton & Williams LLP, Miami, Florida, and Law Offices Thomas H. Williams, Jr., P.L., Miami, Florida, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, Bryant Miller Olive P.A., Miami, Florida. The Financial Advisors to the Miami-Dade County Aviation Department are First Southwest Company, Aventura, Florida and Frasca & Associates, L.L.C., New York, New York. It is expected that the Series 2014 Bonds will be available for delivery through DTC in New York, New York on or about December 17, 2014.

Wells Fargo Securities, LLC

Cabrera Capital Markets, LLC

Rice Financial Products Company

Barclays

Estrada Hinojosa & Company, Inc.

Blaylock Beal Van, LLC

Loop Capital Markets

Jefferies

Siebert Brandford Shank & Co., L.L.C.

Citigroup

RBC Capital Markets

Drexel Hamilton, LLC

Ramirez & Co., Inc.

MATURITIES, PRINCIPAL AMOUNTS, INITIAL CUSIP NUMBERS^{}, INTEREST RATES, AND
YIELDS OF THE SERIES 2014 BONDS**

**\$598,915,000
AVIATION REVENUE REFUNDING BONDS
SERIES 2014A (AMT)**

Maturity (October 1)	Principal Amount	Initial CUSIP No.^{**}	Interest Rate	Yield	Maturity (October 1)	Principal Amount	Initial CUSIP No.^{**}	Interest Rate	Yield
2015	\$ 3,590,000	59333P J66	1.000%	0.250%	2029	\$ 11,005,000	59333P K72	5.000%	3.430%*
2016	2,755,000	59333P J74	5.000	0.730	2030	11,950,000	59333P K80	5.000	3.510*
2017	2,890,000	59333P J82	5.000	1.080	2031	12,550,000	59333P K98	5.000	3.560*
2018	3,035,000	59333P J90	5.000	1.430	2032	70,590,000	59333P L22	5.000	3.610*
2019	3,190,000	59333P K23	5.000	1.810	2033	133,485,000	59333P L30	5.000	3.660*
2020	3,350,000	59333P K31	5.000	2.120	2034	650,000	59333P L48	4.000	4.000
2025	1,105,000	59333P K49	5.000	3.120*	2034	51,070,000	59333P L71	5.000	3.710*
2027	10,610,000	59333P K56	5.000	3.310*	2035	146,260,000	59333P L55	5.000	3.750*
2028	11,145,000	59333P K64	5.000	3.370*	2036	119,685,000	59333P L63	5.000	3.770*

**\$162,225,000
AVIATION REVENUE REFUNDING BONDS
SERIES 2014B (Non-AMT)**

Maturity (October 1)	Principal Amount	Initial CUSIP No.^{**}	Interest Rate	Yield	Maturity (October 1)	Principal Amount	Initial CUSIP No.^{**}	Interest Rate	Yield
2015	\$ 1,155,000	59333P L89	1.000%	0.200%	2028	\$5,445,000	59333P M70	5.000%	3.020%*
2016	1,145,000	59333P L97	4.000	0.570	2029	6,120,000	59333P M88	5.000	3.080*
2017	1,190,000	59333P M21	5.000	0.890	2030	6,000,000	59333P M96	5.000	3.130*
2018	1,250,000	59333P M39	5.000	1.190	2031	6,305,000	59333P N20	5.000	3.180*
2019	1,315,000	59333P M47	5.000	1.540	2032	6,620,000	59333P N38	5.000	3.260*
2020	1,380,000	59333P M54	5.000	1.830	2033	6,950,000	59333P N46	5.000	3.310*
2025	22,620,000	59333P N79	5.000	2.760*	2034	7,295,000	59333P N53	5.000	3.360*
2027	5,185,000	59333P M62	5.000	2.960*					

\$82,250,000 5.000% Term Bond due October 1, 2037, priced at 112.778 to yield 3.450%*, CUSIP No.** 59333P N61

* Yield calculated to first optional call date of October 1, 2024.

** Neither the County nor the Underwriters assume responsibility for the use of CUSIP numbers, nor is any representation made as to their correctness. The CUSIP numbers are included solely for the convenience of the readers of this Official Statement.

MIAMI-DADE COUNTY, FLORIDA

Carlos A. Gimenez, Mayor

MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS

Rebeca Sosa, Chairwoman

Lynda Bell, Vice Chair*

<u>Name</u>	<u>District</u>	<u>Name</u>	<u>District</u>
Barbara J. Jordan	1	Lynda Bell*	8
Jean Monestime	2	Dennis C. Moss	9
Audrey M. Edmonson	3	Senator Javier D. Souto	10
Sally A. Heyman	4	Juan C. Zapata	11
Bruno A. Barreiro	5	José “Pepe” Diaz	12
Rebeca Sosa	6	Esteban Bovo, Jr.	13
Xavier L. Suarez	7		

COUNTY CLERK

Harvey Ruvin

COUNTY ATTORNEY

R.A. Cuevas, Jr., Esq.

DEPUTY MAYOR / FINANCE DIRECTOR

Edward Marquez

AVIATION DEPARTMENT

Emilio T. González, Ph.D.

Aviation Director

Kenneth A. Pyatt

Deputy Aviation Director

Anne Syrcle Lee

Chief Financial Officer

Sergio San Miguel, CPA

Controller

BOND COUNSEL

Greenberg Traurig, P.A.
Miami, Florida

Edwards & Associates, P.A.
Miami, Florida

DISCLOSURE COUNSEL

Hunton & Williams LLP
Miami, Florida

Law Offices Thomas H. Williams, Jr., P.L.
Miami, Florida

FINANCIAL ADVISOR

First Southwest Company
Aventura, Florida

Frasca & Associates, L.L.C.
New York, New York

CONSULTING ENGINEER

HNTB Corporation
Miami, Florida

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

KPMG LLP
Miami, Florida

* At the time of the approval of the Series 2014 Resolution, Lynda Bell was the Commissioner for District 8 and was Vice Chairman of the Board. As of the date of this Official Statement, Daniella Levine Cava is the Commissioner for District 8 and the Vice Chairman position is vacant.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY, THE MIAMI-DADE COUNTY AVIATION DEPARTMENT (THE "AVIATION DEPARTMENT") OR THE UNDERWRITERS TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN AS SET FORTH IN THIS OFFICIAL STATEMENT AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY, THE AVIATION DEPARTMENT OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE SERIES 2014 BONDS BY A PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE SERIES 2014 BONDS.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. *THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS A PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.*

THE SERIES 2014 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, NOR HAVE THE TRUST AGREEMENT, THE SERIES 2014 RESOLUTION OR THE AUTHORIZATIONS DESCRIBED IN THIS OFFICIAL STATEMENT BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY UPON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2014 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2014 BONDS TO CERTAIN DEALERS AND OTHERS AT YIELDS HIGHER THAN THE PUBLIC OFFERING YIELDS REFLECTED ON THE INSIDE COVER PAGE OF THIS OFFICIAL STATEMENT, AND SUCH PUBLIC OFFERING YIELDS MAY BE CHANGED FROM TIME TO TIME, AFTER THE INITIAL OFFERING TO THE PUBLIC, BY THE UNDERWRITERS.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE CAPTIONS AND HEADINGS IN THIS OFFICIAL STATEMENT ARE FOR CONVENIENCE OF REFERENCE ONLY AND IN NO WAY DEFINE, LIMIT OR DESCRIBE THE SCOPE OR INTENT, OR AFFECT THE MEANING OR CONSTRUCTION, OF ANY PROVISIONS OR SECTIONS IN THIS OFFICIAL STATEMENT. THE OFFERING OF THE SERIES 2014 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT IS BEING PROVIDED TO PROSPECTIVE PURCHASERS EITHER IN BOUND PRINTED FORM ("ORIGINAL BOUND FORMAT") OR IN ELECTRONIC FORMAT VIA EMAIL DISTRIBUTION. YOU MAY REQUEST AN ELECTRONIC COPY OF THIS DOCUMENT BY SENDING AN E-MAIL REQUEST TO THE PRINTER, IMAGEMASTER, AT production@imagemaster.com. THIS OFFICIAL

STATEMENT MAY BE RELIED UPON ONLY IF IT IS IN ITS ORIGINAL BOUND FORMAT OR AS PRINTED IN ITS ENTIRETY DIRECTLY FROM SUCH EMAIL DISTRIBUTION.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD-LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR OTHER SIMILAR WORDS. SUCH FORWARD-LOOKING STATEMENTS INCLUDE, BUT ARE NOT LIMITED TO, CERTAIN STATEMENTS CONTAINED IN THE INFORMATION UNDER THE CAPTIONS "ESTIMATED SOURCES AND USES OF FUNDS," "CERTAIN INVESTMENT CONSIDERATIONS," AND "AVIATION DEPARTMENT FINANCIAL INFORMATION – MANAGEMENT'S DISCUSSION OF FINANCIAL INFORMATION," IN THIS OFFICIAL STATEMENT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. AMONG THE FACTORS THAT MAY CAUSE PROJECTED REVENUES AND EXPENDITURES TO BE MATERIALLY DIFFERENT FROM THOSE ANTICIPATED ARE AN INABILITY TO INCUR DEBT AT ASSUMED RATES, CONSTRUCTION DELAYS, INCREASES IN CONSTRUCTION COSTS, GENERAL ECONOMIC DOWNTURNS, FACTORS AFFECTING THE AIRLINE INDUSTRY IN GENERAL, FEDERAL LEGISLATION AND/OR REGULATIONS, AND REGULATORY AND OTHER RESTRICTIONS, INCLUDING, BUT NOT LIMITED TO, THOSE THAT MAY AFFECT THE ABILITY TO UNDERTAKE, THE TIMING OR THE COSTS OF CERTAIN PROJECTS. ANY FORECAST IS SUBJECT TO SUCH UNCERTAINTIES. THEREFORE, THERE ARE LIKELY TO BE DIFFERENCES BETWEEN FORECASTS AND ACTUAL RESULTS, AND THOSE DIFFERENCES MAY BE MATERIAL. OTHER THAN THE CUSTOMARY FINANCIAL REPORTING ACTIVITIES OF THE COUNTY AND THE AVIATION DEPARTMENT OR REPORTING ACTIVITIES NECESSARY TO COMPLY WITH LEGAL OR CONTRACTUAL REQUIREMENTS, NEITHER THE COUNTY NOR THE AVIATION DEPARTMENT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO SUCH FORWARD-LOOKING STATEMENTS IF OR WHEN (i) THE EXPECTATIONS OF THE COUNTY OR THE AVIATION DEPARTMENT CHANGE, OR (ii) THE EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH FORWARD-LOOKING STATEMENTS ARE BASED ACTUALLY OCCUR OR FAIL TO OCCUR.

THIS OFFICIAL STATEMENT IS IN THE FORM DEEMED FINAL BY THE COUNTY FOR PURPOSES OF RULE 15c2-12 PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

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OFFICIAL STATEMENT

relating to

MIAMI-DADE COUNTY, FLORIDA

\$598,915,000

**Aviation Revenue Refunding Bonds
Series 2014A (AMT)**

\$162,225,000

**Aviation Revenue Refunding Bonds
Series 2014B (Non-AMT)**

INTRODUCTORY STATEMENT

This Official Statement of Miami-Dade County, Florida (the “County”), which includes the cover page, the inside cover page and the Appendices, furnishes information in regard to the Port Authority Properties (the “Port Authority Properties”) and other assets owned by the County and operated by the Miami-Dade County Aviation Department (the “Aviation Department”) and other information in connection with the issuance and sale of the County’s \$598,915,000 Aviation Revenue Refunding Bonds, Series 2014A (AMT) (the “Series 2014A Bonds”) and its \$162,225,000 Aviation Revenue Refunding Bonds, Series 2014B (Non-AMT) (the “Series 2014B Bonds” and, together with the Series 2014A Bonds, the “Series 2014 Bonds”).

The Series 2014 Bonds are being issued pursuant to (1) Chapters 125 and 166, Florida Statutes, as amended (collectively, the “Act”), (2) the Amended and Restated Trust Agreement dated as of December 15, 2002 (the “Trust Agreement”) by and among the County, The Bank of New York Mellon (successor in interest to JPMorgan Chase Bank), as trustee (the “Trustee”), and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association), as co-trustee (the “Co-Trustee”), and (3) Resolution No. R-971-14 (the “Series 2014 Resolution”) adopted by the Board of County Commissioners of Miami-Dade County, Florida (the “Board”) on November 5, 2014, approving the issuance of the Series 2014 Bonds. See “AUTHORIZATION FOR THE SERIES 2014 BONDS” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT.”

The Series 2014 Bonds are being issued for the purposes of (a) refunding and redeeming all or a portion of the outstanding (i) Miami-Dade County, Florida Aviation Revenue Bonds, Series 2002A (AMT) (the “Series 2002A Bonds”); (ii) Miami-Dade County, Florida Aviation Revenue Bonds, Series 2003A (AMT) (the “Series 2003A Bonds”); (iii) Miami-Dade County, Florida Aviation Revenue Bonds, Series 2004A (AMT) (the “Series 2004A Bonds”); (iv) Miami-Dade County, Florida Aviation Revenue Bonds, Series 2004B (Non-AMT) (the “Series 2004B Bonds”); and (v) Miami-Dade County, Florida Aviation Revenue Refunding Bonds, Series 2005C (Non-AMT) (the “Series 2005C Bonds”); and (b) paying certain costs of issuance relating to the Series 2014 Bonds. See “PLAN OF REFUNDING” for the maturities of each series of bonds being refunded.

The Series 2014 Bonds are payable from and are secured by a pledge of Net Revenues (as described in this Official Statement) of the Port Authority Properties. See “SECURITY FOR THE SERIES 2014 BONDS – Pledge of Net Revenues.” The major components of the Port Authority Properties are (1) the terminals, grounds, runways and taxiways of (a) the Miami International Airport (the “Airport” or “MIA”), (b) three general aviation airports (Miami-Opa locka Executive Airport, Homestead General Aviation Airport and Miami Executive Airport), (c) one flight training airport (Dade-Collier Training and Transition Airport), and (d) one decommissioned airport (Opa-locka West Airport), and (2) all facilities or improvements of the County’s airports that are designated as Port Authority Properties pursuant to the Trust Agreement.

Reference herein to “Port Authority Properties” shall mean the Port Authority Properties as the same exist unless otherwise indicated. Port Authority Properties do not include any facilities or improvements at the County’s airports financed by obligations not issued under the Trust Agreement or not otherwise designated as Port Authority Properties under the Trust Agreement.

The Airport is located approximately seven miles west of the downtown area of the City of Miami and includes approximately 3,230 acres and approximately 184 buildings. As of September 30, 2014, the Airport

provided approximately 425 departing non-stop daily flights to over 150 cities worldwide. The Airport provides service to virtually every capital and secondary city/business center in the Latin American/Caribbean region and to many major business centers in Europe. For the 12-month period ended September 30, 2014, a total of 40,844,964 passengers traveled through the Airport. American Airlines is the predominant carrier at the Airport. Including the operation of its affiliate, American Eagle, American Airlines accounted for approximately 67.7% and 66.6% of the enplaned passengers at the Airport during the 12-month periods ended September 30, 2013 and September 30, 2014, respectively. As more fully described herein, on December 9, 2013, the merger of AMR Corporation, the parent company of American Airlines, now renamed American Airlines Group Inc. (“AAG”) and US Airways, became effective. The two airlines will continue to operate somewhat independently as AAG works toward achieving a Single Operating Certificate, which is expected to take 18 to 24 months. See “AMERICAN AIRLINES — AMR-US Airways Merger” and “CONTINUING DISCLOSURE – Obligated Persons” and “– Airline Disclosure.” The entire airport system operated by the County is referred to herein as the “Airport System.” See “AIRPORT SYSTEM FACILITIES.”

While the Net Revenues of all Port Authority Properties are pledged under the Trust Agreement, the Airport generates the majority of the Net Revenues that secure the Bonds (as defined below), including the Series 2014 Bonds. Under the Trust Agreement, the proceeds of Passenger Facilities Charges (“PFCs”) do not constitute Revenues and currently are not pledged to the payment of any Bonds, including the Series 2014 Bonds. The County, however, has previously utilized certain revenues derived from PFCs to make payments on the Bonds and may, in its discretion, elect to do so in the future. See “SECURITY FOR THE SERIES 2014 BONDS – Pledge of Net Revenues,” “– Rate Covenant” and “– Airline Use Agreement,” “CERTAIN INVESTMENT CONSIDERATIONS – PFC Collections” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT.”

The Series 2014 Bonds are being issued on a parity basis with the \$4,805,265,000* aggregate principal amount of aviation revenue bonds currently Outstanding, as defined in the Trust Agreement, as to the pledge of, lien on and source of payment from Net Revenues. Subject to certain conditions, the County may issue Additional Bonds and Refunding Bonds (as such terms are defined below) under the Trust Agreement on a parity basis with the Outstanding Bonds and the Series 2014 Bonds. See “SECURITY FOR THE SERIES 2014 BONDS – Issuance of Additional Bonds” and “– Issuance of Refunding Bonds.” The Series 2014 Bonds, the Outstanding Bonds and any Additional Bonds and Refunding Bonds hereafter issued on a parity basis with such bonds are collectively referred to in this Official Statement as the “Bonds.” See “AVIATION-RELATED DEBT – Outstanding Bonds Under the Trust Agreement,” “AVIATION DEPARTMENT FINANCIAL INFORMATION” and “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT.”

This Official Statement contains descriptions of, among other matters, the Series 2014 Bonds, the Trust Agreement, the Aviation Department, the Airport, its facilities and operations and the capital improvement program (“CIP”) of the Aviation Department. Such descriptions do not purport to be comprehensive or definitive. Certain information in this Official Statement has been provided by The Depository Trust Company (“DTC”). See APPENDIX F – BOOK-ENTRY ONLY SYSTEM. The County has not provided information in this Official Statement with respect to DTC, and the County does not certify as to the accuracy or sufficiency of the disclosure policies of or content provided by DTC, and is not responsible for the information provided by DTC. All references in this Official Statement to the Trust Agreement and related documents are qualified in their entirety by reference to such documents. References in this Official Statement to the Series 2014 Bonds are qualified in their entirety by reference to the form of the Series 2014 Bonds included in the Trust Agreement.

Audited financial statements of the Aviation Department for the fiscal years ended September 30, 2013 and September 30, 2012 are included as APPENDIX A. A summary of certain provisions of the Trust Agreement is included as APPENDIX B. A summary of certain provisions of the Airline Use Agreement is included as APPENDIX C. The substantially final form of the opinions to be delivered by Greenberg Traurig, P.A. and Edwards & Associates, P.A., Bond Counsel, is included as APPENDIX D. The substantially final form of the opinions to be delivered by Hunton & Williams LLP and Law Offices Thomas H. Williams, Jr., P.L., Disclosure Counsel, is included as APPENDIX E.

* This amount has been updated to exclude the principal amount of the Refunded Bonds.

All capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed to them in the Trust Agreement. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT” for definitions of certain of those terms.

AUTHORIZATION FOR THE SERIES 2014 BONDS

Pursuant to the Act, the County is authorized to construct, acquire, establish, improve, extend, enlarge, reconstruct, equip, maintain, repair and operate, within or outside the territorial boundaries of the County, projects, including, but not limited to, airport facilities of all kinds, including all properties, rights, easements and franchises relating to such airport facilities. The Airport, three general aviation airports, one flight training airport, one decommissioned airport, and airport-related properties and improvements constituting the Port Authority Properties are operated by the County through the Aviation Department. Title to the Port Authority Properties is vested in the County.

The Act authorizes the issuance of aviation revenue bonds to mature not later than 40 years from their date of issuance for any of the purposes set forth in the Act. Such revenue bonds do not constitute a debt of the County, or a pledge of the faith and credit of the County, but are payable solely from Net Revenues of the Port Authority Properties.

The Series 2014 Bonds are being issued pursuant to the Act, the Trust Agreement, and the Series 2014 Resolution.

PLAN OF REFUNDING

The net proceeds of the Series 2014 Bonds will be applied, together with certain legally available funds of the Aviation Department related to the Refunded Bonds (as defined below), to refund the Refunded Bonds. The specific principal amounts and maturities of the Series 2002A Bonds, Series 2003A Bonds, Series 2004A Bonds, Series 2004B Bonds and Series 2005C Bonds that will be refunded (the “Refunded Bonds”) with proceeds of the Series 2014 Bonds are set forth below.

Refunded 2002A (AMT) Bonds

Maturity	Principal Amount	Redemption Date	Redemption Price
10/01/2033	\$141,650,000	01/01/2015	100%
10/01/2035	62,975,000	01/01/2015	100
10/01/2036*	127,700,000	01/01/2015	100

* \$15,000 of the 2036 installment of this term bond will remain outstanding and has not been called for redemption.

Refunded 2003A (AMT) Bonds

Maturity	Principal Amount	Redemption Date	Redemption Price
10/01/2033	\$35,420,000	01/01/2015	100%
10/01/2035	76,145,000	01/01/2015	100

Refunded 2004A (AMT) Bonds

Maturity	Principal Amount	Redemption Date	Redemption Price
10/01/2029	\$ 1,020,000	01/01/2015	100%
10/01/2030	71,930,000	01/01/2015	100
10/01/2036	88,625,000	01/01/2015	100
10/01/2036	50,275,000	01/01/2015	100

Refunded 2004B (Non-AMT) Bonds

Maturity	Principal Amount	Redemption Date	Redemption Price
10/01/2029	\$ 2,670,000	01/01/2015	100%
10/01/2030	27,440,000	01/01/2015	100
10/01/2037	126,255,000	01/01/2015	100

Refunded 2005C (Non-AMT) Bonds

Maturity	Principal Amount	Redemption Date	Redemption Price
10/01/2025*	\$ 8,910,000	10/01/2015	100%
10/01/2025*	17,310,000	10/01/2015	100

* The 2015 installments (\$165,000) of these term bonds will remain outstanding and have not been called for redemption.

The County will enter into an irrevocable Escrow Deposit Agreement with the Trustee relating to the refunding of the Refunded Bonds (the "Escrow Agreement"). The Escrow Agreement will provide that cash and/or noncallable obligations of the United States Government (the "Government Obligations") will be deposited in the Escrow Funds and will mature and bear interest at times and in amounts sufficient to pay principal of and interest on the Refunded Bonds from the date the Series 2014 Bonds are issued until the Refunded Bonds are called for redemption. Robert Thomas CPA, LLC (the "Verification Agent"), has verified the arithmetic accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the Government Obligations and the uninvested cash deposited to the escrow fund created under the Escrow Agreement to pay the Refunded Bonds upon the redemption thereof. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds derived from the sale of the Series 2014 Bonds and other legally available funds are expected to be applied as follows:

	Series 2014A	Series 2014B
SOURCES OF FUNDS:		
Aggregate Par Amount	\$598,915,000.00	\$162,225,000.00
Plus: Premium	64,257,232.15	23,273,648.80
Other Legally Available Funds ⁽¹⁾	5,419,394.79	1,502,392.92
TOTAL SOURCES	\$668,591,626.94	\$187,001,041.72
USES OF FUNDS:		
Deposit to Escrow Fund	\$663,869,092.19	\$185,726,223.77
Underwriters' Discount	3,051,468.82	822,609.89
Costs of Issuance ⁽²⁾	1,671,065.93	452,208.06
TOTAL USES	\$668,591,626.94	\$187,001,041.72

⁽¹⁾ Represents amount held in funds and accounts under the Trust Agreement for the benefit of the Refunded Bonds.

⁽²⁾ Includes fees of Bond Counsel, Disclosure Counsel, Financial Advisor, Verification Agent and other costs of issuing the Series 2014 Bonds.

THE SERIES 2014 BONDS

General

The Series 2014 Bonds will be dated as of their date of delivery, will bear interest at such rates, will be payable at such times, and will mature on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2014 Bonds will be payable on April 1 and October 1 of each year, commencing on April 1, 2015. Certain of the Series 2014 Bonds will be subject to optional and mandatory redemption as described in this Official Statement. The Series 2014 Bonds are being issued as fully registered bonds in denominations of \$5,000 or any integral multiple of \$5,000, and when issued will be initially registered in the name of Cede & Co., as nominee of DTC. Purchases of beneficial interests in the Series 2014 Bonds will be made in book-entry only form, without certificates. If the book-entry only system is discontinued, such beneficial interests are exchangeable for one or more fully registered bonds of like principal amount.

So long as any of the Series 2014 Bonds are in book-entry only form, the registered owner of the Series 2014 Bonds will be Cede & Co. for all purposes of the Trust Agreement and the principal of and interest on the Series 2014 Bonds will be payable as described under “THE SERIES 2014 BONDS – Book-Entry Only System” in APPENDIX F.

Redemption

The Series 2014 Bonds are subject to optional and mandatory redemption prior to their stated maturity, as set forth below.

Optional Redemption

The Series 2014 Bonds maturing on or before October 1, 2024 shall not be subject to optional redemption prior to maturity. The Series 2014 Bonds maturing on or after October 1, 2025 may be redeemed prior to their respective maturities at the option of the County, either in whole or in part, from any monies that may be available for such purpose, on any date on or after October 1, 2024, at a redemption price equal to 100% of the principal amount of such Series 2014 Bonds or portion of such Series 2014 Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

Mandatory Redemption

The Series 2014B Bonds maturing on October 1, 2037 are subject to mandatory redemption prior to maturity at a redemption price equal to the Amortization Requirement of such Series 2014B Bonds, plus accrued interest, without premium, in the following principal amounts on October 1 of the years set forth below:

Year	Amount
2035	\$ 7,660,000
2036	27,360,000
2037*	47,230,000

* Payment at maturity

Notice and Effect of Redemption

In the event of a partial redemption of the Series 2014 Bonds, the Series 2014 Bonds may be redeemed in any order of maturity determined by the County. If less than all of the Series 2014 Bonds of any one maturity shall be called for redemption, the particular Series 2014 Bonds to be redeemed shall be selected by lot by the Trustee by such method as it shall deem fair and appropriate. However, so long as the Series 2014 Bonds are in book-entry form and registered in the name of Cede & Co. (DTC's partnership nominee), the provisions for selecting Series 2014 Bonds for redemption may be altered in order to conform to the requirements of DTC.

Notice of the proposed redemption of any Series 2014 Bonds shall be mailed, postage prepaid, to Cede & Co., as nominee of DTC, as registered owner of the Series 2014 Bonds, or, if DTC is no longer the registered owner of the Series 2014 Bonds, to the then registered owners of the Series 2014 Bonds, as applicable, which notice shall be mailed at least 30 days prior to the date fixed for redemption (the “Redemption Date”).

The Series 2014 Resolution states that, in the case of an optional redemption, the notice of redemption may state that (i) it is conditioned upon the deposit of monies, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the Redemption Date, or (ii) the County retains the right to rescind such notice on or prior to the scheduled Redemption Date (in either case, a “Conditional Redemption”), and such notice and optional redemption shall be of no effect if such monies are not so deposited or if the notice is rescinded as described in this paragraph. Any such notice of Conditional Redemption shall be captioned “Conditional Notice of Redemption.” Any Conditional Redemption may be rescinded at any time prior to the Redemption Date if the County delivers a written direction to the Trustee directing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected holders of Series 2014 Bonds. Any Series 2014 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the County to make such funds available shall constitute an Event of Default. The Trustee shall give immediate notice to the securities information repositories and the affected holders of Series 2014 Bonds that the redemption did not occur and that the Series 2014 Bonds called for redemption and not so paid remain Outstanding.

No interest shall accrue after the Redemption Date of any Series 2014 Bonds if notice has been duly given as provided in the Trust Agreement and payment for such Series 2014 Bonds has been duly provided, and in such event, the Series 2014 Bonds (or portion of such Series 2014 Bonds) called for redemption will no longer be protected by the lien of the Trust Agreement, but shall be secured solely by the monies held for the redemption payment of such Series 2014 Bonds. The failure to mail a notice of redemption as required in the Trust Agreement shall not affect the validity of the proceedings for such redemption.

Acceleration Upon Default

All principal of and accrued interest on the Series 2014 Bonds may become immediately due and payable, without premium, upon an Event of Default under the Trust Agreement if the Trustee (1) exercises its option to so declare or (2) is directed to so declare by the holders of not less than a majority in principal amount of the Outstanding Bonds. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Remedies of Bondholders.”

Book-Entry Only System

DTC will act as securities depository for the Series 2014 Bonds pursuant to a book-entry system. Information regarding DTC and its book-entry system appears as Appendix F. Such information has been provided by DTC, and the County assumes no responsibility for the accuracy or completeness of such information. The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Discontinuance of Book-Entry Only System

In the event the County determines that it is in the best interest of the Beneficial Owners to obtain Series 2014 Bond certificates, the County may notify DTC and the Trustee, whereupon DTC will notify the DTC Participants, of the availability through DTC of Series 2014 Bond certificates. In such event, the County shall prepare and execute, and the Trustee shall authenticate, transfer and exchange, Series 2014 Bond certificates as requested by DTC in appropriate amounts and within the guidelines set forth in the Series 2014 Resolution. DTC also may determine to discontinue providing its services with respect to the Series 2014 Bonds at any time by giving written notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and the Trustee shall be obligated to deliver Series 2014 Bond certificates as described herein. In the event Series 2014 Bond certificates are issued, the provisions of the Trust Agreement and the Series 2014 Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such Series

2014 Bonds in certificated form. Whenever DTC requests the County and the Trustee to do so, the County will direct the Trustee to cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2014 Bonds to any DTC Participant having Series 2014 Bonds credited to its DTC account; or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2014 Bonds.

SECURITY FOR THE SERIES 2014 BONDS

Pledge of Net Revenues

The Series 2014 Bonds and all other Bonds and the interest on the Series 2014 Bonds and all other Bonds are payable solely from and are secured by a pledge of the Net Revenues of the Port Authority Properties. The security for the Series 2014 Bonds and all other Bonds does not include any mortgage or lien or any security interest in any of the Port Authority Properties.

“Net Revenues” are defined in the Trust Agreement as the amount of the excess of the Revenues of the Port Authority Properties over the total of the Current Expenses of the Port Authority Properties. “Revenues” are defined in the Trust Agreement as all monies received or earned by the County for the use of, and for the services and facilities furnished by, the Port Authority Properties and all other income derived by the County from the operation or ownership of said Port Authority Properties, including any ground rentals for land on which buildings or structures may be constructed, whether such buildings or structures shall be financed by Bonds issued under the provisions of the Trust Agreement or otherwise, and Hedge Receipts. “Revenues” do not, however, include any monies received as a grant or gift from the United States of America or the State of Florida (the “State”) or any department or agency of either of them or any monies received from the sale of property. “Current Expenses” are defined in part as the County’s reasonable and necessary current expenses of maintenance, repair and operation of the Port Authority Properties and shall include, without limiting the generality thereof, amounts payable to any bank or other financial institution for the issuance of a Credit Facility, Liquidity Facility or Reserve Facility, but shall not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any Hedge Obligations or Hedge Charges. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT.”

For purposes of the Trust Agreement, unless otherwise provided by resolution of the Board, the proceeds of PFCs are excluded from the definition of Revenues and therefore are not included in Net Revenues and are not pledged to the payment of the Bonds. The Board has not provided by resolution for the PFCs to be part of Revenues. The County, however, has previously utilized a portion of the PFCs to pay debt service on Bonds and may, in its discretion, elect to do so in the future. See “Rate Covenant” under this caption.

In addition, the amounts held under the Trust Agreement in the Construction Fund, the Revenue Fund, the Sinking Fund (including the Bond Service Account, the Reserve Account and the Redemption Account), the Reserve Maintenance Fund and the Improvement Fund are pledged to secure holders of the Bonds, subject to certain limitations provided in the Trust Agreement.

THE SERIES 2014 BONDS WILL BE SPECIAL, LIMITED OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM A PLEDGE OF NET REVENUES DERIVED FROM THE PORT AUTHORITY PROPERTIES, INCLUDING THE OPERATION OF THE AIRPORT AND CERTAIN OTHER MONIES. THE SERIES 2014 BONDS WILL BE SECURED ON A PARITY BASIS WITH THE COUNTY’S OUTSTANDING BONDS UNDER THE TRUST AGREEMENT. NEITHER THE FAITH AND CREDIT OF THE STATE OF FLORIDA OR THE COUNTY NOR THE FAITH AND CREDIT OF ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR THE COUNTY ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS. THE ISSUANCE OF THE SERIES 2014 BONDS SHALL NOT DIRECTLY, INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF FLORIDA OR THE COUNTY OR ANY AGENCY OR POLITICAL SUBDIVISION OF THE STATE OF FLORIDA OR THE COUNTY TO LEVY ANY TAXES FOR THE PAYMENT OF THE SERIES 2014 BONDS OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT EXCEPT FROM THE NET REVENUES AND CERTAIN OTHER MONIES PLEDGED TO THE PAYMENT OF THE SERIES 2014 BONDS UNDER THE TRUST AGREEMENT.

Rate Covenant

The County has covenanted in the Trust Agreement that it will at all times fix, charge and collect rates and charges for the use of and for the services and facilities furnished by the Port Authority Properties, and that from time to time, and as often as it shall appear necessary, it will revise such rates and charges as may be necessary or proper, in order that the Revenues will at all times be sufficient (the “Rate Covenant” or the “Rate Covenant Requirement”):

- (i) to provide funds for the payment of Current Expenses;
- (ii) to provide for making the deposits to the Reserve Maintenance Fund of the amounts recommended by the Consulting Engineers under the Trust Agreement; and
- (iii) to provide for (a) making deposits to the Sinking Fund (other than the Reserve Account) in each 12-month period ending September 30th (each, a “Fiscal Year”) of an amount not less than 120% of the Principal and Interest Requirements for such Fiscal Year on account of the Bonds of each Series then Outstanding and (b) making deposits required to be made during such Fiscal Year into the Reserve Account and/or payments required to be made during such Fiscal Year to providers of Reserve Facilities in connection with draws under such facilities.

Consistent with the terms of the Airline Use Agreement, as described below, the County includes a portion of the monies remaining in the Improvement Fund at the end of each Fiscal Year as “Revenues” in the following Fiscal Year for the purposes of satisfying the Rate Covenant Requirement. This inclusion may affect the actual amount that the County must collect in Revenues in any given year to comply with the Rate Covenant as well as the charges to be set and collected under the Airline Use Agreement. See “AVIATION DEPARTMENT FINANCIAL INFORMATION – PORT AUTHORITY PROPERTIES HISTORICAL OPERATING RESULTS.”

The County also has the ability to deposit funds from non-Revenue sources (e.g., PFCs) directly into the Bond Service Account and the Redemption Account to reduce the Principal and Interest Requirements for purposes of meeting the Rate Covenant (i.e., the dollar amount of debt service that the Rate Covenant requires to be covered each year with the 20% coverage factor). As discussed in the next paragraph, in the past, the County has deposited substantial amounts derived from PFCs into the Bond Service Account and may choose to do so in the future to the extent of debt service attributable to eligible projects that may be paid for with PFCs. Such deposits effectively reduce the total amount of Revenues that must be collected each year to comply with the Rate Covenant.

The County deposited \$85,000,000, \$50,000,000 and \$54,500,000 of PFCs into the Bond Service Account for Fiscal Years 2012 through 2014, respectively. Additionally, the County deposited PFCs in the amount of \$55,000,000 in October 2014 for the Fiscal Year 2015 budget deposit. The Aviation Department plans to continue to make such deposits in the future, although the amount may vary depending on numerous factors at the time the budget is prepared. To the extent such PFC amounts or other Revenues are not available for deposit into the Bond Service Account, airline rates and charges under the Airline Use Agreement would be increased to make up the difference, which would result in an increase in the airlines’ costs per enplaned passenger. For Fiscal Years 2010, 2011, 2012, 2013 and 2014, the airlines’ costs per enplaned passenger were \$17.61, \$18.51, \$19.72, \$20.39 and \$20.54 respectively. See “FUNDING SOURCES FOR CAPITAL PROJECTS – Passenger Facility Charges.” See “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT” for additional information on airlines’ costs per enplaned passenger.

The Trust Agreement provides that the County may enter into new leases or other agreements or contracts for the use of services or facilities of the Port Authority Properties on such terms and for such periods of time as the County shall determine to be proper, provided that the rents, fees and charges applicable thereto shall not be less than those prevailing for similar services or facilities on the date of execution of the Trust Agreement, unless approved by the Traffic Engineers.

The County has also covenanted in the Trust Agreement that any leases or other agreements entered into after November 1, 1985 for the use of any services or facilities of the Port Authority Properties shall contain a provision (the “rental adjustment provision”) to the effect that if a court of competent jurisdiction shall determine

that any of the rentals, fees or other charges (the “rental charges”) imposed by the County under such leases or agreements, or under leases or other agreements for the use of similar services or facilities of the Port Authority Properties, are unjustly discriminatory, the County shall have the right to increase or otherwise adjust the rental charges imposed by any leases or other agreements containing the rental adjustment provision in such manner as the County shall determine is necessary and fair so that such rental charges shall not thereafter be unjustly discriminatory, nor shall any such rental adjustment diminish rental income to such an extent as to prevent the County from meeting its covenants under the Trust Agreement or from adhering to its representations made in any official statement distributed in connection with any Bonds issued under the Trust Agreement after November 1, 1985. Any such rental adjustment provision may also provide that in the event of a substantial upward adjustment in the rental charges pursuant to said provision, the lessee or other user of such services or facilities shall have the right to terminate such lease or other agreement by 60 days’ written notice given to the County within one year of the effective date of such upward adjustment.

See “– Funds and Flow of Funds” under this caption for a description of the priority of monthly deposits to the Sinking Fund and the Reserve Maintenance Fund.

Airline Use Agreement

Introduction

The Airline Use Agreement (the “AUA”) became effective May 1, 2002. As of September 30, 2014, 88 airlines had executed the AUA and are referred to in this Official Statement as the “Signatory Airlines.” Sixty-six (66) of the Signatory Airlines operated at MIA as of September 30, 2014, and the remaining Signatory Airlines were charter, seasonal, scheduled international and scheduled domestic airlines that did not operate at MIA as of September 30, 2014.

Recently the Aviation Department and the airlines, through the Miami Airport Affairs Committee (the “MAAC”), have negotiated a Restated Airline Use Agreement (the “Restated AUA”) that updates the AUA to reflect current conditions. The Signatory Airlines are in the process of transitioning to the Restated AUA. See “*Restated AUA*” below for a description of the amended terms. Although pursuant to the terms of the AUA no amendment to the AUA becomes effective until executed by all Signatory Airlines, the Airport Department treats the Restated AUA as effective for each Signatory Airline upon execution by such airline. As of September 30, 2014, thirty-six (36) of the sixty-six (66) operating Signatory Airlines have signed the Restated AUA. The AUA and the Restated AUA will both expire on April 30, 2017, by which time the County expects to have negotiated a new airline use agreement with terms and conditions similar to the Restated AUA.

General

The AUA sets forth each Signatory Airline’s obligations to the County for its operations at the Airport. The AUA extends to April 30, 2017; however, Article 3(C) of the AUA provides that, even after expiration of the AUA, the Signatory Airlines will pay landing fees (“Landing Fees”) and other charges at the levels required under the AUA, including specifically those required to meet the Rate Covenant Requirement under the Trust Agreement or any successor financing document, for so long as Signatory Airlines operate at the Airport or any other airport in the Airport System. In addition, each Signatory Airline has consented to the Airport System residual methodology for calculation of Landing Fees, and a cost-based, equalized rate setting methodology for calculating rents and user fees for the use of facilities, equipment and services at the Airport’s terminal building (the “Terminal Building”). See “– Landing Fees” and “– Terminal Rents and User Fees” under this caption.

Under the AUA, the County has agreed to work closely with the Signatory Airlines to review the approved capital projects for the Airport System through the MAAC. So long as it provides service at the Airport System and is in good standing under the AUA, each of the following airlines is a permanent member of the MAAC: American Airlines/US Airways, Air Canada, Delta Air Lines, and United Airlines. In addition, the MAAC includes at least one European passenger airline, one Caribbean/Latin American passenger airline, one cargo airline and one regional airline. Additional representatives for the MAAC are selected from Signatory Airlines constituting the top 25 airlines by landed weight at the Airport, and any Signatory Airline among the top 10 airlines on the Aviation Department’s landed weight list for the prior year is entitled to membership on the MAAC for the succeeding fiscal

year if such Signatory Airline so requests. Any otherwise eligible airline may request permission of the MAAC to join the MAAC, and such request is entitled to the due consideration of the MAAC. Under the AUA, the MAAC is required to have at least 11 Signatory Airline representatives but not more than 21. A majority-in-interest of Signatory Airlines on the MAAC (the “MIIs”) represent the airlines’ interests at the Airport and make decisions required by the AUA on behalf of all Signatory Airlines. The selection process for the MIIs is described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT.” Under the AUA, the MIIs have varying levels of review and approval or disapproval authority over certain capital improvement projects that increase as the projection of airline costs per enplaned passenger approaches and then exceeds \$35 (expressed in 1998 dollars). The review and approval or disapproval process is described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT.”

The AUA confirms the existence of the Aviation Capital Account and its two sub-accounts, the Retainage Sub-Account and the Performance Sub-Account. The AUA provides that the Retainage Sub-Account is to be funded annually up to \$5,000,000 from monies in the Improvement Fund subject to a maximum cumulative balance of \$15,000,000 (expressed in 2001 dollars). Both of these amounts are subject to adjustment annually up or down by the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers for the Miami-Fort Lauderdale combined metropolitan service area. The Performance Sub-Account may be funded annually from monies in the Improvement Fund in an amount equal to 50% of the Revenues that exceed breakeven costs of the Cargo and Commercial Aviation Support Facilities (as defined in the AUA). There is no cap on the annual deposit to, or the balance in, the Performance Sub-Account.

At September 30, 2014, the estimated balance in the Retainage Sub-Account was \$15.4 million and the balance in the Performance Sub-Account was \$9.5 million. Currently, these two sub-accounts in the Aviation Capital Account are held in the Improvement Fund and are subject to a lien in favor of holders of the Bonds. However, the Aviation Department has the option of maintaining these accounts outside of the Improvement Fund, and in such case, such monies will not be subject to a lien in favor of holders of the Bonds. The Aviation Department may use the monies in the Retainage Sub-Account and the Performance Sub-Account for any lawful aviation-related purposes. For instance, the monies in the Retainage Sub-Account have provided the source of payment for the Florida Department of Transportation State Infrastructure Bank loan as further described under “AVIATION-RELATED DEBT – Other Airport-Related Debt.”

Landing Fees

The AUA provides that the County will establish a landing fee rate (the “Landing Fee Rate”) under a residual methodology as described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT.” Based upon the proposed annual budget for the Port Authority Properties, the Aviation Department calculates the Landing Fee Rate to be effective each October 1st on the basis of estimated total landed weight for the annual period. Prior to the adoption of the budget by the Board, the Aviation Department meets with the MAAC to review the proposed budget and the calculation of the Landing Fee Rate. The Landing Fee Rate may also be adjusted on April 1st of each year or at any other time to meet emergencies. The Landing Fee Rate is calculated so that the Net Revenues to be received by the County in each Fiscal Year, after deducting required deposits to the Reserve Maintenance Fund, will not be less than 120% of the maximum Principal and Interest Requirements for such Fiscal Year (or not less than whatever other applicable percentage amount may be established in the Trust Agreement or any other successor trust indenture entered into by the County) on account of Bonds Outstanding under the Trust Agreement and adjusted as may be necessary to meet the requirements and obligations on account of all other Airport System indebtedness (including any commercial paper, interest rate swap agreements, and subordinated debt) payable from Revenues.

As set forth in the AUA, an airline is obligated to pay 100%, 105% or 150% of the Landing Fee Rate and certain aviation use fees (collectively, the “Aviation Activities Fees”), depending on the extent of the airline’s participation in the AUA and a separate Aviation User Credit Program (“AUCP”). An airline that both signs the AUA and complies with the AUCP is entitled to pay not more than 100% of the established Aviation Activities Fees, payable to the Aviation Department by the 10th business day of the month following the month in which the Aviation Activities Fees are incurred. An airline that does not sign the AUA (each such airline, a “Non-Signatory Airline”), but is nevertheless permitted by the Aviation Department to participate in the AUCP, is required to timely pay 105% of such fees by the 10th business day of the following month. Any airline, however, whether a Signatory

or Non-Signatory Airline, that does not participate in the AUCP or fails to comply with the terms of the AUCP, is required to pay 150% of Aviation Activities Fees in cash each time it uses the Airport facilities. Copies of the AUA are available upon request from the Aviation Department, and a summary of certain provisions of the AUA is contained in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT.”

Terminal Rents and User Fees

The Terminal Building includes space leased exclusively by airlines for uses such as ticket counters, offices, passenger lounges and VIP clubs, but the majority of the space within the Terminal Building constitutes common use space, including concourses and passenger hold rooms. An airline using either exclusive use space or common use space in the Terminal Building must pay rents and user fees calculated in accordance with the methodology established by resolution of the Board. Consistent with the methodology established under the current Board resolution, the Aviation Department uses a blended or equalized rate approach for determining terminal rents and user fees. This means that each airline pays the same rate for a particular class of property regardless of its location within the Terminal Building.

Airlines requiring exclusive use space in the Terminal Building have entered into separate Terminal Building Lease Agreements (“TBLAs”) covering their rights and obligations regarding the use of such space.

Each TBLA grants the tenant two lease rights: the general right to occupy undesignated space in the Terminal Building that is appropriate for the airline tenant’s aeronautical needs, and the airline’s specific right to lease the designated Terminal Building premises identified in the TBLA. The TBLA is on a month-to-month term for the specifically designated portion of the Terminal Building, with either party having the right to cancel the lease for such specific space on 30 days’ notice. The month-to-month lease term for specifically identified Terminal Building space permits the Airport and the airline tenant to have maximum flexibility by permitting the airline to increase or decrease or abandon its leased space area depending on the airline’s operating requirements, and by allowing the Airport to relocate the airline to a different location if the Airport’s needs require it. As a result, under the terms of the TBLA that allow an airline to terminate the lease on 30 days’ notice in conjunction with the AUA that obligates an airline to pay landing and aviation fees only for so long as it uses the Airport, an airline may discontinue its operations at the Airport without substantial financial penalty.

Restated AUA

The provisions in the Restated AUA that differ from those in the AUA include: a tiered insurance provision allowing airlines operating smaller passenger and cargo aircraft to provide lower levels of insurance; a reduction in the security deposit requirement for payment of landing and aviation fees from the previous three months of estimated charges to two months of estimated charges; a clarification of the conditions under which airlines will receive relief from paying interest on delayed payments; a clarification of the Common Use Terminal Equipment (CUTE) Pricing Policy; and an amendment that allows further amendments to the Restated AUA upon concurrence of only 75% by number and landed weight of MAAC members rather than the current unanimous approval requirement. The expiration date of April 30, 2017 that applies to the AUA will apply to the Restated AUA.

Reserve Account

The Trust Agreement provides for the maintenance of a common Reserve Account to secure payment of all Bonds Outstanding under the Trust Agreement and requires the County to make deposits to the Reserve Account until the amounts on deposit therein (including amounts available under any Reserve Facilities) equal one-half of the maximum annual Principal and Interest Requirements for any Fiscal Year thereafter on all Bonds then Outstanding (the “Reserve Account Requirement”). The Trust Agreement further provides that upon the delivery of Additional Bonds, the increase, if any, in the Reserve Account Requirement may be funded from proceeds of such Additional Bonds or from monthly deposits to the Reserve Account, which are required to be made in an amount equal to 1/60th of the Reserve Account Requirement, until the Reserve Account Requirement is met. If the required deposit to the Reserve Account is being satisfied by the reinstatement of any amount drawn under a Reserve Facility, the Trust

Agreement requires the County to pay to the provider thereof such amount as shall be required to cause the provider to reinstate no less than the required deposit for such month.

Notwithstanding the foregoing, in lieu or in satisfaction of any required deposit into the Reserve Account or in substitution for all or a portion of the amounts on deposit, the County may cause to be deposited into the Reserve Account a Reserve Facility for the benefit of the holders of the Bonds, provided that prior to the deposit of a Reserve Facility into the Reserve Account, the Board shall adopt a resolution fixing, or providing for the fixing of, all details with respect to such Reserve Facility and draws thereunder. Any such Reserve Facility shall be available to be drawn (upon the giving of notice as required thereunder) on any payment date on which a deficiency exists for payment of the Bonds, which deficiency is payable from the Reserve Account and which cannot be cured by monies in the Reserve Account or any other Fund or Account held pursuant to the Trust Agreement and available for such purpose. If any such Reserve Facility is substituted for monies on deposit in the Reserve Account, the excess monies in the Reserve Account shall be applied to satisfy any deficiency in any of the Funds and Accounts, and any remaining balance shall be deposited with the Trustee to the credit of the Improvement Fund. If a disbursement is made from a Reserve Facility, the County shall be obligated, in accordance with the provisions of the Trust Agreement, to either (i) reinstate such Reserve Facility, (ii) deposit monies in the Reserve Account, or (iii) undertake a combination of such alternatives. See “– Funds and Flow of Funds” below.

In the event the Reserve Account is at any time funded with more than one Reserve Facility, any required draw under such Reserve Facilities shall be made on a pro-rata basis; provided, however, that if at the time of such draw the Reserve Account is only partially funded with one or more Reserve Facilities, prior to drawing on such facilities, there shall first be applied any cash and securities on deposit in the Reserve Account and, if after such application a deficiency exists, the Trustee shall make up the deficiency by drawing on such facilities as provided in this paragraph. Amounts drawn or paid under a Reserve Facility shall be reimbursed to the provider in accordance with the terms and provisions of the reimbursement or other agreement governing such facility entered into between the County and such provider.

The Trust Agreement requires that any Reserve Facility must be with a provider rated on the date of deposit of such facility into the Reserve Account in one of the two highest rating categories (without regard to any gradations in such categories) of a nationally recognized rating agency (the “Threshold”). Upon the issuance of the Series 2014 Bonds, the Reserve Facilities remaining on deposit in the Reserve Account that are below the Threshold (the “Deficient Reserve Facilities”) will be excluded from the calculation of the Reserve Account Requirement until such Deficient Reserve Facilities are upgraded to the Threshold. In the event such Deficient Reserve Facilities meet the Threshold, the County shall withdraw cash from the Reserve Account to the extent of any excess above the Reserve Account Requirement. Such excess shall be transferred by the Trustee to the credit of the Redemption Account or withdrawn by the Trustee and deposited with the Co-Trustee to the credit of the Improvement Fund as may be specified in a certificate signed by the Aviation Director and filed with the Trustee and the Co-Trustee in accordance with the Trust Agreement.

Upon the issuance of the Series 2014 Bonds, the Reserve Account Requirement for all Bonds Outstanding is \$202,273,275. The actual amounts and the values of Reserve Facilities credited to the Reserve Account Requirement are set forth in the table below, together with cash and investments held in the Reserve Account in order to meet the Reserve Account Requirement:

Reserve Account Surety Policies and Cash and Investments
Held to Meet Reserve Account Requirement
as of September 30, 2014

Provider	Expiration Date	Surety Amount	Value Credited to the Reserve Account Requirement
Assured Guaranty Municipal Corp.	10/1/2036	\$15,126,564	\$ 15,126,564
Financial Guaranty Insurance Corporation ⁽¹⁾	10/1/2035	7,156,087	0
MBIA Insurance Corporation ⁽¹⁾	10/1/2024	6,763,108	0
Financial Guaranty Insurance Corporation ⁽¹⁾	10/1/2037	6,897,438	0
CIFG Assurance North America, Inc. ⁽¹⁾	10/1/2038	3,332,670	0
Syncora Guarantee, Inc. ⁽¹⁾	10/1/2040	8,278,287	0
Assured Guaranty Corp.	10/1/2038	6,802,095	6,802,095
Assured Guaranty Municipal Corp.	10/1/2041	8,836,139	8,836,139
Total Value Credited to the Reserve Account Requirement ⁽¹⁾			\$ 30,764,798
Cash and Market Value of Investments			172,179,319
Total			\$202,944,117

⁽¹⁾ The value of the Reserve Facilities provided by Financial Guaranty Insurance Corporation, MBIA Insurance Corporation, CIFG Assurance North America, Inc. and Syncora Guarantee, Inc. has been excluded from the total value of the Reserve Facilities credited to the Reserve Account Requirement due to such providers' credit ratings falling below the required Threshold. As a result, the aggregate value credited from Reserve Facilities as of the date of this Official Statement, is \$30,764,798.00, rather than the aggregate face amount of the Reserve Facilities of \$63,192,387.80. However, the County still expects to draw on these surety policies, if necessary.

Monies on deposit to the credit of the Reserve Account shall, as nearly as may be practicable, be invested and reinvested by the Trustee, at the direction of the County, in Authorized Investments which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than 15 years after the date of such investment.

Issuance of Additional Bonds

The County may issue aviation revenue bonds under Section 210 of the Trust Agreement, on a parity basis with Bonds Outstanding under the Trust Agreement, at any time or times for the purpose of, among other things, paying all or part of the cost of any additional Improvements or Projects or any portions thereof, including the payment of any notes or other obligations of the County or the repayment of any advances made from any source to temporarily finance such cost ("Additional Bonds"). Such Additional Bonds may not be issued unless, among other things:

(i) the proceeds (excluding accrued interest) of such Additional Bonds to be applied to the cost of the Improvements or Project or portions thereof to be financed in whole or in part by the issuance of such Additional Bonds, at the purchase price to be paid therefor, together with the other funds which have been or will be made available for such purpose as set forth in the certificate of the Aviation Director required by the Trust Agreement, shall be not less than the total cost of the Improvements or Project or portions thereof to be financed in whole or in part by the issuance of such Additional Bonds as estimated by the Consulting Engineers in the statement required by the Trust Agreement, and

(ii) either, (a) the percentage derived by dividing (1) the amount of Net Revenues (which may be adjusted as described in the Trust Agreement) for any period of 12 consecutive calendar months selected by the County out of the 18 calendar months immediately preceding the date of the certificate of the Aviation Director required by the Trust Agreement by (2) the largest amount of the Principal and Interest Requirements for any succeeding Fiscal Year on account of all Bonds previously issued under the Trust Agreement and then outstanding and the Additional Bonds then requested to be authenticated and delivered shall not be less than 120%, or (b) the percentage derived by dividing (1) the amount of annual Net

Revenues in each of the five Fiscal Years immediately following the date of a statement of the Traffic Engineers estimating the annual Net Revenues for the applicable five Fiscal Years or, if interest on the Additional Bonds then requested to be authenticated and delivered is to be paid from proceeds of such Additional Bonds, in each of the five Fiscal Years immediately following the last date on which interest on such Additional Bonds is to be paid from proceeds of such Additional Bonds, by (2) the amount of Principal and Interest Requirements for each of such Fiscal Years, shall not be less than 120%, and

(iii) the amount to the credit of the Reserve Account in the Sinking Fund (including amounts available under any Reserve Facilities) shall be not less than the amount then required to be on deposit to the credit of the Reserve Account under the Trust Agreement.

The County may issue Additional Bonds under the Trust Agreement for completion of a Project being financed by a Series of Bonds without satisfying the above described financial test, if proceeds of such Series of Bonds issued for such Project are insufficient to complete such Project. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Issuance of Additional Bonds” for a more complete discussion of the issuance of Additional Bonds.

Issuance of Refunding Bonds

The County may issue aviation revenue bonds under Section 211 of the Trust Agreement payable on a parity basis with Bonds Outstanding under the Trust Agreement to refund all or a portion of the Bonds of any Series Outstanding under the Trust Agreement or certain other obligations (the “Refunding Bonds”). Conditions for the issuance of Refunding Bonds include, among others, a requirement that either: (1) the total Principal and Interest Requirements for the Refunding Bonds during their term is less than the total Principal and Interest Requirements for the bonds to be refunded during their term; (2) the percentage derived by dividing (a) the Net Revenues for the relevant Computation Period by (b) the maximum amount of Principal and Interest Requirements for any succeeding Fiscal Year on account of all aviation revenue bonds theretofore issued under the provisions of the Trust Agreement and then Outstanding (other than refunded bonds) and the proposed Refunding Bonds, as set forth in a certificate of the Aviation Director, approved by the Traffic Engineers as to (a) above to the extent of any adjustment to Net Revenues and approved by the Trustee as to item (b) above, shall not be less than 120%; or (3) the percentages derived by dividing (a) the estimated amount of annual Net Revenues in each of the five Fiscal Years immediately following delivery of the Refunding Bonds (such Net Revenues to be determined from the Revenues and Current Expenses as estimated by the Traffic Engineers in a statement signed by the Traffic Engineers) by (b) the amount of the Principal and Interest Requirements for each of such five Fiscal Years on account of all aviation revenue bonds theretofore issued under the provisions of the Trust Agreement and then Outstanding (other than the refunded bonds) and the proposed Refunding Bonds, as set forth in a certificate of the Aviation Director, shall not, in each such year, be less than 120%. See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Issuance of Refunding Bonds” for a more complete discussion of the requirements for the issuance of Refunding Bonds.

The Series 2014 Bonds are being issued as Refunding Bonds under the Trust Agreement.

Funds and Flow of Funds

The Trust Agreement provides for the following funds and accounts:

- (i) Construction Fund;
- (ii) Revenue Fund;
- (iii) Sinking Fund, including Bond Service Account, Reserve Account and Redemption Account;
- (iv) Reserve Maintenance Fund; and
- (v) Improvement Fund.

The amounts held in such Funds and Accounts are pledged to secure the holders of the Bonds.

The Trust Agreement provides for all Revenues to be collected by the County and deposited with the Co-Trustee to the credit of the Revenue Fund and to be held, invested and disbursed in accordance with the Trust Agreement.

Monies in the Revenue Fund are to be applied first to the payment of Current Expenses as the same become due and payable in accordance with the Annual Budget for each Fiscal Year, subject to covenants of the County in the Trust Agreement that such expenditures are incurred in maintaining, repairing and operating Port Authority Properties.

After paying such Current Expenses each month and after reserving in the Revenue Fund an amount not to exceed 20% of the Current Expenses for the current Fiscal Year as shown in the Annual Budget (it being noted that the County complies with the provision by currently budgeting 16% of its budgeted Current Expenses as an Operating Reserve), the Co-Trustee shall, on the 20th day of each month, cause the balance of monies in the Revenue Fund to be remitted to the Trustee and/or deposited to the credit of the following Accounts or Funds in the following order:

(i) to the credit of the Bond Service Account in the Sinking Fund held by the Trustee, an amount equal to 1/6th of the amount of the next interest payment on all Bonds Outstanding and (beginning with the twelfth month preceding the first maturity of any serial bond of a Series) an amount equal to 1/12th of the next maturing installment of principal of such serial bonds;

(ii) to the credit of the Redemption Account in the Sinking Fund held by the Trustee, an amount equal to 1/12th of the Amortization Requirement, if any, for such Fiscal Year for any term bonds then Outstanding, plus an amount equal to 1/12th of the premium, if any, which would be payable on the redemption date with respect to such Amortization Requirement if such principal amount of bonds should be redeemed on such date from monies in the Sinking Fund;

(iii) to the credit of the Reserve Account in the Sinking Fund held by the Trustee, an amount equal to 1/60th of the Reserve Account Requirement until the Reserve Account Requirement (including amounts available under any Reserve Facilities) is met;

(iv) to the credit of the Reserve Maintenance Fund held by the Co-Trustee, the amount required during such Fiscal Year to equal the recommendation of Consulting Engineers in the report following inspection of the Port Authority Properties or such greater amount as directed by the Aviation Director, or by amendment to the Annual Budget, to pay for all or part of the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, the cost of replacing equipment and premiums on insurance required under the Trust Agreement; and

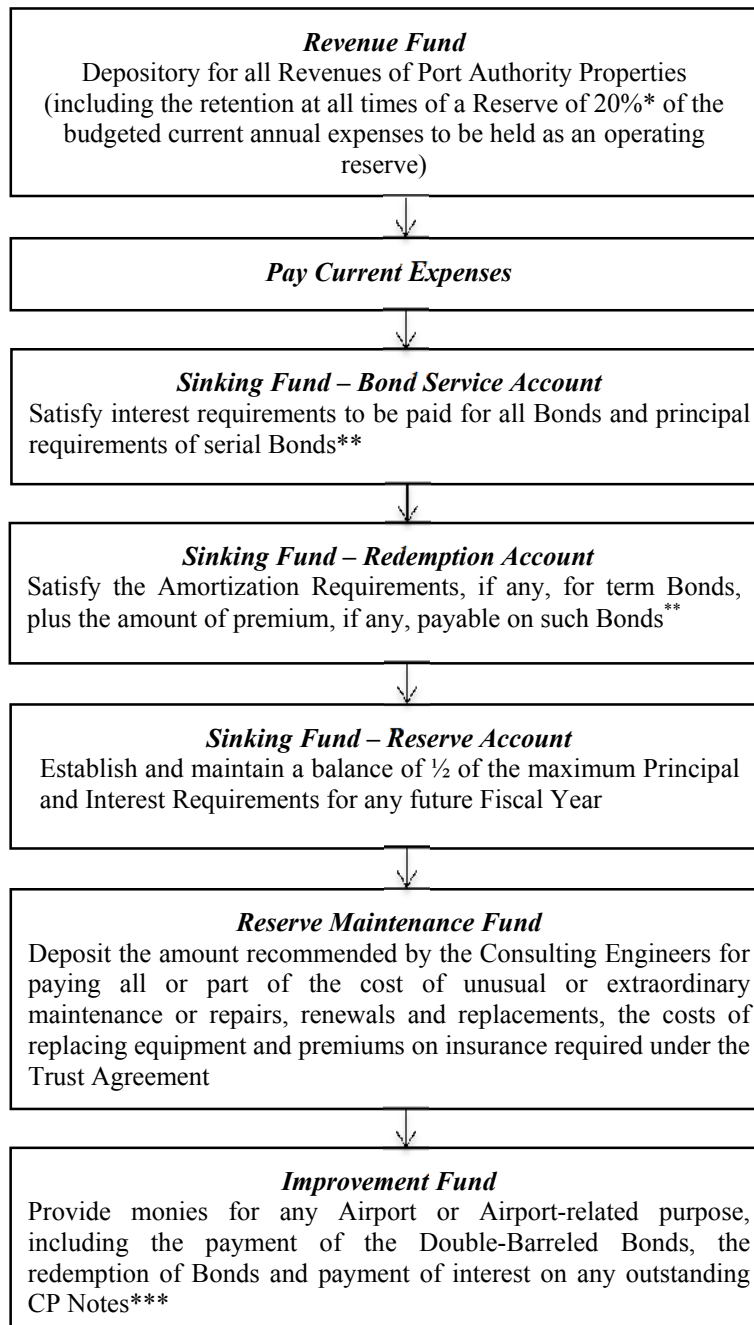
(v) to the credit of the Improvement Fund held by the Co-Trustee, the balance, if any, of monies in the Revenue Fund after the aforementioned required deposits to the Bond Service Account, the Redemption Account, the Reserve Account and the Reserve Maintenance Fund, unless the County by resolution directs the Trustee to deposit all or part of such balance from the Revenue Fund to the credit of the Redemption Account.

If the amount so deposited in any month to the credit of any Account mentioned in clauses (i), (ii), and (iii) above shall be less than the required amount, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of any such Fund or Account in each month thereafter until such time as such deficiency shall be made up. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT."

MONTHLY APPLICATION OF REVENUES UNDER THE TRUST AGREEMENT

PORT AUTHORITY PROPERTIES

The chart below summarizes the application of Revenues under the Trust Agreement.



Note: * The Trust Agreement authorizes the Board to designate a lesser percentage by resolution. Currently, the Board budgets 16% of the budgeted current expenses as an operating reserve.

** Requirements payable from Revenues may be reduced to the extent such requirements are satisfied from other sources outside the Trust Agreement (e.g., PFCs) set aside and deposited into the Bond Service Account or Redemption Account for such purpose.

*** Certain monies are transferred annually from the Improvement Fund to the Revenue Fund pursuant to the terms of the AUA. Such transferred deposits to the Revenue Fund are treated as Revenues under the Trust Agreement.

AMERICAN AIRLINES

When AMR Corporation, the parent of American Airlines, and US Airways Group Inc. merged on December 9, 2013, the companies formed the holding company American Airlines Group Inc. (“AAG”). The combined air carriers along with their regional jet carriers, American Eagle and US Airways Express, serve 330 destinations in more than 54 countries and territories with nearly 6,700 average daily flights. American Airlines is the predominant carrier at the Airport. Including the operation of its affiliate, American Eagle, American Airlines accounted for approximately 67.7% and 66.6% of the enplaned passengers at the Airport and approximately 41.8% and 37.5% of Revenues during the 12-month periods ended September 30, 2013 and September 30, 2014, respectively.

The following information regarding American Airlines’ financial results of operations has been derived from AAG’s filings with the SEC, including its most recent filing on Form 8-K of the unaudited financial results of AAG for the full year ended December 31, 2013, and on Form 10-Q for the second quarter ended June 30, 2014. See “CONTINUING DISCLOSURE - Airline Information.” The unaudited financial statements of AAG reported on Forms 8-K and 10-Q present financial results of the newly-merged airline on a combined basis and reflect certain reclassifications of historical financial results for periods prior to fourth quarter 2013 to conform to the new AAG financial statement presentation.

For the year ended December 31, 2013, AAG reported a combined operating net profit of \$1.9 billion on a non-GAAP basis excluding net special charges, versus an operating net profit of \$535 million reported for the year ended December 31, 2012. Through third quarter 2014, the combined net profit was \$2.3 billion on a GAAP basis, versus a net profit of \$714 million reported through third quarter 2013 on a non-GAAP basis. (Reported GAAP results for the third quarter 2013 exclude US Airways financial results. AAG’s management believes the non-GAAP results provide a more meaningful comparison.) In addition, as of September 30, 2014, AAG had approximately \$8.8 billion in total cash and short-term investments, of which \$875 million was restricted. See information regarding inspection of SEC Reports related to AAG and certain airlines under the section entitled “Airline Economic Considerations – Additional Information on Airlines.”

AMR-US Airways Merger

The two airlines have continued to operate somewhat independently as AAG works toward obtaining a Single Operating Certificate from the Federal Aviation Administration, which is expected to be achieved by mid-2015. In the interim, the company has begun to combine airport facilities (US Airways Group moved to North Terminal at MIA in the beginning of 2014) and to blend benefits for its passengers (e.g., offering reciprocal benefits and elite recognition for its club members and consolidating its loyalty programs planned for early 2015). In addition, US Airways joined the Oneworld Alliance on April 1, 2014.

American is condensing its peak periods, or “rebanking”, its major hubs as one of its major flight operation changes. In August 2014, the carrier “rebanked” at MIA by timing flights to arrive more closely together. In addition, AAG plans to significantly reduce its Envoy Air portion of the American Eagle operations at MIA in December 2014 and replace these operations with bigger planes. After December 18, 2014, Envoy Air will fly 37 daily departures from MIA for American with 12 planes, down from the October 2014 level of 60 departures and 23 planes.

CERTAIN INVESTMENT CONSIDERATIONS

Payment of the Series 2014 Bonds is dependent on the collection of Net Revenues adequate to pay debt service on the Series 2014 Bonds and all other Outstanding Bonds. Net Revenues consist of all Revenues of the Port Authority Properties in excess of Current Expenses, all as defined in the Trust Agreement. Accordingly, such payment depends primarily on the generation of Revenues by the Airport and other Port Authority Properties adequate to pay all Current Expenses of such properties plus the debt service on Outstanding Bonds. The generation and collection of such revenues is influenced by a wide range of factors affecting operations at the Airport, including the condition of the air transportation industry, security requirements affecting both the Airport and airlines, and local, national and international economic conditions. Certain of these factors are discussed below.

Factors Affecting Air Transportation Industry

The generation of Net Revenues is heavily dependent on the volume of the commercial flights, the number of passengers, and the amount of cargo processed at the Airport, all three of which are dependent upon a wide range of factors including: (1) local, national and international economic conditions, including international trade volume, (2) regulation of the airline industry, (3) passenger reaction to disruptions and delays arising from security concerns, (4) airline operating and capital expenses, including security, labor and fuel costs, (5) environmental regulations, (6) the capacity of the national air traffic control system and (7) currency values. The airline industry has faced and continues to face severe economic challenges, reflecting both increased costs and overall economic conditions. Results have included major airline financial losses and in some cases, bankruptcy. See “AMERICAN AIRLINES — AMR-US Airways Merger” and “CERTAIN INVESTMENT CONSIDERATIONS – Airline Economic Considerations—*Airline Bankruptcies*.” Increased costs and other factors arising from the September 11, 2001 terrorist attacks and related regulatory reaction are discussed separately below in “Security Requirements.” Particular factors are discussed below.

American Airlines

American Airlines is the dominant carrier at the Airport. See “AMERICAN AIRLINES.”

Airline Economic Considerations

The financial strength and stability of airlines serving the Airport will affect future airline traffic. For the last four years, the U.S. airline industry has been profitable, following 10 years of stagnation during which carriers accumulated combined losses of \$50 billion. To mitigate such losses, U.S. carriers have merged, reduced their route networks and flight schedules, and negotiated with employees, lessors, and vendors to cut costs. These mitigation tactics have often occurred within the context of the carriers’ Chapter 11 federal bankruptcy proceedings.

These measures have contributed to the recent return to industry profitability. The most recent mega-mergers have consisted of Delta and Northwest in 2008, Southwest and AirTran in 2010 and United and Continental in 2010. Largely as a result of these consolidations, U.S. air carriers’ overall domestic capacity, as measured by available seat miles, declined 6.7% from 2007 to 2013. The most recent merger is that between American Airlines and US Airways in December 2013. See “AMERICAN AIRLINES — *AMR-US Airways Merger*” above.

In addition to consolidation by U.S. carriers, some Latin American carriers have also merged, including Avianca (Colombia) and TACA (Central America) in 2009 and LAN (Chile) and TAM (Brazil) in 2010. These four carriers, taken together, represented 5.47% of all enplaned passengers at the Airport in Fiscal Year 2014.

The volatility in jet fuel prices, which track just above crude oil prices, has significantly affected airlines’ operating costs over the last seven years. The price of jet fuel peaked in the second quarter of 2008 to just below \$180.00 per barrel, as contrasted with the average 2014 price through September of \$122.90 per barrel. However, based on financial results for the past four years, the US airline industry has been able to offset fuel cost increases through increased load factors, route reductions, delays in new aircraft deliveries, and consolidation.

Another factor affecting the industry is the world-wide outbreak of the Ebola virus, which appears to have originated in West Africa. As of October 21, 2014, the U.S. government had not implemented a travel ban from the West African countries most affected by the outbreak, but had required all passengers traveling from the three West African countries most affected by the outbreak to arrive at one of five gateway airports with enhanced passenger screening in order to detect if passengers entering the United States have symptoms related to the disease. The five gateway airports with enhanced screening are New York’s JFK, Newark, N.J., Washington D.C.’s Dulles, Atlanta and Chicago O’Hare.

Fuel costs are expected to remain volatile and may increase long term, and sustained future increases in passenger traffic will depend on stable international conditions as well as national and global economic growth. Any resumption of financial losses could force airlines to further retrench, seek bankruptcy protection, discontinue marginal operations, or liquidate. The restructuring, merging, or liquidation of one or more of the large network

airlines could drastically affect air service at many connecting hub airports, offer business opportunities for the remaining airlines, and change air travel patterns throughout the U.S. and the world aviation system.

Airline Bankruptcies

Airlines using the Airport may file for protection under U.S. or foreign bankruptcy laws, and any such airline (or a trustee on its behalf) would usually have the right to seek rejection of any executory airport lease or contract within certain specified time periods after the filing, unless extended by the bankruptcy court. In addition, during the pendency of a bankruptcy proceeding, a debtor airline using the Airport typically may not, absent a court order, make any payments to the Aviation Department on account of services provided to the airline prior to the bankruptcy filing date or the airline's use of airport facilities prior to the bankruptcy filing date (such services or use being referred to as "pre-petition" items). Thus, the Aviation Department's stream of payments from a debtor airline may be interrupted to the extent such payments are for pre-petition items, including any accrued rent, Landing Fees, aviation fees, and PFCs.

An airline in bankruptcy that plans to continue operating at MIA will not typically reject its terminal leases (the TBLAs) or the Airline Use Agreement (AUA) because there is no economic advantage in doing so. A bankrupt company usually rejects executory leases and contracts to avoid long-term commitments in the documents, unusual contract terms, or high fixed fees. However, all TBLAs (i) are on a month to month basis, (ii) have standard terms, and (iii) are based on standardized fees applicable to all airlines. In turn, the AUA (x) sets forth the conditions under which an airline can operate at the Airport and has the same terms for all airlines, (y) contains a highly advantageous credit program that permits airlines to pay landing and other fees on a monthly basis rather than on a daily basis each time an aircraft lands at the airport, and (z) imposes a 50% administrative charge on landing and aviation fees for airlines not participating in the credit program. For all these reasons, an airline in bankruptcy that plans to continue operations at the Airport at the same level of activity would have little economic incentive to reject either its TBLAs or its AUA. Moreover, the County has the statutory and regulatory right to impose such fees on the airline regardless of any contractual arrangement with the airline, so the airline must always pay the rentals and landing and aviation fees for actual use of the Airport regardless of whether or not it has rejected the TBLAs or AUA. There can be no assurance, however, that an airline in bankruptcy will not seek to avoid its contractual obligations under its TBLA or the AUA, but, as noted above, there is little economic incentive to do so, and under the AUA there is an economic disincentive because of the 50% additional charge an airline would have to pay on its landing and aviation fees. See "SECURITY FOR THE SERIES 2014 BONDS – Airline Use Agreement" and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT."

For a description of the possible effects of airline bankruptcies on PFC collections see below "PFC Collections – Possible Bankruptcy Effects."

International Traffic

International traffic constitutes almost 50% of the Airport's passenger traffic. From calendar year-end 2007 through calendar year-end 2013, international passenger volumes increased by 31%. In fact, since 2007, MIA's international traffic has increased the fastest among the top ten U.S. gateway airports. In 2013, the Airport continued to be the second largest U.S. airport in terms of total international passengers, ahead of Los Angeles International Airport and behind New York JFK International Airport. See "AIRPORT TRAFFIC ACTIVITY" and "AVIATION DEPARTMENT FINANCIAL INFORMATION – Historical Financial Results."

Additional Information on Airlines

Certain of the Signatory Airlines under the AUA and other airlines operating at the Airport (or their respective parent corporations) file reports and other information with the Securities and Exchange Commission (SEC). These filings are collectively referred to as the "SEC Reports." Certain information, including financial information, as of particular dates, concerning each such airline (or their respective parent corporations) is included in the SEC Reports. These SEC Reports can be found on the SEC website, <http://www.sec.gov/search/search.htm>.

In addition, each Signatory Airline and certain other airlines are required to file periodic reports of financial and operating statistics with the United States Department of Transportation (“U.S. DOT”). Such reports can be inspected at the following location: Research and Innovative Technology Administration, U.S. Department of Transportation, 1200 New Jersey Avenue, SE, Washington, DC 20590 or at <http://www.rita.dot.gov/contacts/> and copies of such reports can be obtained from the Department of Transportation at prescribed rates. The foreign airlines also provide certain information concerning their operations and financial affairs, which may be obtained from the respective airlines.

The Federal Budget and Sequestration

Another factor that has affected the industry in the last two years is the federal budget reductions enacted through implementation of the sequestration provisions of the Budget Control Act of 2011 (Pub. L. 112-25) (the “Budget Control Act”), which was signed into law by the President on August 2, 2011. As a result of the failure of the Joint Select Committee on Deficit Reduction to reach an agreement on the deficit reduction actions required by the Budget Control Act, sequestration - a unique budgetary feature of the Budget Control Act - was triggered. On January 2, 2013, President Obama signed into law H.R. 8, the American Taxpayer Relief Act of 2012, which delayed the initiation of the sequestration process from January 2, 2013 to March 1, 2013. On March 26, 2013, the President signed the Consolidated and Further Continuing Appropriations Act of 2013, providing funds for operation of the federal government through September 30, 2013, and off-setting some of the sequestration-mandated reductions for Fiscal Year 2013. The spending reductions for Fiscal Year 2013 were approximately \$85.4 billion, with similar cuts expected for Fiscal Years 2014 through 2021.

Sequestration could adversely affect the Federal Aviation Administration (“FAA”) and the Department of Homeland Security (“DHS”) with budget reductions. As part of sequestration, Customs and Border Patrol Agency (“CBP”) reduced staffing overtime, which resulted in significant increases in international arriving passenger processing times (up to 3-4 hours) at a number of U.S. gateway airports, including MIA. In reaction to this reduction, U.S. gateway airports, including MIA, implemented a number of solutions that lessened the wait times for international passengers, including directly paying for CBP overtime and installing kiosks that assist with processing passengers through customs. MIA has installed kiosks in the North Terminal and South Terminal customs area and has paid less than a million dollars in Fiscal Year 2014 to CBP for overtime that the Aviation Department agreed to reimburse for high international arriving passenger days. The full impact of sequestration on the aviation industry and the Airport, generally, resulting from potential layoffs of federal employees responsible for federal airport security screening, air traffic control and CBP, is unknown at this time. Additionally, the effect of future federal government shutdowns is unknown. During the most recent shutdown in October 2013, CBP and Transportation Security Administration (“TSA”) field staff levels were not significantly affected. There is no assurance that this will be the case in any future federal government shutdowns.

PFC Collections

General

Pursuant to federal authorization, the Airport collects passenger facility (or passenger facilities) charges (“PFCs”) on each qualifying enplaned passenger. The Airport currently collects a PFC of \$4.50 per enplaned passenger, subject to certain exceptions. The applicable airline collects the PFCs and remits them monthly to the Airport net of a \$0.11 per PFC administrative charge.

PFCs constitute a substantial portion of revenues collected by the Aviation Department, providing \$75.1 million and \$69.2 million for the fiscal years ended September 30, 2013 and 2014, respectively. Such collections are subject to federal regulation and control, and their volume is affected by the economic and other conditions affecting passenger volume at the Airport. See “FUNDING SOURCES FOR CAPITAL PROJECTS – Passenger Facility Charges.”

Use of PFCs; Rate Covenant

PFCs provide a portion of the funding for the CIP, including terminal construction. Also, while PFCs do not constitute Revenues under the Trust Agreement and are therefore not pledged to the payment of the Bonds, the Aviation Department anticipates continuing its practice of depositing PFC revenues into the Sinking Fund's Bond Service Account and Redemption Account each year to reduce the Principal and Interest Requirements on the Bonds. Such deposits effectively reduce the amount of Revenues that must be collected to comply with the rate covenant under the Trust Agreement. Failure to make such deposits as aforesaid may result in an increase in the airlines' costs per enplaned passenger. See "SECURITY FOR THE SERIES 2014 BONDS – Rate Covenant" and "FUNDING SOURCES FOR CAPITAL PROJECTS – Passenger Facility Charges."

Possible Bankruptcy Effects

Applicable federal legislation and regulations provide that PFCs collected and held by an airline constitute a trust fund for the benefit of the applicable airport and create additional protections intended to ensure the regular transfer of PFCs to airports in the event of an airline bankruptcy. There can be no assurance, however, that during the bankruptcy of any airline, payment to the Airport of PFCs will not be delayed or blocked.

Federal Legislation

Federal legislation affects the grant funding that the Airport receives from the FAA, the Airport's PFC collections, and the operational requirements imposed on the Airport. The FAA Modernization and Reform Act of 2012 (the "FAA Act") was signed into law on February 14, 2012 as the permanent legislative solution to the temporary short-term extensions that had been enacted as a funding stop-gap over the previous five years. This \$63.6 billion reauthorization, which runs through September 30, 2015, provides \$13.4 billion in funding for airport improvement projects, provides \$10.9 billion in funding for the "Next Gen GPS" system, which will modernize the air traffic control system and accelerates the integration of drones into the domestic airspace.

The FAA Act continues the federal cap on PFCs at \$4.50 and authorizes \$3.35 billion per year for the Airport Improvement Program ("AIP") through Fiscal Year 2015, which is \$150 million per year less than the funding level for the previous five years. As part of this legislation, a study was commissioned and funded for the U.S. General Accountability Office (the "GAO") to study alternative means of collecting PFCs. Currently, PFCs are collected by the air carriers as part of the ticket price and remitted to the airports. As required, the GAO study was submitted to Congress not later than one year after enactment of the FAA Act, in February 2013. The study recommended not changing the current PFC collection process, but recognized that at some point in the future, due to advancements in technology, it may be beneficial to change the PFC collection process.

As part of the United States federal budget process, the FAA's Fiscal Year budget or appropriation amount is approved on an annual basis. For Fiscal Year 2015, The Continuing Appropriations Resolution, 2015 was signed into law on September 19, 2014, and has provided continuing Fiscal Year 2015 appropriations to federal agencies at the current annual (Fiscal Year 2014) rate until December 11, 2014.

Airport Security Requirements

General

Legislative and regulatory requirements since 2001 have imposed substantial costs on the Airport and its airlines relating to security, some of which are discussed below. Federal legislation created the TSA, an agency within DHS. Mandates of federal legislation, TSA and DHS have imposed extensive new requirements related to, among other things, screening of baggage and cargo (including explosive detection), screening of passengers, employees and vehicles, and airport buildings and structures.

The Federal Aviation and Transportation Security Act ("ATSA") makes airport security the responsibility of the TSA. The Homeland Security Act of 2002 (the "HSA") and subsequent directives issued by DHS have mandated, among other things, stronger cockpit doors on commercial aircraft, an increased presence of armed

federal marshals on commercial flights, establishment of 100% checked baggage screening, and replacement of all passenger and baggage screeners with federal employees who must undergo criminal history background checks and be U.S. citizens.

ATSA also mandates additional airport security measures, including: (1) screening or inspection of all individuals, goods, property, vehicles and equipment before entry into secured and sterile areas of the airport, (2) security awareness programs for airport employees, (3) screening all checked baggage for explosives with explosives detection systems (“EDS”) or other means or technology approved by the Undersecretary of the United States Department of Transportation, (4) deployment of sufficient EDS for all checked baggage, and (5) operation of a system to screen, inspect or otherwise ensure the security of all cargo to be transported in all-cargo aircraft. Due to a lack of TSA funding, airports have borne some or all of the cost of design, construction, and installation of automated in-line baggage screening systems and passenger screening checkpoints to meet the specifications that the TSA screening process requires for operation at full design capacity.

EDS equipment purchased by the federal government has been installed at the Airport. In some cases, installation of EDS equipment necessitated structural modifications to the Terminal Building. Substantially all of the costs of those modifications and the installation were borne by TSA during the initial deployment. The in-line EDS has been installed and is operational in the South Terminal and the North Terminal at an approximate cost of \$98.8 million, of which TSA funded \$74.2 million. TSA has committed \$101 million for an in-line EDS system in Central Terminal and for enhancements to the in-line EDS in the South Terminal. TSA also has issued additional unfunded mandates through TSA security directives including: (1) transmittal to TSA of personal information on all employees holding, applying for or renewing an airport-issued identification badge for the performance of Security Threat Assessment (“STA”) and retrieval of STA results prior to issuing badges and other forms of identification, (2) performance of inspections of all vendors and vendor products entering the sterile concourse areas of the airport, (3) reduction in the number of airport employees authorized to escort visitors in the secured areas, (4) annual audits of all airport-issued identification media, (5) the implementation of a substantive training program for all persons designated as an authorized signatory in the Airport’s identification media system, and (6) recording and retention of personal identification media used to obtain an airport-issued identification badge.

Airport security programs have also been affected by an additional requirement for the Airport to control access at the TSA passenger screening checkpoint exit lanes during TSA non-operational hours and on a 24 hours/7 days basis for exit lanes that are not co-located to the passenger screening checkpoints. This function was previously performed by TSA personnel. Additionally, any elevation of the national threat advisory level would impose significant additional law enforcement and overtime costs on the Aviation Department.

Cargo Security

Both federal legislation and TSA rules have imposed additional requirements relating to air cargo. These include providing information for a central database on shippers, extending the areas of the Airport subject to security controls, and criminal background checks on additional employees, which inhibits the ability of operators to hire temporary workers during peak periods.

TSA also requires carriers to screen 100% of all loaded cargo on passenger and all-cargo aircraft. TSA has developed a Certified Cargo Screening Program (“CCSP”) for a “supply chain-wide solution” to cargo security that will certify shippers to screen cargo earlier in the chain. The Airport currently is actively participating in the CCSP program.

TSA also has initiated an explosive detection canine program at the Airport dedicated to cargo screening. Currently the Airport has one of the largest TSA Canine Units in the country. The Airport has successfully met the new cargo screening requirements without significant adverse impact. A Cargo Security Consortium for the Airport involving the relevant agencies and business partners meets quarterly to discuss issues, and TSA, both nationally and locally, has been working with airports and carriers to develop security options that meet the regulatory mandates while minimizing the adverse effect on air cargo operations.

Costs

The Aviation Department has included in its current budget funds for a substantial amount of the costs imposed by the requirements described above. The Fiscal Year 2015 operating budget includes approximately \$15.1 million for security costs. To date, the Airport has been able to meet the additional financial burdens imposed by new security requirements, but the Aviation Department anticipates additional unfunded security directives that may impose substantial costs. Such requirements may include biometric credentialing in employee screening and access control.

Airport Competition

The Airport competes with other airports for domestic and international passengers. Fort Lauderdale-Hollywood International Airport (“FLL”) is the closest competing airport, and MIA’s biggest competitor for domestic origin-destination (“O&D”) passengers, i.e., those passengers that begin or end their trips at the airport rather than connecting through the airport en route to their destination. FLL also has substantially more low-cost carrier service than MIA. Low-cost carriers accounted for 63% (5.6 million) of all domestic scheduled departing seats at FLL for the first three quarters of 2014 (up from 30% in 2000), while low-cost carriers accounted for just 0.1% (6,500) of all domestic scheduled departing seats at MIA for the same time period in 2014 (down from 3% in 2000). Given Frontier Airlines’ recent announcement of a December 2014 launch of service to four destinations from MIA, this percentage can be expected to increase in 2015. In the Fiscal Years 2006 through 2013 (the most recent full Fiscal Year for which DOT O&D Survey data are available), FLL averaged 4.0 million more domestic O&D passengers per year than MIA. Average domestic airfares at MIA tend to be 20-30% higher than those at FLL, for trips of similar distance, due largely to the higher number of premium-fare passengers at MIA and the greater concentration of low-cost carrier service at FLL. In the first half of Fiscal Year 2014, average domestic airfares increased 5.9% year-over-year at MIA and 5.6% at FLL. However, DOT airfare data increasingly understate the true cost of air travel, as they do not include ancillary charges (e.g., checked baggage fees), which have been increasingly implemented throughout the industry since 2008. Between Fiscal Years 2001 and 2014, the number of domestic departing seats decreased 5% at MIA and increased 12% at FLL. The significant increase in low-cost carrier service and the associated relatively low fares charged at FLL are the major factors underlying the market share decline in domestic O&D passengers at MIA from 37.7% of the South Florida region in Fiscal Year 2001 to 35.3% in the first half of Fiscal Year 2014.

For passengers traveling between other parts of the United States and international destinations in the Caribbean and Latin America, there are an increasing number of alternative routings, both nonstop flights and connecting services, via other U.S. and Latin American gateway airports.

Environmental Liabilities

For a discussion of the environmental liabilities of the Aviation Department, see “LITIGATION – Aviation Environmental Matters.”

Airport Insurance

The Aviation Department maintains insurance in accordance with industry standards, but the operations of the Airport create risks of significant losses that may not be fully covered by insurance (see “AIRPORT SYSTEM FACILITIES – Airport Insurance”).

AVIATION-RELATED DEBT

Outstanding Bonds Under The Trust Agreement

Upon the issuance of the Series 2014 Bonds, the total aggregate principal amount of Outstanding Bonds under the Trust Agreement is as set forth below. See also below “Double-Barreled Aviation Bonds.”

Outstanding Bonds	Dated Date of Issue	Principal Amount Issued	Principal Amount Outstanding
Series 2002A Bonds	December 19, 2002	\$ 600,000,000	\$ 15,000
Series 2003E Bonds ⁽¹⁾⁽²⁾	May 28, 2003	139,705,000	104,925,000
Series 2005A Bonds	November 2, 2005	357,900,000	357,900,000
Series 2005B Bonds ⁽¹⁾	November 2, 2005	180,345,000	102,565,000
Series 2005C Bonds ⁽¹⁾	November 2, 2005	61,755,000	165,000
Series 2007A Bonds	May 31, 2007	551,080,000	551,080,000
Series 2007B Bonds	May 31, 2007	48,920,000	48,920,000
Series 2007C Bonds ⁽¹⁾	December 20, 2007	367,700,000	277,095,000
Series 2007D Bonds ⁽¹⁾	December 20, 2007	43,650,000	27,300,000
Series 2008A Bonds	June 26, 2008	433,565,000	433,565,000
Series 2008B Bonds	June 26, 2008	166,435,000	166,435,000
Series 2009A Bonds	May 7, 2009	388,440,000	386,440,000
Series 2009B Bonds	May 7, 2009	211,560,000	209,560,000
Series 2010A Bonds	January 28, 2010	600,000,000	597,000,000
Series 2010B Bonds	August 5, 2010	503,020,000	496,900,000
Series 2012A Bonds ⁽¹⁾	December 11, 2012	669,670,000	618,730,000
Series 2012B Bonds ⁽¹⁾	December 11, 2012	106,845,000	98,540,000
Series 2014 Bonds ⁽¹⁾	March 28, 2014	328,130,000	328,130,000
Series 2014A Bonds ⁽¹⁾	December 17, 2014	598,915,000	598,915,000
Series 2014B Bonds ⁽¹⁾	December 17, 2014	162,225,000	162,225,000
TOTAL		\$6,519,860,000	\$5,566,405,000

(1) Denotes Refunding Bonds issues.

(2) On March 17, 2008, the County converted its Series 2003E auction rate securities to fixed rate bonds. The County currently has no Outstanding Bonds that are variable rate debt.

Double-Barreled Aviation Bonds

On March 4, 2010, the County issued its Double-Barreled Aviation Bonds (General Obligation), Series 2010 (the “Double-Barreled Aviation Bonds”), in the aggregate principal amount of \$239,775,000, and currently outstanding in the amount of \$227,600,000. Debt service on the Double-Barreled Aviation Bonds are secured by a pledge of both (1) Net Available Airport Revenues (as such term is defined below), a lien that is subordinate to the lien securing the Bonds, and (2) ad valorem taxes levied on all taxable property in the County. “Net Available Airport Revenues” is defined to mean any unencumbered funds held for the credit of the Improvement Fund created under the Trust Agreement after the payment of all obligations of the County pertaining to the County airports which are payable pursuant to, and subject to the restrictions of (i) the Trust Agreement, (ii) any Airline Use Agreement then in effect or (iii) any other indenture, trust agreement or contract. To date, it has not been necessary for the County to apply any ad valorem tax revenues to pay debt service on the Double-Barreled Aviation Bonds.

Debt Service Schedule

The following table shows the annual Principal and Interest Requirements on all Outstanding Bonds, including the Series 2014 Bonds (but excluding Double-Barreled Aviation Bonds), as of the date of delivery of the Series 2014 Bonds for the Fiscal Years ending September 30, 2015 through the final maturity of the Outstanding Bonds.

MIAMI-DADE COUNTY AVIATION REVENUE BONDS (OUTSTANDING BONDS UNDER THE TRUST AGREEMENT) PRINCIPAL AND INTEREST REQUIREMENTS⁽¹⁾

Fiscal Year Ending Sept. 30	Principal and Interest on Outstanding Bonds ⁽³⁾⁽⁴⁾	Principal on Series 2014 Bonds	Interest on Series 2014 Bonds	Total Principal and Interest on Series 2014 Bonds	Total Aggregate Principal and Interest
2015	\$ 333,576,275	\$ 4,745,000	\$ 29,858,853	\$ 34,603,853	\$ 368,180,128
2016	335,328,210	3,900,000	37,801,800	41,701,800	377,030,010
2017	346,860,610	4,080,000	37,618,250	41,698,250	388,558,860
2018	346,947,141	4,285,000	37,414,250	41,699,250	388,646,391
2019	346,955,554	4,505,000	37,200,000	41,705,000	388,660,554
2020	346,946,629	4,730,000	36,974,750	41,704,750	388,651,379
2021	344,205,429	-	36,738,250	36,738,250	380,943,679
2022	342,553,591	-	36,738,250	36,738,250	379,291,841
2023	341,017,204	-	36,738,250	36,738,250	377,755,454
2024	341,018,540	-	36,738,250	36,738,250	377,756,790
2025	316,280,134	23,725,000	36,738,250	60,463,250	376,743,384
2026	343,847,728	-	35,552,000	35,552,000	379,399,728
2027	323,028,453	15,795,000	35,552,000	51,347,000	374,375,453
2028	323,983,203	16,590,000	34,762,250	51,352,250	375,335,453
2029	324,936,423	17,125,000	33,932,750	51,057,750	375,994,173
2030	326,794,423	17,950,000	33,076,500	51,026,500	377,820,923
2031	326,791,623	18,855,000	32,179,000	51,034,000	377,825,623
2032	277,981,160	77,210,000	31,236,250	108,446,250	386,427,410
2033	225,245,216	140,435,000	27,375,750	167,810,750	393,055,966
2034	312,569,554	59,015,000	20,354,000	79,369,000	391,938,554
2035	221,891,573	153,920,000	17,409,750	171,329,750	393,221,323
2036	236,462,048	147,045,000	9,713,750	156,758,750	393,220,798
2037	352,045,921	47,230,000	2,361,500	49,591,500	401,637,421
2038	404,545,959	-	-	-	404,545,959
2039	404,543,581	-	-	-	404,543,581
2040	404,543,163	-	-	-	404,543,163
2041	404,546,550	-	-	-	404,546,550
TOTALS ⁽²⁾	\$8,955,445,890	\$761,140,000	\$714,064,653	\$1,475,204,653	\$10,430,650,543

(1) With respect to each Fiscal Year, excludes payments due on October 1 of such Fiscal Year and includes payments due on October 1 of the following Fiscal Year.

(2) Numbers may not add due to rounding.

(3) The Fiscal Year 2015 principal and interest calculation on Outstanding Bonds excludes \$6,921,787.71 of debt service paid in conjunction with the refunding of the Refunded Bonds.

The following table shows the annual principal and interest requirements on the Double-Barreled Aviation Bonds for the Fiscal Years ending September 30, 2015 through their final maturity. The table does not include debt service on other Airport-related debt.

**DOUBLE-BARRELED AVIATION BONDS
PRINCIPAL AND INTEREST REQUIREMENTS**

Fiscal Year Ending September 30,	Principal and Interest On Double-Barreled Aviation Bonds
2015	\$ 15,431,277
2016	15,430,477
2017	15,432,087
2018	15,432,337
2019	15,430,837
2020	15,433,512
2021	15,433,512
2022	15,434,012
2023	15,430,512
2024	15,432,512
2025	15,430,262
2026	15,432,012
2027	15,431,762
2028	15,433,762
2029	15,432,012
2030	15,430,762
2031	15,431,087
2032	15,432,837
2033	15,431,837
2034	15,432,075
2035	15,434,750
2036	15,431,250
2037	15,430,500
2038	15,431,000
2039	15,431,250
2040	15,434,750
2041	15,429,750
TOTALS ⁽¹⁾	\$416,662,743

⁽¹⁾ Numbers may not add up due to rounding.

Other Airport-Related Debt

FDOT State Infrastructure Bank Loan

The Viaduct East Project, which was completed and opened to traffic in July 2011, consists of an elevated roadway over NW 25th Street, the only major access from the Palmetto Expressway (State Road 826) to MIA's Westside and Northside air cargo handling facilities, so that trucks entering and exiting the air cargo area could travel on the Viaduct and avoid the NW 25th Street congestion. The project was funded in part with a \$50 million loan to the County from the Florida Department of Transportation ("FDOT") State Infrastructure Bank. The FDOT loan is secured by a County covenant to annually budget and appropriate from County legally available non-ad valorem revenues funds sufficient to pay debt service costs. As of September 30, 2014, the Aviation Department on behalf of the County has paid \$30 million for annual debt service payments, which commenced October 1, 2009, and intends to earmark approximately \$5 million per year over the balance of the 11-year life of the loan (the last payment is due October 1, 2019) from the Aviation Capital Account to pay FDOT. This payment is subordinate to all other Aviation Department funding requirements, including all other debt to be paid from the Improvement Fund.

Third-Party Obligations

The County may issue revenue bonds related to the Airport System outside the provisions of the Trust Agreement and not payable from Revenues pledged under the Trust Agreement, subject to the condition, among others, that it will not construct, or consent to the construction of, any project, whether at the Airport or any other site, unless there is filed with the Clerk of the Board a statement signed by the Traffic Engineers and the Consulting Engineers certifying that, in their respective opinions, the operation of such additional project will not affect the County's compliance with the Rate Covenant Requirement or impair the operating efficiency of the Port Authority Properties. The Miami-Dade County Industrial Development Authority has issued revenue bonds in the combined aggregate principal amount of \$223,590,000 for the benefit of conduit borrowers, the proceeds of which have been used by those conduit borrowers to finance the construction of their air cargo and other facilities at the Airport. As of September 30, 2014, such bonds were outstanding in the aggregate principal amount of \$76,440,000. Neither the Airport nor the County has any obligation with respect to these bonds. See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT – Bonds Secured Otherwise than by the Trust Agreement."

Independent Financing of the Rental Car Center

In August 2005 and August 2007, FDOT, in cooperation with the County, closed on \$270 million in loans from the United States Department of Transportation under the Transportation Infrastructure Financing Innovation Act ("TIFIA") loan program. Under various agreements, FDOT agreed to procure the financing, acquire the land, and construct the Rental Car Center ("RCC") (formerly known as the Rental Car Facility), at the Miami Intermodal Center ("MIC"). The loan proceeds were used by FDOT to design and construct the RCC, which commenced operations in July 2010. The revenues pledged for repayment of the loan are the proceeds of the Customer Facility Charges ("CFC") collected by car rental companies from their customers at the Airport and, if required, rent payments from the car rental companies sufficient to cover any shortfall. Loan payments (which commenced on October 1, 2012) have been made through October 1, 2014, without the need for any rent payment from the rental car companies. **The repayment of the TIFIA loan is not secured by Revenues or any other revenues of the Aviation Department.** See "AIRPORT SYSTEM FACILITIES – Commercial Operations Facilities at the Airport" and " - Roadway Access to MIA."

Possible Future Indebtedness; Other Capital Expenditures

The CIP is substantially complete. See "CAPITAL PROJECTS" and "FUNDING SOURCES FOR CAPITAL PROJECTS." The Aviation Department, however, has identified a number of potential capital projects related primarily to the Central Terminal, which has not had any major refurbishments in over 20 years, as well as the maintenance of existing assets and safety and security programs. More specifically, these proposed projects include improvements for roadways, terminal re-roofing, concourse refurbishment and gate upgrades (e.g. making domestic gates into swing gates to accommodate both international and domestic arriving passengers). Most of these projects are still in the planning phase and, thus, have not been prioritized or approved by the Aviation Department or by the Board.

One major project that the Aviation Department has tentatively committed to starting, though in the planning stage, is the refurbishment/replacement of the South and Central Terminals' outbound baggage make-up system. TSA has signed an "other transaction agreement" that sets forth its commitment to reimburse the Aviation Department \$101.2 million in eligible costs related to this project. The Aviation Department plans to fund the remaining costs with PFC pay-as-you-go funds and other funding sources. The design phase is expected to start in 2015.

In addition, the Aviation Department has completed the Strategic Master Plan (the "SMP") by an outside consultant and is seeking FAA and BCC approval. Any capital needs identified as part of the SMP are in the infancy stage and have not reached the planning or design stage.

Contingency funds not used in the CIP may be available for planned projects and any capital projects that result from the SMP. However, additional indebtedness also may be required to finance, on a temporary or permanent basis, costs of such projects if they are approved, as well as other capital expenditures appropriate for the

maintenance of the Airport. Any such indebtedness would likely be secured on a parity basis with the Series 2014 Bonds and other Bonds Outstanding under the Trust Agreement and could affect coverage under the Rate Covenant in the Trust Agreement. The incurrence of any such indebtedness as parity debt would be subject to the requirements for the issuance of Additional Bonds. See “SECURITY FOR THE SERIES 2014 BONDS – Issuance of Additional Bonds.”

AIRPORT SYSTEM GOVERNANCE AND MANAGEMENT

Governance

The Aviation Department is a department of the County, which is a political subdivision of the State and a home rule county authorized by the Florida Constitution. Pursuant to Florida Statutes and the Home Rule Amendment and Charter of Miami-Dade County, as amended (the “Home Rule Charter”), the elected 13-member Board is the legislative and governing body of the County. On January 23, 2007, the electors of the County approved an amendment to the Home Rule Charter which established a strong mayor form of government. This amendment expands the Mayor’s powers over administrative matters. Under this system, the Mayor also appoints all department heads, including the Aviation Director.

Management

Brief descriptions of the director of the County Finance Department and the executive staff and selected division managers of the Aviation Department follow.

Edward Marquez

Miami-Dade County Deputy Mayor/Finance Director

Edward Marquez is Deputy Mayor of Miami-Dade County and Director of the Finance Department. Mr. Marquez oversees the Finance, Management and Budget, Audit and Management Services, Information Technology and Internal Services Departments and liaises with the Housing Finance Authority, Clerk of the Board and Eleventh Judicial Circuit of Florida. Mr. Marquez was Finance Director of Miami-Dade County from 1986 to 1996. During his tenure, he was responsible for all financial and controllership operations of County government. Later, Mr. Marquez served as Manager of the City of Miami where he directed development of the City’s five-year fiscal and operational recovery plan. Mr. Marquez has also served as an investment banker and financial advisor, and he has comprehensive knowledge of a wide range of business operations and complex financial transactions.

Prior to re-joining the County, Mr. Marquez was a Senior Vice President of First Southwest Company where his clients included the Miami-Dade Expressway Authority, City of Miami and North Miami Community Redevelopment Districts, among others. He held the post of Chief Financial Officer at the Miami-Dade County Public Schools, the fourth largest school district in the United States with operating and construction budgets of \$2.6 and \$1.7 billion, respectively.

Mr. Marquez holds a Bachelor of Business Administration from Florida International University and an Associate of Arts in Business Administration from the University of Florida.

Emilio T. González, Ph.D.

Aviation Department, Aviation Director

Emilio T. González, Ph.D., is the Director of the Aviation Department, a position he assumed on March 25, 2013. He directs the operations at the Airport and five general aviation airports in the Airport System. Dr. González oversaw the completion of one of the largest airport expansion programs in the U.S., a \$6.5-billion capital improvement program that added new terminals, roadways and other infrastructure to MIA and the County’s general aviation airports.

Prior to joining Miami-Dade County, Dr. González was President and CEO of NPI Advisors, an international and government affairs consulting firm. Previously, he served as President and CEO of Indra USA, the

United States subsidiary of Spain's Indra Sistemas, S.A., which is a leading European-based international company specializing in IT solutions.

Dr. González has spent most of his career involved in foreign affairs and international security policy issues. He served as Director of the U.S. Citizenship and Immigration Services, an UnderSecretary position within DHS in Washington, D.C. Prior to his appointments at DHS, he served as Senior Managing Director for Global and Government Affairs at a major Miami law firm. Additionally, he was Director for Western Hemisphere Affairs at the National Security Council at the White House. He also completed a distinguished career in the U.S. Army, retiring with the rank of Colonel.

A graduate of the University of South Florida with a B.A. in International Studies, Dr. González also earned M.A. degrees in Latin American Studies from Tulane University and in Strategic Studies and National Security Affairs from the U.S. Naval War College. He was awarded a Ph.D. in International Relations from the University of Miami. Dr. González is a member of various boards in the banking, technology and social services industries, as well as the Council on Foreign Relations.

Anne Syrcle Lee

Aviation Department, Chief Financial Officer

Anne Syrcle Lee first came to the Airport in 1989 to supervise the audit team for Coopers and Lybrand, LLP (now PricewaterhouseCoopers), the Aviation Department's prior independent auditor. In 1992, after joining the County's internal audit department, Audit and Management Services, Ms. Lee became the manager in charge of the internal audit team permanently located at the Airport. Seven years later, Ms. Lee joined the Aviation Department's newly-organized Professional Compliance Division, becoming Associate Aviation Director in 2001. Ms. Lee was named Interim Chief Financial Officer in March 2006 and Chief Financial Officer in January 2007. During Ms. Lee's tenure in public accounting, she worked in the governmental, not-for-profit, manufacturing, and high tech sectors and as an internal auditor conducted a number of high-profile forensic investigations in the County's proprietary departments. Ms. Lee is an honors graduate of the University of Miami and became a certified public accountant in Massachusetts in 1987.

Sergio San Miguel, CPA

Aviation Department, Controller

Sergio San Miguel joined the Aviation Department in 2009 as Assistant Controller for the Department, responsible for overseeing day-to-day accounting functions such as revenue control, statistical reporting and internal audit. In 2010, Mr. San Miguel assumed the role of Capital Finance Manager for the Aviation Department, responsible for managing and administering debt issuance for the Aviation Department. In this position, Mr. San Miguel also ensures that cash needs are met in order to maintain the capital program schedule and debt service is managed in order to minimize the Aviation Department's costs per enplaned passenger. In late 2012, Mr. San Miguel assumed the role of Controller.

Before joining the Aviation Department, Mr. San Miguel served as the Chief Financial Officer for the County's Transit Department beginning in 2007, supervising a staff of 100 employees responsible for business management functions such as budgeting, financial and performance auditing, grant management, accounting and revenue collections and processing. He was also responsible for overseeing the department's overall \$388 million operating budget and \$425 million capital budget.

Prior to his positions with County government, Mr. San Miguel served in similar roles in the private sector as an independent management consultant and chief financial officer for organizations in numerous industries, including banking, construction and real estate development, importing and distribution, marketing and advertising and cargo airline business. His work experience also includes positions as an audit manager with Coopers & Lybrand, LLP (now PricewaterhouseCoopers) and as an auditor and accountant with Jackson Memorial Hospital.

Mr. San Miguel has been a certified public accountant in the State of Florida since 1981 and earned a bachelor's degree in business administration from Florida International University. He is a member of the American Institute of Certified Public Accountants and Florida Institute of Certified Public Accountants.

Kenneth A. Pyatt

Aviation Department, Deputy Aviation Director

Kenneth A. Pyatt became Deputy Aviation Director in July 2010, following a 36-year career with American Airlines. From 1997 to 2007, Mr. Pyatt served as Managing Director of Passenger Services and Ramp Operations for American Airlines at MIA, where he was responsible for customer service, security, baggage, international and ramp operations, on-time performance, contract management and vendor oversight. He was corporate liaison with the Transportation Security Administration and managed 200 daily aircraft operations, nearly 1,800 unionized employees and 45 managers.

As a member of the American Airlines management staff, Mr. Pyatt held senior operations management positions at New York's John F. Kennedy and LaGuardia Airports, O'Hare (Chicago) and MIA from 2007 to 2010. In this capacity, he was responsible for all phases of airport operations, including aircraft operations, safety, security, prevention of aircraft damage, facilities maintenance, contractor management, and customer relations.

As Deputy Aviation Director, Mr. Pyatt is responsible for all operations divisions at MIA and the general aviation airports, including Airside, Landside, Terminal, Facilities (both Maintenance and Development), Protocol, Noise Abatement, Public Safety and Security, Police and Fire.

Mr. Pyatt holds a Bachelor of Arts from Queens College, New York.

José A. Ramos, R.A., LEED AP

Division Director for Aviation Planning, Land-Use and Grants Division

Mr. José A. Ramos is currently the Division Director for Aviation Planning, Land-Use and Grants Division. He has 18 years of professional airport planning experience including airfield, terminal, and airport operations gained steadily during his tenure with the Aviation Department.

Mr. Ramos is responsible for overseeing the orderly and efficient development of MIA and the Aviation Department general aviation airports to meet aviation demands and assure compatibility with the surrounding communities. He is responsible for all aviation system and master (strategic) planning and forecasting of aircraft activity, airfield planning, on-airport facility development and off-airport proposed land use development reviews. He directs and manages the Strategic Airport Master Planning 2015-2050 effort for the Aviation Department's system of airports, and is the lead technical liaison with the responsibility of coordinating with the FAA and the FDOT in administering the Federal and State grants-in aid program for the County's system of airports.

Mr. Ramos is a State of Florida registered, LEED AP certified architect. He earned a Master of Architecture degree in 1985 from the University of Florida.

Employees

The Aviation Department has approximately 1,172 employees as of September 30, 2014. Collective bargaining units represent approximately 1,094 of the 1,172 employees. Florida Statutes prohibit public employees from striking against their employers. Police and fire services are provided by their respective County departments through dedicated Aviation Department forces, with supplemental services provided and paid for as needed.

AIRPORT SYSTEM FACILITIES

Introduction

The Airport is located in the unincorporated area of the County, approximately seven miles west of the downtown area of the City of Miami and nine miles west of the City of Miami Beach. Its close in-city location provides convenient and immediate access to the Greater Miami area.

During the 12-month period ended September 30, 2014, a total of 40,844,964 passengers traveled through MIA, of which 20.1 million or 49.2% were international, and 20.7 million or 50.8% were domestic. MIA maintains one of the highest international to domestic passenger ratios of any U.S. airport, supported by South Florida's culturally diverse population and international tourist destination status. The Airport supports multiple airline and multiple daily frequencies to virtually every capital and secondary city/business center in the Latin American/Caribbean region. According to the most recent statistics compiled by the Airports Council International, MIA, in calendar year 2013, ranked 26th worldwide in terms of total passengers (both arriving and departing).

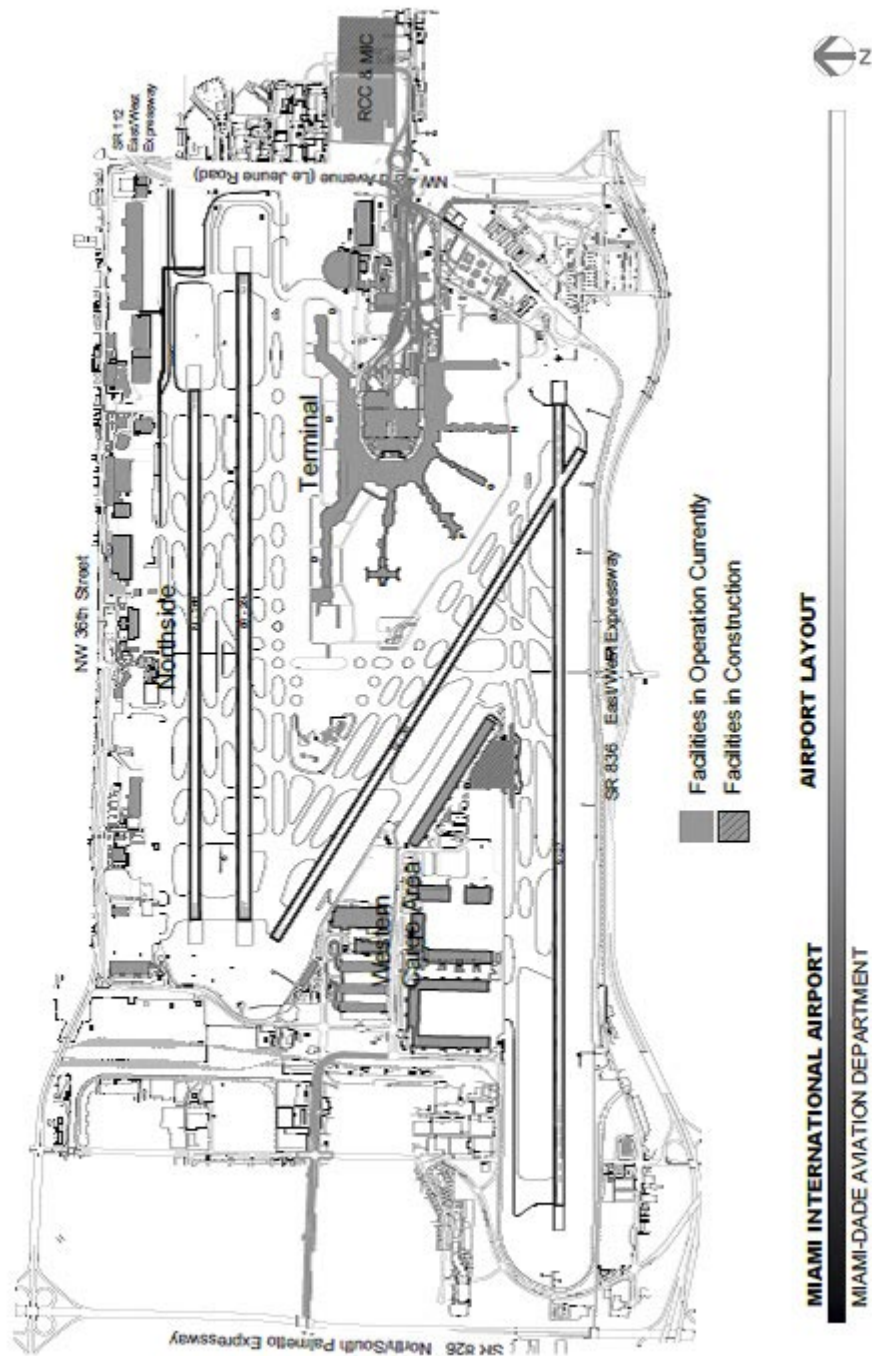
MIA includes approximately 3,230 acres and approximately 184 buildings, ranging from airfield lighting vaults, aircraft engine test cells, chiller plants, cargo warehouses, office buildings, and hangars, to a main terminal building. The North and South Terminal additions provided by the CIP added more than 4.1 million square feet to the pre-existing 4.5 million square feet.

Terminal Building

This subsection describes terminal facilities in operation as of October 10, 2014.

The Terminal Building has been divided into three major geographic development areas, consisting of six concourses: North Terminal consisting of Concourse D; Central Terminal consisting of Concourses E, E/E-Satellite, F and G; and South Terminal consisting of Concourses H and J. In a maximum narrowbody aircraft configuration the Terminal has 127 contact gates. Concourse D has 50 gates and 12 regional jet ground load gates. Concourse E/E-Satellite has 18 gates; Concourse F has 19 gates; Concourse G has 14 gates (two of which are ground load commuter gates); Concourse H has 13 gates, and Concourse J has 15 gates. In its maximum widebody configuration, the Terminal has a total of 116 contact gates (45 on Concourse D, 45 in the Central Terminal's Concourses E, F and G, and 26 in the South Terminal's Concourses H and J). A map of the Airport is below. A new Federal Inspection Services ("FIS") in the area of Concourse D opened on July 2012. The first level of the Terminal Building includes the arrivals area with domestic baggage claim and ground transportation, as well as outbound baggage systems. The second level is the departure level with security checkpoints, gate hold rooms and 522 ticket positions, the majority of which have common use equipment. The Airport differs from many airports in that the Airport does not have a separate international terminal. Accordingly, the Terminal Building's third level is capable of conveying arriving international passengers from Concourses D, E/E-Satellite, and F to the new FIS located in Concourse D, and conveying arriving international passengers from Concourses H and J to the FIS near Concourse J. A third existing FIS facility located in Concourse E is currently closed pending expected renovations envisioned as part of near term renovations to the Central Terminal. The Terminal has one A380 capable loading gate with an upper deck loading bridge in Concourse J (J17) and a second A380 capable gate is under construction in Concourse D (D1).

Additionally, the Aviation Department is considering certain near-term renovations to the Central Terminal. For a discussion of the CIP with respect to the terminal facilities, see "CAPITAL PROJECTS – Future Capital Projects."



Commercial Operations Facilities at the Airport

The Terminal Building has 218 permanent and 5 temporary concession locations occupying approximately 267,393 square feet of duty-free, food and beverage and retail space; there are another 18 locations either in the concept, design or construction phases. Approximately 30% of the concession locations are located pre-security and approximately 70% of the concessions are located post-security. The current concession locations are consistent with a concessions master plan.

The Terminal Building also provides locations for services such as advertising, banks and ATM machines, currency exchanges, baggage wrap machines, luggage carts, baggage checkroom, hotel with restaurant, and an airline club.

In the past, most of the commercial operations operated under a management agreement structure. Under this structure, the Aviation Department pays a company a management fee to operate the commercial operation, while the Aviation Department receives all revenues and pays all expenses (including the management fee). Through the solicitation process, the Aviation Department has transitioned from the management agreement structure to concession agreements pursuant to which the operator pays the Airport the greater of a percentage of gross revenues or a minimum amount guaranteed in the contract. Solicitations have been issued and concession agreements awarded resulting in new master concessionaires, operators and/or developers with national, regional and local brands. The costs associated with the buildout of concession locations and on-going maintenance have been shifted to the concessionaire which is a cost-saving to the Aviation Department.

The transition to the concession agreement structure began in 2003 when Westfield Concessions Management, Inc. was awarded the Central Terminal Retail agreement to develop and operate a total of 36 locations. As the need for new concessions continued, solicitations were issued with awards to firms that had no previous presence in the Airport. Competition is created with a larger variety of concessionaires within each category of products or services. Areas USA and Concessions Miami were awarded agreements for the food/beverage program for the South and North Terminals. Faber, Coe & Gregg and HMS Host were awarded agreements for the retail program in the North and the South Terminals and The Hudson Group, Newslink/Adler and Newslink of South Florida were also awarded agreements in the North Terminal. Concession agreements were also awarded to a number of small businesses and/or local firms for locations in the North, Central and South Terminals.

The Central Terminal Retail Program solicitation is planned for late 2014. It is intended this program will provide concession services on an interim basis while the permanent Central Terminal Redevelopment Program is being designed and constructed.

The South Terminal is supported by a 50,000 square-foot Concession Hall and features an 8,900 square-foot food court. The South Terminal also includes a Bank of America service center and other amenities, such as ATMs and a business center. Fifty-six permanent concession locations are open and an additional four permanent locations are expected to open in the first quarter of 2015.

In the North Terminal, the capital improvements program is complete and 90% of the permanent concession locations are open and operating. All of the principal concession solicitations have been completed and all of the locations have been awarded. The Department has awarded concession contracts for the six locations in the Miami Marketplace, a series of modular units offering products that represent the South Florida market. Of the 91 post-security permanent locations, 85 have opened; of the 13 pre-security locations, 11 have been opened with the remainder to open in the first quarter of 2015. All remaining North Terminal concessions are expected to be open by Spring 2015.

From October 1, 2013 through September 30, 2014, concessions totalling 1,971 square feet were added throughout the Airport. These new locations will enable the Aviation Department to meet the passenger demands for additional food/beverage, retail and duty free concessions.

There are 16 rental car companies, including the national brands of Alamo, Avis, Budget, Dollar, Enterprise, Hertz, National and Thrifty operating at the Rental Car Center ("RCC"). The RCC is the first phase of the Miami Intermodal Center (the "MIC") immediately east of the Airport's main entrance. The RCC is connected to the Airport by the MIA Mover, an elevated automated people mover system, constructed by the Aviation Department over Central Boulevard between the Airport's Dolphin and Flamingo parking garages. Both the RCC and the Airport are connected to downtown Miami via the County's elevated heavy rails system (Metrorail), which began operation during the summer of 2012. See "AIRPORT SYSTEMS FACILITIES — Roadway Access to MIA" for a description of the MIC and the MIA Mover.

The MIA Hotel, located on the second level of Terminal E, is currently operated through a management agreement. The MIA Hotel has 259 rooms and includes the Top of the Port restaurant, a lobby bar and a sushi bar,

which collectively occupy approximately 118,500 square feet. The MIA Hotel is a successful, independently branded hotel with the distinct advantage of its in-terminal location over the rest of the airport-district area hotels. As of September 30, 2014, the MIA Hotel occupancy for the last 12 consecutive months was 86.7% as compared to 87.1% for the comparable set comprised of nine area hotels. The average daily rate for the same period was \$131.29 as compared to \$125.33 for the comparable set.

Airside Facilities

The Airport has four commercial service air carrier runways, consisting of three parallel east-west runways and one diagonal runway oriented in the northwest to southeast heading. For a map of the runways, see “AIRPORT SYSTEMS FACILITIES – Terminal Building.” These runways provide operational facilities to cover 97% of the prevailing wind conditions at MIA and are connected by a system of dual taxiways and aprons. The runways are equipped with high-intensity runway lighting systems. Category I Instrument Landing Systems are provided for six of the eight runway approach directions to permit operations under poor weather conditions. The newest, northernmost Runway 8L-26R runs east-west and is 8,600 feet long and 150 feet wide. Runway 8R-26L, also on the north side of the Airport, runs east-west and is 10,506 feet long and 200 feet wide. It is located 800 feet south of Runway 8L-26R centerline, with Taxiway Lima “L” separating them. The south parallel east-west Runway 9-27, almost a mile to the south of Runway 8R-26L, is 13,016 feet long and 150 feet wide. The diagonal northwest-southeast Runway 12-30 is 9,355 feet long and 150 feet wide and is used sequentially with the parallel runways during easterly operations with the application of Land-and-Hold-Short (LAHSO) procedures on the longer Runway 9-27 permitting converging landings. A runway and taxiways rehabilitation project for Runway 12-30 and parallel Taxiways “P”, “Q” and “R” is currently underway. The construction start date was November 18, 2013 and the project is expected to be completed by April 30, 2015. The completion of this project will provide reliability and safety improvements and to mitigate recurring pavement maintenance issues thus reducing associated operational impact closures. This rehabilitation project will be funded through a combination of reserves, grants and proceeds of previously issued Bonds. These runways are capable of handling any size commercial passenger or cargo aircraft planned or currently in use, with Runway 8R-26L and 9-27 approved as contingency and primary runways, respectively, for handling the Airbus A380 and the Boeing 747-8. MIA’s four-runway layout permits peak hour aircraft movements of up to 152 flight operations per hour during optimal weather conditions.

The four runways are flexible pavement facilities constructed with bituminous asphalt surfacing, over a compacted lime rock base sub-grade, and can be strengthened as necessary by additional overlays of bituminous asphalt to accommodate sustained operations by heavier aircraft in the future. All runways are grooved, permitting all-weather landing and optimal wet runway condition braking performance.

To minimize take-off delays, all runways are supplemented at each end with large holding taxiways, which permit the bypassing of most aircraft facing delay by other departing aircraft except in the case of the very large aircraft, including the Airbus A380 and the Boeing 747-8. A system of numerous high-speed exits (turnoffs) from the runways has been provided, permitting landing aircraft to make smooth exits from the runways to the taxiway system, minimizing runway occupancy times and enhancing airfield performance and capacity. An extensive system of dual parallel taxiways has been constructed to support all four runways and serve the entire area of the Airport’s terminal complex. These dual-parallel taxiways provide by-pass taxiway capability for all but the largest aircraft during high airfield utilization periods such as during peak periods when air traffic control needs to reshuffle departure queues to enable the most delayed departures to take-off prior to other flights. The newest airfield improvement substantially completed is Taxilane “K” Extension. Located on the northeast corner of the airfield, the new taxilane provides additional safety and airfield capacity by reducing the need to cross Runway 8L-26R when taxiing from Taxiway “K” to the Northeast Base Apron and to the newly completed Centurion Cargo Building.

Parking Facilities

The Airport offers several public parking facilities: North and South Valet, nested within the respective Dolphin and Flamingo garages, two stacked lots perpendicular to the west end of the garages, with the top lot exposed to the elements, a surface lot across from South Terminal, and the former economy parking. All facilities operate 24 hours a day, seven days per week. The covered parking facilities known as the Dolphin and Flamingo parking garages are positioned within the linear horseshoe configuration of the Terminal Building. The ground transportation and curbside services are situated along the main access roadway across from the parking garages.

The Economy Park and Ride surface lot located near the employee parking offered 554 public parking spaces with free shuttle service to and from the Terminal Building until May 19, 2014, when it closed to make room for additional employee parking.

As of September 30, 2014, MIA had 8,223 public parking spaces allocated for valet, surface lots, and garages. A unified rate structure implemented October 1, 2011 eliminates the necessity to differentiate between short and long term parking. The main exit from the parking garages is through a centrally-located revenue collection plaza, which serves all facilities, except the remote economy lot. This plaza allows for centralized ticketing access to and from the garages with a state-of-the-art parking revenue control system. In addition to cash and credit card payment, the collection plaza provides payment options of Pay On Foot, SunPass Plus[®] and PayPass. Pay On Foot allows patrons to pay for parking prior to entering the collection plaza. SunPass is a prepaid toll program, which expedites a patron's exit through the collection plaza with the use of transponders. PayPass is MasterCard's "contactless" way to pay by simply tapping the PayPass credit card at the point of service device, which then processes payment without further interaction. These payment options reduce the number of staffed cash lanes and reduce labor expenses.

Roadway Access to MIA

The primary ingress and egress routes for passengers and visitors to MIA are (1) from LeJeune Road (NW 42nd Avenue, the eastern geographic boundary of the Airport) to NW 21st Street, (2) the Dolphin Expressway - SR 836 (the southern boundary of the Airport) to LeJeune Road, and (3) a direct connection to Interstate I-95 from the Airport Expressway State Road 112 (SR 112) with dedicated ramps from the North, South and East all leading to the Terminal Building and the revenue parking Central Collection Plaza via the MIA main access roadway "Central Boulevard" (which is an extension of NW 21st Street). The Central Boulevard roadway connects to all passenger landside and terminal facilities and on approach to the terminal is grade separated with access to the first (ground) level for all arrivals and an elevated roadway level serving the entire second level for all departures.

Airport roadway access infrastructure includes the Central Collection Plaza and the Terminal South Drives Extension Projects. The Central Collection Plaza provides a centralized point of entry and exit from the revenue parking garages with an automated payment system. The Southside Drives Extension project, which extended the grade separated terminal roadway system with additional curb frontage for arriving and departing passengers to support the South Terminal building and Concourse J expansion opened for service in 2007. The Southside Drives Extension project greatly improved the circulation, weaving and way finding for passengers accessing the new terminal and exiting the Airport.

Other Airport surface access improvements have some CIP contributions but are primarily funded by entities other than the County to enhance the surface accessibility and functionality of roadways serving the Airport and include the Airport's interface with the Rental Car Center (RCC) and the transit oriented Miami Intermodal Center (MIC), and improved ingress and egress for both passengers and cargo both on the east (terminal) and west (air-cargo) sides of the airport. Significant access improvements include:

- FDOT and the Miami-Dade County Expressway Authority (MDX) are funding several projects to enhance access to the Airport from adjoining roads. These include completed projects such as the RCC, the widening of LeJeune Road (Northwest 42nd Avenue), direct connect ramps from the Airport to State Roads 836 and 112, the SR 826/Northwest 36th Street Interchange, widening Perimeter Road from NW 72nd Avenue to NW 57th Avenue to four lanes (which also serves as a maintenance of traffic for the joint FDOT and MDX SR 826/SR836 Interchange Project), and the first phase of the NW 25th Street Viaduct East Project, which was completed in July 2011. See "AVIATION-RELATED DEBT – Other Airport-Related Debt – FDOT State Infrastructure Bank Loan" for a description of the NW 25th Street Viaduct East Project. Ongoing projects include the MIC core building and the rebuilding of the SR826/SR836 Interchange, and the final phase of the Viaduct Project extending the viaduct westward over the Palmetto Expressway to just east of NW 82nd Avenue (the "Viaduct West Project"), which began construction in June 2012 and is expected to be completed in November 2015. In early 2015, MDX will start construction on a new widening and re-alignment project for SR 836, from NW 17th Ave to NW 57th Ave. This project will improve capacity of SR 836 mainline and includes the complete reconstruction and realignment of the SR 836/Le Jeune Road interchange. The interchange reconstruction will enhance access and provide

greater safety and efficiencies for accessing MIA from SR 836. The project is expected to be completed in 2019.

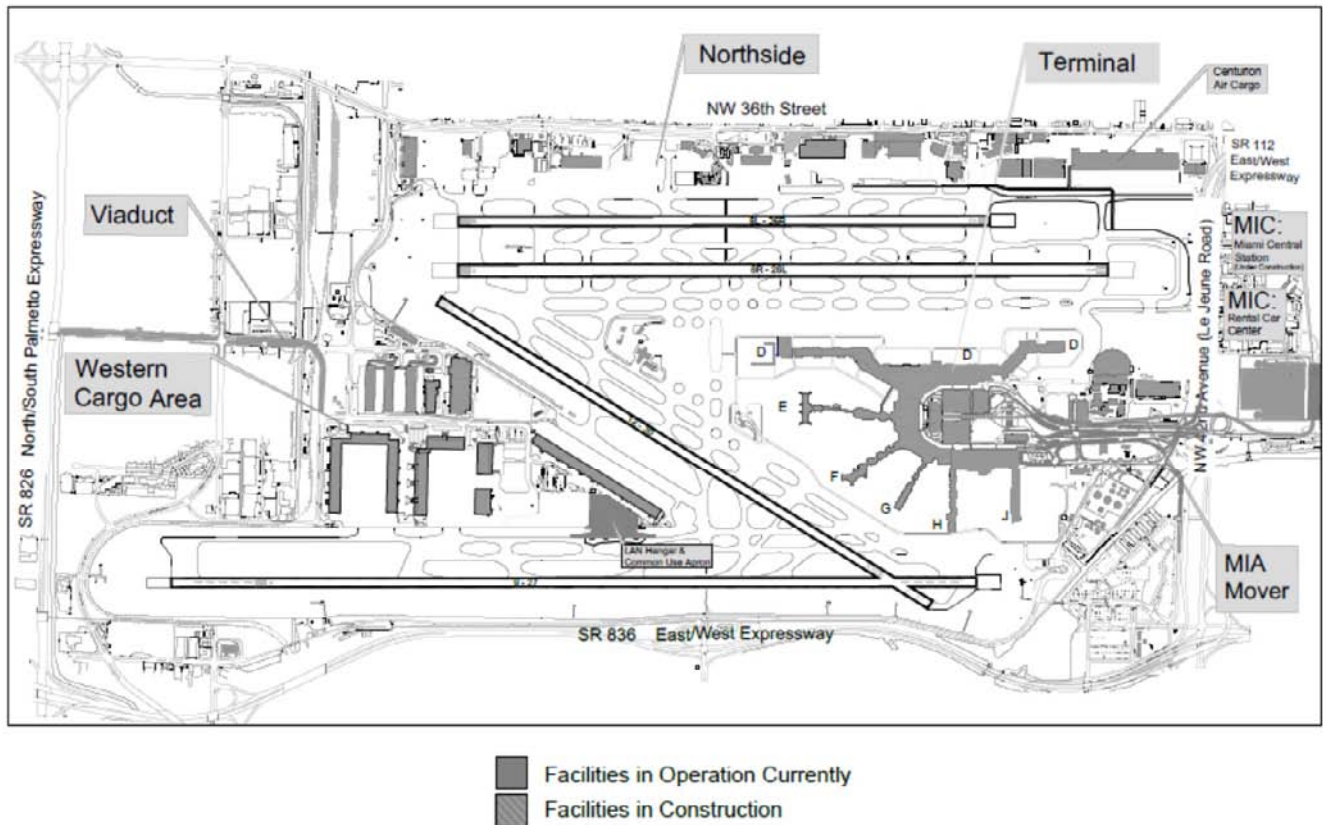
- The projected \$72 million capacity improvements of the primary access to the Airport's passenger terminal, known as the "MIA Central Boulevard Widening, Re-alignment and Service Loop Project," is needed to balance MIA's terminal roadway system with the Airport's increased airfield and terminal capacity. It is being constructed by MDX at no cost to the Aviation Department. A Joint Participation Agreement between MDX and the Aviation Department was approved by the MDX Board on June 30, 2009, to accomplish MDX's assumption of the project in exchange for a perpetual easement and assignment of a \$48.5 million FDOT grant to MDX. See "FUNDING SOURCES FOR CAPITAL PROJECTS – State Grants." The Central Boulevard improvement, being implemented through a design-build contract, will enhance the "at grade" and elevated roadways along the airport's main access corridors. The project includes the widening and realignment of Central Boulevard and a separation of service and commercial traffic from the public traffic lanes. Specifically, the project widens Central Boulevard from three to four lanes in the west-bound ingress direction and from four to five lanes in the east-bound egress direction. When completed in late 2014, the improved roadway will provide links to the Airport's major feeder roads and highways, such as LeJeune Road (NW 42nd Avenue), State Road 836, and State Road 112. Central Boulevard will also be the direct link to the RCC and the MIC when it opens in 2014.
- The MIC is a multi-phased development program intended to relieve area roadway congestion and improve access to the Airport by creating a regional transportation center east of LeJeune Road. The MIC will act as a remote ground transportation hub for MIA by relieving terminal curbside congestion. Its estimated cost is \$2.1 billion. The primary structures include a separate MIC core building and the RCC, both of which are being constructed by FDOT with loan proceeds from the United States Department of Transportation under the TIFIA loan program. The MIA Mover, funded through the CIP and \$101.2 million in FDOT grants, connects the RCC to the Terminal Building and connects both the RCC and the Airport to the County's Metrorail system. The MIA Mover began operations in September 2011. FDOT plans to construct other transportation-related facilities in the immediate area, all of which will be made commercially compatible with the RCC and the MIC core building.

The County's responsibilities for the MIC project are primarily limited to:

- Designing, constructing and operating the MIA Mover;
- Calculating CFCs sufficient to pay off the TIFIA loan secured by FDOT and imposing upon car rental companies the obligation to collect CFCs from their customers and remit them to a trustee; and
- Operating and maintaining the RCC and paying for the costs thereof from the CFCs. The CFCs are not Revenues.

Another roadway improvement under consideration consists of the widening and re-alignment of the eastern section of Perimeter Road from NW 57th Avenue to NW 42nd Court (parallel and to the east of LeJeune Road) and connecting to NW 20th Street allowing the aviation fuel-farm to be enclosed within the Airport's Airfield Operations Area. A Project Development and Environment (PD&E) study will need to be prepared. The design and construction of this section of Perimeter Road will be subject to federal and state funding.

**Figure I.1
Airport Layout Plan
Miami International Airport
Roadway Access Improvements**



MIAMI INTERNATIONAL AIRPORT
MIAMI-DADE AVIATION DEPARTMENT

AIRPORT LAYOUT



Source: Miami-Dade County Aviation Department

Cargo and Other Facilities at the Airport

The Airport has a number of facilities that are used for cargo operations (mostly warehouse space), testing aircraft engines (aircraft engine test cell facilities), aircraft maintenance (both narrow-body and wide-body aircraft hangars), and aircraft flight crew training (flight simulators). These facilities are in three areas of the Airport: (i) the northeast area, which covers approximately 146 acres, (ii) the north central corridor, which covers 79 acres, and (iii) the northwest and west areas, which comprise 573 acres.

As of September 30, 2014, the Aviation Department managed approximately 8.9 million square feet of potentially rentable cargo and other facilities including aircraft maintenance repair and overhaul facilities as well as hangars, office space, simulator bays and other training areas, aircraft engine repair, and aircraft engine testing facilities outside of the Terminal at the Airport. Storage areas and operational support facilities make up the rest of the square footage managed by the Aviation Department. The leased facilities produced approximately \$57.6 million in annual rental revenues (\$37.0 million from buildings; \$18.7 million from land; and \$1.9 million from pavement), which constitute approximately 7.59% of Fiscal Year 2014 to-date operating revenues. This total includes the general aviation airports.

Cargo plays a significant role in the financial health of the Airport. Annual revenues generated from the rental of cargo facilities, combined with Landing Fees of all-cargo airlines operating at MIA, totaled \$72.3 million for Fiscal Year 2013.

From October 2013 through September 2014, cargo tonnage handled at the Airport increased 1.6% when compared to the same preceding 12-month period. Cargo tonnage handled from January 2014 through September 2014 increased by 2.8% over the same period last year.

The majority of the MIA airfield development in the last 20 years has been for cargo handling facilities. On the west side of the Airport, three belly cargo buildings and three cargo buildings with direct aircraft access known as the Western “U” were developed by the Aviation Department and are leased to cargo tenants. Four other cargo buildings with direct aircraft access were constructed by the airlines in partnership with private developers and make up the Eastern “U.” In February 2013, a 500,000 square foot cargo facility containing 166,000 of refrigerated warehouse built by Centurion Air Cargo, Inc. (“Centurion”) (in partnership with a developer) opened in the northeast section of the Airport. This development is the largest single tenant leasehold on the Airport.

All of the buildings in the Eastern “U” are operated by tenants or third parties under lease development agreements. United Airlines built a 118,000 square foot cargo facility (and has transferred its interest in this facility to AMB Codina MIA Cargo Center, LLC); Arrow Air completed a 127,089 square foot facility; and LAN (Chile) built an approximately 410,000 square foot cargo and office complex, which serves as LAN’s headquarters for its U.S. operations. These development lease agreements typically have terms of 20 to 30 years, and provide that each company pays ground rent to the Aviation Department during the period of the lease, and fair market rents on the facilities at the conclusion of the initial term. Each company constructed its facilities at its own cost, using its own source of financing.

Other facilities financed under lease development agreements include a 35,000 square foot courier facility built by UPS in 2001, which is located in the northwest area of the Airport and adjacent to the 157,000 square foot cargo facility the company acquired with its purchase of Challenge Air Cargo. These facilities serve as UPS’s Latin American gateway hub. FedEx also built a 189,000 square foot facility along the north side of the Airport that was completed in 2004. Currently, the Airport has over 2.6 million square feet of cargo facilities.

In addition to the cargo facilities, the Aviation Department has a number of cargo loading (aircraft apron) positions located throughout the airfield that serve to support the cargo operations at the Airport. As of September 30, 2014, the Airport has 71 such positions, 44 of which are common-use positions that are assigned by the Aviation Department’s Airside staff. The remaining 27 are on airline leasehold property. Assignment of the common-use cargo loading positions is based on the location of airline cargo warehouse leaseholds, aircraft types and operating schedules of the cargo airlines.

The County entered into a 40-year development lease agreement with Centurion for the construction of a 500,000 square foot cargo warehouse facility. Centurion assigned the lease to Aero Miami, III, LLC (“Aero Miami”) for the financing, design, construction and management of the warehouse, with both Centurion and Aero Miami serving as joint lessees under the lease. Centurion was also given the right to purchase from the County the Building 890/891 hangar facility for the sum of \$6.4 million and paid that amount to the Aviation Department through Aero Miami’s construction of Taxiway “K” that runs adjacent to Centurion’s buildings, with any additional reimbursable cost of approximately \$2 million, reimbursable to Aero Miami through ground rent credits. The Aviation Department reimbursed Aero Miami \$2.8 million for environmental remediation costs of the warehouse site plus a contract-required interest payment of \$500,000 payable to Aero Miami. The warehouse and hangar refurbishment received certificates of occupancy in February 2013 and completion of the Taxiway K work is expected by the end of October 2014. The credits were applied accordingly and the developer began paying rent at the end of August 2014. Annual revenue from the development is expected to be \$3.5 million.

Public Private Investor Partnership

In calendar year 2007, the Aviation Department initiated a multi-phased Public Private Investor Partnership (“PPIP”) program in an effort to address unfunded capital needs not included in the CIP and generate additional revenues. Through the PPIP program, the Aviation Department is seeking qualified investors/developers to finance, design, construct, renovate, manage and/or operate projects in undeveloped and/or underutilized land and facilities in certain designated investment areas within the boundaries of the Aviation Department’s airports.

The Aviation Department issued a competitive Request for Proposal for Phase I of the PPIP program, which included seven investment areas, ranging in size from 2 to 62 acres, located at MIA and one general aviation airport. Respondents showed interest in developing four of the seven offered sites and the Aviation Department negotiations with the two top-ranked developers were completed and the agreements are awaiting FAA approval.

A request for Expression of Interest (EOI) was issued for PPIP Phase II, seeking a qualified developer for available investment areas immediately adjacent to the Airport’s Central Boulevard. The Aviation Department received EOIs from five qualified respondents, all of whom were invited to submit a proposal and discuss their EOIs further with a selection and negotiation committee. Two of the five qualified respondents submitted a proposal. Negotiations were completed with the top-ranked respondent for development of a 400-room stand-alone hotel, office buildings, smaller hotels, and a retail shopping area that will include a gas station, a pet hotel and a dry cleaner. The lease agreements were reviewed and accepted by the FAA and are under final review by the County.

As a result of new expansion plans for MIA’s largest airline and information gleaned from the ongoing Master Planning effort, the Aviation Department revised the development plan for the area immediately available to the Airport’s Central Boulevard that composed PPIP Phase II. Instead of private/public development, the area is now slated for terminal and airfield expansion. The stand-alone hotel is still in the plans but is now being considered as an airport undertaking.

Miami-Dade Aviation Department General Aviation Airports and Training Airports

In addition to MIA, the Miami-Dade Aviation Department operates four general aviation airports. Three such general aviation airports are used for traditional general aviation activities such as fixed base operations, aircraft storage and maintenance facilities. One airport is used primarily for training purposes, while another has been decommissioned for the purpose of mining the limestone deposits located on its premises. The following narrative describes the facilities at each of these airports.

Miami-Opa locka Executive Airport

The County obtained Miami-Opa locka Executive Airport (“OPF”), formerly Opa-locka Executive Airport, from the United States government in 1961. In 1962 the remainder of the former Naval Air Station Miami property, except for a portion reserved for the United States Coast Guard, was transferred to the County and became Opa-locka Airport. In 1965, Coast Guard Air Station Miami transferred its aircraft and operations from its Dinner Key installation to the Opa-locka Airport, re-establishing CGAS Miami on site. OPF encompasses 1,810 acres.

The Airfield consists of three active runways. The two east-west runways are 8,002 feet and 4,306 feet long, respectively, and 150 and 100 feet wide respectively, with one runway having two instrument landing systems (“ILS”) and Category I capabilities. The southeast-northwest runway is 6,800 feet long and 150 feet wide, and also has ILS and Category I capability. Other facilities include corporate hangars, an Aircraft Rescue and Fire Fighting facility and a CBP private aircraft clearance facility. In addition, third parties operate or are in the process of developing a number of the facilities at OPF, including corporate hangars. The U.S. Coast Guard Air Station Miami, Miami-Dade County Police Department, Aviation Division, and Miami-Dade County Fire Department (“Air Rescue”) have operations at OPF.

At OPF, there are currently over 500 acres leased for development. In 2007, the Aviation Department facilitated the release of large tracts of land held by developers since the late 1990s in order to accommodate various requests for additional facilities. Since that time facilities including corporate hangars, offices, retail/industrial facilities and a UPS distribution center have been erected. The total public and private investment since 2007 is approximately \$127 million.

Miami Executive Airport

Since its opening in 1967, Miami Executive Airport (“TMB”), previously known as Kendall Tamiami Executive Airport, has become one of the busiest general aviation airports in the United States. TMB is a designated reliever airport for MIA. TMB’s property is composed of 1,360 acres.

TMB’s airfield consists of three active runways: two east-west runways of 6,000 feet and 5,002 feet in length and 150 feet in width, and a southeast-northwest runway of 4,001 feet in length and 150 feet in width. The primary east-west runway is equipped with high intensity runway lighting; the secondary runways have medium intensity runway edge lighting. Facilities include T-hangar bays, corporate hangars, a small restaurant, an aviation museum and office space, which have been built by the Aviation Department and private parties. The County’s Police and Fire Departments’ aircraft are headquartered there, and the FAA operates the air traffic control tower and the International Flight Service Station. As of October 2014, TMB has an Airfield Rescue and Fire Fighting (ARFF) unit stationed at the airfield. Miami-Dade College has a satellite campus located at TMB at which it operates flight training programs. The airport also has a CBP facility to service international traffic. All taxiway lights were upgraded to LED lights in 2014.

Among TMB’s major tenants is the FAA-operated Miami Automated International Flight Service Station, a flight-planning and weather-reporting service. Also based at TMB are several aircraft maintenance businesses, fixed base operators (FBO), air taxi/charter operators, and flight schools. TMB has a significant number of flight training, corporate, and charter operations due to the on-site aviation-related schools and the airport’s close proximity to businesses in the South Florida region.

Homestead General Aviation Airport

Homestead General Aviation Airport (“X-51”), which was completed in 1963 and was rebuilt after suffering significant windstorm damage from Hurricane Andrew in 1992, serves the public, agricultural users and recreational sports aviation needs in the southern portion of the County. X-51’s property is composed of 960 acres. Since 1992 more than five million dollars has been invested in improvements, including new airfield signage and lighting, two Fixed Based Operators (FBO) and aircraft hangars.

X-51’s airfield consists of three general aviation runways: an east-west runway that is 3,000 feet long and 75 feet wide; a parallel east-west grass runway that is 2,500 feet long and 150 feet wide, reserved for ultra-light and glider activity; and a north-south runway that is 4,000 feet long and 100 feet wide. The main runways each have parallel lighted taxiways and medium intensity edge lighting. All taxiway lights were upgraded to LED lighting in 2014.

The Dade-Collier Training and Transition Airport

The Dade-Collier Training and Transition Airport (the “Dade-Collier Airport”), located partially within the County and partially within Collier County, is approximately 33 miles west of MIA and was opened in 1970. It is used for commercial air carrier, military flight, and private aircraft training. The Dade-Collier Airport property is composed of 24,960 acres, which includes approximately 900 acres of developed and operational land.

The Dade-Collier Airport consists of a single east-west runway (10,500 feet long and 150 feet wide), which is equipped with high-intensity runway lights and pavement geometry configured for efficient operation of wide-body aircraft. The County owns all facilities at this airport excluding the ILS and the medium intensity approach lighting system with runway alignment indicator lights.

The undeveloped property of the Dade-Collier Airport is managed and operated by the Florida Fish and Wildlife Conservation Commission. Environmental concern for the safety of the Everglades resulted in the negotiation of the Everglades Jetport Pact, which is a multi-party agreement among the County, the State, and the United States (acting through the Secretary of Transportation and the Secretary of the Interior) restricting the development of the Dade-Collier Airport to a single runway.

The County is currently examining options to determine how best to maximize revenue from these extremely environmentally sensitive premises.

Opa-locka West Airport

The Opa-locka West Airport was decommissioned in 2006. The County entered into an agreement with the Florida Department of Transportation (“FDOT”) on April 23, 2008, whereby FDOT will serve as the manager for the purpose of mining limestone rock at the 422-acre site. Under the 10-year agreement, FDOT will secure all federal, state and County rock mining permits, assist the County in obtaining a competent extraction company to mine and sell the limestone rock, and assist the County in developing a marketing program for the rock. FDOT will receive no management fee; instead, FDOT will receive a volume discount for contractors working on FDOT projects. FDOT has submitted the required permit applications to mine the limestone, including one to the U.S. Army Corps of Engineers. FDOT, along with many other mining companies in the Opa-locka West area, are awaiting the outcome of federal litigation challenging the order of the U.S. Army Corps of Engineers that would allow continued limestone rock mining in the area. The federal district court struck down the permits initially, and, following a reversal of that decision by the Eleventh Circuit Court of Appeals, the same Federal District Court struck down the permits again. An appeal of that second decision is pending.

Airport Insurance

General Liability

The County maintains third party liability insurance coverage for bodily injury and property damage arising from airport operations at MIA and the general aviation airports. The limit of liability is \$500 million per occurrence, with a self-insured retention of \$50,000 per occurrence, and an annual aggregate of \$500,000. Terrorism coverage is provided under this program with a \$500 million limit per occurrence for Terrorist Acts Certified by the U.S. Secretary of the Treasury and \$150 million in the aggregate for non-Certified Terrorist Acts.

Claims within the retention are administered by the County’s Internal Services Department – Risk Management Division. The program complies with and is subject to the limitations of Florida Statutes, Section 768.28, regarding claims against governmental bodies.

Property Insurance

Aviation Department property is insured under the countywide master program (the “Countywide Master Program”), which covers most County properties subject to policy terms and conditions. The program covers damage to real and personal property and includes coverage for boiler and machinery, flood and terrorism. Related

loss prevention services are also provided under this program. The limit provided is \$335 million with a \$5 million deductible per occurrence for most perils and a \$200 million deductible per occurrence for named windstorms. The current Countywide Master Program is effective through April 15, 2015.

Report of Insurance Consultant

The County has covenanted in the Trust Agreement to maintain a practical insurance program with reasonable terms, conditions, provisions and costs which the Aviation Director determines, with the approval of an independent risk management consultant (“Insurance Consultant”), will afford adequate protection against loss caused by damage to or destruction of all or any part of the Port Authority Properties and also such comprehensive public liability insurance on such properties for bodily injury and property damage and in such amounts as may be approved by the Insurance Consultant.

In its Trust Report and Insurance Program Review dated March 7, 2014 (the “2014 Insurance Program Review”), the Insurance Consultant, Siver Insurance Consultants, St. Petersburg Florida (“Siver”), concluded that, subject to comments included in the 2014 Insurance Program Review, the Aviation Department’s current insurance program complies with the requirements of the Trust Agreement. Siver indicates that during the last few years significant improvements have been made in the insurance program. However, the firm continues to caution that the amount of property insurance purchased may be inadequate to cover damage arising out of a catastrophic event.

While the 2014 Insurance Program Review makes a number of recommendations, it identifies four priority recommendations, all of which reflect the fact that all property of the Aviation Department is covered by the Countywide Master Program. The priority recommendations are as follows:

- (1) Provide a separate property insurance program insuring only the Aviation Department’s facilities.
- (2) Increase limits under the Countywide Master Program for named windstorm damage above the current limits.
- (3) Decrease the deductible for named windstorm damage under the Countywide Master Program.
- (4) Increase the coverage limits under the Countywide Master Program for property damage caused by terrorism above the current limits.

All such priority recommendations are subject to availability of such changes at a reasonable cost. The Aviation Director has forwarded the 2014 Insurance Program Review to the Trustee and Co-Trustee as a part of the annual insurance report required by the Trust Agreement.

Representatives of the County, the County Internal Services Department and the Aviation Department continue to explore practical measures to address the concerns and recommendations of the Insurance Consultant. These measures include reducing the property insurance deductible, investigating other means to secure the deductible, and developing a plan for the allocation of property loss recoveries between the Airport System and other County properties. Neither the County nor the Aviation Department can, however, give any assurances that it will be practical to improve the insurance program to meet all the concerns and recommendations of the Insurance Consultant, within reasonable terms, conditions, provisions and costs.

To comply with certain federal regulations, on an annual basis, the County submits detailed information on the County’s property insurance programs to and requests that the Office of Insurance Regulation of the Florida Department of Financial Services review for adequacy. If the Office of Insurance Regulation determines the Countywide Master Program is not adequate, the County must acquire additional coverage or provide the Office of Insurance Regulation with a reasonable basis for not obtaining such coverage. The Office of Insurance Regulation has never determined the Countywide Master Program to be not adequate.

AIRPORT TRAFFIC ACTIVITY

The Airport offers an extensive air service network, enhanced by multiple daily scheduled and non-scheduled flight frequencies covering over 150 cities on four continents. Based on Official Airline Guide data for flights scheduled from October 1, 2014 through December 31, 2014, the Airport's stronghold market, the Latin America/Caribbean region, is served by more passenger flights from the Airport than from any other U.S. airport. The Airport is a major transshipment point by air for the Americas. During 2013, the Airport handled 85% of all air imports and 80% of all air exports between the U.S. and the Latin American/Caribbean region. In the rankings for calendar year 2013, the Airport was the nation's number one airport in international freight⁽¹⁾ (excluding mail and transit freight) and second in international passenger traffic.

The Airport stimulates a host of industries such as tourism, the cruise industry and international banking and commerce. The Airport's activities resonate throughout the State. For the 12-months ended December 2013, the most recent period for which such information is available, the Airport was the port of entry for 69.1% of all international passenger traffic arriving by air to the State. In terms of trade, Department of Commerce data for 2013 showed that the Airport handled 96% of the dollar value of the State's total air imports and exports, and 44% of the dollar value of the State's total air and sea trade internationally. The Airport is American Airline's largest international hub operation, both for international passengers and international cargo. American Airlines accounted for approximately 62% of the enplaned passengers at the Airport during the 12-month period ended September 30, 2014, and together with its affiliate, American Eagle, approximately 67% of all enplaned passengers during such period.⁽²⁾

The table set forth below provides statistical information related to the Airport's activity trends, including enplaned and deplaned passengers, landings and take-offs and enplaned and deplaned cargo.

AIRPORT TRAFFIC ACTIVITY TRENDS FOR MIAMI INTERNATIONAL AIRPORT (For the Fiscal Year Ended September 30)

Fiscal Year	Total Enplaned and Deplaned Passengers	Percentage Change	Landings and Take-Offs	Percentage Change	Total Enplaned and Deplaned Cargo (Tons)	Percentage Change
2004	30,244,119	2.40%	381,670	0.10%	1,942,119	9.40%
2005	30,912,091	2.20	377,630	-1.10	1,965,501	1.20
2006	32,094,712	3.80	376,007	-0.40	1,970,928	0.30
2007	33,277,778	3.70	382,714	1.80	2,099,364	6.50
2008	34,065,830	2.40	377,568	-1.30	2,079,999	-0.90
2009	33,875,470	-0.60	348,487	-7.70	1,699,219	-18.30
2010	35,029,106	3.40	363,322	4.30	1,991,467	17.20
2011	37,633,119	7.40	386,233	6.30	2,006,722	0.80
2012	39,564,476	5.10	389,919	1.00	2,101,561	4.70
2013	40,115,305	1.40	393,355	0.88	2,134,943	1.60
2014	40,844,964	1.80	397,261	0.99	2,187,474	2.50

Source: Miami-Dade County Aviation Department.

⁽¹⁾ Although the Airports Council International ("ACI") ranks Ted Stevens Anchorage International Airport ("ANC") number one in its rankings, MIA excludes ANC from its rankings because of ANC's particular methodology of accounting for freight. MIA's total freight only reflects enplaned and deplaned freight, while ANC chooses to include a large amount of transit (same aircraft) freight. If ANC's transit freight is excluded, MIA ranks first. Source: Miami-Dade County Aviation Department.

⁽²⁾ Unless otherwise noted, statistical data in this section was compiled by the Aviation Department's Marketing Division from data collected by ACI and 2013 calendar-year traffic reports from the respective airports.

The wide range of international air service, along with positive international air route development programs, contribute to the Airport's importance as a worldwide international-to-international connecting hub for many air carriers. As indicated in the following table, the Airport in calendar year 2013 ranked first in the United States in the number of tons of international cargo, excluding mail, and second in the number of international passengers. These statistics are summarized in the table below:

TOP FIVE US AIRPORTS' INTERNATIONAL ACTIVITY RANKINGS
(For Calendar Year 2013)

International Enplaned/Deplaned Passengers		International Enplaned/Deplaned Freight (U.S. Tons)⁽¹⁾	
1. New York Kennedy (JFK)	26,540,669	1. Miami International (MIA)	1,847,242
2. Miami International (MIA)	20,201,503	2. Los Angeles (LAX)	1,086,831
3. Los Angeles (LAX)	17,852,110	3. New York Kennedy (JFK)	1,066,029
4. Newark (EWR)	11,299,399	4. Chicago O'Hare (ORD)	923,670
5. Atlanta (ATL)	10,258,133	5. Louisville (SDF)	470,543

Source: Airports Council International and Miami-Dade County Aviation Department.

⁽¹⁾ ACI rankings include ANC in its rankings. The Airport excludes ANC from its rankings because of ANC's particular methodology of accounting for freight. The Airport's total freight reflects only enplaned and deplaned freight, while ANC chooses to include a large amount of transit (same aircraft) freight.

The top five U.S. airports based on the number of international passengers for the 12 months ended June 30, 2013, together with FLL, are listed below. Also shown below are the number of enplaned passengers and the percentage for the same airports for the 12 months ended June 30, 2007, which was the last 12 month period before the start of the financial crisis.

INTERNATIONAL ENPLANED PASSENGERS
(Top Five U.S. Airports, Fort Lauderdale-Hollywood International Airport (FLL), All Other U.S. Airports)

12 Months Ended June 30, 2007			12 Months Ended June 30, 2013		
<u>Airport</u>	<u>Passengers</u>	<u>Percentage</u>	<u>Airport</u>	<u>Passengers</u>	<u>Percentage</u>
JFK	10,708	13.5%	JFK	13,066	14.4%
MIA	7,763	9.8	MIA	10,202	11.3
LAX	8,330	10.5	LAX	8,593	9.5
EWR	5,279	6.6	EWR	5,619	6.2
ORD	5,671	7.1	ORD	5,353	5.9
FLL	1,438	1.8	FLL	1,832	2.0
Other U.S. Airports	40,371	50.7	Other U.S. Airports	45,827	50.6
Total	79,560	100.0	Total	90,490	100.0

Sources: U.S. DOT, Schedule T100.

The table below shows the number of domestic, international and total enplaned passengers for MIA and Fort-Lauderdale-Hollywood International Airport.

**ENPLANED PASSENGERS
MIAMI INTERNATIONAL AIRPORT VERSUS
FORT LAUDERDALE-HOLLYWOOD INTERNATIONAL AIRPORT
(12 Months Ended September 30)**

	Miami			Fort Lauderdale		
	<u>Domestic</u>	<u>International</u>	<u>Total</u>	<u>Domestic</u>	<u>International</u>	<u>Total</u>
2004	8,162,901	6,954,655	15,117,556	9,243,020	794,479	10,037,499
2005	8,373,079	7,070,179	15,443,258	10,303,438	1,063,553	11,366,991
2006	8,854,085	7,200,955	16,055,040	9,503,386	1,177,350	10,680,736
2007	9,102,351	7,513,064	16,615,415	9,776,771	1,365,898	11,142,669
2008	9,067,718	7,967,682	17,035,400	10,006,392	1,583,510	11,589,902
2009	8,987,096	7,897,003	16,884,099	8,947,048	1,520,840	10,467,888
2010	9,179,436	8,225,894	17,405,330	9,260,615	1,652,303	10,912,918
2011	9,796,191	8,904,929	18,701,120	9,836,257	1,835,273	11,671,530
2012	10,155,304	9,528,373	19,683,677	9,962,653	1,779,080	11,741,733
2013	10,033,126	9,842,751	19,875,877	10,033,252	1,761,019	11,794,271
2014	10,342,784	9,877,147	20,219,931	N/A	N/A	N/A

Source: Miami-Dade County Aviation Department; Broward County Aviation Department.

Note: N/A = not available.

The table below shows the top-ten domestic and international markets to and from which enplaning and deplaning passengers at MIA are traveling.

**TOP TEN MARKETS AND TOTAL PASSENGERS
(12 Months Ended December 31, 2013)**

<u>Domestic</u>		<u>International</u>	
<u>City</u>	<u>Passengers</u>	<u>Country</u>	<u>Passengers</u>
1. New York, New York	3,139,328	1. Brazil	1,963,718
2. Atlanta, Georgia	1,491,606	2. Colombia	1,258,184
3. Dallas/Fort Worth, Texas	1,103,819	3. Mexico	1,249,545
4. Los Angeles, California	1,069,126	4. Venezuela	1,080,738
5. Washington, D.C.	1,051,076	5. Dominican Republic	1,049,061
6. Chicago, Illinois	1,039,223	6. United Kingdom	974,569
7. Orlando, Florida	978,909	7. Canada	840,020
8. San Juan, Puerto Rico	784,305	8. Argentina	764,569
9. Boston, Massachusetts	755,185	9. Peru	688,334
10. Charlotte, North Carolina	753,566	10. Panama	678,181

Source: U.S. DOT Schedule, T100 (Database 2013).

The table below shows (1) international enplaned and deplaned passengers as a percentage of total enplaned and deplaned passengers at MIA and (2) international cargo as a percentage of total cargo at MIA.

**AIRPORT INTERNATIONAL ACTIVITY
PERCENTAGES OF PASSENGERS AND CARGO
(For the Fiscal Year Ended September 30)**

Fiscal Year	Enplaned and Deplaned International Passengers as a Percentage of Total Passengers	Enplaned and Deplaned International Cargo as a Percentage of Total Cargo
2005	46%	83%
2006	45	84
2007	46	84
2008	47	86
2009	47	87
2010	47	88
2011	48	88
2012	49	86
2013	50	87
2014	49	88

Source: Miami-Dade County Aviation Department.

The table below shows the number and percentage of Origin-Destination enplaned passengers versus connecting enplaned passengers at each of the selected airports.

**ENPLANED PASSENGERS FROM THE U.S. TO THE CARIBBEAN,
CENTRAL AMERICA AND SOUTH AMERICA
AT SELECTED U.S. GATEWAY AIRPORTS**

12 Months Ended December 31, 2013	Origin-Destination Enplaned Passengers		Connecting Enplaned Passengers		
<u>Airport</u>	<u>O&D</u>	<u>% of Total</u>	<u>Connecting</u>	<u>% of Total</u>	<u>Total</u>
MIA	4,944,319	65.1%	2,650,911	34.9%	7,595,230
New York (JFK - LGA - EWR)	4,013,076	89.6	467,906	10.4	4,480,982
ATL	497,182	26.9	1,353,947	73.1	1,851,129
IAH/Houston	483,561	35.8	868,637	64.2	1,352,198
DFW/Dallas/Fort Worth	170,638	29.0	418,311	71.0	588,949
ORD/Chicago O'Hare	172,050	74.6	58,722	25.4	230,772

Source: U.S. DOT, Schedules T100 and 298C T1; *Air Passenger Origin-Destination Survey*, reconciled to Schedules T100 and 298C T1

Note: Mexico not included. Domestic-to-international connections only. International-to-international connections are included with O&D figure.

The table below shows the number of outbound Origin-Destination passengers from MIA to the selected destinations for the past ten fiscal years.

INTERNATIONAL ORIGIN-DESTINATION OUTBOUND PASSENGERS
(In thousands)

Fiscal Year End September 30,	South America	Central America	Mexico	Caribbean	Transatlantic (Europe, Mid- East, Africa)	Canada	Total
2004	1,113	631	274	828	1,003	174	4,024
2005	1,266	551	304	876	987	178	4,163
2006	1,232	517	298	898	915	187	4,048
2007	1,314	536	331	892	936	174	4,182
2008	1,403	542	345	932	992	166	4,380
2009	1,430	590	295	868	966	164	4,314
2010	1,464	566	301	906	963	215	4,415
2011	1,722	566	300	883	1,126	216	4,812
2012	1,950	619	355	933	1,227	233	5,316
2013	2,206	634	361	891	1,230	273	5,594

Source: U.S. DOT, Schedules T100 and 298C T1; *Air Passenger Origin Destination Survey*, reconciled to Schedules T100 and 298C T1

Note: Because foreign-flag carriers do not report passenger numbers to the U.S. DOT O&D Survey, estimates prepared by Jacobs Consultancy were used to develop the data in the above table to include passengers on scheduled flights only.
Rows may not add to totals shown because of rounding.

Airlines Serving the Airport

As of September 30, 2014, scheduled service was provided at the Airport by 76 airlines; of these, 51 provide domestic or international passenger or passenger-cargo combination service, and 25 provide scheduled all-cargo service. The number of carriers providing scheduled service varies monthly.

51 SCHEDULED PASSENGER/CARGO COMBINATION CARRIERS

10 U.S. Scheduled Passenger/Cargo Combination Carriers, including Commuters

American Airlines*	Shuttle America (United Express)
American Eagle*	SkyWest (United Airlines)
Delta Air Lines*	Sun Country*
ExecAir*	United Airlines*
IBC Airways (provides separate freighter service)	US Airways*

Source: Miami-Dade County Aviation Department.

* Signatory Airline

41 Foreign Scheduled Passenger/Cargo Combination Carriers

Aeroflot (Russia)*	Interjet (Mexico)*
Aerolineas Argentinas (Argentina)*	Jetairfly (Belgium)*
Aeromexico (Mexico)*	LAN Argentina (Argentina)
Air Berlin (Germany)*	LAN (Chile)*
Air Canada (Canada)*	LAN Colombia (Colombia)*
Air Europa (Spain)*	LAN Ecuador (Ecuador)
Air France (France)*	LAN Peru (Peru)
Alitalia (Italy)*	Lufthansa (Germany)*
Arkefly (Netherlands)*	Qatar Airways (Qatar)
Avianca (Colombia)*	Santa Barbara Airlines (Venezuela)*
Avior (Venezuela)	Surinam Airways (Suriname)*
Bahamasair (Bahamas)*	Swiss International Airlines (Switzerland)*
BOA – Boliviana de Aviacion (Bolivia)*	TACA International (El Salvador)*
British Airways (United Kingdom)*	TACA Peru (Peru)
Caribbean Airlines (Trinidad and Tobago)*	TAM (Brazil)*
Cayman Airways (Cayman Islands)*	TAP Air Portugal (Portugal)*
COPA (Panama)*	Transaero Airlines (Russia)*
GOL (Brazil)*	Virgin Atlantic (United Kingdom)*
Iberia (Spain)*	WestJet (Canada)*
Inselair Aruba (Aruba)*	XL Airways (France) ⁽¹⁾ *
Insel Air International (Curacao)*	

Source: Miami-Dade County Aviation Department.

* Signatory Airline

⁽¹⁾ This airline generally operates flights seasonally.

25 SCHEDULED ALL CARGO CARRIERS

11 U.S. Scheduled All Cargo Carriers	14 Foreign Scheduled All Cargo Carriers
ABX Air*	ABSA (Brazil)
Ameriflight*	Asiana Airlines (Korea)
Amerijet*	Cargolux Airlines Int'l (Luxembourg)
Atlas Air (separate passenger charter service)*	Cathay Pacific Airways (Hong Kong)
Centurion Air Cargo	China Airlines (Taiwan)*
DHL Express*	DHL Aeroexpreso (Panama)*
Dynamic Airways	Estafeta (Mexico)*
Federal Express (FedEx)*	Korean Air (Korea)*
Mountain Air Cargo (FedEx Feeder)	KLM/Martinair Cargo (Holland)*
SkyLease (Tradewinds Airlines)	LAN Cargo (Chile)*
United Parcel Service (UPS)*	LANCO (Colombia)*
	Mas Air (Mexico)
	Tampa Cargo (Colombia)*
	Transportes Aereos Bolivianos (Bolivia)

Source: Miami-Dade County Aviation Department.

* Signatory Airline

As of September 30, 2014, non-scheduled service on charter authority was provided by 19 airlines, 6 of which provide domestic or international passenger or passenger cargo combination service, and 13 of which provide all cargo service.

19 NON-SCHEDULED SERVICE CARRIERS

5 U.S. Passenger/Cargo Combination Carriers

Falcon Air Express*
Miami Air International*
Swift Air*
World Atlantic Airlines
Xtra Airways*

12 U.S. All Cargo Carriers

Air Transport International*
Ameristar
Florida Air Cargo
Florida West*
IFL Group
Kalitta Air
Martinaire Aviation
Miami Air Lease*
Pratts Air*
Sky Way Enterprises
Southern Air*
Sunrise Airlines, Inc. (Millon Express)

1 Foreign Passenger/Cargo Combination Carrier TAME (Ecuador)

1 Foreign All Cargo Carrier Avialeasing (Uzbekistan)

Source: Miami-Dade County Aviation Department.

* Signatory Airline

Selected Carrier Activity

ENPLANED PASSENGERS

	Twelve Months Ended September 30,							
	2014		2013		2012		2011	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American	12,520,842	61.92	12,526,559	63.02	12,478,365	63.39	11,797,691	63.09
Delta	1,158,382	5.73	1,098,544	5.53	1,139,203	5.79	1,123,049	6.01
American Eagle	945,981	4.68	926,989	4.66	941,102	4.78	936,838	5.01
US Airways	636,877	3.15	435,356	2.19	397,606	2.02	390,611	2.09
TAM Linhas								
Aereas	464,246	2.30	412,425	2.07	343,749	1.75	327,869	1.75
United Airlines*	459,851	2.27	341,034	1.72	162,093	0.82	78,807	0.42
Avianca	314,699	1.56	317,591	1.60	286,842	1.46	290,349	1.55
COPA Airlines	248,938	1.23	225,169	1.13	196,541	1.00	143,647	0.77
British Airways	237,449	1.17	267,125	1.34	285,852	1.45	224,187	1.20
Santa Barbara	198,011	0.98	182,974	0.92	146,377	0.74	114,044	0.61
All Others	3,034,655	15.01	3,143,928	15.82	3,305,948	16.80	3,274,028	17.50
Total	20,219,931	100.00	19,877,694	100.00	19,683,678	100.00	18,701,120	100.00

Source: Miami-Dade County Aviation Department.

Note: Percentages may not total 100% due to rounding.

*United Airlines and Continental Airlines completed their merger in October 2010.

COMMERCIAL AIRCRAFT LANDED WEIGHT (1,000 LBS.)

	Twelve Months Ended September 30,							
	2014		2013		2012		2011	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American	16,614,648	47.07	16,368,590	47.53	15,782,559	47.04	15,386,003	47.32
Delta	1,262,237	3.58	1,213,682	3.52	1,358,814	4.05	1,429,165	4.40
American Eagle	1,009,044	2.86	1,019,951	2.96	1,041,121	3.10	1,071,462	3.30
United Parcel Service	985,740	2.79	924,488	2.68	908,778	2.71	834,917	2.57
LAN f/k/a Lan Chile	843,740	2.39	906,820	2.63	820,295	2.45	792,290	2.44
TAM Linhas Aereas	791,436	2.24	804,985	2.34	637,194	1.90	627,038	1.93
ABX Air	746,936	2.12	725,284	2.11	677,490	2.02	503,028	1.55
US Airways	715,255	2.03	461,025	1.34	414,180	1.23	410,875	1.26
Tampa Cargo	656,735	1.86	537,217	1.56	470,232	1.40	433,280	1.33
Atlas	622,140	1.76	533,330	1.55	490,849	1.46	410,888	1.26
All Others	11,050,585	31.30	10,943,006	31.78	10,946,674	32.64	10,617,586	32.64
Total	35,298,496	100.00	34,438,378	100.00	33,548,186	100.00	32,516,532	100.00

Source: Miami-Dade County Aviation Department.

Note: Percentages may not total 100% due to rounding.

FLIGHT OPERATIONS (TAKE-OFFS AND LANDINGS)

	Twelve Months Ended September 30,							
	2014		2013		2012		2011	
	Number	% of Total	Number	% of Total	Number	% of Total	Number	% of Total
American	177,620	44.71	173,207	44.03	165,963	42.56	160,456	41.54
American Eagle	48,178	12.13	48,491	12.33	47,554	12.20	48,557	12.57
Delta	17,387	4.38	16,851	4.28	19,487	5.00	21,530	5.57
US Airways	9,603	2.42	6,896	1.75	6,717	1.72	6,580	1.70
United Airlines*	7,766	1.95	6,121	1.56	3,832	0.98	1,895	0.49
United Parcel Service	7,221	1.82	7,020	1.78	7,067	1.81	6,964	1.80
ABX Air	5,251	1.32	5,260	1.34	5,026	1.29	3,768	0.98
Avianca	4,911	1.24	4,844	1.23	4,354	1.12	4,301	1.11
IBC Airways	4,399	1.11	5,635	1.43	6,531	1.67	7,132	1.85
LAN f.k.a. Lan Chile	4,218	1.06	4,744	1.21	4,785	1.23	4,677	1.21
All Others	110,707	27.87	114,286	29.05	118,603	30.42	120,373	31.18
Total	397,261	100.00	393,355	100.00	389,919	100.00	386,233	100.00

Source: Miami-Dade County Aviation Department.

Note: Table reflects only commercial flights and excludes military and general aviation flights. Percentages may not total 100% due to rounding.

*United Airlines and Continental Airlines completed their merger in October 2010.

Air Service Incentive Program

On November 15, 2012, the Board adopted the Airport's fourth Air Service Incentive Program ("ASIP4") developed by the Aviation Department. ASIP4 provides incentives for air carriers to establish scheduled domestic and international passenger flights and certain seasonal passenger flights, as well as freight flights from targeted international markets, by offering credits on Landing Fees for a maximum period of 12 months. In addition, ASIP4 offers separate incentive packages for passenger and freighter service initiated from "BRICS" (Brazil, Russia, India, China and South Africa) and Asia/Pacific markets by offering credits on Landing Fees for a maximum period of 24 months. ASIP4 also offers any carrier establishing scheduled, international, year-round passenger service from the MIA premium market list³ and the BRICS or Asia/Pacific markets presently not served by any other carrier at MIA the opportunity to participate in a matching-funds advertising campaign to assist in promoting the new route. The Aviation Department will offer the carrier up to \$50,000, to be matched with an equal amount from the carrier, to establish a mutually agreed upon advertising campaign. The collaborative advertising campaign provided under this incentive will begin at commencement of the qualifying new route and will conclude at the end of the 12-month benefit period for service from the MIA premium market list. Service from the BRICS or Asia/Pacific markets will be offered up to \$50,000 per year for two separate years. The new service associated with the marketing support incentive must operate for 12 consecutive months, and will then qualify for the second-year advertising funds allocation with the Aviation Department. The primary goal of ASIP4 is to stimulate domestic passenger, international passenger and cargo service at the Airport, and to increase revenues at the Airport. Even with a waiver of Landing Fees, each new flight generates revenue, including, but not limited to, concourse user fees, terminal rental and other fees, and PFCs. As of September 30, 2014, American Airlines (US passenger carrier), Jetairfly (foreign passenger carrier), Qatar Airways (foreign passenger carrier), TAM (foreign passenger carrier) and GOL (foreign passenger carrier) will be receiving aggregate landing fee benefits totaling \$753,662 at the conclusion of the promotional periods, with American Airlines receiving an additional landing fee abatement of \$172,536 beginning in December 2014 with the commencement of non-stop service to Viracopos, Brazil. Due to the separate incentive package offered for service initiated from BRICS and Asia/Pacific markets, the following airlines' promotional period will extend for a second year:

1. American Airlines will receive an additional \$191,100 for Curitiba, Brazil service.
2. Qatar Airways will receive an additional \$179,088 for the Doha, Qatar service.
3. TAM will receive an additional \$36,582 for the Fortaleza, Brazil service and an additional \$58,240 for the Belem, Brazil service.
4. GOL will receive an additional \$39,312 for the Viracopos, Brazil service.

In addition, the Aviation Department will offer up to \$50,000 per year, for two separate years, to promote the BRICS or Asia/Pacific services above with the airlines matching \$50,000 per year. The Jetairfly service to Brussels, Belgium also qualifies for the \$50,000 for one year as Brussels is on MIA's premium market list.

³ The MIA premium market list consists of target destinations that show the highest potential for sustainable passenger service to and from MIA in traffic forecasts, and currently includes all African markets, and, in Europe, Brussels, Copenhagen, Dublin/Shannon, Helsinki, Istanbul, Oslo, Prague, Stockholm, and Warsaw.

CAPITAL PROJECTS

Capital Improvement Program: 1994-2014

Today's state-of-the-art Miami International Airport is rooted in the Airport System master plan that was prepared in the early 1990s from which the Capital Improvement Plan (the "CIP") was created. The CIP began in 1994 and is scheduled to be completed by the end of 2014. Ninety-eight percent of the CIP budget has been expended and projects not completed or additional projects are addressed below in "CIP Carryover Projects." The CIP consists of a number of completed projects, including improvements to the airside and landside areas, as well as to terminal and non-terminal (e.g., cargo and aircraft maintenance) facilities.

Since 1994, the Aviation Department has made numerous capital improvements to MIA, most of which have been to the terminal facility. These terminal improvements include (1) the addition of Concourse A (now part of Concourse D); (2) the renovation of Concourse H; (3) the addition of Concourse J (which, with Concourse H, is referred to as the "South Terminal"); and (4) the complete reconfiguration of the concourses in the North Terminal by joining Concourses A and D (and demolishing Concourses B and C), to make a linear concourse now referred to as Concourse D. In addition, the Aviation Department (a) installed a state-of-the-art baggage handling system in North Terminal for MIA's hubbing carrier, American Airlines, (b) built a new federal inspections services area, and (c) made major cosmetic improvements to the front of the North and South terminals. Other non-terminal major improvements made by the Aviation Department as part of the CIP include (w) the addition of a fourth runway (8L-26R), (x) the addition of a 1,540-space parking garage, (y) the extension of Upper and Lower Terminal Vehicular Drives, and (z) the addition of six new cargo facilities totaling 1.09 million square feet of space. All of these improvements have contributed materially to making MIA a modern airport with growth capacity, especially for international operations.

The following table is an overview of the status of the CIP expenditures by major programs as of September 30, 2014. Except for the CIP Carryover Projects, most of the projects within the CIP are completed and closed. The North Terminal Development Program is in its final stages and is expected to be completed and closed by December 31, 2014. The budgeted expenditures on all projects in the CIP totaled approximately \$6.3 billion with \$28.9 million spent on the CIP Carryover Projects as described below.

CIP EXPENDITURES BY MAJOR PROGRAM (in millions)

Programs	Expended to Date (September 30, 2014)	Remaining Costs	Total Costs
Airside Program	\$ 352.3	-	\$ 352.3
Terminal Facilities Program:			
North Terminal ⁽¹⁾	2,946.1	\$ 7.10	2,953.2
South Terminal ⁽¹⁾	1,035.1	-	1,035.1
Other Terminal Projects	466.6	1.30	467.9
Landside Program:			
Roadways & Parking	154.6	-	154.6
MIA Mover	277.9	-	277.9
Support Programs ⁽²⁾	847.7	-	847.7
Cargo and Aircraft Maintenance Program	177.3	0.10	177.4
General Aviation Airports Program	58.1	0.10	58.2
CIP Carryover Projects ⁽²⁾	28.9	138.60	167.5
Total CIP Expenditures ⁽³⁾	\$6,344.6	\$147.30	\$6,491.9

⁽¹⁾ Includes support projects.

⁽²⁾ Total costs for the CIP Carryover Projects represent the budgeted amount as of September 30, 2014.

⁽³⁾ Totals may not add due to rounding.

CIP Carryover Projects

As of September 30, 2014, approximately 98% of the CIP budget had been expended with all the major programs being finished except for some final close-out work. The balance of CIP projects with work to be completed (the "CIP Carryover Projects") include the following: MIA Pavement Rehabilitation & Overlay of RW 12/30 & Taxiways; MIA Concourse D Gates D1 & D2 Modifications for A380 (aircraft); MIA FOD Detection System Acquisition and Installation; Concourse G Preconditioned Air Equipment Acquisition and Installation; Additional MIA Mover Cars Acquisition; MIA Parking Guidance System Acquisition and Installation; and security-related projects. The current budget and funding sources for these projects are noted on the table below; most of the funding is to come from remaining proceeds from prior bond issues. The major portion of this work is anticipated to be completed by the end of Fiscal Year 2017.

CIP CARROVER PROJECTS AND FUNDING SOURCES Miami-Dade Aviation Department As of September 30, 2014

			Funding Sources				
Phase	Project Name	Budget	AIP Grants	FDOT Grants	TSA OTA	Aviation Revenue Bonds	General Obligation Backed
AIRSIDE							
Construction	MIA Pavement Rehab & Overlay of RW 12/30 Taxiways	\$ 49,302,000	\$29,187,416	\$11,862,889		\$ 8,251,695	
Design	MIA FOD Detection System	5,000,000	2,550,000	1,209,200		1,240,800	
Construction	MIA - CC D Gates D1 & D2 Mods for A380	3,444,362		2,500,000		944,362	
Construction	MIA--Relocate R/W 8L Localizer Shelter	266,570				266,570	
TERMINAL							
Construction	MIA CC G Preconditioned Air Equipment	5,592,824				5,592,824	
	MIA Back Terminal D-H Life Safety Upgrades						
Construction	Areas 1-3	6,095,747				6,095,747	
Construction	MIA South Terminal Completion Projects	4,510,893				4,510,893	
LANDSIDE							
Construction	MIA - MIA Mover Procurement of Additional Cars & Cross Over Switch	17,321,802					\$17,321,802
	Swap of Parcels A & B to Enable the Bus						
Cash Flow	Maintenance Facility Relocation	120,000				120,000	
Construction	MIA Parking Guidance System	4,007,685				4,007,685	
CARGO							
Design	West Cargo Parking Area Additional Parking for Bldg. 716	573,160				573,160	
SUPPORT							
	MIA Water Distribution System Infrastructure						
Design	Improvements-Misc. Water Mains	3,620,000				3,620,000	
Planning & Programming	MIA Terminal Additional Access Control Devices Pkg. 2	7,253,614				7,253,614	
Cash Flow	MIA Wayfinding Signage Program	5,990,000		3,315,400		2,674,600	
Design	MIA Outfalls #2 & #3 Boom and Skimmer	600,000				600,000	
Construction	North Terminal DFIS-Ramp Signage	1,700,000				1,700,000	
	MIA South and Central Terminal BHS						
Design	Optimization	7,400,000			5,550,000	1,850,000	
Construction	North Terminal D FIS CBP List	623,808				623,808	
Planning	Concourse A Apron & Fence Restoration	1,000,000				1,000,000	
Planning	BHS Parts Storage	600,000				600,000	
n/a	CIP Indirect Costs and Unused Contingency	42,473,177				42,473,177	
TOTAL		\$167,495,641	\$31,737,416	\$18,887,489	\$5,550,000	\$93,998,934	\$17,321,802

Future Capital Projects

Although the Central Terminal did not have any significant improvements during the CIP, making capital improvements to the Central Terminal is desirable over time to further enhance the overall efficiency of the MIA terminal facility. A number of design alternatives to improve the Central Terminal are being studied as part of the updated master plan exercise – Strategic Master Plan (“SMP”). No significant modifications, however, are definitively planned nor are any related financings anticipated in the immediate future under the SMP. However, certain near-term renovations to the Central Terminal (including, security and life safety enhancements and maintenance projects) are planned and will be funded from available Aviation Department moneys. At this time, the Aviation Department expects to focus on the completion of the CIP Carryover Projects and the capital projects discussed below before undertaking any major improvements to the Central Terminal.

Long-term planning continues to be challenged by the rapidly changing aviation industry. See “CERTAIN INVESTMENT CONSIDERATIONS - Factors Affecting Air Transportation Industry.” It is possible that some new projects not now reflected in the CIP could be added to the CIP. Certain future capital projects are being actively planned such as Concourse E Renovation, South and Central Terminal BHS Improvements, and Airport Operations Center (“AOC”), which could potentially require the issuance of new money bonds if federal and state grants, PFC revenue, and the Reserve Maintenance Fund monies are not sufficient. In addition, central terminal enabling projects and the Central Terminal Program will require funding, but not in the near future.

Reserve Maintenance Fund Capital Projects

The Aviation Department also has a number of major capital projects in progress that are being funded from the Reserve Maintenance Fund and, in some cases, federal and/or state grants. These projects include replacement of the Concourse E Satellite Train, replacement of passenger loading bridges, upgrades to MIA’s public parking system, and refurbishment of the Central Chiller.

FUNDING SOURCES FOR CAPITAL PROJECTS

Federal Grants

The Airport and Airway Improvement Act of 1982, as amended by the Airport and Airway and Safety and Capacity Expansion Act of 1987, created the Airport Improvement Program (AIP) administered by the FAA and funded by the Airport and Airway Trust Fund financed through federal aviation user fees and taxes. Grants-in-aid funds for airport infrastructure improvements to enhance safety, security, capacity and access are made available to airport sponsors in the form of “entitlements” and “discretionary” allocations for eligible projects. The AIP “entitlement” grant amounts vary annually and are based upon an airport’s level of enplaned passengers in the prior calendar year and air-cargo landed weight in the prior calendar year, the amount of funds appropriated by Congress and any revisions to the statutory formula for calculating such funding. The AIP “discretionary” funds are selectively disbursed based on the competitiveness of the project within the national priority system established by the FAA and are also affected by Congressional actions.

On February 14, 2012, the FAA Modernization and Reform Act of 2012 was signed into law (Pub. L. 112-95). This is a four-year reauthorization, retroactive to the beginning of the Fiscal Year (October 1, 2011). Passage of this bill provides stability and predictability for the AIP program through Fiscal Year 2015. Furthermore, it provides tools such as “multi-year” grants that allow an airport to commence projects and be confident that future funding will be available to complete the projects. The bill authorizes \$3.35 billion dollars for AIP. This is less than the previous years when AIP was \$3.5 billion. The overall reduction in AIP funding has resulted in less overall discretionary funds being available. See “CERTAIN INVESTMENT CONSIDERATIONS – Federal Legislation.”

Federal aviation grants apportioned (for entitlements) and awarded (for discretionary) to the County for the last five Fiscal Years are as follows:

Fiscal Year	Entitlement		Discretionary	Total
	(Passenger)	(Cargo)		
2010 ⁽¹⁾			\$8,540,000	\$ 8,540,000
2011	\$ 3,462,000			3,462,000
2012	3,009,000	\$6,146,956		9,155,956
2013	24,699,164	4,609,258		29,308,422
2014 ⁽²⁾	Pending	Pending	0	Pending

Source: FAA website and Miami-Dade County Aviation Department.

⁽¹⁾ A portion of Fiscal Year 2010 and 2011 grant funds were rolled over to Fiscal Year 2012.

⁽²⁾ Fiscal Year 2014 grants funds were rolled over to Fiscal Year 2015. Amount will be disclosed by FAA on December 11, 2014.

In Fiscal Year 2014, the Aviation Department requested the FAA to roll over entitlement funds to Fiscal Year 2015 because the Aviation Department is in the preliminary planning process for various airfield related projects. Full funding will be available for the design and construction phases of these projects. This type of approach was used in Fiscal Year 2010 and 2011 when FAA funds were rolled over to 2012 for the design and construction of MIA Runway 12/30 and the Taxiways “P,” “Q” and “R” rehabilitation project. On August 19, 2013, the County received a grant offer from the FAA for the construction of the MIA Runway 12/30 and Taxiways “P,” “Q,” and “R” and MIA Additional Air Cargo Apron projects for a total of \$29,187,416 toward the total construction cost of \$46,406,993.

State Grants

Aviation projects throughout the State are funded by the State through fuel taxes. Approximately 60% of state airport funding comes from the aviation fuel tax, with the remaining 40% generated by highway fuel taxes. State funding of aviation projects is made through the FDOT under Chapter 332 of the Florida Statutes. Florida’s aviation grant funds are non-competitive grants for non-exclusive use capital projects that are similar to the scope and eligibility criteria of projects eligible for FAA funding. These grants are generally used to supplement federal and local funds by providing 50% of the County’s local share of eligible project costs at the Airport and at the general aviation airports when federal funds are available or 50% of the County’s eligible project costs at the Airport and 80% at the general aviation airports when federal funds are not available. FDOT personnel are authorized to commit State aviation grant funds through its five-year capital improvement program, known as the five-year work plan, to publicly owned, public use airports in the State. FDOT bases its grant allocations on FDOT funding policies that give priority to matching federal funds and projects involving safety, security, preservation and maintenance of facilities and capacity.

All FDOT grants received by the County for the last five fiscal years are as follows:

Fiscal Year	AIP	Discretionary	Total Collected
2011	\$ 6,508,296	\$ 8,140,000	\$14,648,296
2012	6,705,700	2,350,191	9,055,891
2013	13,215,062	5,752,973	18,968,035
2014	10,272,049	10,022,093	20,294,142
2015	17,946,782	4,742,311	22,689,093

The County’s five-year work plan for Fiscal Years 2016 through 2020 contemplates the receipt of \$135 million of FDOT aviation grants. FDOT has allocated grant funds in the amount of \$48.5 million for the construction of the MIA Central Boulevard Widening, Re-alignment and Service Loop Project under a Joint Participation Agreement pursuant to which MDX is assuming the cost of the project in exchange for a perpetual easement and assignment of the FDOT grant to MDX. Over the last two fiscal years, FDOT invested \$8.8 billion to make strategic transportation improvements throughout the State and \$335 million for aviation improvements.

Passenger Facility Charges

The Airport currently collects passenger facility charges (“PFCs”) with a charge of \$4.50 on each passenger enplaned on an air carrier at the Airport, subject to certain limitations. PFCs must be used to finance specific eligible projects as described below. Currently, PFCs are capped at \$4.50 per segment of flight (up to a maximum of \$18.00 on round trip). In the past, proposed federal legislation has contemplated an increase to \$7.00 per segment, but to date, no such increase has been authorized. See “CERTAIN INVESTMENT CONSIDERATIONS – Federal Legislation.”

The amount of actual PFC revenues will vary depending on actual levels of passenger enplanements at the Airport and, accordingly, no assurance can be given as to the timing or amount of PFC revenues that will be available. The FAA may terminate the Aviation Department’s ability to collect PFCs if the FAA determines that the Aviation Department is in violation of the PFC Act or the regulations promulgated under the PFC Act (“PFC Regulations”) or certain provisions of the Airport Noise and Capacity Act of 1990 (the “Noise Act”). Both the PFC Regulations and the Noise Act, however, provide procedural safeguards that limit the FAA’s ability to summarily terminate the Aviation Department’s ability to impose PFCs.

Under the PFC Regulations, PFC revenues can only be used to pay the costs of approved projects or debt service and financing costs associated with bonds issued for such projects. PFC revenues are currently not included in Revenues under the Trust Agreement and must be applied specifically as required by the PFC Regulations. Accordingly, PFC revenues are not pledged to or held by the Trustee for the benefit of the owners of the Bonds unless and until they are specifically pledged pursuant to a resolution of the Board. However, the County intends to continue its current practice of depositing a portion of the PFCs into the Sinking Fund at the beginning of each Fiscal Year, which is credited against the Principal and Interest Requirements on the Bonds for that particular Fiscal Year. Under the definition of Principal and Interest Requirements in the Trust Agreement, the County is allowed to exclude from the computation of Principal and Interest Requirements any funds set aside or deposited for purposes of paying debt service in that Fiscal Year. Therefore, in calculating its rate covenant requirement, the County reduces the Principal and Interest Requirements by the amount of PFC revenue set aside per the Annual Budget for debt service payment in that Fiscal Year, thus reducing the coverage amount otherwise required. See “SECURITY FOR THE SERIES 2014 BONDS – Rate Covenant.”

On October 6, 2014, the Aviation Department transferred \$55 million in PFC revenues to the Sinking Fund for payment of the Fiscal Year 2015 Principal and Interest Requirements, with such revenues primarily generated from PFCs collected in the prior fiscal year. The balance in the PFC Revenue Account as of September 30, 2014 was \$152.3 million.

The FAA authorized the Aviation Department to impose a PFC of \$3 per passenger commencing November 1, 1994. On October 21, 2001, the FAA approved a PFC collection level of \$4.50 with an effective date of January 1, 2002. On December 2002, the FAA approved an application that enables the Aviation Department to use PFC revenues to pay debt service related to the North and South Terminal Programs. As mentioned under the heading “AVIATION-RELATED DEBT – Possible Future Indebtedness; Other Capital Expenditures,” in Fiscal Year 2015, the Aviation Department plans to submit another PFC application to fund on a pay-as-you-go basis a portion of the refurbishment/replacement of the South and Central Terminals’ outbound baggage make-up systems and associated building to accommodate the TSA’s baggage inspections.

The Aviation Department has been authorized to collect PFCs in the estimated aggregate amount of \$2.6 billion. The authorization is currently scheduled to expire in October 2035. The amount of PFC collections from inception through September 30, 2014 was \$1.0 billion and with interest was approximately \$1.1 billion. Of this amount, the Aviation Department has expended \$941.5 million as of September 30, 2014. Under generally accepted accounting principles, PFCs are reported as non-operating revenues. Aviation Department annual PFC collections since inception through Fiscal Year 2014:

Fiscal Year	PFC Collections
1995	\$24,338,247
1996	38,187,434
1997	35,491,604
1998	36,424,124
1999	39,164,381
2000	35,707,692
2001	37,298,407
2002	42,868,403
2003	50,746,842
2004	53,877,379
2005	53,969,695
2006	51,978,979
2007	59,295,761
2008	60,822,212
2009	58,476,343
2010	61,682,383
2011	67,376,838
2012	71,090,000
2013	75,085,113
2014	69,204,436

Other Revenues

American Airlines agreed to contribute \$105 million toward the costs of settling claims and completing the North Terminal Development program, which was approved by the bankruptcy court in connection with the AMR bankruptcy proceeding. Its contribution was paid over 10 years, commencing July 1, 2005, as delineated in the Claims Administration Agreement between American Airlines and the County and acknowledged by American Airlines in the First Amendment to its AUA. As of September 30, 2014, the Aviation Department had received the entire amount from American Airlines and had a remaining balance of \$7.9 million in the account.

In Fiscal Year 2013, TSA issued a \$101.20 million “other transaction agreement” (OTA) for MIA Checked Baggage Recapitalization Screening Design and Construction Services project for the South Terminals. As of September 30, 2014, the County had not received any payments from this grant, but believes that reimbursement of these project costs will begin in Fiscal Year 2015.

Bond Authorizations

Ordinances previously enacted by the Board have authorized the issuance of up to \$6.2 billion in aviation revenue bonds, of which approximately \$5,844,535,000 were issued, with the remaining \$355,465,000 authorized but not issued to fund projects at the Airport. The issuance of aviation revenue bonds beyond the authorized amounts would require enactment of an additional ordinance or ordinances by the Board. Refunding bonds are not limited by such authorizations.

AVIATION DEPARTMENT FINANCIAL INFORMATION

The tables included in this section present a summary of the financial operating results of the Port Authority Properties for Fiscal Year 2010 through Fiscal Year 2014.

The information for Fiscal Year 2014 is unaudited but includes all adjustments, consisting of normal recurring accruals, that the Aviation Department considers necessary for a fair presentation of the financial statements. The information for Fiscal Years 2010 through 2013 is derived from audited financial statements. The data should be read in conjunction with the financial statements and related notes included in “APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE AVIATION DEPARTMENT FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012.”

Historical Financial Results

The following table presents a summary of revenues and expenses from Port Authority Properties for the five fiscal years ended September 30, 2014 and includes debt service coverage ratios for those five fiscal years. The method of presentation required under the Trust Agreement and presented in the following table is on a cash basis, which differs from the Aviation Department’s financial statements, which are prepared on an accrual basis in accordance with generally accepted accounting principles. The numbers in the summary do not constitute part of the audited financial statements of the Aviation Department. Attached as APPENDIX A are audited financial statements for the Aviation Department for the fiscal years ended September 30, 2013 and September 30, 2012.

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**PORT AUTHORITY PROPERTIES
HISTORICAL OPERATING RESULTS
(in thousands)*
(Cash Basis, Unaudited)**

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
MIA Aviation Fees	\$468,050	\$445,883	\$425,466	\$385,669	\$331,833
<u>Commercial Operations:</u>					
Management Agreements	\$ 86,229	\$ 91,024	\$ 88,263	\$ 80,589	\$ 72,968
Concessions	188,244	182,114	163,303	146,590	110,855
Total Commercial Operations	<u>\$274,473</u>	<u>\$273,138</u>	<u>\$251,566</u>	<u>\$227,179</u>	<u>\$183,823</u>
Rentals	\$121,540	\$123,818	\$ 124,856	\$ 102,947	\$ 99,688
Other Revenues	22,139	19,047	16,249	17,886	16,868
Sub-total Revenues	\$886,202	\$861,886	\$818,137	\$733,681	\$632,212
General Aviation Airports	7,372	6,916	6,749	6,315	6,135
Gross Revenues	<u>\$893,574</u>	<u>\$868,802</u>	<u>\$824,886</u>	<u>\$739,996</u>	<u>\$638,347</u>
<u>Expenses:</u>					
Current Expenses	\$322,165	\$317,965	\$303,920	\$298,309	\$293,456
Current Expenses under Mgmt. Agmt.	26,233	27,196	31,228	41,139	28,779
Current Expenses under Oper. Agmt.	37,571	38,843	35,142	34,090	39,398
Total Current Expenses	<u>\$385,969</u>	<u>\$384,004</u>	<u>\$370,290</u>	<u>\$373,538</u>	<u>\$361,633</u>
<u>Net Revenues:</u>	\$507,605	\$484,798	\$454,596	\$366,458	\$276,714
Less: Reserve Maintenance Fund Deposit	15,000	17,000	12,000	25,000	19,250
Net Revenues After Deposits	<u>\$492,605</u>	<u>\$467,798</u>	<u>\$442,596</u>	<u>\$341,458</u>	<u>\$257,464</u>
Total Debt Service	\$374,302	\$372,234	\$370,208	\$329,035	\$284,044
Less: PFC Revenue (used for d/s)	54,500	50,000	85,000	100,000	100,000
Debt Service	<u>\$319,802</u>	<u>\$322,234</u>	<u>\$285,208</u>	<u>\$229,035</u>	<u>\$184,044</u>
Debt Service Coverage ⁽¹⁾⁽²⁾	1.54x	1.45x	1.55x	1.49x	1.40x

Source: Miami-Dade County Aviation Department.

⁽¹⁾ During each Fiscal Year, certain monies from the previous Fiscal Year remaining in the Improvement Fund are deposited in the Revenue Fund. The amount of such deposit is included as Revenues and is required by the AUA to be taken into account in determining the amount of the landing fee rate required for the next succeeding Fiscal Year. For Fiscal Year 2014, the amount is \$96.0 million; for Fiscal Year 2013, the amount is \$89.2 million; for Fiscal Year 2012, the amount was \$80.4 million; for Fiscal Year 2011, the amount was \$69.1 million; and for Fiscal Year 2010, the amount was \$57.2 million.

⁽²⁾ Calculated in accordance with the Trust Agreement by dividing Net Revenues after deposits by the required Debt Service amount.

* Numbers may not total due to rounding.

N/A = not applicable

Management's Discussion of Financial Information

- Aviation fees, consisting mostly of concourse use fees and landing fees, increased by \$22.2 million or 5.0% in Fiscal Year 2014 as compared to Fiscal Year 2013 results. The increase is due primarily to the increase in the underlying terminal rental rate, which is used to calculate the concourse use fees. The Aviation Department also experienced a 2.5% increase in aircraft seats in Fiscal Year 2014 over Fiscal Year 2013. Another reason for this increase is that the Aviation Department realized a \$6.8 million increase in the Fiscal Year 2013 surplus amount over the prior year; the surplus cash amount is transferred in the subsequent Fiscal Year from the Improvement Fund to the Revenue Fund.
- In Fiscal Year 2014, the Aviation Department received \$274.5 million in commercial revenues as compared to \$273.1 million in Fiscal Year 2013, which is a \$1.3 million or 0.5% increase. Although rental car revenue increased \$4.3 million (or 9.1%) over the prior Fiscal Year, most of the increase was offset by the \$3.2 million (or 50.9%) revenue decrease in the VIP clubs owned by the Aviation Department and managed by a third party over the prior Fiscal Year. The reason for the significant decrease is that LAN (Chile) took over one of the two VIP clubs in the beginning of Fiscal Year 2014 and is operating it as its own airline club.
- Operating or Current Expenses during Fiscal Year 2014 as compared to Fiscal Year 2013 slightly increased by 0.5%, which continues the trend of previous fiscal years in which the Aviation Department experienced modest growth rates in operating expenses. The Aviation Department has purposefully tried to control operating expenses by keeping them subject to only small increases over the last five years so as to offset the significant increases in debt service. The Aviation Department's ultimate goal is to keep the MIA air carrier's costs per enplaned passenger reasonable.
- The Aviation Department had an extraordinary surplus amount in Fiscal Year 2014 due to actual operating expenses being significantly below budget and operating revenues being above budget. Some of the surplus has been set aside in the Improvement Fund for future capital projects approved by certain MIA air carriers. See the Improvement Fund discussion for further explanation.
- The Aviation Department implemented a personnel reduction plan that resulted in budgeted positions decreasing from a high of 1,868 in Fiscal Year 2006 to 1,206 in Fiscal Year 2012. A portion of the decrease in positions is due to removing police and fire personnel from the Aviation Department's payroll and paying the County's Fire Rescue and Police Departments directly for these services. Excluding the fire and police related changes, personnel went from a high of 1,583 in Fiscal Year 2006 to 1,206 in Fiscal Year 2012, a 23.8% decrease. For Fiscal Year 2014, the adopted budget allowed for a slight increase in personnel to 1,227, which is the same number that was budgeted for Fiscal Year 2013 and represents a 1.7% increase over Fiscal Year 2012.
- As part of its agreement to relinquish program management control over the North Terminal, American Airlines agreed to contribute \$105 million over a 10-year period of annual payments so as to pay claims and construction costs related to the North Terminal Development capital project. In accordance with this agreement, American Airlines has paid the entire amount, with the last payment of \$7.5 million paid in July 2014.
- The Aviation Department's discretionary cash position has been increasing over the last few years as noted below, primarily due to the increase in the operating reserve requirements and a greater surplus build-up in the Improvement Fund. The Improvement Fund balance for Fiscal Year 2014 includes \$50 million set aside by the members of the MAAC for future capital projects approved by a Majority-in-Interest of the MAAC. Shown below is the Aviation Department's operating cash position as of September 30 for the year noted.

	Twelve-month period ended September 30		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenue Fund ⁽¹⁾	\$ 95,692,059	\$100,162,173	\$ 82,972,636
Reserve Maintenance Fund	42,010,907	48,347,634	50,507,769
Improvement Fund ⁽²⁾	185,451,475	148,503,932	127,363,750
Total	<u>\$323,154,441</u>	<u>\$297,013,739</u>	<u>\$260,844,155</u>

⁽¹⁾ Includes the operating reserve requirement, which, as required by the Trust Agreement, was based on 16.5% (2014), 16.0% (2013), and 15.5% (2012) of the Current Expense annual budget amount for the respective Fiscal Years noted.

⁽²⁾ The Improvement Fund balances include an amount to be transferred back to the Revenue Fund in the subsequent Fiscal Year as required by the AUA. For Fiscal Year 2014, the amount was \$96.0 million; for Fiscal Year 2013, the amount was \$89.2 million; and for Fiscal Year 2012, the amount was \$80.4 million.

In September 2014, the Board approved the Aviation Department's Fiscal Year 2015 budget. This budget reflects a decrease in the landing fee from \$1.75 per thousand pound unit (in Fiscal year 2014) to \$1.58 per thousand pound unit; the Aviation Department's expectation of 3.4% increase in budgeted passengers or 20.8 million enplaned passengers; a \$15.8 million, or 3.6%, increase in Current Expenses; use of \$55.0 million in PFC revenues to pay debt service (compared to \$54.5 million used in Fiscal Year 2014); and a slight increase from \$15.0 million to \$17.0 million in the annual deposit to the Reserve Maintenance Fund. Overall debt service is only increasing by \$0.8 million and with the slight increase in the PFC revenue contribution, the net debt service amount is increased by \$0.3 million. Total budgeted positions increased 1.3% from 1,240 in Fiscal Year 2014 to 1,256 in Fiscal Year 2015.

Other Post Employment Benefits and Pension Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45 ("GASB 45"), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits referred to as other post employment benefits ("OPEB"). GASB 45 generally requires that state and local government employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner they currently do for pensions. Annual OPEB costs for most state and local government employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

The County provides paid medical and dental plans to active employees of the County. The County also provides retirees the opportunity to participate in the group employee health plans. Employees who retire and begin receiving benefits under the Florida Retirement System and who were participants in the existing medical plan at the time of retirement are entitled to participate in the plan. The County contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier selected by the retiree. GASB 45 reporting requirements became effective with the County's fiscal year ending September 30, 2008. The annual OPEB cost in Fiscal Year 2013 was \$1.6 million and the County's current policy is to fund the benefits on a pay-as-you-go basis. As of September 30, 2013, no assets have been segregated and restricted to provide postretirement benefits. During the fiscal years ended September 30, 2013 and 2012, the Aviation Department contributed \$1,035,000 and \$1,125,000, respectively, towards retirees' medical benefits on the pay-as-you-go basis. The Aviation Department reported an OPEB liability of \$2.7 million and \$2.1 million as of September 30, 2013 and 2012 respectively.

In regard to pension benefits, the Aviation Department contributes to the Florida Retirement System (FRS), a cost-sharing multi-employer plan administered by the State of Florida. Through Fiscal Year 2010, the Aviation Department's pension plan was noncontributory. Beginning July 1, 2011, Aviation Department employees were required to make a 3% pretax contribution. Combined with the employees' contribution, the County contributed 100% of the annual (Fiscal Year 2013) required contribution to the FRS, which is consistent with past practices by the County.

Additional information can be found regarding OPEB and the funding of the pension plan in the footnotes section of “APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE AVIATION DEPARTMENT FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012.”

COUNTY INVESTMENT POLICY

Pursuant to Florida Statutes, Section 218.45, which requires a written investment policy by the Board, the County adopted an investment policy (the “Investment Policy”) which applies to all funds held by or for the benefit of the Board in excess of those required to meet short-term expenses, except for proceeds of bond issues (including the Series 2014 Bonds) which are specifically exempted by Board ordinance or resolution.

The primary objectives of the Investment Policy, listed in order of importance are:

1. the safety of principal;
2. the liquidity of funds; and
3. the maximization of investment income.

The Investment Policy limits the securities eligible for inclusion in the County’s portfolio to a maximum maturity of five years. The Investment Policy allows investments in repurchase agreements with a maximum length to maturity of 14 days from the date of purchase; the collateral shall be “marked to market” as needed.

To enhance safety, the Investment Policy requires the diversification of the portfolio to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which the instruments are bought and sold. The Investment Policy also requires monthly performance reports to be presented to the County Clerk and to the County’s Finance Director, quarterly performance reports to be submitted to the Investment Advisory Committee and an annual report to be presented to the Board within 120 days of the end of the Fiscal Year.

The Investment Policy may be modified by the Board as it deems appropriate to meet the needs of the County.

TAX MATTERS

The following discussion is a summary of the opinions of Bond Counsel to the County that are to be rendered on the tax status of interest on the Series 2014 Bonds and of certain federal income tax considerations that may be relevant to prospective purchasers of the Series 2014 Bonds. This summary is based on existing law, including current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), existing and proposed regulations under the Code, and current administrative rulings and court decisions, all of which are subject to change.

Upon issuance of the Series 2014 Bonds, Bond Counsel to the County will provide their opinions, expected to be in the proposed forms set forth in APPENDIX D hereto, to the effect that, under existing law: (i) interest on the Series 2014A Bonds is excludable from gross income for federal income tax purposes, except for any period during which such Series 2014A Bonds are held by a person who is a “substantial user” of the facilities financed or a “related person,” as those terms are used in Section 147(a) of the Code; (ii) interest on the Series 2014A Bonds is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations; (iii) interest on the Series 2014B Bonds is excludable from gross income for federal income tax purposes; and (iv) interest on the Series 2014B Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations; however, such interest on the Series 2014B Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

The foregoing opinions will assume continuing compliance by the County with certain requirements of the Code that must be met subsequent to the issuance of the Series 2014 Bonds. The County will certify, represent and covenant to comply with such requirements. Failure to comply with such requirements could cause the interest on the Series 2014 Bonds to be included in gross income, or could otherwise adversely affect such opinions, retroactive to the date of issuance of the Series 2014 Bonds.

If a holder purchases a Series 2014 Bond for an amount that is greater than its stated redemption price at maturity, such holder will be considered to have purchased the Series 2014 Bond with “amortizable bond premium” equal in amount to such excess. A holder must amortize such premium using a constant yield method over the remaining term of the Series 2014 Bond, based on the holder’s yield to maturity. As bond premium is amortized, the holder’s tax basis in such Series 2014 Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of the Series 2014 Bond prior to its maturity. No federal income tax deduction is allowed with respect to amortizable bond premium on a Series 2014 Bond. Purchasers of the Series 2014 Bonds with amortizable bond premium should consult with their own tax advisors regarding the proper computation of amortizable bond premium and the state and local tax consequences of owning such Series 2014 Bonds.

Bond Counsel are further of the opinion that the Series 2014 Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.

Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2014 Bonds. Prospective purchasers of the Series 2014 Bonds should consult their own tax advisors as to the status of interest on the Series 2014 Bonds under the tax laws of any state other than Florida.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the receipt or accrual of the interest on the Series 2014 Bonds, or the ownership or disposition of the Series 2014 Bonds. Prospective purchasers of Series 2014 Bonds should be aware that the ownership of Series 2014 Bonds may result in other collateral federal tax consequences, including (a) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry the Series 2014 Bonds, (b) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including the interest on the Series 2014 Bonds, (c) the inclusion of the interest on the Series 2014 Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (d) the inclusion of the interest on the Series 2014 Bonds in the passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year and (e) the inclusion of interest on the Series 2014 Bonds in the determination of the taxability of certain Social Security and Railroad Retirement benefits to certain recipients of such benefits. The nature and extent of the other tax consequences described above will depend on the particular tax status and situation of each owner of the Series 2014 Bonds. Prospective purchasers of the Series 2014 Bonds should consult their own tax advisors as to the impact of these other tax consequences.

The IRS has an ongoing program of auditing state and local government obligations, which may include randomly selected bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Series 2014 Bonds will be audited. If an audit is commenced, under current IRS procedures the holders of the Series 2014 Bonds may not be permitted to participate in the audit process. Moreover, public awareness of an audit of the Series 2014 Bonds could adversely affect their value and liquidity.

Bond Counsel to the County will render their opinions as of the issuance date, and will assume no obligation to update their opinions after the issuance date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinions of Bond Counsel are not binding in the courts on the IRS; rather, such opinions represent Bond Counsel’s legal judgment based upon their review of existing law and upon the certifications, representations and covenants referenced above.

Interest paid on tax-exempt Bonds such as the Series 2014 Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement

does not affect the excludability of interest on the Series 2014 Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2014 Bonds, under certain circumstances, to “backup withholding” at the rates set forth in the Code, with respect to payments on the Series 2014 Bonds and proceeds from the sale of Series 2014 Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of Series 2014 Bonds. This withholding generally applies if the owner of Series 2014 Bonds (i) fails to furnish the payor such owner’s social security number or other taxpayer identification number (“TIN”), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other “reportable payments” as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner’s securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2014 Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Series 2014 Bonds, adversely affect the market price or marketability of the Series 2014 Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Series 2014 Bonds. If enacted into law, such legislative proposals could affect the market price or marketability of the Series 2014 Bonds. Prospective purchasers of the Series 2014 Bonds should consult their tax advisors as to the effects of any proposed or pending legislation.

CONTINUING DISCLOSURE

The County has covenanted in the Series 2014 Resolution, in accordance with the provisions of, and to the degree necessary to comply with, the continuing disclosure requirements of Rule 15c2-12, as amended (the “Rule”) of the SEC, to provide or cause to be provided for the benefit of the Beneficial Owners of the Series 2014 Bonds to the Municipal Securities Rulemaking Board (“MSRB”) in an electronic format prescribed by the MSRB and such other municipal securities information repository as may be required by law or applicable legislation, from time to time (each such information repository, a “MSIR”), the following annual financial information (the “Annual Information”), commencing with the fiscal year ending immediately prior to the issuance of the Series 2014 Bonds:

(1) Revenues and Net Revenues of the Aviation Department and operating information for the prior Fiscal Year of the type and in a form which is generally consistent with the presentation of such information in this Official Statement for the Series 2014 Bonds, and such additional operating information as may be determined by the Aviation Department; and

(2) The audited general purpose financial statements of the Aviation Department utilizing generally accepted accounting principles applicable to local governments.

The information in paragraphs (1) and (2) above is expected to be available on or before June 1 of each year for the preceding Fiscal Year and will be made available, in addition to the Trustee and each MSIR, to each Beneficial Owner of the Series 2014 Bonds who requests such information in writing. The audited general purpose financial statements of the Aviation Department referred to in paragraph (2) above are expected to be available separately from the information in paragraph (1) above and will be provided by the County as soon as practical after the acceptance of such statements from the auditors by the Aviation Department. If not available within eight months from the end of the Fiscal Year, unaudited information will be provided in accordance with the time frame set forth above and audited financial statements will be provided as soon after such time as they become available.

The County has agreed to provide or cause to be provided, in a timely manner (not in excess of ten business days) after the occurrence of the event, to each MSIR in the appropriate format required by law or applicable regulation, notice of the occurrence of any of the following events with respect to the Series 2014 Bonds:

(1) principal and interest payment delinquencies;

- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit facility providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2014 Bonds, or other material events affecting the tax status of the Series 2014 Bonds;
- (7) modifications to rights of Registered Owners of the Series 2014 Bonds, if material;
- (8) Series 2014 Bond calls, if material, and tender offers;
- (9) defeasance;
- (10) release, substitution, or sale of any property securing repayment of the Series 2014 Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the County (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County);
- (13) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) the appointment of a successor or additional trustee or the change of name of a trustee, if material.

The County has agreed to provide or cause to be provided, in a timely manner, to each MSIR, in the appropriate format required by law or applicable regulation, notice of its failure to provide the Annual Information with respect to itself on or prior to June 1 following the end of the preceding Fiscal Year.

The foregoing obligations of the County shall remain in effect only so long as the Series 2014 Bonds are Outstanding. The County has reserved the right to terminate its obligation to provide the Annual Information and notices of material events, as set forth above, if and when the County no longer remains an “obligated person” with respect to the Series 2014 Bonds within the meaning of the Rule.

Notwithstanding the foregoing, each MSIR to which information shall be provided shall include each MSIR approved by the SEC prior to the issuance of the Series 2014 Bonds. In the event that the SEC approves any additional MSIRs after the date of issuance of the Series 2014 Bonds, the County will, if the County is notified of such additional MSIRs, provide such information to the additional MSIRs. Failure to provide such information to any new MSIR whose status as a MSIR is unknown to the County shall not constitute a breach of this covenant.

The requirements of filing the Annual Information do not necessitate the preparation of any separate annual report addressing only the Series 2014 Bonds. The requirements may be met by the filing of an annual information statement or the audited general purpose financial statements of the Aviation Department or the County's Comprehensive Annual Financial Report, provided such report includes all of the required Annual Information and is available by June 1 of each year for the preceding Fiscal Year. Additionally, the County may incorporate any information in any prior filing with each MSIR or included in any official statement of the County, provided such official statement is filed with the MSRB.

The County has selected Digital Assurance Certification, L.L.C. ("DAC") to serve as the County's disclosure dissemination agent for purposes of filing the Annual Information as required by the Rule with the MSRB in an electronic format prescribed by the MSRB. During any period that DAC or any other party is acting as disclosure dissemination agent for the County with respect to the County's continuing disclosure obligations, the County will comply with the provisions of any agreement by and between the County and any such disclosure dissemination agent.

The County has reserved the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the County, provided that the County has agreed that any such modification will be done in a manner consistent with the Rule.

Obligated Persons

The County has determined that as of the issuance of the Series 2014 Bonds, the County will be the sole Obligated Person (as defined in the Rule) with respect to the Series 2014 Bonds.

Because the County will be the sole Obligated Person with respect to the Series 2014 Bonds at the time of their issuance, the County's continuing disclosure undertaking does not provide for, and no undertaking is being made by the County or the Aviation Department to update, any information contained in this Official Statement with respect to any individual airline. Under the AUA, each Signatory Airline is contractually obligated to make payments only to the extent of its use of the Airport during any Fiscal Year.

Airline Disclosure

Copies of the SEC filings (including (i) an Annual Report on Form 10-K, and (ii) a Quarterly Report on Form 10-Q, annual, quarterly and special reports, information statements and other information) for any individual airline which is required to file such reports pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, are available over the Internet at the web site of the Securities and Exchange Commission at <http://www.sec.gov>; or at the SEC's public reference room in Washington, D.C. See also "CERTAIN INVESTMENT CONSIDERATIONS – Airline Economic Considerations - Additional Information on Airlines" for the location of other financial and operating data which may be available as to individual airlines operating at the Airport.

Procedures and Past Performance

The County has procedures in place with respect to its continuing disclosure undertakings and, as noted above, currently utilizes DAC to assist it in its compliance. The County inadvertently failed to provide timely notice of the occurrence of the County's failure to comply with the terms of the rate covenant in the Master Ordinance with respect to its outstanding Seaport Revenue Bonds and Seaport General Obligation Bonds for Fiscal Year 2013. Based on the recent adjustment to Revenues for a credit due under cruise line incentive agreement required by the County's outside auditor in the course of performing its annual audit for Fiscal Year 2013, it was determined that the Seaport Department did not have sufficient Revenues to meet the rate covenant in the Master Ordinance for Fiscal Year 2013. Due to the timing of the adjustment, the County failed to timely file notice within ten days of the occurrence of the notice event, as required by the Rule. The notice filing with respect to the failure to meet the terms of the rate covenant was cured on April 3, 2014.

With respect to the County's Guaranteed Entitlement Refunding Revenue Bonds, Series 2007 (the "Series 2007 Guaranteed Entitlement Revenue Bonds"), the County has included agreed-upon annual financial information relating to such bonds in its Annual Report to Bondholders filed each year with EMMA, but failed to provide proper indexing of such information in relation to the Series 2007 Guaranteed Entitlement Revenue Bonds. This indexing discrepancy was remedied by the County on April 30, 2014.

In addition, the County inadvertently failed to file notices of ratings downgrades by Standard & Poor's Rating Services of MBIA Insurance Corporation ("MBIA") affecting the insured ratings on certain bonds issued by the County and insured by MBIA. Each of these notice failures was cured by the County on November 22, 2013.

Subsequent to the retirement in 2012 of the County's Special Housing Revenue Bonds, Series 1998 (the "Housing Bonds"), the County discovered that it had not met certain continuing disclosure obligations with respect to such bonds. The Housing Bonds were not secured by County revenues but were payable solely from revenues derived from the operations of certain rental housing projects, including housing assistance payments funded by the United States Department of Housing and Urban Development.

With respect to the Fiscal Year 2009, DAC filed on behalf of the County (1) with respect to the County's Series 1995 Revenue Bonds and Series 1996 Revenue Bonds the audited financial statements for the Seaport Department (the "Seaport Audit") and (2) with respect to the then outstanding Seaport General Obligation Bonds, the County's general audited financial statements (the "County Audit"), which reflects the operations of the Seaport Department as well as other County enterprises. In each subsequent year DAC has filed the Seaport Audit in the annual filings with respect to both the Seaport Revenue Bonds and the Seaport General Obligation Bonds. As described above, future filings with respect to the Series 2014 Revenue Bonds will require the filing of only the Seaport Audit, although the County expects to continue to file the County Audit with respect to other bonds issued by the County.

Except as aforesaid, during the past five years the County has complied in all material respects with its previous undertakings.

Limited Information; Limited Rights of Enforcement

The County's obligation under its continuing disclosure undertaking with respect to the Series 2014 Bonds is limited to supplying limited information at specified times and may not provide all information necessary to determine the value of the Series 2014 Bonds at any particular time.

The County has agreed that its undertaking pursuant to the Rule set forth in the Resolution and this Official Statement is intended to be for the benefit of the Beneficial Owners of the Series 2014 Bonds and shall be enforceable by the Trustee on behalf of such Beneficial Owners in the manner provided in the Trust Agreement if the County fails to cure a breach within a reasonable time after receipt of written notice from a Beneficial Owner that a breach exists; provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the County's obligations in a Federal or State court located within the County and any failure by the County to comply with the provisions of this undertaking shall not be a default with respect to the Series 2014 Bonds.

EMMA System

Under existing law, County filings of continuing disclosure under the County's continuing disclosure undertaking must be made through the EMMA system (Electronic Municipal Market Access), established and maintained by the MSRB. Investors can access the EMMA system at www.emma.msrb.org and follow the instructions provided on such website to locate filings by the County with respect to the Series 2014 Bonds.

While all filings under the Rule must be made through EMMA, filings made by the County prior to July 1, 2009 with respect to its continuing disclosure obligations relating to the Outstanding Bonds, cannot be found through the EMMA system and must be located through the pre-existing MSIRs.

RATINGS

Standard & Poor's Ratings Services ("S&P"), Moody's Investors Service, Inc. ("Moody's") and Fitch Ratings ("Fitch" and together with S&P and Moody's, the "Ratings Agencies") have assigned the ratings of "A" (stable outlook), "A2" (stable outlook) and "A" (stable outlook), respectively, to the Series 2014 Bonds.

The ratings reflect only the view of the Rating Agencies. Any desired explanation of the significance of such ratings should be obtained from the Rating Agency furnishing the same. Generally, the Rating Agencies base their ratings on the information and materials furnished to them and on investigations, studies and assumptions by them. There is no assurance that the ratings will continue for any given period of time or that the same will not be revised downward or withdrawn entirely by the Rating Agency furnishing the same if, in its judgment circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2014 Bonds.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2014 Bonds upon an event of default under the Trust Agreement are in many respects dependent upon regulatory and judicial actions, which are often subject to discretion and delay. Under existing laws and judicial decisions, the remedies provided for under the Trust Agreement may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2014 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2014 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the enforcement of creditors' rights generally and by equitable remedies and proceedings generally.

UNDERWRITING

The Series 2014 Bonds are being purchased by the Underwriters listed on the cover page hereof, for whom Wells Fargo Securities, LLC is acting as representative. Subject to certain conditions, the Underwriters have agreed to purchase all of the Series 2014 Bonds at a purchase price of \$844,796,802.24 representing the original principal amount of the Series 2014 Bonds of \$761,140,000, plus an original issue premium of \$87,530,880.95, less Underwriters' discount of \$3,874,078.71, or approximately 0.508984% of the principal amount of the Series 2014 Bonds. The Bond Purchase Agreement (the "BPA") between the Underwriters and the County will provide that the Underwriters will purchase all of the Series 2014 Bonds, if any are purchased. The yields for the Series 2014 Bonds set forth on the inside cover page may be changed after the initial offering by the Underwriters.

The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the BPA to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary unless a larger deal size is deemed by the issuer to be financially beneficial.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the County and to persons and entities with relationships with the County, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their

own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the County (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the County. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the County.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the County as Underwriters) for the distribution of the Series 2014 Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

Citigroup Global Markets Inc., an underwriter of the Series 2014 Bonds, has entered into a retail distribution agreement with each of TMC Bonds L.L.C. (“TMC”) and UBS Financial Services Inc. (“UBSFS”). Under these distribution agreements, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS and the electronic primary offering platform of TMC. As part of this arrangement, Citigroup Global Markets Inc. may compensate TMC (and TMC may compensate its electronic platform member firms) and UBSFS for their selling efforts with respect to the Series 2014 Bonds.

SBS has identified the following additional potential or actual material conflicts: Siebert Brandford Shank & Co, L.L.C., one of the Underwriters of the Bonds, has entered into a separate agreement with Credit Suisse Securities USA LLC for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the Bonds, Siebert Brandford Shank & Co., L.L.C. will share a portion of its underwriting compensation with respect to the Bonds, with Credit Suisse Securities USA LLC.

FINANCIAL ADVISOR

First Southwest Company, Aventura, Florida, and Frasca & Associates, L.L.C., New York, New York, served as financial advisors (the “Financial Advisors”) to the Aviation Department with respect to the offering of the Series 2014 Bonds. The Financial Advisors have assisted the County in the preparation of this Official Statement and have advised the County as to other matters relating to the planning, structuring and issuance of the Series 2014 Bonds. The Financial Advisors are not obligated to undertake and have not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fee payable to the Financial Advisors is contingent upon the issuance and delivery of the Series 2014 Bonds.*

RELATIONSHIPS OF PARTIES

A number of the firms serving as Bond Counsel, Disclosure Counsel or Underwriters’ counsel (1) have represented and may continue to represent the Trustee and one or more of the Underwriters in connection with other transactions in jurisdictions other than the County and (2) represent the County on certain other matters and represent certain other clients in matters adverse to the County.

FINANCIAL STATEMENTS

The financial statements of the Aviation Department as of and for the Fiscal Years ended September 30, 2013 and September 30, 2012 included in APPENDIX A have been audited by KPMG LLP, independent auditors, as stated in their report appearing in APPENDIX A. Such financial statements speak only as of September 30, 2013 and September 30, 2012, respectively, and have been included as a matter of public record. KPMG LLP (1) has not been engaged to perform and has not performed since the date of its report on such financial statements any procedures with respect to such financial statements and (2) has not performed any procedures relating to this

* The information on the relationship between First Southwest Company and Southwest Securities, Inc. that appeared in the Preliminary Official Statement dated November 19, 2014, does not appear in this Official Statement because Southwest Securities, Inc. did not participate in the offering of the Series 2014 Bonds.

Official Statement. The consent of KPMG LLP for the use of the financial statements herein has not been sought. See “APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE AVIATION DEPARTMENT FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012.”

The information for Fiscal Year 2014 in the section “AVIATION DEPARTMENT FINANCIAL INFORMATION” is unaudited but includes all adjustments, consisting of normal recurring accruals, that the Aviation Department considers necessary for a fair presentation of the financial statements. The information for Fiscal Years 2010 through 2013 is derived from audited financial statements. The data should be read in conjunction with the financial statements and related notes included in “APPENDIX A – AUDITED FINANCIAL STATEMENTS OF THE AVIATION DEPARTMENT FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012.”

CERTAIN LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2014 Bonds, including their legality and enforceability and the exclusion of interest on the Series 2014 Bonds from gross income for federal income tax purposes, are subject to the approval of Greenberg Traurig, P.A., Miami, Florida, and Edwards & Associates, P.A., Bond Counsel, whose opinions will be delivered with the Series 2014 Bonds. Certain legal matters will be passed upon for the County by the Office of the Miami-Dade County Attorney. Certain other legal matters relating to disclosure will be passed upon for the County by Hunton & Williams LLP, Miami, Florida, and Law Offices Thomas H. Williams, Jr., P.L., Miami, Florida, Disclosure Counsel, whose opinions will be delivered with the Series 2014 Bonds. Bryant Miller Olive P.A., Miami, Florida, is acting as counsel to the Underwriters. The fees payable to Bond Counsel, Disclosure Counsel and Underwriters’ counsel are contingent upon the issuance and delivery of the Series 2014 Bonds.

The proposed text of the separate legal opinions of Bond Counsel and Disclosure Counsel are set forth as “APPENDIX D – PROPOSED FORM OF BOND COUNSEL OPINION” and “APPENDIX E – PROPOSED FORM OF DISCLOSURE COUNSEL OPINION,” respectively. The actual legal opinions to be delivered may vary from the text of APPENDIX D and E, if necessary, to reflect facts and law on the date of delivery of the Series 2014 Bonds. The opinions will speak only as of their date and subsequent distribution of it by recirculation of this Official Statement or otherwise shall not create any implication that subsequent to the date of the opinions Bond Counsel has affirmed its opinion or that Disclosure Counsel has reviewed or expressed any opinion concerning any of the matters referenced in this Official Statement.

The opinion of Bond Counsel will be limited to matters relating to the authorization and validity of the Series 2014 Bonds and the tax-exempt status of interest on the Series 2014 Bonds, as described under “TAX MATTERS,” and will make no statement regarding the accuracy and completeness of this Official Statement.

The legal opinions of Bond Counsel, Disclosure Counsel and the Office of the Miami-Dade County Attorney are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Bond Counsel, Disclosure Counsel and the Office of the Miami-Dade County Attorney as of the date thereof. Bond Counsel, Disclosure Counsel and the Office of the Miami-Dade County Attorney assume no duty to update or supplement their respective opinions to reflect any facts or circumstances, including changes in law that may thereafter occur or become effective.

The legal opinions to be delivered concurrently with the delivery of the Series 2014 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the attorneys providing such opinion do not become insurers or guarantors of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

LITIGATION

General

The County is a party, from time to time, to various lawsuits relating to the Airport and the Aviation Department, all of which the County has, and will continue to, vigorously defend and/or prosecute. There is not now pending any litigation restraining or enjoining the issuance or delivery of the Series 2014 Bonds or questioning or affecting the validity of the Series 2014 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization or existence, nor the title of the present members of the Board or other officers of the County to their respective offices, is being contested. Except as noted below, there is no litigation pending, or to the knowledge of County officials threatened, which, if it were decided against the County or the Aviation Department, would have a material adverse effect upon the financial affairs of the County or the Aviation Department, with regard to Port Authority Properties. There is not now pending, or, to the knowledge of County officials, threatened, any claim that the Landing Fees or any other rates and charges at the Airport are not in accordance with federal, state or local law.

Aviation Environmental Matters

In August 1993, the Aviation Department and the County's Department of Environmental Resources Management ("DERM") entered into a Consent Agreement (the "DERM Consent Agreement"). Under the DERM Consent Agreement, the Aviation Department became liable to address and correct subsurface contamination resulting from various Airport tenants' operations and failure to comply with their legal obligations at the Airport, including facilities previously occupied by Eastern Air Lines and Pan American World Airways. In addition, the Aviation Department had a preliminary study performed by an independent engineering firm to estimate the Aviation Department's damages imposed by the DERM Consent Agreement. This study, known as the "Opinion of Cost," was used as a basis to record the cost of environmental remediation at the Airport as of September 30, 1993.

In each subsequent year, the Aviation Department received an updated study performed by AMEC Environmental and Infrastructure, Inc. ("AMEC"), formerly known as MACTEC Engineering and Consulting, an independent engineering firm, to further update the estimated costs to correct the environmental violations noted in the Consent Order based on additional information and further refinement of estimated costs to be incurred.

During Fiscal Year 1998, the Florida Department of Environmental Protection (the "FDEP") required the Aviation Department to enter into a Consent Order ("FDEP Consent Order"). The FDEP Consent Order, which encompasses and replaces the DERM Consent Agreement, requires the Aviation Department to address and correct subsurface contamination at all locations at the Airport that are contaminated as well as additional sites where contamination is suspected. Under these and other consent orders/agreements, environmental regulatory agencies are entitled to penalties for violations of these consent orders/agreements by the Aviation Department.

In 1999, the Board authorized the Aviation Department's Environmental Cost Recovery Program to recover the costs of remediation of environmental contamination at MIA from responsible parties, insurers, and regulatory programs. As part of that program, the County proceeded with demand for payment and litigation against current and former users of the airport, including the U.S. government. It also pursued payments from FDEP under its Inland Protection Trust Fund which allows for the reimbursement or pre-approval for payment of certain qualified petroleum cleanups. A more detailed discussion of some of those efforts follows.

The Aviation Department also applied for \$40 million of reimbursable costs from the Inland Protection Trust Fund for eligible petroleum cleanup costs. Initially, \$24 million was approved. The Aviation Department appealed approximately \$10.1 million in denied supplemental payment requests for reimbursement and audited amounts, which was settled for an additional \$4.6 million that brought the total reimbursed to \$28.6 million. In addition, certain Airport sites where contamination is suspected are recorded in the FDEP Consent Order under a "Protective Filing." If contamination were documented at these sites, the State would be required to incur the costs of remediation after the first \$200,000 of costs incurred by the Aviation Department. Because the State will be required to pay for remediation of sites filed in the Protective Filing and because the contamination at these sites is unknown at this time, these sites appear in the Opinion of Cost report with no dollar amounts. To date, the airlines

and the other tenants have complied with all actions requested of them by the Aviation Department in order to comply with the FDEP Consent Order.

As noted above, in addition to the state regulatory administrative challenges, the Aviation Department has commenced various lawsuits against responsible parties and insurers to recover damages arising out of the costs associated with environmental contamination addressed by the DERM Consent Agreement and FDEP Consent Order. The County has settled claims against numerous responsible parties and insurers and litigation remains pending or will be brought against others. The County has recovered approximately \$30 million as a result of these settlements, which, along with the IPTF recoveries, brings the total recovered under the Cost Recovery Program to approximately \$60 million.

In January 2014, the Opinion of Cost report was further updated to reflect changes that occurred during Fiscal Year 2013. The estimated cost to the Aviation Department to address the contamination as of September 30, 2013 ranges from \$45 million to \$105 million. The estimated range is due largely to uncertainties at this time as to the nature and extent of groundwater contamination beneath the Airport and the methods that must be employed for remediation. Such amounts are scheduled by AMEC to be incurred by the County over eight years, but based on recent historical spending levels, it will take longer to accomplish the work. Management believes that no specific amount in the range represents a better estimate of the ultimate liability. As a result, the Aviation Department has recorded a liability of \$74,882,000 for the Port Authority Properties at September 30, 2013. Environmental costs that are operating in nature will be included in the annual operating budget while those costs that are directly related to capital projects will be paid from the related project's funding source(s).

In addition to the studies conducted to determine the environmental damage to the sites formerly occupied by Eastern Air Lines and Pan American World Airways, the Aviation Department caused studies to be performed to determine the amount required to remove or otherwise contain the asbestos in certain buildings occupied by the airlines. The Aviation Department has also estimated the amount required to remove or otherwise encapsulate the asbestos in buildings other than those formerly occupied by Eastern Airlines and Pan American Airlines. The studies estimate the cost to correct such damage related to all buildings to be approximately \$4.5 million. Such amounts do not represent a liability of the Aviation Department until such time as a decision is made by the Aviation Department's management to make certain modifications to the buildings, which would require the Aviation Department to correct such matters.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Florida law requires the County to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served as a conduit issuer). The County is not and has not been in default as to principal and interest on bonds or other debt obligations that it has issued as the principal obligor.

There are several special purpose governmental authorities that serve as conduit issuers of private activity bonds for purposes such as housing, industrial development, education and health care. Defaults have occurred in connection with some of those private activity bonds; however, such defaults affect only the defaulted issues and will have no effect on the payment of the Series 2014 Bonds. The County has no obligation to pay such bonds and the conduit issuers had only a limited obligation to pay such bonds from the payments made by the underlying obligors with respect to such issues. Defaults relating to conduit issuers are not material with regard to the Series 2014 Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Financial Advisors on behalf of the County relating to the computation of forecasted receipts of principal and interest on the Government Obligations and the forecasted payments of principal and interest to pay or redeem, as applicable, the Refunded Bonds and supporting the conclusion of Bond Counsel that the Series 2014 Bonds do not constitute "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended, was examined by Robert Thomas CPA, LLC (the "Verification Agent"). Such computations were based solely upon assumptions and

information supplied by the Financial Advisors on behalf of the County. The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

**CERTIFICATE OF FINANCE DIRECTOR AND AVIATION DIRECTOR
CONCERNING THIS OFFICIAL STATEMENT**

Concurrently with the delivery of the Series 2014 Bonds, the Finance Director and the Aviation Director will furnish a certificate to the effect that, to the best of their knowledge, this Official Statement, as of its date and as of the date of delivery of the Series 2014 Bonds, does not contain an untrue statement of a material fact and does not omit to state a material fact which should be included in this Official Statement for the purpose for which this Official Statement is to be used, or which is necessary to make the statements contained in this Official Statement, in light of the circumstances in which they were made, not misleading.

MISCELLANEOUS

This Official Statement is not to be construed as a contract with the purchasers of the Series 2014 Bonds. The references, excerpts and summaries of all documents referred to in this Official Statement do not purport to be complete statements of the provisions of such documents, and potential investors should refer to all such documents for full and complete statements of all matters relating to the Series 2014 Bonds, the security for the payment of the Series 2014 Bonds and the rights and obligations of the owners of the Series 2014 Bonds. The information set forth in this Official Statement has been obtained from the County and other sources that are believed to be reliable. The information and expressions of opinion in this Official Statement are not subject to change without notice and neither the delivery of this Official Statement nor any sale made shall under any circumstances create any implication that there has been no change in the matters referred to in this Official Statement since its date.

The delivery of this Official Statement by the County has been duly authorized by the Board.

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APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE AVIATION DEPARTMENT FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012

KPMG LLP (1) has not been engaged to perform and has not performed since the date of its report on the financial statements set forth below any procedures with respect to such financial statements, and (2) has not performed any procedures relating to this Official Statement. The attached financial statements have been included as a matter of public record. These financial statements speak only as of September 30, 2013 and September 30, 2012, respectively. The consent of KPMG LLP for the use of the financial statements herein has not been sought.

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MIAMI-DADE COUNTY AVIATION DEPARTMENT

An enterprise fund of Miami-Dade County, Florida

Financial Statements and Required Supplementary Information

September 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

MIAMI-DADE COUNTY AVIATION DEPARTMENT

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KPMG LLP
Suite 2000
200 South Biscayne Boulevard
Miami, FL 33131

Independent Auditors' Report

The Honorable Mayor and Members
The Board of County Commissioners
Miami-Dade County
Miami, Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the Miami-Dade Aviation Department (Aviation Department), an enterprise fund of Miami-Dade County, Florida, as of and for the years ended September 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Aviation Department's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Miami-Dade Aviation Department, an enterprise fund of Miami-Dade County, Florida, as of September 30, 2013 and 2012, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 1(a) to the financial statements, the financial statements of the Aviation Department are intended to present the financial position, the changes in financial position, and cash flows of only the Aviation Department. They do not purport to, and do not, present fairly the financial position of Miami-Dade County, Florida as of September 30, 2013 and 2012, the changes in its financial position, or where applicable, its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and schedule of funding progress on pages 3 to 11, and page 51, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2014, on our consideration of the Aviation Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Aviation Department's internal control over financial reporting and compliance.

KPMG LLP

February 25, 2014, except
for note 13(b), as to which the date is
March 26, 2014
Miami, Florida
Certified Public Accountants

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2013 and 2012

(Unaudited)

Introduction

The following discussion and analysis of the financial performance and activity of the Miami-Dade County Aviation Department (the Aviation Department) is to provide an introduction and understanding of the financial statements of the Aviation Department for the years ended September 30, 2013 and 2012. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Aviation Department operates an airport system consisting of Miami International Airport (MIA), three general aviation airports, Opa Locka Airport, Homestead General Airport, Kendall Tamiami Executive Airport, and one training airport.

The Aviation Department operates as an enterprise fund of Miami-Dade County, Florida (the County). The Aviation Department is self-supporting, using aircraft landing fees, fees from terminal and other rentals, and revenues from concessions to fund operating expenses. The Capital Improvement Program (CIP) is primarily funded by bonds, federal and state grants, and Passenger Facility Charges (PFCs).

Required Financial Statements

The Aviation Department's financial report includes three financial statements: the statements of net position, statements of revenues, expenses, and changes in net position, and statements of cash flows. The financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The Aviation Department is structured as a single enterprise fund with revenues recognized when earned and expenses recognized when incurred. Capital asset costs, with the exception of land and construction in progress, are capitalized and depreciated over their estimated useful lives. Certain net position balances are restricted for debt service, construction activities, and major maintenance-type activities.

The statements of net position include all of the Aviation Department's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) as well as obligations to creditors and investors (liabilities). They also provide the basis for evaluating the capital structure of the Aviation Department and assessing liquidity and financial flexibility.

The statements of revenues, expenses, and changes in net position report the operating revenues and expenses and nonoperating revenues and expenses of the Aviation Department for the fiscal year with the difference, net income or loss being combined with any capital contributions to arrive at the change in net position for the fiscal year. These statements capture the amount of operating revenues that the Aviation Department earned for the fiscal year along with the amount of operating expenses that were incurred during the same period, thus determining whether the Aviation Department was able to cover its operating obligations with its operating income.

The statements of cash flows provide information about the Aviation Department's cash receipts and payments during the reporting period. The statements report cash receipts, cash payments, and net changes in cash resulting from operating, investing, and capital and noncapital financing activities and provide an insight regarding sources providing cash and activities using cash.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2013 and 2012

(Unaudited)

Activity Highlights

MIA experienced a 1.0% increase in enplaned passenger traffic in fiscal year 2013. There was a 5.3% increase in enplaned passenger traffic in fiscal year 2012 and an increase of 7.4% in fiscal year 2011. MIA passenger growth has leveled off after having experienced significant passenger growth in fiscal year 2012 due to the lesser impact of worldwide economic recession on the Latin American countries, which provide a strong feed of passenger traffic for MIA. Landed weight, which represents the total weight of the commercial aircraft that landed at MIA, increased by 2.7% in fiscal year 2013 reflecting the increase in heavier aircraft being used at MIA over the prior fiscal year. There was an increase in fiscal year 2012 of 3.2% and an increase of 4.4% in fiscal year 2011. Enplaned cargo decreased by 2.1% and increased by 2.2% in fiscal years 2013 and 2012, respectively. In fiscal year 2011, enplaned cargo increase by 0.9% from the previous fiscal year. Below is a comparative of these activities at MIA by fiscal year:

	2013	2012	2011
Enplanements	19,877,691	19,683,678	18,701,120
Landed weight (1,000 pounds)	34,438,378	33,548,186	32,516,532
Enplaned cargo (in tons)	968,225	988,999	967,610

Financial Highlights

- During fiscal year 2013, operating revenue were \$764.5 million, an increase of \$27.7 million, or 3.8%, as compared to fiscal year 2012. The increase in operating revenues is primarily attributable to the increased revenue received from the North Terminal users with the completion of the North Terminal outbound baggage make-up system and concession revenues from some of the major MIA concessionaires such as duty free and rental cars.
- During fiscal year 2013, total expenses were \$955.5 million, an increase of \$69.9 million, or 7.9%, as compared to fiscal year 2012. The decrease in total expenses is attributable to increases in depreciation and interest expenses.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2013 and 2012

(Unaudited)

The table below shows the composition of assets, liabilities, and net position as of September 30, 2013, 2012, and 2011:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
		(In thousands)	
Current assets:			
Unrestricted assets	\$ 324,578	284,493	265,497
Restricted assets	<u>266,478</u>	<u>278,495</u>	<u>335,716</u>
Total current assets	591,056	562,988	601,213
Noncurrent assets:			
Restricted assets	559,958	573,576	683,738
Capital assets, net	6,715,326	6,901,704	6,508,844
Other assets	<u>84,771</u>	<u>79,229</u>	<u>71,571</u>
Total assets	<u>\$ 7,951,111</u>	<u>8,117,497</u>	<u>7,865,366</u>
Current liabilities	\$ 91,586	83,818	62,706
Current liabilities payable from restricted assets	<u>251,651</u>	<u>265,498</u>	<u>313,667</u>
Total current liabilities	343,237	349,316	376,373
Noncurrent liabilities	<u>6,537,120</u>	<u>6,646,949</u>	<u>6,339,559</u>
Total liabilities	<u>\$ 6,880,357</u>	<u>6,996,265</u>	<u>6,715,932</u>
Net position:			
Net investment in capital assets	\$ 365,060	478,803	561,163
Restricted	479,191	460,530	418,747
Unrestricted	<u>226,503</u>	<u>181,899</u>	<u>169,524</u>
Total net position	<u>\$ 1,070,754</u>	<u>1,121,232</u>	<u>1,149,434</u>

Capital assets, net, as of September 30, 2013 were \$6.7 billion, \$186.4 million lower than at September 30, 2012. The decrease was due primarily to the near completion of the Capital Improvement Program and having more depreciable assets. Capital assets, net as of September 30, 2012 were \$6.90 billion, \$392.9 million higher than at September 30, 2011. The increase was due primarily to the conveyance of the Car Rental Facility from the Florida Department of Transportation.

Total net position as of September 30, 2013 was approximately \$1.1 billion, a decrease of approximately \$50.5 million as compared to 2012. Total net position as of September 30, 2012 were approximately \$1.1 billion, a decrease of approximately \$28.2 million as compared to 2011.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2013 and 2012

(Unaudited)

Changes in net position can be determined by reviewing the following summary of revenues, expenses, and changes in net position for the years ended September 30, 2013, 2012, and 2011:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
		(In thousands)	
Operating revenues:			
Aviation fees	\$ 357,116	345,491	320,790
Rentals	127,817	126,351	111,156
Commercial operations	268,704	250,288	222,534
Other operating	8,562	5,642	4,378
Other – environmental remediation	2,259	8,946	2,758
Nonoperating revenues:			
Investment income	9	4,823	3,610
Passenger facility charges	72,650	70,729	71,483
Other	25,708	17,541	25,361
Total revenues	<u>862,825</u>	<u>829,811</u>	<u>762,070</u>
Operating expenses:			
Operating expenses	263,453	254,066	269,047
Operating expenses – environmental remediation	3,155	6,130	3,090
Operating expenses – commercial operations	57,339	58,366	68,510
General and administrative expenses	60,727	57,924	63,496
Depreciation and amortization	263,724	220,180	206,907
Nonoperating expenses:			
Interest expense	307,177	289,012	276,585
Total expenses	<u>955,575</u>	<u>885,678</u>	<u>887,635</u>
Loss before capital contributions	(92,750)	(55,867)	(125,565)
Capital contributions	<u>42,272</u>	<u>27,665</u>	<u>58,697</u>
Change in net position	(50,478)	(28,202)	(66,868)
Net position at beginning of year	<u>1,121,232</u>	<u>1,149,434</u>	<u>1,216,302</u>
Net position at end of year	<u>\$ 1,070,754</u>	<u>1,121,232</u>	<u>1,149,434</u>

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2013 and 2012

(Unaudited)

Total revenues for fiscal year 2013 were \$862.8 million, an increase of \$33.0 million, or 4.0%, as compared to fiscal year 2012. The increase in total revenues is primarily attributable to an increase in international passenger activity that resulted in higher duty free concession revenue and aviation fees revenue, which primarily consists of fees for the use of passenger terminal facilities. Certain other categories of nonairline revenue also experienced noteworthy increases in fiscal year 2013. For example, revenue from rental car companies increased from \$42.6 million to \$46.7 million, 9.6%; passenger services (e.g., bag wrap and hotel revenues) increased from \$25.2 million to \$29.6 million, 17.5%; and duty-free revenue increased from \$30.1 million to \$31.9 million 6.0%. Operating revenues in fiscal year 2013 were \$764.5 million, an increase of \$27.7 million, or 3.8%, as compared to fiscal year 2012. Operating revenues in fiscal year 2012 were \$736.7 million, an increase of \$75.1 million, or 11.4%, as compared to fiscal year 2011.

Total expenses, including depreciation and amortization, for fiscal year 2013 were \$955.6 million, an increase of \$69.9 million, or 7.9%, as compared to fiscal year 2012. The increase is primarily due to increases in depreciation and amortization as a result of having more depreciable assets. Also, an increase in interest expense related to the construction costs of the Capital Improvement program contributed to an increase in total expenses. In fiscal year 2012, total expenses, including depreciation and amortization were \$885.7 million, a decrease of \$2.0 million, or 0.2%, as compared to fiscal year 2011. The increase is primarily due to a significant increase in interest expense related to debt service, as interest related to the construction of the North Terminal is no longer capitalized. Operating expenses, excluding depreciation and amortization, were \$384.7 million, an increase of \$8.2 million, or 2.2% as compared to fiscal year 2012. In fiscal year 2012, operating expenses, excluding depreciation and amortization, were \$376.5 million, a decrease of \$27.7 million, or 6.8%, as compared to fiscal year 2011. The decrease in operating expenses is primarily attributable to decreases in operating costs in fiscal year 2012 as compared to fiscal year 2011.

In accordance with the amended and restated Trust Agreement (the Trust Agreement), the Aviation Department is required to meet its rate covenant, which means the Aviation Department is required to maintain, charge, and collect rates and charges for the use of and for the services and facilities provided to all users of these facilities. In addition, these rates and charges are to provide revenues sufficient to pay current expenses: to make the required Reserve Maintenance Fund annual deposits as recommended by the Consulting Engineers; and to make deposits to the Sinking Fund, which comprises the Bond Service Account, the Reserve Account, and the Redemption Account, of not less than 120% of the Principal and Interest Requirements of the Outstanding bonds, as defined in the Trust Agreement (all capitalized terms referenced in the last few sentences are defined terms in the Trust Agreement). The Aviation Department uses an airport system residual cost recovery methodology to set its landing fee rate. The manner in which the residual landing fee is calculated enables the Aviation Department to establish rates to meet its rate covenant.

Capital Assets and Debt Administration

Capital Assets

As of September 30, 2013, 2012, and 2011, the Aviation Department had \$6.7 billion, \$6.9 billion, and \$6.5 billion, respectively, invested in capital assets, net of accumulated depreciation.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2013 and 2012

(Unaudited)

The following table summarizes the composition of capital assets, net of accumulated depreciation as of September 30, 2013, 2012, and 2011:

	2013	2012	2011
		(In thousands)	
Land	\$ 127,026	130,836	88,836
Buildings, improvements, and systems	5,242,840	5,700,482	4,710,491
Infrastructure	901,671	896,261	863,270
Furniture, machinery, and equipment	407,521	129,683	124,425
	<u>6,679,058</u>	<u>6,857,262</u>	<u>5,787,022</u>
Construction in progress	36,268	44,442	721,822
Total capital assets, net	<u>\$ 6,715,326</u>	<u>6,901,704</u>	<u>6,508,844</u>

The Aviation Department's ongoing CIP consists of 362 projects with a budgeted cost of approximately \$6.49 billion for capital projects through fiscal year 2015. As of September 30, 2013, the status of these projects can be described as follows:

- 318 projects completed: \$5.836 billion
- The completed projects include most of the South Terminal, the Northside Runway (9/27), portions of Concourse "A" Terminal Expansion, the Central Collection Plaza, the Park 7 Garage, the Central Chiller Plant, Mid-field and Runway 9/27 rehabilitation, security projects, the MIA Mover, North Terminal, concourse J A380 Modifications, miscellaneous construction contracts 5 through 7, most of the GA Airports Program, and the entire Westside Cargo Development Program.
- 34 projects under construction: \$0.631 billion
- These projects primarily consist of the pavement rehabilitation and overlay of runway 12/30 and taxi ways, Westside cargo apron, relocation of R/W 8L localizer Shelter, central terminal life safety upgrades, signage projects in the terminal buildings, MIA hotel lobby renovation, concourse E ticket counters, MIA mover procurement of additional cars, FOD detection system, North Terminal BHS Phase 3, and development of concession spaces.
- 10 projects in design and planning: \$0.024 billion
- These projects include Kendall-Tamiami Executive Airport demolition and replacement of buildings 102 and 109, MIA waster distribution system, concourse D gates D1 & D2 Mods. For A380, concourse D roof rehabilitation, and drainage improvement projects on the north side of MIA.

Additional information on the Aviation's Department's capital assets can be found in note 5 to the financial statements of this report.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2013 and 2012

(Unaudited)

Debt Administration

As of September 30, 2013, 2012, and 2011, the Aviation Department had a total of \$6.1 billion, \$6.2 billion, and \$6.3 billion, respectively, in long-term revenue bonds outstanding. The long-term debt consists of Aviation Revenue Bonds issued under the Trust Agreement. Maturity dates range from 2013 to 2042, and the interest rates range from 2% to 6%. Both principal and interest are payable solely from net revenues generated from the airport facilities constructed under the provisions of the Trust Agreement. These Aviation Revenue Bonds do not constitute debt of the County or a pledge of the full faith and credit of the County. In addition to net revenues, the Aviation Department used \$50 million of PFC revenue to pay principal and interest due in fiscal year 2013.

In December 2012, the County issued \$669,670,000 of Series 2012A all of which remains outstanding at September 30, 2013. The Series 2012A were issued to fully refund Series 1998A, 1998C, 2000A, and 2002 and partially refund 2002A. The Series 2012A bonds bear stated interest ranging from 2.00% to 5.00%, with \$669,670,000 serial bonds due October 1, 2013 to 2032.

In December 2012, the County issued \$106,845,000 of Series 2012B all of which remains outstanding at September 30, 2013. Series 2012B were issued to fully refund Series 1997C and 2000B. The Series 2012B bonds bear stated interest ranging from 2.00% to 5.00%, with \$106,845,000 serial term bonds due October 1, 2013 to 2029.

The advance refunding of Series 1997C, 1998A, 1998C, 2000A, 2000B, and 2002 and 2002A resulted in a deferred accounting loss of approximately \$15,970,000 for the fiscal year ended September 30, 2013. As a result of this transaction, the Aviation Department decreased its aggregate debt service payments and made a net present value savings of \$159,251,895.

Some issues of General Aviation Revenue Bonds are insured by various original monoline insurance companies whose credit ratings reflect the financial capacity of these companies. The purchase of insurance at the time the debt was issued elevated bond ratings by Standard and Poor's, Moody's Investor Service, and Fitch Ratings, respectively, to AAA, Aaa, and AAA and lowered the interest rate on the related debt. The Trust Agreement requires that insurers have certain minimum ratings in order to insure County bonds. The policies provide that insurers will make debt service payments in the unlikely event that the County is unable to do so. Since the insured bonds were issued, the ratings of the various monoline insurers have been lowered or withdrawn by the rating agencies. The rating downgrades do not necessarily affect the insurance companies' ability to pay claims, and the various insurance policies remain in effect. However, the Reserve Account was affected by the rating downgrades of the Surety policies that were purchased in lieu of cash funding the Debt Service Reserve Requirement. The Aviation Department funded the reserve requirement shortfall by funding the difference over a specified time period. As a result, the Aviation Department has a fully funded cash reserve along with potentially viable but unusable Surety policies unless the ratings of the Reserve Surety Providers are upgraded to "AA/Aa" or higher. The County's cash flow and its ability to pay its debt service obligation have not been affected.

As of September 30, 2013, the public underlying ratings for the Aviation Department's outstanding General Aviation Revenue Bonds were A with a stable outlook, A2 with a stable outlook, and A with a stable outlook per Standard and Poor's, Moody's Investors Service, and Fitch Ratings, respectively.

Additional information of the Aviation Department's debt administration can be found in note 6 of this report.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2013 and 2012

(Unaudited)

Economic Factors and Outlook

In the past few years, airline rates and charges at MIA have significantly increased primarily due to the large amount of new money Aviation Revenue Bonds that have been issued since 1994, which has translated into higher debt service costs. Under the Aviation Department's rate structures, these costs are passed along to the MIA air carriers, mostly through aviation fees and terminal rental rates. However, due to the residual nature of the landing fee calculation, the landing fee rate has been kept relatively low the past few years; the higher than anticipated surplus revenues (i.e., realizing higher than budgeted revenue and lower than budgeted expenses) is used to offset the landing fee related costs in the subsequent fiscal years. In fact, the landing fee was kept flat at \$1.75 in fiscal year 2014 due to one of the highest ever amount of surplus annual revenue realized in fiscal year 2013. The higher than anticipated nonairline revenues in these past few years have offset the airline costs, which has allowed the Aviation Department to keep the overall airline costs significantly less than forecasted. Another reason that the airline costs at MIA have not grown as expected is that the Aviation Department has controlled its operating expenses as shown by the moderate increase in operating expenses (excluding depreciation and amortization) in fiscal year 2013.

MIA principally serves the metropolitan area of Miami-Dade County. The local residents in Miami-Dade County serve as a portion of the MIA passenger traffic, which means that the local economy somewhat affects the airport's revenues. During fiscal year 2013, Miami-Dade County has continued to show signs of improvement economically; the not seasonally adjusted unemployment rate decreased from 8.3% to 7.0% using November 2012 and November 2013. Home prices increased 14.3% from September 2012 to September 2013 according to the S&P/Case-Shiller Home Price Index. In March 2013, the Greater Miami Convention & Visitors Bureau announced that overnight visitors to Greater Miami and the Beaches increased 3.5% to a record-breaking 13.9 million overnight visitors in 2012, fueled by a 5.2% increase to a record 6.8 million international visitors and an increase of 1.8% to a record 7.1 million domestic visitors. This marks the third consecutive year of record overnight visitors to the destination. A record \$21.8 billion in visitor expenditures was generated in 2012, an increase of 5.1% over the previous year with international expenditures representing 70% of the total vs. domestic. 2012 marked the fourth consecutive year of records on record for visitor spending.

MIA international passenger numbers benefitted from the increase in visitors, especially when compared to the nation; the nation's international passenger traffic grew 1.9% during fiscal year 2013 as compared to MIA's international passenger growth of 4.2% during the same time period. For a number of reasons, MIA passenger traffic has not experienced the same decline as the nation, most of which has to do with the strong Latin American traffic that passes through or visits MIA. In addition, with the completion of most of the gates in Concourse D and the opening of the Federal Inspection Services area and the use of its new outbound baggage makeup system, American Airlines along with its regional airline, American Eagle, has significantly increased service to MIA, which is represented by its 15.1% enplaned passenger growth rate from fiscal years 2009 to 2013.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

Management's Discussion and Analysis

September 30, 2013 and 2012

(Unaudited)

Another reason for American Airlines growth at MIA is that the U.S. domestic airlines have been changing their business models such that they are growing their operations at fortress hubs while downsizing their operations at nonhub airports. MIA serves as a fortress gateway hub, to mainly Latin America, for American Airlines and American Eagle. Therefore, MIA has benefitted from this link with Latin American economies, which have been more resilient than the U.S. economy in the recent past. The result has been that MIA dominates the Latin American/Caribbean region both in passenger numbers and cargo volume over most U.S. airports. The financial strength and stability of the airlines serving MIA may affect future airline traffic. While passenger demand at the airport remained stable in fiscal year 2013, there can be no assurance given as to the levels of aviation activity that will be achieved at the airport in the future. Any financial or operational difficulties incurred by American Airlines or any other major air carriers at the airport could have a material adverse effect on the airport, although the Aviation Department would take measures to mitigate the effect.

Air cargo tonnage at MIA grew slightly in fiscal year 2013 after rebounding in fiscal year 2012 as noted by the 1.6% increase in cargo tonnage for fiscal year 2013 and 4.7% for fiscal year 2012. MIA benefits from its geographic location because MIA acts as a transshipment location with a major portion of the goods being shipped beyond MIA. During 2012, the Airport handled 84% of all air imports and 81% of all air exports between the U.S. and the Latin American/Caribbean region.

Request for Information

This financial report is designed to provide customers, creditors, and other interested parties with a general overview of the Aviation Department's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed in writing to the Finance Manager, Miami-Dade County Aviation Department, 4200 N.W. 36th Street, Suite 300, Miami, Florida 33122.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

An enterprise fund of Miami-Dade County, Florida

Statements of Net Position

September 30, 2013 and 2012

(In thousands)

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 156,310	162,243
Investments, including interest receivable	107,830	62,804
Accounts receivable, net of allowance for doubtful accounts of \$12,369 in 2013 and \$13,907 in 2012	51,800	49,049
Inventories, prepaid expenses, and deferred charges	7,187	7,292
Due from County Agencies	1,451	3,105
Total current unrestricted assets	324,578	284,493
Restricted assets:		
Current restricted assets:		
Cash and cash equivalents	242	14,911
Investments, including interest receivable	251,409	250,587
Government grants receivable	7,112	2,587
Passenger facility charges receivable	7,715	10,410
Total current restricted assets	266,478	278,495
Total current assets	591,056	562,988
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	559,958	573,576
Total noncurrent restricted assets	559,958	573,576
Capital assets, net	6,715,326	6,901,704
Other noncurrent assets	74,616	67,623
Due from County Agencies	10,155	11,606
Total noncurrent assets	7,360,055	7,554,509
Total assets	\$ 7,951,111	8,117,497

MIAMI-DADE COUNTY AVIATION DEPARTMENT

An enterprise fund of Miami-Dade County, Florida

Statements of Net Position

September 30, 2013 and 2012

(In thousands)

Liabilities and Net Position	2013	2012
Current liabilities payable from unrestricted assets:		
Accounts payable and accrued expenses	\$ 28,232	27,316
Security deposits	10,687	10,250
Environmental remediation liability	12,922	17,445
Compensated absences	5,530	5,365
Deferred revenues	27,017	14,763
Due to County Agencies	7,198	8,679
Total current liabilities payable from unrestricted assets	91,586	83,818
Current liabilities payable from restricted assets:		
Accounts and contracts payable and accrued expenses	17,825	41,014
Bonds payable within one year:		
Trust Agreement Aviation Revenue Bonds	83,920	67,020
Interest payable	149,906	157,464
Total current liabilities payable from restricted assets	251,651	265,498
Total current liabilities payable	343,237	349,316
Noncurrent liabilities:		
Trust Agreement Aviation Revenue Bonds payable after one year	6,073,550	6,164,624
Deferred revenues	370,855	383,891
Compensated absences, net of current portion	14,272	13,966
Environmental remediation liability, net of current portion	61,960	59,696
Other noncurrent liabilities	16,483	24,772
Total noncurrent liabilities	6,537,120	6,646,949
Total liabilities	6,880,357	6,996,265
Net position:		
Net investment in capital assets	365,060	478,803
Restricted:		
Restricted for debt service	248,381	232,364
Restricted for reserve maintenance	44,376	46,672
Restricted for construction	186,434	181,494
Unrestricted	226,503	181,899
Total net position	\$ 1,070,754	1,121,232

See accompanying notes to financial statements.

MIAMI-DADE COUNTY AVIATION DEPARTMENT
An enterprise fund of Miami-Dade County, Florida
Statements of Revenues, Expenses, and Changes in Net Position
Years ended September 30, 2013 and 2012
(In thousands)

	<u>2013</u>	<u>2012</u>
Operating revenue:		
Aviation fees	\$ 357,116	345,491
Rentals	127,817	126,351
Commercial operations:		
Management agreements	81,481	82,692
Concessions	187,223	167,596
Other	8,562	5,642
Other – environmental remediation	2,259	8,946
Total operating revenue	<u>764,458</u>	<u>736,718</u>
Operating expenses:		
Operating expenses	263,453	254,066
Operating expenses – environmental remediation	3,155	6,130
Operating expenses under management agreements	20,655	22,200
Operating expenses under operating agreements	36,684	36,166
General and administrative expenses	60,727	57,924
Total operating expenses before depreciation and amortization	<u>384,674</u>	<u>376,486</u>
Operating income before depreciation and amortization	379,784	360,232
Depreciation and amortization	<u>263,724</u>	<u>220,180</u>
Operating income	<u>116,060</u>	<u>140,052</u>
Nonoperating revenues (expenses):		
Environmental cost recovery	3	22
Passenger facility charges	72,650	70,729
Interest expense	(307,177)	(289,012)
Investment income	9	4,823
Other revenue	25,705	17,519
Total nonoperating expenses	<u>(208,810)</u>	<u>(195,919)</u>
Loss before capital contributions	(92,750)	(55,867)
Capital contributions	<u>42,272</u>	<u>27,665</u>
Change in net position	(50,478)	(28,202)
Net position, beginning of year	<u>1,121,232</u>	<u>1,149,434</u>
Net position, end of year	<u>\$ 1,070,754</u>	<u>1,121,232</u>

See accompanying notes to financial statements.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

A Department of Miami-Dade County, Florida

Statements of Cash Flows

Years ended September 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from customers and tenants	\$ 768,338	735,272
Cash paid to suppliers for goods and services	(309,274)	(303,037)
Cash paid to employees for services	(96,197)	(97,304)
Net cash provided by operating activities	<u>362,867</u>	<u>334,931</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of revenue bonds	901,110	—
Principal paid on revenue bonds	(975,284)	(67,803)
Interest paid on revenue bonds	(322,661)	(322,073)
Purchase and construction of capital assets	(82,604)	(205,918)
Proceeds from sale of land	3,810	—
Capital contributed by federal and state governments	25,737	27,184
Passenger facility charges	75,345	71,255
Proceeds from environmental reimbursements	3	22
Proceeds from North Terminal Program Claims	7,500	10,000
Payments of energy performance contracts	(2,409)	—
Net cash used in capital and related financing activities	<u>(369,453)</u>	<u>(487,333)</u>
Cash flows from noncapital financing activity:		
Operating reimbursements received	18,205	7,519
Net cash provided by noncapital financing activity	<u>18,205</u>	<u>7,519</u>
Cash flows from investing activities:		
Purchase of investments	(1,061,649)	(1,053,297)
Proceeds from sales and maturities of investments	1,015,801	1,056,038
Interest and dividends on investments	9	4,823
Net cash (used in) provided by investing activities	<u>(45,839)</u>	<u>7,564</u>
Net decrease in cash and cash equivalents	<u>(34,220)</u>	<u>(137,319)</u>
Cash and cash equivalents, beginning of year	<u>750,730</u>	<u>888,049</u>
Cash and cash equivalents, end of year	\$ <u><u>716,510</u></u>	<u><u>750,730</u></u>
Cash and cash equivalents reconciliation:		
Unrestricted assets	\$ 156,310	162,243
Restricted assets	<u>560,200</u>	<u>588,487</u>
Cash and cash equivalents	\$ <u><u>716,510</u></u>	<u><u>750,730</u></u>

MIAMI-DADE COUNTY AVIATION DEPARTMENT

A Department of Miami-Dade County, Florida

Statements of Cash Flows

Years ended September 30, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 116,060	140,052
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	263,724	220,180
Provision for uncollectible accounts	(1,538)	1,244
Changes in operating assets and liabilities:		
Accounts receivable	(1,213)	(13,373)
Inventories, prepaid expenses, and deferred charges	105	(687)
Due from County Agencies	3,105	62
Accounts and contracts payable and accrued expenses	(19,892)	(23,832)
Security deposits	437	(327)
Due to County Agencies	(1,481)	912
Deferred revenues and rental credits	11,228	(691)
Other liabilities	(7,668)	11,391
Total adjustments	<u>246,807</u>	<u>194,879</u>
Net cash provided by operating activities	\$ <u>362,867</u>	<u>334,931</u>
Noncash investing, capital, and financing activities:		
(Decrease) increase in fair value of investments	\$ (3,952)	672
Decrease in construction in progress accrual	(2,381)	(24,447)
Decrease in cash held in escrow by agent	—	(423)
Increase in contributed capital assets	—	393,327
(Decrease) increase in deferred capital contribution	(12,010)	384,320

See accompanying notes to financial statements.

MIAMI-DADE COUNTY AVIATION DEPARTMENT

An enterprise fund of Miami-Dade County, Florida

Notes to Financial Statements

September 30, 2013 and 2012

(1) General

(a) Description

Miami-Dade County, Florida (the County) is a chartered political subdivision of the State of Florida and is granted home rule county powers by the Constitution of the State of Florida and Florida Statutes. The Board of County Commissioners (the Board or the BCC) is the legislative and governing body of the County. The Miami-Dade County Aviation Department (the Aviation Department), established on February 6, 1973, is included as an enterprise fund in the County's comprehensive annual financial report as part of the County's reporting entity.

These financial statements present only the Aviation Department and do not purport to, and do not, present fairly the financial position of the County as of September 30, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Pursuant to the general laws of Florida, the County owns Miami International Airport (MIA), three general aviation airports, and two training airports, one of which has been closed (collectively, the Airports), all of which are operated by the Aviation Department.

(b) Basis of Presentation

The Aviation Department operates as an enterprise fund of the County. An enterprise fund is used to account for the financing of services to the general public, since substantially all of the costs involved are paid in the form of charges by users of such services. Accordingly, the Aviation Department's financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

(c) Authority to Fix Rates

Under the provisions of the Trust Agreement, amended and restated dated December 15, 2002 by the County, The Bank of New York, successor in interest to JP Morgan Chase Bank, New York, New York, as trustee (the Trustee), and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association, Miami, Florida) as cotrustee (the CoTrustee) (the Trust Agreement), which amended and restated the Trust Agreement dated as of October 1, 1954 with the Chase Manhattan Bank (predecessor-in-interest to the Trustee) and First Union National Bank of Miami (predecessor-in-interest to the CoTrustee), as amended and supplemented (the Original Trust Agreement), the Aviation Department is required to maintain, charge, and collect rates and charges for the use and services provided, which will provide revenues sufficient to:

- Pay current expenses, as defined in the Trust Agreement
- Make the Reserve Maintenance Fund (the Reserve Maintenance Account) deposits recommended by the Consulting Engineers
- Make deposits to the Interest and Sinking Fund (the Sinking Fund Account) comprising the Bond Service Account, the Reserve Account, and the Redemption Account of not less than

MIAMI-DADE COUNTY AVIATION DEPARTMENT

An enterprise fund of Miami-Dade County, Florida

Notes to Financial Statements

September 30, 2013 and 2012

120% of the principal and interest requirements of the Trust Agreement Aviation Revenue Bonds, as defined in the Trust Agreement.

Any remaining balance in the Revenue Fund, after meeting the requirements noted above, is deposited to the Improvement Fund (the Improvement Account), as defined in the Trust Agreement.

(d) *Agreements with Airlines*

An Airline Use Agreement, which became effective in May 2002, establishes an airport system residual landing fee such that all costs not recovered through other revenues will be recovered from the landing fee revenue. Pursuant to the requirements of the Airlines Use Agreement, remaining money residing in the Improvement Fund at the end of the fiscal year in excess of \$5 million, adjusted annually by the Consumer Price Index (CPI), is to be transferred to the Revenue Fund in the subsequent fiscal year thus reducing the amounts otherwise to be paid by the MIA air carriers in that fiscal year. The \$5 million annual contribution is deposited into a separate account that has a cumulative cap of \$15 million also subject to a CPI adjustment and can be used for any discretionary airport-related purpose. As of September 30, 2013 and 2012, these excess deposits, which are supposed to be transferred to the Revenue Fund annually by the following March, were approximately \$89,185,000 and \$80,366,000, respectively.

(e) *Relationship with County Departments*

The Aviation Department reimburses the General Fund of the County for its portion of the direct administrative service cost, such as Audit and Management Services, the Board, Clerk of the Courts, Computer Services and Information Systems, County Manager, Fire, Police, Personnel, and others. In 1996, an internal study was conducted by the County to determine the appropriate method as a basis to establish the indirect administrative services cost reimbursement for the year ended September 30, 1996 and subsequent years. This study was updated in 2003, which has recommended a cost allocation basis in accordance with the Office of Management and Budget Circular A-87. For the years ended September 30, 2013 and 2012, the Aviation Department recorded an expense in the amount of approximately \$3,163,000 and \$6,520,000, respectively, for the indirect administrative services cost reimbursement in accordance with the formula developed as a result of the study.

As of September 30, 2013 and 2012, the Aviation Department owes the County approximately \$7,198,000 and \$8,679,000, respectively, for various services. For these same periods, the Aviation Department has receivables Due From the County in the amount of \$11,606,000 and \$14,711,000, respectively.

In addition, the Aviation Department pays other County departments directly for most services provided such as Fire, Police, Legal, and General Services Administration. The total cost to the Aviation Department for these services was approximately \$70,758,000 and \$68,322,000 for the years ended September 30, 2013 and 2012, respectively.

On March 20, 2003, the U.S. Department of Transportation and Office of the Inspector General (OIG) issued Report No. AV-2003-030 entitled Oversight of Airport Revenues in connection with their audit of amounts paid to the County by the Aviation Department. The OIG reported that the

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County diverted Aviation Department revenues of approximately \$38 million from 1995 to 2000. On August 9, 2005, upon receiving additional information from the Aviation Department, the OIG agreed to adjust the finding to \$8.1 million, plus interest. The Oversight of Airport Revenue report was updated to include the years 2001 through 2005, and the total diversion of revenues was increased to \$12 million, plus interest of \$2.3 million for a total of \$14.3 million. The County repaid the Aviation Department \$1,450,728 and \$1,450,720 in fiscal years 2013 and 2012, respectively. The amount due from the County was approximately \$11,606,000 and \$14,711,000 at September 30, 2013 and 2012, respectively.

(2) Summary of Significant Accounting Policies

(a) *Basis of Accounting*

The financial statements are presented on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred.

(b) *Cash and Cash Equivalents*

Cash includes cash on hand, amounts in demand deposits, and positions in investment pools that can be deposited or withdrawn without notice or penalty. Cash equivalents are short-term highly liquid securities with known market values and maturities, when acquired, of less than three months.

(c) *Investments*

Investments consist primarily of U.S. government securities and are carried at fair value based on quoted market prices.

(d) *Inventories*

Inventories consisting of building materials/supplies and spare parts are valued at cost using the first-in, first-out method.

(e) *Capital Assets and Depreciation*

Capital assets are recorded at cost, except for contributions by third parties, which are recorded at fair value at the date of contribution. Expenditures for maintenance, repairs, minor renewals, and betterments are expensed as incurred. When property is disposed of, the cost and related accumulated depreciation is eliminated from the accounts, and any gain or loss is reflected in the statements of revenues, expenses, and changes in net position.

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The Aviation Department depreciates assets using the straight-line method of depreciation over the assets' estimated useful lives as follows:

	<u>Years</u>
Hangars and buildings	40
Runways, aprons and taxiways, and field improvements	30
Paved roads and parking areas	20
Automotive, field and building equipment, and furniture and fixtures	5 – 16
Buildings, improvements, and systems	40

(f) Interest on Indebtedness

Interest is charged to expense as incurred, except for interest related to borrowings used for construction projects. The Aviation Department capitalizes interest costs as part of the cost of constructing specified qualifying assets. In situations involving qualifying assets financed with the proceeds of tax-exempt debt, the amount of interest capitalized is reduced by any interest income earned on the temporary investment of such moneys. Interest is capitalized throughout the construction period.

(g) Restricted Assets

Assets required to be reserved for airport maintenance and debt service pursuant to the Trust Agreement are classified as restricted assets and are not available for payment of current expenses. In accordance with the terms of the Trust Agreement, assets of the Reserve Maintenance Account are restricted for unusual or extraordinary maintenance or repairs, renewals, and replacements, the cost of replacing equipment, and premiums on insurance required to be carried under the provisions of the Trust Agreement and are not available for the payment of current expenses.

Unexpended Passenger Facility Charges (PFC) revenue and accumulated interest earnings are restricted to be used on Federal Aviation Administration (FAA)-approved capital projects and are classified as restricted assets.

When both restricted and unrestricted resources are available for use, it is the Aviation Department's policy to use restricted resources first, then unrestricted resources as needed.

(h) Compensated Absences

The Aviation Department accounts for compensated absences by accruing a liability for employees' compensation of future absences in accordance with Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. The Aviation Department's policy permits employees to accumulate unused vacation and sick pay benefits that will be paid to them upon separation from service. The Aviation Department recognizes a liability and expense in

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the period vacation and sick pay benefits are earned. As of September 30, 2013 and 2012, liabilities related to compensated absences were approximately \$19,802,000 and \$19,331,000, respectively.

(i) Environmental Remediation

Environmental remediation expenses that relate to current operations are expensed. Assets acquired for environmental remediation are capitalized as appropriate. Environmental remediation expenses that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed.

(j) Deferred Capital Contribution

The Aviation Department has deferred the capital contribution related to the conveyance of the rental car center over the period in which the Transportation Infrastructure Financing Innovation Act (TIFIA) loan (see note 11) remains outstanding as denoted in the reverter clause in the Quitclaim deed. The remaining unamortized balance at September 30, 2013 and 2012 was approximately \$372,310,000 and \$384,320,000, respectively.

(k) Refundings Resulting in the Defeasance of Debt

For current and advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the weighted-average method since the results are not significantly different from the effective-interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter. The difference in these amounts, to the extent unamortized, is accounted for as an element of the carrying cost of the related debt.

(l) Bond Discount/Premium and Issuance Costs

Discount/premium on bonds and bond issuance costs are amortized using the straight-line method over the life of the related bond issue since the results are not significantly different from the interest method of amortization.

(m) Pension Plan

The Aviation Department contributes to the Florida Retirement System (FRS or the System), a cost-sharing multiemployer plan. Under GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, employers that participate in multiemployer defined-benefit plans are required to measure and disclose an amount for annual pension costs on the accrual basis of accounting.

(n) Net Position Classifications

Net position are classified and displayed in three components:

Net investment in capital assets – Consists of capital assets including capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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Restricted net position – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

(o) Revenue Classifications

The Aviation Department defines operating revenue as those revenues earned from aviation operations and charged to customers and tenants. Nonoperating revenues include interest earnings, certain grants, and PFC collections.

The components of the major revenue captions are as follows:

Aviation fees – landing fees, concourse use charges, loading bridge use charges, baggage claim use charges, screening fees, airplane parking fees, and other similar facilities and service use fees and charges.

Rentals – rentals of land, buildings, and machinery and equipment.

Management agreements – revenues from the sale of publications, automotive parking fees, pharmacy facilities, baggage services, special services lounges, the Airport Hotel, Fuel Farm, and the Top of the Port Restaurant.

Concessions – revenues from the sale of duty-free merchandise, rental car companies, and various services provided by terminal complex concessionaires.

(p) Grants from Government Agencies

Grants received for the acquisition or construction of capital assets are recorded as capital contributions, when earned. Grants are earned when costs relating to such capital assets, which are reimbursable under the terms of the grants, have been incurred. During fiscal years 2013 and 2012, the Aviation Department recorded approximately \$7,112,000 and \$18,658,000, respectively, in contributions consisting of federal and state grants in aid of construction.

(q) Passenger Facility Charges

The FAA authorized the Aviation Department to impose a PFC of \$3.00 per passenger commencing November 1, 1994. In October 2001, with an effective date of January 1, 2002, the FAA approved an increase in the PFC at MIA to \$4.50. The net receipts from PFCs are restricted to be used for funding FAA-approved capital projects and debt service attributable to such approved capital projects.

PFC revenue is reported as nonoperating revenue. The Aviation Department has been authorized to collect PFCs on eligible enplaning revenue-generating passengers in the aggregate amount not to exceed \$2,757,441,000 including interest, of which \$1,029,021,000 has been earned through September 30, 2013.

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(r) Use of Estimates

The preparation of the financial statements requires management of the Aviation Department to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation allowances for receivables, self-insurance, and environmental liabilities. Actual results could differ from those estimates.

(s) Implementation of New Accounting Standards

In December 2010, the GASB issued GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The statement addresses the recognition, measurement, and disclosure requirements for Service Concession Agreements (SCAs) for both transferors and governmental operators. It requires governments to account for and report SCAs in the same manner, which improves the comparability of financial statements. Common examples of SCAs include long-term arrangements in which a government (the transferor) engages a company or another government (the operator) to operate a major capital asset – such as toll roads, hospitals, and student housing – in return for the right to collect fees from users of the capital asset. In these SCAs, the operator generally makes a large up-front payment to the transferor. Alternatively, the operator may build a new capital asset for the transferor and operate it on the transferor's behalf. The requirements for GASB Statement No. 60 are effective for financial statements for periods beginning after December 15, 2011. The implementation of GASB No. 60 did not have a significant impact on the Aviation Department's financial statements.

In November of 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*, effective for periods beginning after June 15, 2012. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation), and certain disclosure requirements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2012. This Statement did not have an impact on the Aviation Department's financial statements.

In December 2010, the GASB issued GASB statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. This statement supercedes GASB statement No. 20, *Accounting and Reporting for Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business type activities to apply post-November 30, 1989 Financial Accounting Standards Board (FASB) statements and interpretations that do not conflict with or contradict the GASB pronouncements. This Statement did not have an impact on the Aviation Department's financial statements.

In June of 2011, the GASB issued GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for periods

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beginning after December 15, 2011. This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and also requires related disclosures. The impact on the financial statements related to the adoption of this Statement was the change in terminology from net assets to net position.

(3) Cash and Cash Equivalents and Investments

The County is authorized through *Florida Statutes* §218.415, Ordinance No. 84-47, Resolution R-31-09 and its Investment Policy to make certain investments. The Investment Policy was updated and adopted on January 22, 2009 in response to current and possible uncertainties in the domestic and international financial markets. The County's overall investment objectives are, in order of priority, the safety of principal, liquidity of funds, and maximizing investment income.

As of September 30, 2013 and 2012, total unrestricted and restricted cash and cash equivalents and investments comprise the following (in thousands):

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 716,510	750,730
Investments, including interest receivable	<u>359,239</u>	<u>313,391</u>
	<u>\$ 1,075,749</u>	<u>1,064,121</u>

The carrying amounts of the Aviation Department's local deposits were \$12.4 million and \$10.1 million as of September 30, 2013 and 2012, respectively. All deposits are fully insured by Federal Depository Insurance and are held in qualified public depositories pursuant to *Florida Statutes* Chapter 280, *Florida Security for Public Deposits Act* (the Act). Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depository's collateral pledging level. The pledging level may range from 50% to 125% depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

As a rule, the Aviation Department intends to hold all purchased securities until their final maturity date. There may be occasional exceptions, including, but not limited to the need to sell securities to meet unexpected liquidity needs.

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Cash, cash equivalents, and investments as of September 30, 2013 and 2012 are summarized as follows (in thousands):

	2013	2012
Cash deposits	\$ 12,357	10,100
U.S. government securities	983,390	1,009,968
Money market	80,002	43,953
Interest – bearing deposits	—	100
Total cash equivalents and investments	<u>1,063,392</u>	<u>1,054,021</u>
	<u>\$ 1,075,749</u>	<u>1,064,121</u>

At September 30, 2013 and 2012, the carrying value of cash equivalents and investments included the following (in thousands):

Investment type	Fair value	
	2013	2012
Federal Home Loan Mortgage Corporation	\$ 166,317	231,120
Federal Home Loan Bank	307,888	261,948
Federal Farm Credit Bank	146,501	164,719
Federal National Mortgage Association	257,999	242,420
Treasury notes	104,685	109,761
Money market	80,002	43,953
Interest – bearing deposits	—	100
	<u>\$ 1,063,392</u>	<u>1,054,021</u>

(a) Credit Risk

The Aviation Department's Investment Policy (the Policy) minimizes credit risk by restricting authorized investments to: Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission (SEC) registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits or savings accounts in qualified public depositories, pursuant to *Florida Statutes* §280.02, which are defined as banks, savings bank, or savings association organized under the laws of the United States with an office in this state that is authorized to receive deposits, and has deposit insurance under the provisions of the Federal Deposit Insurance Act; direct obligations of the U.S. Treasury; federal agencies and instrumentalities; securities of, or other interest in, any open-end or closed-end management-type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to the obligations of the U.S. government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such U.S. government

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obligations, and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian; Commercial paper of prime quality with a stated maturity of 270 days or less from the date of its issuance, which has the highest letter and numerical rating as provided for by at least one nationally recognized rating service; Banker acceptances that have a stated maturity of 180 days or less from the date of its issuance, and have the highest letter and numerical rating as provided for by at least one nationally recognized rating service, and are drawn on and accepted by commercial banks and that are eligible for purchase by the Federal Reserve Bank; and investments in Repurchase Agreements (Repos) collateralized by securities authorized by this policy.

All Repos shall be governed by a standard SIFMA Master Repurchase Agreement; municipal securities issued by U.S. state or local governments, having at time of purchase, a stand-alone credit rating of AA or better assigned by two or more recognized credit rating agencies or a short-term credit rating of A1/P1 or equivalent from one or more recognized credit rating agencies.

The table below summarizes the investments by type and credit ratings as of September 30, 2013:

Investment type	Credit rating		
	S&P	Moody's	Fitch
Federal Home Loan Mortgage Corporation	AA+/A-1+	Aaa/P-1	AAA/F-1+
Federal Home Loan Bank	AA+/A-1+	Aaa/P-1	N/A
Federal Farm Credit Bank	AA+/A-1+	Aaa/P-1	AAA/F-1+
Federal National Mortgage Association	AA+/A-1+	Aaa/P-1	AAA/F-1+
U.S. Treasury	AA+/A-1+	Aaa/P-1	AAA/F-1+
Money market	AAAm	Aaa-mf	AAAmmf

The table below summarizes the investments by type and credit ratings as of September 30, 2012:

Investment type	Credit rating		
	S&P	Moody's	Fitch
Federal Home Loan Mortgage Corporation	AA+/A-1+	Aaa/P-1	AAA/F-1+
Federal Home Loan Bank	AA+/A-1+	Aaa/P-1	N/A
Federal Farm Credit Bank	AA+/A-1+	Aaa/P-1	Aaa/F-1+
Federal National Mortgage Association	AA+/A-1+	Aaa/P-1	Aaa/F-1+
U.S. Treasury	AA+/A-1+	Aaa/P-1	Aaa/F-1+
Money market	AAAm	AAA-mf	N/A

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(b) Custodial Credit Risk

The Policy requires that bank deposits be secured per Chapter 280, *Florida Statutes*. This requires local governments to deposit funds only in financial institutions designated as qualified public depositories by the Chief Financial Officer of the State of Florida and creates the Public Deposits Trust Fund, a multiple financial institution pool with the ability to assess its member financial institutions for collateral shortfalls if a default or insolvency has occurred. As of September 30, 2013 and 2012, all of the County's bank deposits were in qualified public depositories.

The Policy requires the execution of a Custodial Safekeeping Agreement for all purchased securities and shall be held for the credit of the County in an account separate and apart from the assets of the financial institution.

(c) Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by investment type and by issuer to limit its exposure to concentration of credit risk. The Policy provides that a maximum of 50% of the portfolio may be invested in the State of Florida Local Government Surplus Trust Fund (the Pool); however, bond proceeds may be temporarily deposited in the Pool until other investments have been purchased. Prior to any investment in the Pool, approval must be received from the Board. A maximum of 30% of the portfolio may be invested in SEC-registered money market funds with no more than 10% to any single money market fund. A maximum of 20% of the portfolio may be invested in interest-bearing time deposits or demand accounts with no more than 5% deposited with any one issuer.

There is no limit on the percentage of the total portfolio that may be invested in direct obligations of the U.S. Treasury or federal agencies and instrumentalities, with no limits on individual issuers (investment in agencies containing call options shall be limited to a maximum of 25% of the total portfolio). A maximum of 5% of the portfolio may be invested in open-end or closed-end funds. A maximum of 50% of the portfolio may be in prime commercial paper with a maximum of 5% with any one issuer. A maximum of 25% of the portfolio may be invested in bankers' acceptances with a maximum of 10% with any one issuer, but a maximum of 60% of the portfolio may be invested in both commercial paper and bankers' acceptances. A maximum of 20% of the portfolio may be invested in repurchase agreements with the exception of one (1) business day agreement, with a maximum of 10% of the portfolio in any one institution or dealer with the exception of one (1) business day agreement. Investments in derivative products shall be prohibited by the County. A maximum of 25% of the portfolio may be directly invested in municipal obligations, up to 5% with any one municipal issuer.

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As of September 30, 2013 and 2012, the following issuers held 5% or more of the investment portfolio:

Issuer	2013	2012
Federal Farm Credit Bank	13.78%	15.63%
Federal Home Loan Bank	28.95	24.85
Federal Home Loan Mortgage Corporation	15.64	21.93
Federal National Mortgage Association	24.26	23.00
Treasury notes	9.84	10.41
Money market	7.52	4.17

(d) Interest Rate Risk

The Policy limits interest rate risk by requiring the matching of known cash needs and anticipated net cash outflow requirements; following historical spread relationships between different security types and issuers; and evaluating both interest rate forecasts and maturity dates to consider short-term market expectations. The Policy requires that investments made with current operating funds shall maintain a weighted average of no longer than one year. Investments for bond reserves, construction funds, and other nonoperating funds shall have a term appropriate to the need for funds and in accordance with debt covenants. The Policy limits the maturity of an investment to a maximum of five years.

As of September 30, 2013 and 2012, the County had the following investments with the respective weighted average maturity in years:

Investment type	2013	2012
Federal Home Loan Mortgage Corporation	0.37	0.32
Federal Home Loan Bank	0.18	0.18
Federal Farm Credit Bank	0.29	0.44
Federal National Mortgage Association	0.61	0.55
Treasury notes	0.04	0.08
Money market	0.01	0.01
Interest bearing	—	0.02

(e) Foreign Currency Risk

The Policy limits the Aviation Department's foreign currency risk by excluding foreign investments as an investment option.

(4) Disaggregation of Receivables and Payables

(a) Receivables

As of September 30, 2013, accounts receivable, net of the allowance for doubtful accounts, in the amount of \$51,800,000 comprise accounts from customers (tenants, carriers, and business partners)

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representing 96% and government agencies representing 4%. As of September 30, 2012, accounts receivable, net of the allowance for doubtful accounts, in the amount of \$49,049,000 comprise accounts from customers (tenants, carriers, and business partners) representing 96% and government agencies representing 4%.

(b) Payables

As of September 30, 2013, accounts payable and accrued expenses and contracts payables totaled \$46,057,000. This amount comprised 90% for amounts payable to vendors, 9% due to employees, and 1% due to government agencies. As of September 30, 2012, accounts payable and accrued expenses and contracts payables totaled \$68,330,000. This amount comprised 93% for amounts payable to vendors, 6% due to employees, and 1% due to government agencies.

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(5) Capital Assets and Depreciation

A summary of capital asset activity and changes in accumulated depreciation for the years ended September 30, 2013 and 2012 is as follows (in thousands):

	Balance at September 30, 2012	Additions/ transfers	Deletions/ transfers and retirements	Balance at September 30, 2013
Capital assets not being depreciated:				
Land	\$ 130,836	—	(3,810)	127,026
Construction in progress	44,442	82,251	(90,425)	36,268
Total capital assets not being depreciated	175,278	82,251	(94,235)	163,294
Capital assets being depreciated:				
Buildings, improvements, and systems	7,391,667	42,429	(301,579)	7,132,517
Infrastructure	1,358,758	15,411	—	1,374,169
Furniture, machinery, and equipment	379,201	315,529	(175)	694,555
Total capital assets being depreciated	9,129,626	373,369	(301,754)	9,201,241
Less accumulated depreciation for:				
Buildings, improvements, and systems	(1,691,185)	(216,034)	17,542	(1,889,677)
Infrastructure	(462,497)	(10,001)	—	(472,498)
Furniture, machinery, and equipment	(249,518)	(37,689)	173	(287,034)
Total accumulated depreciation	(2,403,200)	(263,724)	17,715	(2,649,209)
Depreciable capital assets, net	6,726,426	109,645	(284,039)	6,552,032
Net capital assets	\$ 6,901,704	191,896	(378,274)	6,715,326

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	<u>Balance at September 30, 2011</u>	<u>Additions/ transfers</u>	<u>Deletions/ transfers and retirements</u>	<u>Balance at September 30, 2012</u>
Capital assets not being depreciated:				
Land	\$ 88,836	42,000	—	130,836
Construction in progress	<u>721,822</u>	<u>213,470</u>	<u>(890,850)</u>	<u>44,442</u>
Total capital assets not being depreciated	<u>810,658</u>	<u>255,470</u>	<u>(890,850)</u>	<u>175,278</u>
Capital assets being depreciated:				
Buildings, improvements, and systems	6,214,432	1,184,026	(6,791)	7,391,667
Infrastructure	1,315,427	43,331	—	1,358,758
Furniture, machinery, and equipment	<u>358,638</u>	<u>21,065</u>	<u>(502)</u>	<u>379,201</u>
Total capital assets being depreciated	<u>7,888,497</u>	<u>1,248,422</u>	<u>(7,293)</u>	<u>9,129,626</u>
Less accumulated depreciation for:				
Buildings, improvements, and systems	(1,503,941)	(194,035)	6,791	(1,691,185)
Infrastructure	(452,157)	(10,340)	—	(462,497)
Furniture, machinery, and equipment	<u>(234,213)</u>	<u>(15,805)</u>	<u>500</u>	<u>(249,518)</u>
Total accumulated depreciation	<u>(2,190,311)</u>	<u>(220,180)</u>	<u>7,291</u>	<u>(2,403,200)</u>
Depreciable capital assets, net	<u>5,698,186</u>	<u>1,028,242</u>	<u>(2)</u>	<u>6,726,426</u>
Net capital assets	<u><u>\$ 6,508,844</u></u>	<u><u>1,283,712</u></u>	<u><u>(890,852)</u></u>	<u><u>6,901,704</u></u>

Total interest costs incurred during the years ended September 30, 2013 and 2012 amounted to approximately \$308,110,000 and \$326,831,000, respectively. Of this amount, approximately \$933,000 and \$37,819,000 were capitalized during 2013 and 2012, respectively.

(6) Debt

(a) Aviation Revenue Bonds

Aviation Revenue Bonds are issued to finance the construction of facilities at the Airports pursuant to the Trust Agreement and are payable solely from and are collateralized by a pledge of net

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revenues, as defined in the Trust Agreement. The Aviation Revenue Bonds do not constitute a debt of the County or a pledge of the full faith and credit of the County.

Miami-Dade County Aviation Department debt outstanding, September 30, 2013 and 2012 (in thousands)					
Revenue bonds	Issue date	Rate	Maturity	2013	2012
Serial bonds:					
2010B	August 2010	2.250%–5.000%	2013–2030	\$ 228,795	228,795
2010A	January 2010	3.000%–5.500%	2012–2030	171,925	172,925
2009A	May 2009	3.000%–6.000%	2011–2029	137,170	137,670
2009B	May 2009	3.000%–5.750%	2011–2029	61,170	61,670
2008A	June 2008	5.350%–5.500%	2024–2038	55,740	55,740
2008B	June 2008	4.000%–5.000%	2016–2041	166,435	166,435
2007A	May 2007	5.000%	2040	228,885	228,885
2007B	May 2007	4.500%–5.000%	2025–2029	32,850	32,850
2005A	November 2005	4.875%–5.000%	2036–2038	322,500	322,500
2004A	March 2004	4.875%	2029	1,020	1,020
2004B	March 2004	4.625%	2029	2,670	2,670
2003A	May 2003	4.750%	2027	26,490	26,490
2002A	December 2002	5.000%–5.125%	2029–2036	420,780	600,000
2002	May 2002	4.500%–5.750%	2011–2025	—	159,540
2000A	March 2000	5.400%–5.875%	2011–2020	—	28,315
2000B	March 2000	5.250%–5.750%	2011–2020	—	22,690
1998C	October 1998	4.400%–5.250%	2010–2018	—	42,555
				<u>1,856,430</u>	<u>2,290,750</u>
Term bonds:					
2010B	August 2010	5.000%	2035–2041	274,225	274,225
2010A	January 2010	5.000%–5.500%	2029–2041	427,075	427,075
2009A	May 2009	5.500%	2036–2041	250,270	250,270
2009B	May 2009	5.000%–5.500%	2025–2041	149,390	149,390
2008A	June 2008	5.250%–5.500%	2033–2041	377,825	377,825
2007A	May 2007	5.000%	2040	322,195	322,195
2007B	May 2007	4.500%	2031–2032	16,070	16,070
2005A	November 2005	5.000%	2030–2035	35,400	35,400
2004A	March 2004	4.750%–5.000%	2030–2036	210,830	210,830
2004B	March 2004	5.000%	2030–2037	153,695	153,695
2003A	May 2003	4.750%–5.000%	2033–2035	264,910	264,910
2002	May 2002	5.375%	2027–2032	—	136,660
2000A	March 2000	6.000%	2024–2029	—	47,420
2000B	March 2000	5.750%	2024–2029	—	37,280
1998C	October 1998	5.000%	2023–2028	—	93,345
1997C	October 1997	5.125%	2027	—	63,170
				<u>2,481,885</u>	<u>2,859,760</u>

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Miami-Dade County Aviation Department debt outstanding, September 30, 2013 and 2012 (in thousands)					
Revenue bonds	Issue date	Rate	Maturity	2013	2012
Refunding bonds:					
2012B	December 2012	2.000% – 5.000%	2013 – 2029	\$ 106,845	—
2012A	December 2012	2.000% – 5.000%	2013 – 2032	669,670	—
2007C	December 2007	5.000% – 5.250%	2008 – 2026	314,775	332,280
2007D	December 2007	4.000% – 5.250%	2010 – 2026	27,300	27,300
2005B	November 2005	3.500% – 5.000%	2007 – 2021	129,385	141,870
2003B	May 2003	3.600% – 5.250%	2011 – 2024	26,840	28,460
2003D	May 2003	3.300% – 5.250%	2007 – 2022	62,865	67,595
2003E	March 2008	5.250% – 5.375%	2010 – 2018	50,400	57,325
				<u>1,388,080</u>	<u>654,830</u>
Term bonds:					
2005C	November 2005	4.600%	2013 – 2025	26,695	26,840
2003E	May 2008	5.125%	2024	69,575	69,575
1998A	May 2002	5.000%	2018 – 2024	—	85,675
				<u>96,270</u>	<u>182,090</u>
		Grand total		<u><u>\$ 5,822,665</u></u>	<u><u>5,987,430</u></u>

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(b) *Maturities of Bonds Payable*

The annual debt service requirements are as follows (in thousands):

	Aviation revenue bonds principal	Interest
Year(s) ending September 30:		
2014	\$ 79,735	287,090
2015	83,155	291,173
2016	89,000	287,386
2017	95,105	283,207
2018	114,425	278,419
2019–2023	639,415	1,303,109
2024–2028	805,615	1,126,346
2029–2033	1,057,320	899,103
2034–2038	1,429,470	593,256
2039–2042	1,429,425	188,754
	<u>5,822,665</u>	<u>\$ 5,537,843</u>
Less:		
Unamortized discount	100,581	
Deferred loss on defeased debt	<u>(31,258)</u>	
	<u>\$ 5,891,988</u>	

In December 2012, the County issued \$669,670,000 of Series 2012A all of which remains outstanding at September 30, 2013. The Series 2012A were issued to fully refund Series 1998A, 1998C, 2000A, and 2002 and partially refund Series 2002A. The Series 2012A bonds bear stated interest ranging from 2.00% to 5.00%, with \$669,670,000 serial bonds due October 1, 2013 to 2032.

In December 2012, the County issued \$106,845,000 of Series 2012B all of which remains outstanding at September 30, 2013. Series 2012B were issued to fully refund Series 1997C and 2000B. The Series 2012B bonds bear stated interest ranging from 2.00% to 5.00%, with \$106,845,000 serial term bonds due October 1, 2013 to 2029.

The advance refunding of Series 1997C, 1998A, 1998C, 2000A, 2000B, and 2002 and 2002A (partial) resulted in a deferred accounting loss of approximately \$15,970,000 for the fiscal year ended September 30, 2013. As a result of this transaction, the Aviation Department decreased its aggregate debt service payments and made a net PV saving of \$159,251,895.

Bond premium is added, and bond discount and deferred loss on defeased debt are deducted from the face amount of bonds payable. They are amortized as additional interest expense using the straight-line method, which approximates the effective-interest method. Amortization of bond discount or premium and deferred loss on defeased debt was approximately \$5,911,000 and

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\$1,578,000 for years ended September 30, 2013 and 2012, respectively, and is included in interest expense in the accompanying statements of revenues, expenses, and changes in net position.

Amortization of bond issuance cost was approximately \$3,690,000 and \$3,911,000 for the years ended September 30, 2013 and 2012, respectively, and is included in interest expense in the accompanying statements of revenues, expenses, and changes in net position.

(c) Double-Barreled Aviation Bond

On March 4, 2010, the County issued its Double-Barreled Aviation Bond (General Obligation), Series 2010, in the aggregate principal amount of \$239,775,000. The Series 2010 bonds are a general obligation of the County, secured by the full faith, credit, and taxing power of the County. The Series 2010 bonds are payable from ad valorem taxes levied on all taxable property in the County, without limitation as to rate or amount, to the extent that Net Available Airport Revenues are insufficient to pay debt services on the Series 2010 bonds. "Net Available Airport Revenues" is defined to mean any unencumbered funds held for the credit of the Improvement Fund created under the Trust Agreement after the payment of all obligations of the County pertaining to the County airports, which are payable pursuant to, and subject to the restrictions of (i) the Trust Agreement, (ii) any Airline Use Agreement then in effect, or (iii) any other indenture, trust agreement, or contract.

Miami-Dade County Aviation Department debt outstanding (in thousands)
September 30, 2013 and 2012

	<u>Issue date</u>	<u>Rate</u>	<u>Maturity</u>	<u>2013</u>	<u>2012</u>
Revenue serial:					
2010	March 2010	2.000%–5.000%	2013–2032	\$ 122,025	126,050
				<u>122,025</u>	<u>126,050</u>
Revenue term:					
2010	March 2010	4.750%–5.000%	2034–2041	109,760	109,760
				<u>109,760</u>	<u>109,760</u>
Total				<u>\$ 231,785</u>	<u>235,810</u>

In March 2010, the County issued \$239,775,000 of its Double-Barreled Aviation Bond (General Obligation), Series 2010 of which, \$231,785,000 remains outstanding at September 30, 2013. Series 2010 was issued to provide long-term financing for certain capital improvement comprising a part of the CIP for the County's Aviation Department. Proceeds of the Series 2010 Bonds will be used for financing or reimbursing the County for costs of the acquisition, construction, improvement, and/or installation by the Aviation Department of its MIA Mover Program and a portion of its North Terminal Development (NTD) Program. The Series 2010 bonds bear stated interest ranging from 2.70% to 5.00%, with \$126,050,000 serial bonds due July 1, 2013 to 2032 and \$109,760,000 term bonds due July 1, 2034 to 2041.

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(d) Maturities of Double-Barreled Aviation Bonds Payable

The annual debt service requirements are as follows (in thousands):

	General obligation bonds principal	Interest
Year(s) ending September 30:		
2014	\$ 4,185	11,246
2015	4,395	11,036
2016	4,570	10,860
2017	4,695	10,737
2018	4,930	10,502
2019–2023	28,170	48,992
2024–2028	35,635	41,525
2029–2033	45,440	31,719
2034–2038	57,740	19,420
2039–2041	42,025	4,271
	231,785	\$ 200,308
Add:		
Unamortized premium	5,352	
	\$ 237,137	

(e) State Infrastructure Bank Note

On February 6, 2007, the Board approved the construction of the N.W. 25th Street Viaduct Project (Viaduct Project) by FDOT and approved a County loan in the amount of \$50 million from the FDOT State Infrastructure Bank to fund the County's share of the total cost of the Viaduct Project. FDOT and the County subsequently entered into a joint participation agreement on March 12, 2007 whereby FDOT will construct the Viaduct Project. The loan, which closed on March 21, 2007, is secured by a County covenant to annually budget and appropriate from the County legally available non-ad valorem revenue funds sufficient to pay debt service costs. The debt service costs will be reimbursed to the County by the Aviation Department.

The funds were held in escrow by the FDOT State Infrastructure Bank for the construction of the project. As of September 30, 2013 and 2012, there was no cash held in escrow by agent. During fiscal year 2013, there were no drawdowns. As of September 30, 2013 and 2012, the outstanding loan balance was \$28.3 million and \$32.7 million, respectively. The loan bears interest at 2% per annum. The maturity date of the loan is October 1, 2019.

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The annual debt service requirements are as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>
Year(s) ending September 30:		
2014	\$ 4,346	654
2015	4,433	567
2016	4,522	478
2017	4,612	388
2018	4,704	296
2019–2020	<u>5,728</u>	<u>306</u>
	\$ <u>28,345</u>	<u>2,689</u>

(f) Long-Term Liabilities

Changes in long-term liabilities are as follows (in thousands):

	<u>Balance at September 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total at September 30, 2013</u>	<u>Due within one year</u>
Revenue bonds	\$ 5,987,430	776,515	(941,280)	5,822,665	79,735
Less deferred amounts:					
For issuance discount					
and refunding losses	(29,950)	124,595	(25,322)	69,323	—
General obligation bonds	235,810	—	(4,025)	231,785	4,185
Add deferred amounts:					
For issuance premium	5,663	—	(311)	5,352	—
State Infrastructure Bank loan	<u>32,691</u>	<u>—</u>	<u>(4,346)</u>	<u>28,345</u>	<u>—</u>
Total bonds payable, net	6,231,644	901,110	(975,284)	6,157,470	83,920
Other liabilities:					
Compensated absences	19,331	8,889	(8,418)	19,802	5,530
Environmental remediation	77,141	—	(2,259)	74,882	12,922
Deferred revenues	398,654	15,007	(15,789)	397,872	27,017
Postemployment benefits	2,139	1,555	(1,035)	2,659	—
Other noncurrent liabilities	<u>22,633</u>	<u>—</u>	<u>(8,809)</u>	<u>13,824</u>	<u>—</u>
Total long-term liabilities	\$ <u>6,751,542</u>	<u>926,561</u>	<u>(1,011,594)</u>	<u>6,666,509</u>	<u>129,389</u>

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	Balance at September 30, 2011	Additions	Reductions	Total at September 30, 2012	Due within one year
Revenue bonds	\$ 6,046,950	—	(59,520)	5,987,430	62,995
Less deferred amounts:					
For issuance discount					
and refunding losses	(31,528)	2,611	(1,033)	(29,950)	—
General obligation bonds	239,755	—	(3,945)	235,810	4,025
Add deferred amounts:					
For issuance premium	5,979	—	(316)	5,663	—
State Infrastructure Bank loan	37,029	—	(4,338)	32,691	—
Total bonds payable, net	6,298,185	2,611	(69,152)	6,231,644	67,020
Other liabilities:					
Compensated absences	19,579	8,067	(8,315)	19,331	5,365
Environmental remediation	86,087	—	(8,946)	77,141	17,445
Deferred revenues	15,025	393,700	(10,071)	398,654	14,763
Postemployment benefits	1,774	1,490	(1,125)	2,139	—
Other noncurrent liabilities	2,413	20,812	(592)	22,633	—
Total long-term liabilities	\$ 6,423,063	426,680	(98,201)	6,751,542	104,593

(g) Defeased Debt

The County defeased certain series of Revenue Bonds by placing the proceeds of the new bond issues in irrevocable trusts. Such proceeds are invested in direct obligations of the U.S. Government and will provide for all future debt service payments on the old bonds. The related assets and liabilities are not included in the financial statements of the Aviation Department.

Miami-Dade County Aviation Department defeased debt (in thousands)

September 30, 2013

	Defeasance date	Maturity	2013
Revenue bonds:			
2002A	December 2012	2013–2032	\$ 179,220
2002	December 2012	2013–2032	288,320
2000A	January 2013	2013–2032	73,235
2000B	January 2013	2013–2032	57,950
1998A	January 2013	2013–2032	85,675
1998C	January 2013	2013–2032	130,715
1997C	January 2013	2013–2032	63,170
			\$ 878,285

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(7) Restricted Assets

A summary of restricted assets at September 30, 2013 and 2012 is as follows (in thousands):

	2013	2012
Construction account	\$ 379,902	380,555
Bond service and reserve account	398,286	420,898
Reserve maintenance	48,248	50,618
	<u>\$ 826,436</u>	<u>852,071</u>

(8) Management, Operating, Concession, and Lease Agreements

(a) Management Agreements

Certain properties are provided under management agreements with nationally recognized firms or local firms with expertise in their areas of service. Among these properties are public parking, special service lounges, Fuel Farm, the Airport Hotel, and the Top of the Port Restaurant. The Aviation Department receives all revenues. These agreements provide for reimbursement of approved budgeted operating expenses and a fixed management fee or fees based on percentages of revenues or operating profits of the facilities. While the Aviation Department generally looks toward the management companies for recommendations relative to operation of the facilities, the Aviation Department does exercise complete budgetary control and establishes standards, guidelines, and goals for growth and performance. Such actions are taken within the rights reserved to the Aviation Department under these agreements to control all aspects of the businesses. These include such matters as pricing, staffing, employee benefits, operating hours, facilities maintenance requirements, service levels, market selections, personnel policies, and marketing strategies. In the event the management firm is not performing in accordance with the standards established by the Aviation Department, the Aviation Department has the authority to cancel such agreements. The management firms do not act as general agents on behalf of the County and, therefore, cannot obligate or commit the Aviation Department, without prior approval, beyond the scope of what is required to run the day-to-day operations of the managed properties as established by the budget approved by the Aviation Department. The revenues and expenses generated from the operations of these facilities are recorded as revenues under management agreements and operating expenses under management agreements, respectively, in the accompanying statements of revenues, expenses, and changes in net position.

(b) Operating Agreements

Certain other services are provided under operating agreements with nationally recognized firms or local firms with expertise in their areas of service. These agreements provide necessary services of employee shuttle transportation and janitorial services to the Aviation Department. These agreements provide for reimbursement of approved budgeted operating expenses and a fixed management fee. While the Aviation Department generally looks toward the operating companies for recommendations relative to these operations, the Aviation Department does exercise complete budgetary control and establishes standards, guidelines, and goals for service and performance. Such

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actions are taken within the rights reserved to the Aviation Department under these agreements to control all aspects of the businesses. These include such matters as personnel policies, staffing, employee benefits, facilities maintenance requirements, and service levels. In the event the operating firm is not performing in accordance with the standards established by the Aviation Department, the Aviation Department has the authority to cancel such operating agreements. The operating firms do not act as general agents on behalf of the County and, therefore, cannot obligate or commit the Aviation Department beyond the scope of what is required to run the day-to-day operations of managed properties as established by the budget approved by the Aviation Department. The expenses associated with the operation of these facilities and services are recorded as operating expenses under operating agreements in the accompanying statements of revenues, expenses, and changes in net position.

(c) Concession Agreements

The Aviation Department has entered into concession agreements with retail stores and newsstands, duty-free merchandise shops, food and beverage facilities, various rent-a-car companies, aeronautical service companies, and other passenger services through 2018. The agreements consist of both cancelable and noncancelable agreements and provide for a minimum annual rental and a franchise fee based on a percentage of the gross revenue, whichever is greater. These agreements generated revenues of approximately \$187,223,000 and \$167,596,000 during fiscal years 2013 and 2012, respectively. Minimum future fees under such noncancelable concession agreements as of September 30, 2013 are as follows (in thousands):

Year ending September 30:		
2014	\$	90,748
2015		85,968
2016		70,592
2017		60,838
2018		56,538
	\$	<u>364,684</u>

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(d) *Lease Agreements*

The leasing operations of the Aviation Department consist principally of the leasing of land, buildings, and office space. The lease agreements consist of both cancelable and noncancelable agreements and permit the Aviation Department to periodically adjust rents and maximize operational flexibility. Minimum future rentals under such noncancelable lease agreements as of September 30, 2013 are as follows:

Year(s) ending September 30 (in thousands):	
2014	\$ 16,106
2015	13,724
2016	10,262
2017	7,479
2018	7,256
2019–2023	35,221
2024–2028	23,934
2029–2034	8,123
2034–2038	6,728
2039–2043	4,129
2044–2048	2,761
2049–2053	1,565
	<hr/>
	\$ 137,288

The Aviation Department recognized approximately \$127,817,000 and \$126,351,000 of rental income for the years ended September 30, 2013 and 2012, respectively.

(9) **Insurance**

The Aviation Department, along with most other County departments, participates in the self-insurance program of the County for workers' compensation insurance. The program is administered by the Risk Management Division of the Internal Services Department. Allocations of the self-insurance programs are based on the Aviation Department's claims history and administrative costs to adjudicate the claims. The long-term estimated liability for claims payable, including incurred but not reported, is recorded and retained at the County level. Therefore, such long-term liability is not included in the accompanying financial statements. The Aviation Department's long-term liability for workers' compensation is estimated to be approximately \$5,474,000 and \$5,098,000 as of September 30, 2013 and 2012, respectively, based on an independent actuarial valuation. The short-term liability for claims payable in the amount of approximately \$1,390,000 and \$1,324,000 is included in due to County Agencies in the accompanying statements of net position as of September 30, 2013 and 2012, respectively.

The Aviation Department also pays premiums to commercial insurance carriers for airport liability insurance, construction wrap-up insurance, and property insurance. The airport liability coverage provides comprehensive general liability, contractual liability, and personal injury liability at all Airports. The limit of liability is \$500 million with a self-insured retention of \$50,000 per occurrence and an annual aggregate retention of \$500,000. The limit for personal injury is \$50 million per occurrence.

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The construction wrap-up insurance program provides comprehensive general liability including contractual liability and personal injury liability. The limit of liability is \$150 million. Coverage is also provided for on-site automobile liability in excess of \$1 million. This program covers the County and contractors and other parties for occurrences arising out of designated construction projects at the airport.

The property of the Aviation Department is insured under a County-wide master program that covers most County properties. The Aviation Department allocation is based on the value of the property of the Aviation Department as a percentage of the total value of the property insured. The limit is \$335 million countywide with a \$5 million deductible per occurrence for most perils and a \$200 million deductible for Named Storms. The sublimit for flood is \$50 million. Terrorism is included in the program with a limit of \$200 million. The Business Interruption limit for the Aviation Department is \$17.9 million.

There were no significant reductions coverage in 2013. The amounts of insurance settlements during the past three fiscal years have not exceeded the Aviation Department's insurance coverage.

(10) Pension Plan

The Aviation Department, as a department of the County, participates in the System, a multiple-employer, cost-sharing, public-employee retirement plan that covers certain of the Aviation Department's full-time and part-time employees. Through the year ended September 30, 2010, the System was noncontributory and is administered by the State of Florida. Effective July 1, 2011, all System investment plan and pension plan members, except those in the Deferred Retirement Option Program, were required to make a 3% pretax employee contribution. The System was created in 1970 by consolidating several employee retirement systems. All eligible employees (as defined by the State of Florida) who were hired after 1970, and those employed prior to 1970 who elect to be enrolled, are covered by the System. Benefits under the plan vest after 10 years of service. Employees who retire at or after age 62 with 6 years of credited service are entitled to an annual retirement benefit payable monthly for life. The System also provides for early retirement at reduced benefits and death and disability benefits. These benefit provisions and all other requirements are established by State Statute.

Pension costs for the Aviation Department as required and defined by the FRS ranged between 6.95% and 19.06%, of gross salaries for fiscal years 2013, 2012, and 2011. For the fiscal years ended September 30, 2013, 2012, and 2011, the County contributed 100% of the annual required contributions (ARCs). These contributions aggregated \$171 million, \$152 million, and \$265 million, respectively, which ARCs represent 8.71%, 7.62%, and 12.96% of covered payroll, respectively, and 8.17%, 7.73%, and 7.21% of the total contributions required of all participating agencies for fiscal years 2013, 2012, and 2011, respectively.

Pension costs of the Aviation Department for the years ended September 30, 2013, 2012, and 2011, as required and defined by the System were \$4,420,000, \$3,859,000, and \$7,346,000, respectively. These amounts are included in operating expenses in the accompanying statements of revenues, expenses, and changes in net position.

The complete financial report of the FRS may be obtained by writing Division of Retirement, P.O. Box 9000, Tallahassee, Florida 32315-9000; or by contacting Research & Education by e-mail at rep@dms.myflorida.com or by phone toll-free at 877-FRS-1FRS (877-377-1377), at 850-488-5706 in the Tallahassee local calling area, or at SUNCOM 278-5706.

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(11) Commitments and Contingencies

(a) *Environmental Matters*

In August 1993, the Aviation Department and the Dade County Department of Environmental Resources Management (DERM) entered into a Consent Order. Under the Consent Order, the Aviation Department was required to correct environmental violations resulting from various tenants' failure to comply with their environmental obligations at the airport including those facilities previously occupied by Eastern Airlines (Eastern) and Pan Am Airlines (Pan Am). In addition, the Aviation Department had a preliminary study performed by an independent engineering firm to estimate the cost to correct the environmental violations noted in the Consent Order. This study was used as a basis to record the environmental remediation liability as of September 30, 1993.

In each subsequent year, the Aviation Department has received an updated study performed by an independent engineering firm to further update the estimated costs to correct the environmental violations noted in the Consent Order based on additional information and further refinement of estimated costs to be incurred.

As a result of the updated study and costs incurred in fiscal year 2013, the total cumulative estimate to correct such violations was \$218.3 million. This estimate allows for uncertainties as to the nature and extent of environmental reparations and the methods, which must be employed for the remediation. The cumulative amount of environmental expenditures spent through September 30, 2013 approximated \$143.4 million. The Aviation Department has also spent \$56.1 million in other environmental-related projects not part of any Consent Order.

During fiscal year 1998, a Consent Order (FDEP Consent Order) was signed with the State of Florida Department of Environmental Protection (FDEP). The FDEP Consent Order encompasses and replaces the DERM agreement and includes additional locations. The FDEP Consent Order includes all locations at MIA that are contaminated as well as additional sites where contamination is suspected. The Aviation Department included other sites where contamination is suspected in the FDEP Consent Order under a Protective Filing. If contamination is documented at these sites, the State would be required to incur the costs of remediation. Because the State will be required to pay for remediation of sites filed in the Protective Filing and because the contamination at the sites is unknown, an accrual amount is not reflected in the Opinion of Cost report or in the accompanying financial statements.

Currently, the County has several pending lawsuits in State Court against the Potentially Responsible Parties (PRPs) and insurers to address recovery of past and future damages associated with the County's liability under the FDEP Consent Order. As of September 30, 2013, the Aviation Department has received approximately \$59.3 million from the State, insurance companies, and PRPs.

The outstanding liability amount at September 30, 2013 and 2012 was \$74,882,000 and \$77,141,000, respectively, representing the unexpended environmental remediation costs based on the Opinion of Cost performed by an independent engineering firm. Management has allocated a portion of bond proceeds to fund this obligation and believes that the remaining amount can be funded from

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recoveries and the operations of the Aviation Department. The liability recorded by the Aviation Department does not include an estimate of any environmental violations at the three general aviation airports or at the two training airports. Management is not aware of any such liabilities, and the occurrence of any would not be material to the financial statements.

In addition to the studies conducted to determine the environmental damage to the sites occupied by Eastern and Pan Am, the Aviation Department caused studies to be performed to determine the amount required to remove or otherwise contain the asbestos in certain buildings occupied by the airlines. The Aviation Department has also estimated the amount required to remove or otherwise contain the asbestos in buildings other than those formerly occupied by Eastern and Pan Am. The studies that estimate the cost to correct such damage related to all buildings were assessed at approximately \$4.5 million. The Aviation Department has no intention of correcting all assessed damage related to asbestos in the near future as they pose no imminent danger to the public. Specific issues will be addressed when and if the Aviation Department decides to renovate or demolish related buildings. At such time, the Aviation Department will obligate itself to the cleanup or asbestos abatement. As emergencies or containment issues may arise from this condition, they will be isolated and handled on a case-by-case basis as repair and maintenance. Such amounts do not represent a liability of the Aviation Department until such time as a decision is made by the Aviation Department's management to make certain modifications to the buildings, which would require the Aviation Department to correct such matters. As such, no amounts are recorded as of September 30, 2013 and 2012.

The nature of ground and groundwater contamination at MIA can be divided into two categories: petroleum-related contamination and hazardous/nonhazardous contamination. The Opinion of Cost is divided in three large areas: the Inland Protection Trust Fund (IPTF), which was created by the State of Florida to deal with contamination related to petroleum products in sites that qualified for that program; the non-IPTF contamination relates to other sites that might include petroleum as well as hazardous- /nonhazardous-related contamination; and the nonconsent items, which can be either of the two above but were not specifically listed in the Consent Order.

The table below summarizes the remediation liability by nature of contaminant as of September 30, 2013:

Nature of contamination	IPTF	Non-IPTF	Nonconsent	Totals
Petroleum	\$ 9,615,000	—	—	9,615,000
Hazardous/nonhazardous	—	56,100,000	9,167,113	65,267,113
Total	\$ 9,615,000	56,100,000	9,167,113	74,882,113

(b) Other Commitments and Contingencies

As of September 30, 2013, the Aviation Department had approximately \$202.2 million of construction commitments outstanding.

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A number of claims and lawsuits are pending against the County relating to the Aviation Department resulting from the normal course of conducting its operations. However, in the opinion of management and the County Attorney, the ultimate outcome of such actions will not have a material adverse effect on the financial position of the Aviation Department.

The Aviation Department receives grants from federal and state financial assistance programs, which are subject to audit and adjustment by the grantor agencies. It is the opinion of management that no material liabilities will result to the Aviation Department from any such audit.

In a quitclaim deed dated December 20, 2011, the Rental Car Facility (RCF) at the Miami Intermodal Center (MIC) adjacent to the airport was conveyed to Miami-Dade County through its Aviation Department by FDOT. The conveyance was recorded in the amount of \$393,327,383 (\$42,000,000 for the land and \$351,327,383 for the building and improvements), which represented the fair value at the date of the conveyance. The quitclaim deed requires that the RCF be used as a rental car facility. In the event that it ceases to be used as such, all property rights in it revert to FDOT. The Aviation Department has recorded the full value of the land and building, and is recognizing the equity contribution using the straight-line method over 393 months, the life of the TIFIA loan.

The RCF was designed and constructed by FDOT, which borrowed \$270 million from the United States Department of Transportation (USDOT) under the TIFIA loan program. The loan will be repaid through the collection of Customer Facility Charges (CFCs) and contingent rent, if needed, from car rental company customers using the RCF. The car rental companies remit these funds directly to the Fiscal Agent servicing the loan; the CFCs are not revenues of the Aviation Department. The County and MDAD do not own nor do they have access to accounts held by the Fiscal Agent. The repayment of the TIFIA loan is not secured by any Aviation Department revenues and in no event will the Department be required to use any airport revenues for the payment of debt service on the RCF portion of the TIFIA loan or any additional RCF financing.

(12) Postemployment Benefits Other Than Pensions

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for Other Postemployment Benefits (OPEB), the County accrues the cost of the County's retiree health subsidiary and OPEB during the period of employees' active employment as the benefits are being earned. It requires the unfunded actuarial accrued liability (AAL) be disclosed in order to accurately account for the total future cost of OPEB and the financial impact on the County. The financial impact to the Aviation Department is reflected in the accompanying financial statements.

Plan Description

The County administers a single-employer defined-benefit healthcare plan (the Plan) that provides postretirement medical and dental coverage to retirees as well as their eligible spouses and dependents. Benefits are provided through the County's group health insurance plan, which covers both active and retired members. Benefits are established and may be amended by the Miami-Dade County Board, whose powers derive from F.S. 125.01(3)(a). The Plan does not issue a publicly available financial report.

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Eligibility: To be eligible to receive retiree medical and dental benefits, participants must be eligible for retirement benefits under FRS and pay required contributions.

- Regular Class Employees (all employees not identified as members of the Special Risk Class) are eligible for postemployment benefits at age 62 with six years of service, or with 30 years of service at any age. Eligibility for reduced retirement is six years of service at any age. Those hired after 7/1/2011 are eligible at age 65 with eight years of service, or 33 years of service at any age.
- Special Risk Employees (Police Officers, Firefighters, and Corrections Officers) are eligible for postemployment benefits at age 55 with six years of service, or with 25 years of service at any age. Eligibility for reduced retirement is six years of service at any age. Those hired after 7/1/2011 are eligible at age 60 with eight years of service, or 30 years of service at any age.

Benefits: The medical plans offered provide hospital, medical, and pharmacy coverage. As of September 30, 2013, the pre-65 retirees are able to select from three medical plans as follows:

- AvMed POS
- AvMed HMO High Option
- AvMed HMO Low Option

As of September 30, 2013, post-65 retirees are able to select from three medical plans as follows. The County only contributes to post-65 retirees electing an AvMed Medicare Supplement Plan.

- AvMed Medicare Supplement Low Option
- AvMed Medicare Supplement High Option with RX
- AvMed Medicare Supplement High Option without RX

Participation in the Plan consisted of the following at October 1, 2011:

Number of covered participants:	
Actives	31,284
Retirees under age 65	2,746
Eligible spouses under age 65	812
Retirees age 65 and over	586
Eligible spouses age 65 and over	93
Total	<u>35,521</u>

Funding Policy

The County contributes to both the pre-65 and post-65 retiree medical coverage. Retirees pay the full cost of dental coverage. Medical contributions vary based on plan and tier. For pre-65 retirees, the County explicitly contributed an average of 15% of the cost for the AvMed POS plan, 33% for the AvMed HMO High, and AvMed HMO Low plans. The post-65 retiree contributions also vary by plan and tier with the

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County contributing an average of 33% of the entire plan cost. However, it is the County's policy that after fiscal year 2008 its per capita contribution for retiree healthcare benefits will remain at the 2008-dollar level. As a result, the retiree contributions are increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed County contributions.

The postretirement medical and dental benefits are currently funded on a pay-as-you-go basis (i.e., Miami-Dade County funds on a cash basis as benefits are paid). No assets have been segregated and restricted to provide postretirement benefits. For fiscal years 2013, 2012, and 2011, the Miami-Dade Aviation Department contributed \$1,035,000, \$1,125,000, and \$918,000, respectively, to the Plan.

Annual OPEB Cost and Net OPEB Obligation

The Aviation Department's annual OPEB cost (expense) is calculated based on the ARCs of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARCs represent a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The Department's annual OPEB cost for the fiscal years 2013 and 2012 and the related information for each plan are as follows (in thousands):

	2013	2012	2011
Annual required contribution	\$ 1,561	1,493	1,337
Interest on net OPEB obligation	94	78	64
Adjustment to annual required contribution	(100)	(81)	(66)
Annual OPEB cost	1,555	1,490	1,335
Contribution made	1,035	1,125	918
Increase in net OPEB obligation	520	365	417
Net OPEB obligation – beginning of year	2,139	1,774	1,357
Net OPEB obligation – end of year	\$ 2,659	2,139	1,774

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The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal years 2013, 2012, and 2011 were as follows (in thousands):

Fiscal year ended	Annual OPEB cost	Percentage	
		Annual OPEB cost contributed	Net OPEB obligation
September 30, 2011	\$ 1,335	68.8%	\$ 1,774
September 30, 2012	1,490	75.5	2,139
September 30, 2013	1,555	66.6	2,659

Funded Status and Funding Progress

The schedule below shows the balance of the County's AAL, all of which was unfunded as of September 30, 2013:

Schedule of Funding Progress Retiree Health Plan (in thousands)						
Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Estimated covered payroll (c)	UAA as a percentage of covered payroll ((b-a)/c)
October 1, 2012	\$ —	424,244	424,244	0%	\$ 1,941,108	22%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions by the County are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in AALs and the actuarial value of assets.

The actuarial-cost method used in the valuation to determine the AAL and the ARCs was the Projected Unit Credit Method with service prorated. Under this method, the total present value of benefits is determined by projecting the benefit to be paid after the expected retirement date (or other event) and discounting those amounts to the valuation date. The normal cost is computed by dividing the total present value of benefits by the participant's total service (actual plus expected service) at retirement. The AAL

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under this method represents the total present value of benefits multiplied by the ratio of the participant's actual service to date and divided by expected service at retirement. The AAL for participants currently receiving payments and deferred vested participants is calculated as the actuarial present value of future benefits expected to be paid. No normal cost for these participants is payable. The AAL and normal costs were calculated at the measurement date, which is the beginning of the applicable fiscal year using standard actuarial techniques.

The following summarizes other significant methods and assumptions used in valuing the AAL and benefits under the Plan:

Actuarial valuation date	October 1, 2012
Actuarial-cost method	Projected unit credit, benefits attributed from date of hire to expected retirement age
Amortization method	Level percentage of payroll, closed over 30 years
Remaining amortization period	25 years
Actuarial assumptions:	
Discount rate	4.4%
Inflation rate	3.00%
Payroll growth assumption	3.00%
Healthcare cost trend period	Grades down over six years by 0.05% per year
Healthcare cost trend rates	8.00% initial to 5.00% ultimate
Mortality table	RP 2000 Projected to 2015

Further, the participation assumption used in the valuation (the assumed percentage of future retirees that participate and enroll in the health plan) is 20% for those prior to age 55 (50 if special risk) and 60% until age 65. Once reaching Medicare eligibility, the participation rate is assumed to be 20%.

The valuation assumes that the County will continue to fund the liability on a pay-as-you-go basis and that the County's per-capita contribution for retiree benefits will remain at the 2008 level. As a result, the retiree contributions will be increased to the extent necessary so that they are sufficient to provide for the difference between the gross costs and the fixed County contributions.

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(13) Subsequent Events

(a) *Continuation of American Airlines Bankruptcy*

On November 29, 2011, AMR Corporation, the parent company of American Airlines, MIA's largest carrier, filed for Chapter 11 bankruptcy protection. The Bankruptcy Court has granted AMR various extensions on the Exclusive Filing Period within which American alone can offer a Plan of Reorganization. The current Exclusive Filing Period expires on April 15, 2013. American recently filed a motion to extend the Exclusive Filing Period to May 29, 2013, which will likely be granted by the Bankruptcy Court.

In a stipulation dated August 2, 2012 entered into between AMR and the County in connection with the bankruptcy proceeding, AMR and its affiliates American Airlines and American Eagle agreed to assume virtually all the leases and agreements related to American Airlines' and American Eagle's use of MIA and the Airport System. In accordance with the stipulation, which was approved by the Bankruptcy Court in its order dated August 8, 2012, American Airlines and American Eagle paid the Airport in August 2012 the \$26,018,100 in Pre-Petition indebtedness due under both airlines' assumed leases and agreements. In the stipulation, American Airlines also acknowledged its continuing obligation to pay the remaining balance under the Claims Administration Agreement in the amount of \$15 million, with \$7.5 million paid in July 2013 and \$7.5 million being due in July 2014. The Aviation Department has fully reserved the balance of \$7.5 million. As of the date of these financial statements, American Airlines remains current on its Post-Petition obligations.

However, on August 13, 2013, the U.S. Department of Justice, in conjunction with six state attorneys and the District of Columbia filed a civil antitrust lawsuit challenging the proposed merger between AMR and US Airways. The lawsuit was then settled on November 12, 2013 between the parties by the combined airline agreeing to divest itself of slots at New York's LaGuardia Airport and Washington Reagan National Airport and give back gates at some other major U.S. airports including two gates at MIA. Given that gates are common use at MIA, the result was that the combined carrier will no longer use the South Terminal gates that US Airways currently uses at MIA. On December 9, 2013, American's Plan of Reorganization became effective and the Merger was closed and AMR Corporation was renamed American Airlines Group Inc. (AAL) The two airlines will continue to operate somewhat independently as AAL works toward achieving a Single Operating Certificate, which is expected to take 18 to 24 months. In the interim, the company will start to combine airport facilities (US Airways will move to North Terminal at MIA in the beginning of 2014) and begin to blend benefits for its passengers (e.g., offering reciprocal benefits and elite recognition for its club members and consolidating its loyalty programs).

(b) *Issuance of Aviation Revenue Refunding Bonds Series 2014 (AMT)*

On March 13, 2014, the County priced \$328,130,000 of Aviation Revenue Refunding Bonds, Series 2014 (AMT), at an all-inclusive true interest cost of 4.45% and a final maturity of October 1, 2034. The principal/accreted value of the refunded bonds was \$344,315,000. The gross debt service savings over the life of the bonds is \$370,975,108 and the net present value of debt service savings is \$17,410,572, a percentage savings of 5.06%. The closing of the sale is scheduled for March 28, 2014.

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Required Supplementary Information

Schedule of Funding Progress for the Retiree Health Plan

September 30, 2013 and 2012

(Unaudited)

(In thousands)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Estimated covered payroll (c)	UAA as a percentage of covered payroll ((b-a)/c)
October 1, 2012	\$ —	424,244	424,244	—%	\$ 1,941,108	22%
October 1, 2011	—	357,006	357,006	—	1,661,941	21
October 1, 2010	—	297,218	297,218	—	1,620,593	18
October 1, 2009	—	281,470	281,470	—	1,573,391	18
October 1, 2008	—	255,259	255,259	—	1,527,564	17

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

The following summaries and statements are brief outlines of certain provisions of the Amended and Restated Trust Agreement dated as of December 15, 2002, by and among the County and The Bank of New York Mellon (successor in interest to JPMorgan Chase Bank), as Trustee, and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association), as Co-Trustee (the "Trust Agreement"). Such outlines do not purport to be complete, and reference is made to the Trust Agreement, copies of which are on file and available for examination at the offices of the Aviation Department, the Trustee and the Co-Trustee, for the complete terms thereof. Terms not defined below or in the Official Statement shall have the meanings set forth in the Trust Agreement.

The Trust Agreement authorizes the issuance, from time to time, in one or more Series, of revenue bonds of the County subject to the conditions set forth in the Trust Agreement. The provisions and covenants of the Trust Agreement are for the equal and proportionate benefit and security of the holders of all of the revenue bonds issued thereunder, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction as to lien or otherwise of any of the revenue bonds over any other thereof, except as otherwise expressly provided in the Trust Agreement.

Defined Terms

The following are certain defined words and terms used by the Trust Agreement:

"Accreted Value" means, as of any date of computation with respect to any capital appreciation bond, an amount equal to the principal amount of such capital appreciation bond at its initial offering plus the interest accrued on such capital appreciation bond from the date of delivery to the original purchasers thereof to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date plus, with respect to matters related to the payment upon redemption or acceleration of the capital appreciation bond, if such date of computation shall not be a Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Compounding Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of 12 months of 30 days each. Interest shall accrue on any capital appreciation bond and be compounded periodically at such rate and at such times as provided in, or pursuant to, the resolution authorizing the issuance of said capital appreciation bond.

"Amortization Requirement" means for any fiscal year, as applied to the term bonds of any Series, the principal amount fixed for such fiscal year by resolution of the Board prior to the delivery of such bonds for the retirement of such term bonds by purchase or redemption.

"Annual Budget" means the budget adopted or in effect for each fiscal year.

"Appreciated Value" means, with respect to any capital appreciation and income bond: (a) as of any date of computation prior to the Interest Commencement Date, an amount equal to the principal amount thereof on the date of original issuance plus the interest accrued on such capital appreciation and income bond from the date of original issuance of such capital appreciation and income bond to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date, such interest to compound periodically at the times and at the rate provided in, or pursuant to, the resolution authorizing the issuance of said capital appreciation and income bond, plus, if such date of computation shall not be a Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Compounding Date, calculated based upon an assumption that Appreciated Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of

12 months of 30 days each; and (b) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

“Authorized Investments” include: (i) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America (“Government Obligations”), (ii) bonds, debentures or notes issued by any of the following Federal agencies: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Banks, Export-Import Bank of the United States, Government National Mortgage Association, Federal Land Banks or the Federal National Mortgage Association (including participation certificates issued by such Association), (iii) all other obligations issued or unconditionally guaranteed as to principal and interest by an agency or persons controlled or supervised by and acting as an instrumentality of the United States Government pursuant to authority granted by the Congress, (iv) repurchase agreements with financial institutions fully secured by Government Obligations, (v) all other obligations which are permitted investments of public funds under Florida law, (vi) time deposits, certificates of deposits or similar arrangements with any bank or trust company which is a member of the Federal Deposit Insurance Corporation and any Federal or State of Florida savings and loan association which is a member of the Savings Association Insurance Fund and which are secured in the manner provided in the Trust Agreement, and (vii) any obligations as directed by Section 218.415, Florida Statutes, unless otherwise authorized by state law or by county ordinance, in which event or events any obligations so authorized by such law or ordinance.

“Bond,” “bonds,” “revenue bond” or “revenue bonds” means any bond or bonds or all of the bonds, as the case may be, issued under the provisions of the Trust Agreement. For purposes of the Trust Agreement, bonds issued under the provisions of the Trust Agreement include bonds issued under the provisions of the Prior Agreement.

“Capital appreciation bonds” means any bonds as to which interest is compounded periodically on each Compounding Date and which are payable in an amount equal to the then current Accreted Value only at maturity, earlier redemption or other payment date therefor, all as designated by, or pursuant to, the resolution authorizing the issuance of such bonds, and which may be either serial bonds or term bonds.

“Capital appreciation and income bonds” means any bonds as to which accruing interest is not paid prior to the Interest Commencement Date specified in, or pursuant to, the resolution authorizing the issuance of such bonds and with respect to which, until such Interest Commencement Date, the Appreciated Value is compounded periodically on each Compounding Date, and which may be either serial bonds or term bonds.

“Compounding Date” means, with respect to any capital appreciation bond or capital appreciation and income bond, the dates on which interest shall compound, as specified in the resolutions authorizing the issuance of such bond.

“Convertible bonds” means bonds which are convertible, at the option of the County, into a type of bonds permitted by the Trust Agreement other than the type of such bonds at the time they were issued.

“Counterparty” means a financial institution who enters into a Hedge Agreement with the County in connection with any bonds issued under the Trust Agreement and whose senior long-term debt obligations, or whose payment obligations under such Hedge Agreement are guaranteed by an entity whose senior long-term debt obligations, are rated on the date the Hedge Agreement is entered into in one of the three highest rating categories (without regard to any gradations within such categories) of a nationally recognized rating agency.

“Credit Facility” means each and every irrevocable letter of credit, policy of municipal bond insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility irrevocably agrees to provide funds to make payment of the principal of and interest on bonds when due.

“Current Expenses” means the County’s reasonable and necessary current expenses of maintenance, repair and operation of the Port Authority Properties and shall include, without limiting the generality of the foregoing, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, all administrative expenses and any reasonable payments to pension or retirement funds properly

chargeable to the Port Authority Properties, insurance premiums, engineering expenses relating to maintenance, repair and operation, fees and expenses of the Trustee, the Co-Trustee and the Paying Agents, legal expenses, fees of consultants, fees, expenses and other amounts payable to any bank or other financial institution for the issuance of a Credit Facility, Liquidity Facility or Reserve Facility, and to any indexing agent, depository, remarketing agent, tender agent or any other person or institution whose services are required with respect to the issuance of bonds of any Series, any taxes which may be lawfully imposed on the Port Authority Properties or the income therefrom and reserves for such taxes, and any other expenses required to be paid by the County under the provisions of the Trust Agreement or by law, but shall not include any reserves for extraordinary maintenance or repair, or any allowance for depreciation, or any Hedge Obligations or Hedge Charges, or any deposits to the credit of the Sinking Fund, the Reserve Maintenance Fund and the Improvement Fund.

“Director” means the person employed by the County to supervise the operation of the Port Authority Properties and to perform the duties imposed on the Director by the Trust Agreement.

“Effective Date” means December 15, 2002.

“Fiscal year” means the period commencing on the first day of October and ending on the last day of September of the following year.

“Hedge Agreement” means an interest rate exchange agreement, an interest rate swap agreement, a forward purchase contract, a put option contract, a call option contract or any other financial product which is used by the County as a hedging device with respect to its obligation to pay debt service on any of the bonds, entered into between the County and a Counterparty; provided that such arrangement shall be specifically designated in a certificate of the Director and the County’s Finance Director as a “Hedge Agreement” for purposes of the Trust Agreement.

“Hedge Charges” means charges payable by the County to a Counterparty upon the execution, renewal or termination of any Hedge Agreement, any periodic fee payable by the County to keep such Hedge Agreement in effect and all other payments required under such Hedge Agreement, including, to the extent permitted by law, indemnification payments, tax-gross up payments and default related payments, but excluding Hedge Obligations.

“Hedge Obligations” means net payments required to be made by the County under a Hedge Agreement from time to time as a result of fluctuation in hedged interest rates, or fluctuation in the value of any index of payment, but not including Hedge Charges.

“Hedge Receipts” means net payments received by the County from a Counterparty under a Hedge Agreement.

“Improvements” means such buildings, structures and equipment and such renewals, replacements, additions, extensions and betterments, other than ordinary maintenance and repairs, as may be deemed necessary by the County to place or to maintain any Project in proper condition for its safe, efficient and economic operation, or to preserve, extend, increase or improve the service rendered by it, including any property acquired therefor.

“Interest Commencement Date” means, with respect to any particular capital appreciation and income bonds, the date specified in, or pursuant to, the resolution authorizing the issuance of such bonds (which date must be prior to the maturity date for such bonds) after which interest accruing on such bonds shall be payable on a periodic basis, with the first such payment date being the applicable interest payment date immediately succeeding such Interest Commencement Date.

“Liquidity Facility” means a letter of credit, policy of insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility agrees to provide funds to pay the purchase price of, or agrees to purchase, put bonds upon their tender by the holders thereof, and which facility is acceptable to the provider of any Credit Facility issued in connection with such put bonds.

“Net Revenues” for any particular period means the amount of the excess of the Revenues of the Port Authority Properties over the total of the Current Expenses.

“Outstanding” when used with reference to bonds means, as of a particular date and unless otherwise provided in, or pursuant to, a resolution authorizing a particular Series of bonds, all bonds theretofore issued under the Trust Agreement, except:

- (1) bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (2) bonds for the payment of which money, Government Obligations, or a combination of money and Government Obligations, in an amount sufficient to pay on the date when such bonds are to be paid or redeemed the principal or redemption price of, and the interest accruing to such date on, the bonds to be paid or redeemed, have been deposited with the Trustee in trust for the holders of such bonds; Government Obligations, shall be deemed to be sufficient to pay or redeem bonds on a specified date if the principal of and interest on such Government Obligations, when due, will be sufficient to pay on such date the principal or redemption price of, and the interest accruing on, such bonds to such date;
- (3) bonds to be redeemed and deemed to be not Outstanding in accordance with the Trust Agreement; and
- (4) bonds in exchange for or in lieu of which other bonds have been issued; provided, that in determining whether the holders of the requisite Outstanding bonds have given any request, demand, authorization, direction, notice, consent or waiver under the Trust Agreement bonds owned by the County or any affiliate of the County shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only bonds that an authorized officer of the Trustee either actually knows to be so owned or has received written notice thereof shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such bonds and that the pledgee is not the County or any affiliate of the County.

In determining whether bonds are not “Outstanding” under clauses (2) and (3) above:

- (a) in the case of variable rate bonds, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance of such variable rate bonds; provided, however, that if on any date, as a result of such variable rate bonds having borne interest at less than such maximum rate for any period, the total amount of monies and/or Government Obligations on deposit for the payment of interest on such variable rate bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such variable rate bonds in order to fully pay the principal or redemption price of, and the interest accruing on, such bonds, and so long as no event of default or other event, which with the passage of time or the giving of notice, or both, would become an event of default with respect to such variable rate bonds has occurred and is continuing, the County may use the amount of such excess, free and clear of any trust, lien, security interest, pledge or assignment securing said variable rate bonds or otherwise existing under the Trust Agreement; and
- (b) in the case of put bonds, either the principal or redemption price of, and the interest accruing on, said bonds shall have been paid as they became due and payable or there shall have been deposited monies and/or Government Obligations which shall be sufficient at the time of such deposit to pay when due the maximum amount of principal or redemption price of, and interest accruing on, such put bonds which could become payable to the holders of such bonds, including upon the exercise of any tender options provided to the holders of such bonds; provided, however, that if, at the time a deposit is made, the tender options originally exercisable on the put bonds are no longer exercisable, such bonds shall not be considered put bonds for these purposes.

“Passenger Facilities Charges” means any fees which the United States Secretary of Transportation may grant the County authority to impose upon passengers of air carriers enplaned at airports controlled by the County in

order to finance eligible airport-related projects pursuant to 49 U.S.C. § 40117, as amended, including investment earnings thereon, or any similar fee or charge authorized by any amendment thereto or by any successor federal law.

“Port Authority Properties” means Miami International Airport, the airports owned and/or operated by the County known as Homestead General Aviation Airport, Miami Executive Airport, Miami-Opa locka Executive Airport, Opa-locka West Airport and the Training and Transition Airport, and such other Projects as shall be financed or refinanced under the provisions of the Trust Agreement together with all improvements thereof (excluding any buildings, structures or other facilities constructed at Miami International Airport or other airports of the County and financed by obligations not issued under the provisions of the Trust Agreement) and any other airport or airport related properties or facilities (including any facilities financed by obligations not issued under the provisions of the Trust Agreement) that may be added to the Port Authority Properties under the provisions of the Trust Agreement.

“Principal and Interest Requirements” for any fiscal year, as applied to the bonds of any Series, means the sum of:

- (a) the amount required to pay the interest on all bonds of such Series, both serial and term, then Outstanding which is payable from October 2 in such fiscal year through October 1 in the next succeeding fiscal year,
- (b) the amount required to pay the principal of all serial bonds of such Series then Outstanding which is payable from October 2 in such fiscal year through October 1 in the next succeeding fiscal year, and
- (c) the Amortization Requirement for the term bonds of such Series for such fiscal year.

In computing “Principal and Interest Requirements,” for any fiscal year, the following rules shall apply:

(i) in the case of variable rate bonds, interest shall be computed at the average rate of interest which was payable on such bonds in the last 12 months during which such bonds were Outstanding or the actual number of months that such bonds were Outstanding if less than 12, except that (i) with respect to any variable rate bonds which are being issued on the date of computation, interest shall be computed at the estimated initial rate of interest of such bonds upon issuance thereof, as set forth in a certificate of the principal underwriters with respect to such bonds delivered to the Trustee and the Co-Trustee, and (ii) with respect to deposits to the Reserve Account, interest on any Outstanding variable rate bonds shall be computed (A) with respect to such bonds which were Outstanding in the preceding fiscal year or portion thereof, at the average rate of interest which was payable on such bonds in the preceding fiscal year or portion thereof and (B) with respect to such bonds which were not Outstanding in the preceding fiscal year or portion thereof, at the initial rate of interest on such bonds upon issuance thereof;

(ii) in the case of put bonds, the date or dates on which the holders of such put bonds may elect or be required to tender such bonds for payment or purchase shall be ignored and the stated dates for Amortization Requirements and principal payments thereof shall be used for purposes of this calculation so long as the source for said payment or purchase is a Liquidity Facility and the provider of such facility maintains a rating in one of the three highest short-term rating categories (without regard to any gradations within such categories) of a nationally recognized rating agency; provided, however, that notwithstanding the foregoing or the provisions of clause (i) above, during any period of time after the provider of a Liquidity Facility has advanced funds under a Liquidity Facility and before such amount is repaid, Principal and Interest Requirements shall include the principal amount so advanced and interest thereon, in accordance with the principal repayment schedule and interest rate or rates specified in the reimbursement or other similar agreement relating to such Liquidity Facility;

(iii) in the case of capital appreciation bonds, the principal and interest portions of the Accreted Value becoming due at maturity or by virtue of an Amortization Requirement shall be included when due and payable;

(iv) in the case of capital appreciation and income bonds, the principal and interest portions of the Appreciated Value becoming due at maturity or by virtue of an Amortization Requirement shall be included when due and payable;

(v) in the case of convertible bonds, the calculations shall be based on the type of the bonds as of the time of the calculation without regard to any unexercised conversion feature;

(vi) if all or a portion of the principal or Amortization Requirement of or interest on bonds is payable from funds set aside or deposited for such purpose (other than funds on deposit in the Reserve Account), including funds deposited to the credit of the Construction Fund as provided in the Trust Agreement, together with projected earnings thereon, such principal, Amortization Requirement or interest shall not be included in computing Principal and Interest Requirements if such funds, together with the investment earnings thereon, will provide sufficient monies to pay when due such principal, Amortization Requirement or interest, as applicable; and

(vii) to the extent that the County has entered into a Hedge Agreement with respect to any bonds and notwithstanding the provisions of clauses (i) through (vi) above, while the Hedge Agreement is in effect and so long as the Counterparty has not defaulted thereunder and so long as the senior-long term debt obligations of the Counterparty or of any entity guaranteeing the payment obligations of the Counterparty under the Hedge Agreement are rated in one of the three highest rating categories (without regard to any gradations within such categories) of three nationally recognized rating agencies (or such lesser number of nationally recognized rating agencies as are then in existence), for the purpose of determining the Principal and Interest Requirements the interest rate with respect to the principal amount of such bonds equal to the “notional” amount specified in the Hedge Agreement shall be assumed to be (A) if the County’s Hedge Obligations under the Hedge Agreement are computed based upon a fixed rate of interest, the actual rate of interest upon which the County’s Hedge Obligations are computed under such Hedge Agreement, and (B) if the County’s Hedge Obligations under the Hedge Agreement are computed based upon a variable rate of interest, the average rate of interest for the County’s Hedge Obligations under the Hedge Agreement for the prior fiscal year or portion thereof while the Hedge Agreement was in effect or if the Hedge Agreement was not in effect during such prior fiscal year, then the lesser of (X) the initial rate of interest for the County’s Hedge Obligations under the Hedge Agreement and (Y) the average rate of interest for the prior fiscal year under a published variable interest rate index selected by the County which is generally consistent with the formula which shall be used to determine the County’s Hedge Obligations; “average rate” with respect to the County’s Hedge Obligations for the prior fiscal year means the rate determined by dividing the total annualized amount paid by the County under the Hedge Agreement in such fiscal year or portion thereof (without taking into account Hedge Receipts during such prior fiscal year or portion thereof) by the “notional” amount specified in the Hedge Agreement for such fiscal year.

“Project” means any project which shall be financed or refinanced under the provisions of the Trust Agreement, including, without limitation, any project permitted under Chapter 125, Florida Statutes, or Chapter 166, Florida Statutes.

“Put bonds” means all bonds which in accordance with, or pursuant to, the resolution authorizing the issuance of a Series of bonds, may be tendered for payment or purchase by or on behalf of the County prior to the stated maturities thereof.

“Reserve Account Requirement” means, as of any date of calculation, one half (1/2) of the maximum amount of Principal and Interest Requirements for any fiscal year thereafter on account of all bonds then Outstanding.

“Reserve Facility” means any insurance policy, surety bond, irrevocable letter of credit or other credit agreement or similar facility maintained by the County in lieu of or in substitution for cash or securities on deposit in the Reserve Account, which is issued by a provider rated on the date of deposit of such facility into the Reserve Account created in the Sinking Fund in one of the two highest rating categories (without regard to any gradations within such categories) of a nationally recognized rating agency, including in every case the nationally recognized rating agency which rated the bonds on account of which such facility is obtained.

“Revenues” means all monies received or earned by the County for the use of, and for the services and facilities furnished by, the Port Authority Properties and all other income derived by the County from the operation or ownership of said Properties, including any ground rentals paid for land on which buildings or structures may be constructed, whether such buildings or structures shall be financed by bonds issued under the provisions of the Trust Agreement or otherwise, and Hedge Receipts, but shall not include any monies received as a grant or gift from the

United States of America or the State of Florida or any department or agency of either thereof or any monies received from the sale of property under the provisions of the Trust Agreement or, unless otherwise provided by resolution of the Board, any Passenger Facilities Charges. The County may select whether to use a cash or accrual basis of accounting, but if it chooses a method that is different than the method then being used, it may only make a change to the extent such change is presented retroactively for each year as if it had been in effect for the last five years.

“Variable rate bonds” means bonds issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the entire term thereof at the date of issue and which may be convertible to a fixed interest rate.

Application of Bond Proceeds

The Trust Agreement provides for the creation of the Construction Fund held by the Co-Trustee to the credit of which shall be deposited the proceeds of any bonds issued for Projects or Improvements. Separate Series Accounts are required to be created in the Construction Fund with respect to each Series of bonds issued. The monies in the Construction Fund shall be disbursed to pay the cost of Improvements or Projects upon submission by the County to the Co-Trustee of requisitions therefor or to pay interest on bonds as provided in, or pursuant to, the resolution authorizing such bonds. Monies in the Construction Fund shall be subject to a lien and charge in favor of the holders of the bonds until paid out or transferred.

Collection and Disposition of Revenues

Revenue Fund, Annual Budget and Payment of Current Expenses

The Trust Agreement provides for all Revenues to be deposited with the Co-Trustee in the Revenue Fund and to be disbursed only in accordance with the terms of the Trust Agreement. Funds in the Revenue Fund are to be applied first to the payment of Current Expenses as the same become due and payable. Monies on deposit to the credit of the Revenue Fund shall be invested by the Co-Trustee, at the direction of the County, in Authorized Investments having such maturities as specified by the County.

The Trust Agreement requires the preparation and adoption by the County of an Annual Budget of Current Expenses and Capital Expenditures for each fiscal year. The Trust Agreement provides that all expenditures for Current Expenses shall be made only upon the filing with the Co-Trustee of the requisitions required by the Trust Agreement. The County may requisition from the Co-Trustee, at one time or from time to time, a sum or sums aggregating not more than \$100,000 (exclusive of reimbursement) to be used as a revolving fund for the payment of Current Expenses as cannot conveniently otherwise be paid. The County covenants that it will at all times maintain and operate the Port Authority Properties in an efficient and economical manner and keep the same in good repair and sound operating condition and make all necessary repairs, renewals and replacements. The County covenants that the Current Expenses incurred in any fiscal year will not exceed the reasonable and necessary amount thereof.

In addition to the Revenue Fund, the Trust Agreement creates three other funds: the Sinking Fund (and three accounts therein - the Bond Service Account, the Reserve Account and the Redemption Account), the Reserve Maintenance Fund and the Improvement Fund. After reserving in the Revenue Fund as of the end of each month an amount up to 20% of the Current Expenses for the current fiscal year as shown by the Annual Budget, the Co-Trustee shall remit to the Trustee the balance of the monies in the Revenue Fund. The Trustee shall deposit the money so received to the credit of the following Accounts or Funds in the order set forth below:

Bond Service Account

There is required to be deposited to the credit of the Bond Service Account in the Sinking Fund an amount equal to 1/6 of the amount of the next interest payment on all bonds Outstanding and (beginning with the twelfth month preceding the first maturity of any serial bonds of a Series) an amount equal to 1/12 of the amount of the next principal payment on account of any such serial bonds.

This requirement shall be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such Account in each month thereafter until such time as such deficiency shall be made up.

The Trustee shall from time to time withdraw sufficient monies from the Bond Service Account to pay the interest on all Outstanding bonds and the principal of all serial bonds as the same become due.

Redemption Account

From the monies remaining after making the required deposit to the Bond Service Account, there is required to be deposited to the credit of the Redemption Account in the Sinking Fund an amount equal to 1/12 of the Amortization Requirement, if any, for such fiscal year for any term bonds then Outstanding, plus an amount equal to 1/12 of the premium, if any, which shall be payable on the redemption date with respect to such Amortization Requirement if such principal amount of bonds should be redeemed on such date from monies in the Sinking Fund.

This requirement shall be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such Account in each month thereafter until such time as such deficiency shall be made up.

Monies held for the credit of the Redemption Account shall be used to retire bonds issued under the Trust Agreement as follows:

(a) Subject to paragraph (c) below, the Trustee shall endeavor to purchase bonds, whether or not such bonds shall then be subject to redemption, at the most advantageous price obtainable with reasonable diligence, having due regard to interest rate and price, such price not to exceed the principal and premium, if any, which would be payable on the next redemption date with respect to such bonds. (Accrued interest on such bonds shall be paid from the Bond Service Account, with the purchase price payable from the Redemption Account.)

(b) Subject to the provisions of the Trust Agreement relating to the redemption of bonds and to paragraph (c) below, the Trustee shall call for redemption on each interest payment date on which bonds are subject to redemption from monies in the Sinking Fund such amount of bonds then subject to redemption as, with the redemption premium, if any, will as nearly as possible exhaust the Redemption Account, provided that not less than \$50,000 principal amount of bonds shall be called at any one time.

(c) Monies in the Redemption Account shall be applied to the purchase or redemption of bonds in the following order:

First, term bonds of each Series, if any, in the order of their issuance, to the extent of the Amortization Requirement, if any, of the then current fiscal year for such term bonds plus the applicable premium, if any, and any deficiency in preceding fiscal years in the purchase or redemption of such term bonds; provided, however, that if none of the term bonds of a Series shall be subject to redemption from monies in the Sinking Fund and if the Trustee shall at any time be unable to exhaust the monies applicable to the bonds of any such Series in the purchase of such bonds under the provisions of paragraph (a) above, such monies or the balance of such monies, as the case may be, shall be retained in the Redemption Account and, as soon as it is feasible, applied to the retirement of the term bonds of such Series;

Second, to the purchase of any bonds secured under the provisions of the Trust Agreement and then Outstanding, whether or not such bonds shall be subject to redemption, in accordance with the provisions of paragraph (a) above;

Third, term bonds of each Series in proportion (as nearly as practicable) to the aggregate principal amount of the bonds of each such Series originally issued; and

Fourth, after the retirement of all Outstanding term bonds, serial bonds issued under the provisions of the Trust Agreement in the inverse order of their maturities and, to the extent the serial bonds of different Series mature

on the same date, in proportion (as nearly as practicable) to the principal amount of the bonds of each Series maturing on such date.

Reserve Account

From the monies remaining in the Revenue Fund after making the required monthly deposits to the Bond Service Account and Redemption Account described above, there shall be deposited to the credit of the Reserve Account in the Sinking Fund an amount equal to 1/60 of the Reserve Account Requirement under the Trust Agreement until the amount to the credit of the Reserve Account (including amounts available under any Reserve Facilities) shall be equal to the Reserve Account Requirement; provided, however, that if the required deposit to the Reserve Account is being satisfied by the reinstatement of any amount drawn under a Reserve Facility, there shall be paid to the provider thereof such amount as shall be required to cause the provider to reinstate no less than the required deposit for such month.

This requirement shall be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be deposited to the credit of such Account in each month thereafter until such time as such deficiency shall be made up.

Monies in the Reserve Account shall be used by the Trustee to pay the interest due on the Outstanding bonds and maturing principal of serial bonds whenever and to the extent that the monies held for the credit of the Bond Service Account are insufficient for such purpose, and, immediately following the use of such monies for the payment of such interest and principal for the purpose of making up any prior deficiencies in deposits to the credit of the Redemption Account whenever the monies in the Revenue Fund are insufficient for such purpose. If at any time the balance in the Reserve Account shall exceed the Reserve Account Requirement, such excess shall be transferred to the credit of the Redemption Account or withdrawn by the Trustee and deposited with the Co-Trustee to the credit of the Improvement Fund as may be specified by the County.

In lieu or in satisfaction of any required deposit into the Reserve Account or in substitution for all or a portion of the amounts on deposit therein, the County may cause to be deposited into the Reserve Account a Reserve Facility for the benefit of the holders of the bonds, which Reserve Facility shall be available to be drawn (upon the giving of notice as required thereunder) on any payment date on which a deficiency exists for payment of the bonds, which deficiency is payable from the Reserve Account and which cannot be cured by monies in the Reserve Account or any other fund or account held pursuant to the Trust Agreement and available for such purpose. If any such Reserve Facility is substituted for monies on deposit in the Reserve Account, the excess monies in the Reserve Account shall be applied to satisfy any deficiency in any of the funds and accounts, and any remaining balance shall be deposited with the Co-Trustee to the credit of the Improvement Fund. If a disbursement is made from a Reserve Facility, the County shall be obligated, in accordance with the provisions of the Trust Agreement, to either (i) reinstate such Reserve Facility, (ii) deposit monies in the Reserve Account, or (iii) undertake a combination of such alternatives.

In the event the Reserve Account is at any time funded with more than one Reserve Facility, any required draw under such facilities shall be made on a pro-rata basis thereunder; provided, however, that if at the time of such draw the Reserve Account is only partially funded with one or more Reserve Facilities, prior to drawing on such facilities, there shall first be applied any cash and securities on deposit in the Reserve Account and, if after such application a deficiency exists, the Trustee shall make up the deficiency by drawing on such facilities as provided in this paragraph. Amounts drawn or paid under a Reserve Facility shall be reimbursed to the provider thereof in accordance with the terms and provisions of the reimbursement or other agreement governing such facility entered into between the County and such provider.

Reserve Maintenance Fund

From the monies remaining in the Revenue Fund after making the required deposits to the Bond Service Account, Redemption Account and Reserve Account described above, there shall be deposited with the Co-Trustee to the credit of the Reserve Maintenance Fund the amount required to make the amount deposited during such fiscal year equal to the amount recommended by the Consulting Engineers in a report prepared after an annual inspection of the Port Authority Properties by the Consulting Engineers or such greater amount as may from time to time be

directed by the Director in writing to the Co-Trustee, such amount to be increased or decreased in accordance with any amendments to the Annual Budget of Capital Expenditures.

Monies held for the credit of the Reserve Maintenance Fund shall be used only for paying all or part of the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, the cost of replacing equipment, and premiums on insurance required by the Trust Agreement; provided, however, that monies in said Fund may also be disbursed:

(a) To meet an emergency caused by some extraordinary occurrence, so characterized by a certificate signed by the Consulting Engineers and filed with the Co-Trustee and accompanied by a certificate from the Director stating that funds to the credit of the Revenue Fund are insufficient to meet such emergency,

(b) To pay interest due on the Outstanding bonds and the principal on serial bonds, or the deposits required to be made to the credit of the Redemption Account, in the event the monies to the credit of the Bond Service Account and the Reserve Account are insufficient for such purpose, and

(c) To pay any additional amount necessary to repair, replace or reconstruct damaged or destroyed property over and above any proceeds of insurance covering such damaged or destroyed property.

Monies may also be transferred from the Reserve Maintenance Fund to the Revenue Fund if the County shall direct the same by resolution and the Consulting Engineers shall certify that the amount to be transferred is not required for the purposes for which the Reserve Maintenance Fund was created.

Improvement Fund

The balance of any monies remaining in the Revenue Fund after making the required deposits to the Bond Service Account, the Redemption Account, the Reserve Account and the Reserve Maintenance Fund described above shall be deposited with the Co-Trustee to the credit of the Improvement Fund; provided, however, that the County may by resolution direct the Trustee to deposit all or part of such balance from the Revenue Fund to the credit of the Redemption Account.

Monies held for the credit of the Improvement Fund may be disbursed by the County from time to time for any airport or airport-related purpose, and for the retirement of any bonds issued under the provisions of the Trust Agreement or may be pledged by the County to the payment of any bonds or other obligations issued or assumed by it. Unencumbered funds in the Improvement Fund shall be used to make up a deficiency in any Series Account in the Construction Fund in the amount required to complete payment of the cost of any Improvements or Project payable from such Series Account.

There may also be deposited to the credit of the Improvement Fund any monies received by the County from any property or facilities owned or operated by it which do not constitute a part of the Port Authority Properties.

Alternate Provisions for Certain Bonds and Hedge Agreements

A resolution authorizing the issuance of a particular Series of bonds may provide alternative provisions relating to the payment of the principal of and interest on such bonds, in which event deposits to the credit of the Bond Service Account, the Redemption Account and the Reserve Account on account of the bonds of such Series, shall, if and to the extent provided in, or pursuant to, such resolution, be made at such times and in such amounts, and may be set aside and held for the account of and disposition by the County, all as shall be provided in such resolution.

The County may authorize, by resolution, a Hedge Agreement with respect to any Series of bonds, including any Outstanding bonds and any bonds thereafter issued under the Trust Agreement. Such resolution may provide for deposits to the credit of the Bond Service Account under the Trust Agreement for the payment of Hedge Obligations (but not Hedge Charges) to be made at such time and in such amounts, and to be set aside and held for

the account of and for the disposition by the County all as shall be provided in such resolution; provided, however, that the Counterparty shall under no circumstances be granted a lien upon or pledge of Net Revenues ranking prior to or on a parity basis with the lien or pledge created by the Trust Agreement; and provided further, however, that Hedge Charges shall only be payable from the Improvement Fund.

Investment of Funds

Monies on deposit to the credit of any funds and accounts held under the Trust Agreement, including the Construction Fund, shall as nearly as may be practicable, be invested and reinvested, at the direction of the County, in Authorized Investments. Monies on deposit to the credit of the Reserve Account shall, as nearly as practicable, be invested and reinvested by the Trustee, at the direction of the County, in Authorized Investments which shall mature or which shall be subject to redemption at the option of the holder not later than fifteen (15) *years* after the date of such investment.

Monies on deposit to the credit of the Revenue Fund, the Reserve Maintenance Fund and the Improvement Fund shall be invested by the Co-Trustee, at the direction of the County, in Authorized Investments having such maturities as specified in a certificate of the County.

Temporary Financing

The County may at any time or times issue its notes or other obligations to finance temporarily any of the Improvements or Projects for which it may issue additional bonds under the Trust Agreement, payable not from Revenues, but solely from the proceeds of such bonds or from any unencumbered monies in the Improvement Fund. If additional bonds are issued under the Trust Agreement to pay such notes or obligations, the Improvements or Project financed with such notes or other obligations shall then constitute a part of the Port Authority Properties.

Issuance of Additional Bonds

The County may issue additional bonds payable on a parity basis with the bonds under the Trust Agreement (the "Additional Bonds") at any time or times for the purpose of paying all or part of the cost of any additional Improvements or Project or any portions thereof, including the payment of any notes or other obligations of the County or the repayment of any advances made from any source to temporarily finance such cost, and for making a deposit to the Reserve Account in an amount not to exceed the increase in the Reserve Account Requirement related to the issuance of such Series of bonds. Such bonds shall not be authenticated by the Trustee, in accordance with the then-current form of the Trust Agreement, until the following documents, among others, have been received and the following conditions have been met:

- (a) A copy of the resolution authorizing the issuance of the Additional Bonds.
- (b) If not provided in the resolution under (a) above, a copy of the resolution awarding such Additional Bonds and directing the authentication and delivery of such Additional Bonds to or upon the order of the principal underwriters upon payment of the purchase price therefor.
- (c) A statement, signed by the Consulting Engineers certifying that the construction or acquisition of the Improvements or Project described in the resolution authorizing the issuance of such Additional Bonds is, in their opinion, necessary to place or maintain the Port Authority Properties in proper condition for their safe, efficient and economic operation or to preserve, extend, increase or improve the service rendered by the Port Authority Properties, and giving their estimate of the total cost of the Improvements or Project or portions thereof (including a reserve for contingencies), to be financed in whole or in part by the issuance of such Additional Bonds.
- (d) To the extent necessary for purposes of (h)(ii) below, a statement, signed by the Traffic Engineers, giving their estimates (taking into account the information contained in item (iv) of the certificate of the Director mentioned in (e) below) of:

(i) The amounts of the Current Expenses in each of the five fiscal years immediately following the date of said statement or, if interest on the Additional Bonds is to be paid from proceeds of such Additional Bonds, in each of the five fiscal years immediately following the last date on which interest on such Additional Bonds is to be paid from proceeds of such Additional Bonds, and

(ii) The amount of annual Net Revenues in each of the five fiscal years immediately following the date of said statement or, if interest on the Additional Bonds is to be paid from proceeds of such Additional Bonds, in each of the five fiscal years immediately following the last date on which interest on such Additional Bonds it to be paid from proceeds of such Additional Bonds.

(e) A certificate, signed by the Director (and approved by the Trustee as to item (i) below and by the Traffic Engineers as to any adjustments described in item (iii) below), setting forth:

(i) The amount of the Principal and Interest Requirements for each succeeding fiscal year on account of all bonds then Outstanding and the Additional Bonds,

(ii) The amount, if any, which is then available or will be made available for paying the cost of such Improvements or Project or portions thereof and the source or sources from which such amount has been or will be received,

(iii) To the extent necessary for purposes of (h)(ii) below, the amount of Net Revenues for any period of 12 consecutive calendar months selected by the County out of the eighteen calendar months immediately preceding the date of said certificate (the "Computation Period"); provided, however, that if the rates and charges for the use of, and for the services and facilities furnished by, the Port Authority Properties shall have been revised prior to the date of such certificate, the Net Revenues for the Computation Period may be adjusted to reflect the amounts which would have been received had such rates and charges been in effect throughout the Computation Period, and

(iv) If interest on the Additional Bonds is to be paid from proceeds of such Additional Bonds, the last date on which interest on such Additional Bonds is expected to be paid from proceeds of such Additional Bonds.

(f) A certificate of the Director stating that the County is not in default under any provisions of the Trust Agreement.

(g) An opinion of the County Attorney stating that the proposed Additional Bonds have been duly authorized and all conditions to their delivery have been met.

(h) The Trustee has determined that:

(i) The proceeds (excluding accrued interest) of such Additional Bonds to be applied to the costs of the Improvements or Project or portions thereof to be financed in whole or in part by the Additional Bonds, together with any other funds made available therefor, shall be not less than the estimated total cost of the Improvements or Project or portions thereof to be financed in whole or in part by the Additional Bonds;

(ii) Either: (a) the percentage derived by dividing the amount of Net Revenues shown in item (iii) of the certificate of the Director mentioned in (e) above by the largest amount of Principal and Interest Requirements shown for any fiscal year in item (i) of said certificate mentioned in (e) above shall not be less than 120%, or (b) the percentages derived by dividing the amount of Net Revenues for each of the fiscal years shown in item (ii) of the statement of the Traffic Engineers mentioned in (d) above by the amount of Principal and Interest Requirements shown for the corresponding fiscal years in item (i) of the certificate of the Director mentioned in (e) above shall not be less than 120%; and

(iii) The amount to the credit of the Reserve Account in the Sinking Fund (including amounts available under any Reserve Facilities) shall be not less than the amount then required to be on deposit to the credit of the Reserve Account at such time under the terms of the Trust Agreement.

The proceeds of any such Additional Bonds, exclusive of accrued interest, are to be deposited in the Reserve Account to the extent necessary and the balance is to be deposited with the Co-Trustee to the credit of the related Series Account in the Construction Fund.

The Trust Agreement also provides an alternative for the issuance of Additional Bonds for completion of any Improvements or a Project in the event that the bonds initially issued for such Improvements or Project are insufficient to complete that Improvement or Project. Such Additional Bonds may be issued without meeting the requirements set forth in (a) through (h) above in order to provide additional funds for completion of Improvements or Projects, as shown by a resolution of the Board and a statement of the Consulting Engineers. Such Additional Bonds shall constitute a part of the same Series of the bonds as the bonds initially issued for the uncompleted Improvement or Project. Such Additional Bonds shall bear the same date as the bonds initially issued for such Improvements or Projects, but may be made subject to redemption at different times and prices. If the bonds initially issued were serial bonds, then the Additional Bonds shall be serial bonds maturing in annual installments beginning not earlier than one year after their delivery and ending in the year of the latest stated maturity of the bonds initially issued, and the annual installments shall be in such amounts that the Principal and Interest Requirements of such Additional Bonds shall be as nearly equal as the County deems practicable. If the bonds initially issued shall consist of term bonds or both serial bonds and term bonds, then the Additional Bonds shall be term bonds maturing on the same date as the term bonds initially issued, and the resolution authorizing the Additional Bonds shall fix, or provide for the fixing of, the Amortization Requirements for such Additional Bonds, beginning not earlier than one year after the date of delivery of such Additional Bonds and being that percentage, as nearly as practicable, of the Amortization Requirements for the term bonds initially issued which is derived by dividing the principal amount of the Additional Bonds by the principal amount of the term bonds initially issued. If an issue of Additional Bonds meets the requirements set forth in (a) through (h) above, such Additional Bonds do not have to meet the requirements set forth in this paragraph.

Issuance of Refunding Bonds

The County may issue revenue refunding bonds payable on a parity basis with the Bonds issued under the Trust Agreement (the "Refunding Bonds") to:

(a) Refund at their maturity all or any portion of the Outstanding bonds of any Series which mature within 3 months thereafter. Such Refunding Bonds shall mature in a year not earlier than the year of the latest stated maturity of any bonds then Outstanding under the Trust Agreement.

(b) Redeem prior to or paying at their maturity all or any portion of the Outstanding bonds of any Series issued under the provisions of the Trust Agreement, including the payment of any redemption premium thereon and interest to accrue thereon to the date fixed for their redemption or maturity, as applicable, paying costs of issuance with respect thereto and making a deposit to the Reserve Account in an amount not to exceed the increase, if any, in the Reserve Account Requirement relating to the issuance of such Series Refunding Bonds.

(c) Refund all or any portion of obligations then outstanding which have not been issued under the provisions of the Trust Agreement for the payment of which there are pledged revenues of any airport or airport-related project or projects.

Refunding Bonds may be issued only if there shall be filed with the Trustee (i) a copy of the resolution authorizing such Refunding Bonds, (ii) if not provided in the resolution under (i) above, a copy of the resolution awarding such Refunding Bonds and directing the authentication and delivery of such Refunding Bonds, (iii) an opinion of the County Attorney stating that the issuance of such Refunding Bonds has been duly authorized and all conditions precedent thereto have been fulfilled and (iv) if such Refunding Bonds are to be issued for the purpose of redeeming bonds of any Series prior to their stated maturity, such documents as shall be required by the Trustee to show that provision has been duly made in accordance with the Trust Agreement for the redemption of all bonds to be refunded which are to be redeemed prior to their stated maturity.

Refunding Bonds may only be issued for the purpose described in (b) above if, among other conditions described in the Trust Agreement, either (A) the total Principal and Interest Requirements for the Refunding Bonds during their term is less than the total Principal and Interest Requirements for the bonds to be refunded during their

term, (B) the percentage derived by dividing (i) the Net Revenues for the Computation Period by (ii) the maximum amount of Principal and Interest Requirements for any succeeding fiscal year on account of all bonds theretofore issued under the provisions of the Trust Agreement and then Outstanding (other than the refunded bonds) and the proposed Refunding Bonds, as set forth in a certificate of the Director, approved by the Traffic Engineers as to (i) above to the extent of any adjustments to Net Revenues and approved by the Trustee as to item (ii) above, shall not be less than 120%, or (C) the percentages derived by dividing (i) the estimated amount of annual Net Revenues in each of the five fiscal years immediately following delivery of the Refunding Bonds (such Net Revenues to be determined from the Revenues and Current Expenses as estimated by the Traffic Engineers in a statement signed by the Traffic Engineers) by (ii) the amount of the Principal and Interest Requirements for each of such five fiscal years on account of all bonds theretofore issued under the provisions of the Trust Agreement and then Outstanding (other than the refunded bonds) and the proposed Refunding Bonds, as set forth in a certificate of the Director, shall not, in each such year, be less than 120%.

Issuance of Refunding Bonds for the purpose described in (c) above may be undertaken only if, among other conditions described in the Trust Agreement, (A) the percentages derived by dividing the estimated amount of annual Net Revenues of the Port Authority Properties, including the project or projects financed with the obligations to be refunded, in each of the five fiscal years immediately following delivery of such Refunding Bonds, as estimated by the Traffic Engineers in accordance with the terms of the Trust Agreement, by the amount of the Principal and Interest Requirements for the corresponding fiscal years for all bonds then Outstanding and the proposed Refunding Bonds shall not, in each such year, be less than 120%, and (B) the County is not then in default under the Trust Agreement and there is no deficiency in the Reserve Account in the Sinking Fund.

Refunding Bonds issued for any of the above purposes shall mature not later than forty years from their date and may be subject to redemption prior to maturity (including from Amortization Requirements for any term bonds).

Other Types of Bonds, Credit Enhancement and Hedge Agreements

The County may (i) provide that any bonds authorized to be issued under the Trust Agreement may be issued as capital appreciation bonds, capital appreciation and income bonds, convertible bonds, put bonds, variable rate bonds or such other types of bonds as may be marketable from time to time, or any combination thereof, (ii) provide that such bonds shall be additionally secured by a Credit Facility and/or Liquidity Facility, (iii) enter into agreements with any bank, dealer in tax exempt bonds or other institution for the remarketing of bonds which have been tendered for payment, (iv) enter into agreements with any bank or other financial institution providing a Credit Facility or Liquidity Facility for the reimbursement of funds advanced under such Credit Facility or Liquidity Facility, and (v) enter into Hedge Agreements.

For purposes of determining the principal amount of a capital appreciation bond or a capital appreciation and income bond for redemption, acceleration or computation of the amount of bonds held by the holder thereof in giving any notice, consent, request or demand pursuant to the Trust Agreement for any purpose whatsoever, the principal amount of a capital appreciation bond shall be deemed to be its Accreted Value and the principal amount of a capital appreciation and income bond shall be deemed to be its Appreciated Value.

Use of Port Authority Properties

The County covenants that it will establish and enforce reasonable rules and regulations governing the use of the Port Authority Properties and the operation thereof, that all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the Port Authority Properties will be reasonable, that no more persons will be employed by it than are necessary, and that it will maintain and operate the Port Authority Properties in an efficient and economical manner, that it will at all times maintain the same in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements.

Disposal of Port Authority Properties

The County covenants that except as otherwise permitted in the Trust Agreement it will not sell or otherwise dispose of or encumber the Port Authority Properties or any part thereof and will not create or permit to be created any charge or lien on the Revenues thereof ranking equally with or prior to the charge or lien on such Revenues of the bonds issued under and secured by the Trust Agreement; provided, however, that the County may, from time to time, sell or otherwise dispose of property forming part of the Port Authority Properties, if the Director shall determine that such property is no longer needed or is no longer useful in connection with the construction or operation and maintenance of the Port Authority Properties (with any proceeds thereof to be applied to the replacement of the property so sold or disposed of or deposited to the credit of the Redemption Account in the Sinking Fund, the Reserve Maintenance Fund or the Revenue Fund as the Board shall determine by resolution).

Bonds Secured Otherwise Than by the Trust Agreement

Nothing in the Trust Agreement is to be construed as preventing the issuance by the County of obligations secured by other than the revenues pledged as security for the bonds issued under the provisions of the Trust Agreement. The County covenants, however, that: (1) none of the Revenues of the Port Authority Properties will be used for any purpose other than as provided in the Trust Agreement, (2) it will not construct or consent to the construction of any project (including any building or structure at Miami International Airport) other than such projects as shall be financed by Additional Bonds under the Trust Agreement unless there shall be filed with the Clerk of the Board (a) a statement, signed by the Traffic Engineers, certifying that in their opinion, the operation of such project will not affect the County's compliance with the rate covenant set forth in the Trust Agreement and (b) a statement, signed by the Consulting Engineers, certifying that the operation of such project will not impair the operating efficiency of the Port Authority Properties, and (3) no contracts will be entered into or any action taken that would impair or diminish the rights of the Trustee, the Co-Trustee, and the bondholders. An airport or airport-related project financed by obligations not issued under the Trust Agreement may be added to the Port Authority Properties by resolution of the Board if the amount of the annual Net Revenues of the Port Authority Properties including such project in each of the five fiscal years immediately following the inclusion of such project in the Port Authority Properties, as estimated by the Traffic Engineers in accordance with the terms of the Trust Agreement, after deducting the amount of the average annual deposits estimated by the Consulting Engineers to be required to be made to the credit of the Reserve Maintenance Fund in such five fiscal years, will, in each such fiscal year, be not less than 120% of the Principal and Interest Requirements for such fiscal year on account of all bonds then Outstanding under the Trust Agreement.

Insurance

The County covenants that it will maintain a practical insurance program, with reasonable terms, conditions, provisions and costs which the Director determines, with the approval of an independent risk management consultant having a nationwide and favorable reputation for skill and experience in such work selected by the County, will afford adequate protection against loss caused by damage to or destruction of the Port Authority Properties or any part thereof and also such comprehensive public liability insurance on the Port Authority Properties for bodily injury and property damage and in such amounts as may be approved by such independent risk management consultant.

All such insurance policies shall be carried in a responsible insurance company or companies authorized and qualified under the laws of the State of Florida to assume the risks thereof.

The proceeds of all such insurance covering damage to or destruction of Port Authority Properties shall be deposited with the Co-Trustee and shall be available for and shall, to the extent necessary and in the opinion of the Consulting Engineers desirable, be applied to the repair, replacement or reconstruction of the damaged or destroyed property, and shall be paid out in the manner provided in the Trust Agreement for payments from the Construction Fund. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Reserve Maintenance Fund. If such proceeds shall be insufficient for such purpose, the deficiency shall be supplied out of any monies in the Reserve Maintenance Fund.

Engineers

The County covenants to employ an independent engineer or engineering firm or corporation having a nationwide and favorable reputé for skill and experience in such work for the purpose of carrying out the duties imposed on the Consulting Engineers as detailed in the Trust Agreement, and to employ an independent engineer or engineering firm or corporation having a nationwide and favorable reputé for skill and experience in such work to perform the duties imposed on the Traffic Engineers by the Trust Agreement.

Audits and Reports

The County covenants to keep accurate records and accounts of the Revenues of the Port Authority Properties, of the application of such Revenues and of all items of costs and expenditures relating to the Port Authority Properties. Such records and accounts shall be open to the inspection of all interested persons.

The County also covenants to file monthly with the Trustee and Co-Trustee and mail to the Consulting Engineers and each bondholder who has filed his name and address with the County for such purpose, any revisions of the rates and charges for the Port Authority Properties made during the preceding calendar month and a report of the preceding calendar month setting forth the Revenues and Current Expenses of the Port Authority Properties, the deposits to, and withdrawals from, each special fund and account created under the Trust Agreement, the details of all bonds issued, paid, purchased or redeemed, a balance sheet as of the end of such month, the balance in each fund and account and the details of investments thereof and the proceeds received from any sales of property.

The County further covenants that it will cause an audit of its books and accounts to be made annually by an independent firm of certified public accountants of recognized ability and standing, and that it will cause an annual report of the operations of the Port Authority Properties covering matters usually contained in annual reports for similar properties, to be prepared and filed with the County, the Consulting Engineers, the Trustee, the Co-Trustee, each provider of a Credit Facility and each bondholder who shall have filed his name and address with the County for such purposes. Such annual reports shall be open to the inspection of all interested persons.

Defeasance

If, in addition to any requirements set forth in any resolution authorizing the issuance of a particular Series of bonds, when the bonds secured under the Trust Agreement shall have become due and payable in accordance with their terms or shall have been duly called for redemption or irrevocable instructions to call the bonds for redemption shall have been given by the County to the Trustee, the whole amount of the principal and the interest and the premium, if any, so due and payable upon all of the bonds and coupons then Outstanding shall be paid or sufficient monies, Government Obligations, or a combination of monies and Government Obligations, shall be held by the Trustee or the Paying Agents for such purpose, and provision shall also be made for paying all other sums payable under the Trust Agreement by the County, then and in that case the right, title and interest of the Trustee and of the Co-Trustee shall thereupon cease, determine and become void, and the Trustee and the Co-Trustee in such case, on demand of the County, shall release the Trust Agreement and shall execute such documents to evidence such release as may be reasonably required by the County, and shall turn over to the County or to such officer, board or body as may then be entitled by law to receive the same any surplus in any account in the Sinking Fund and all balances remaining in any other funds or accounts other than monies held for redemption or payment of bonds or coupons; otherwise the Trust Agreement shall be, continue and remain in full force and effect.

For purposes of the above paragraph, Government Obligations shall be deemed sufficient to pay or redeem bonds if the principal of and interest on such Government Obligations, when due, will be sufficient to pay the principal and the interest and the redemption premium, if any, due on the bonds.

Amendments or Modifications

Any of the provisions of the Trust Agreement may be modified or amended from time to time by supplemental agreements entered into by the County and Trustees upon the consent of the holders of not less than two-thirds in an aggregate principal amount of the bonds then Outstanding, provided that any such modification or

amendment will not permit (a) extension of the maturity of the principal of or the interest on any bond, (b) a reduction of the principal amount of any bond or the redemption premium or the rate of interest of any bond, (c) the creation of a lien or a pledge of revenues ranking prior to or on a parity basis with the lien or pledge created by the Trust Agreement, (d) a preference or priority of any bond or bonds over any other bond or bonds, or (e) a reduction in the aggregate principal amount of the bonds required for consent to such supplemental agreements.

The County and the Trustees may, without the consent of the bondholders, enter into supplemental agreements to cure any ambiguity, formal defect or omission in the Trust Agreement or any supplemental agreement or to grant to or confer upon the Trustees or either of them for the benefit of the bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the bondholders or the Trustees or either of them.

So long as the provider of a Credit Facility has not defaulted in its obligations thereunder, such provider will be deemed the holder of all bonds secured by such Credit Facility for purposes of any required consents and approvals to such supplemental agreements from the holders of bonds.

The holders of any Series of bonds to be issued under the Trust Agreement shall be deemed to have consented to a supplemental agreement if the principal underwriters of such Series of bonds shall consent in writing to such supplemental agreement and the nature of such supplemental agreement is disclosed in any offering document pursuant to which such Series of bonds is being offered for sale.

Remedies of Bondholders

The Trust Agreement defines events of default as (i) the failure to pay the principal of and any redemption premium on any of the bonds and, if provided in, or pursuant to, the resolution authorizing the issuance of a particular Series of bonds, payment of the purchase price thereof, when the same shall become due and payable, whether at maturity, pursuant to optional or mandatory tender or upon call for redemption or otherwise, (ii) the failure to pay interest within 10 days after the same shall become due and payable, (iii) the failure to deposit to the credit of the Redemption Account in any fiscal year an amount equal to the Amortization Requirement for such fiscal year for the term bonds of each Series then Outstanding, (iv) the County shall for any reason be rendered incapable of fulfilling its obligations under the Trust Agreement, (v) a final judgment for the payment of money shall be rendered against the County as a result of the ownership, control or operation of the Port Authority Properties and not discharged, appealed or stayed within 60 days from the entry thereof, (vi) a receiver of the Port Authority Properties or the Revenues shall have been appointed and, if such appointment was without the consent or acquiescence of the County, shall not have been vacated, stayed, or discharged within 60 days after the entry of an order or decree appointing said receiver, (vii) any proceeding shall be instituted with the consent and acquiescence of the County, for the purpose of effecting a composition or adjustment of claims between the County and creditors pursuant to any federal or state statute, if such claims are payable out of Revenues, and (viii) the default by the County, after 30 days' notice thereof by the Trustee, in the due and punctual performance of any of the covenants or provisions in the bonds or in the Trust Agreement, provided that if such default shall be of a type which can be remedied but not within 30 days, it shall not constitute an event of default if the County in good faith begins and diligently pursues to remedy such default within such 30-day period.

The Trust Agreement provides that failure to meet the minimum requirements, set forth in subparagraphs (ii) and (iii) under the caption "SECURITY FOR THE SERIES 2014 BONDS – Rate Covenant" in the main body of the Official Statement, in any fiscal year, of the Reserve Maintenance Fund or the Sinking Fund does not in itself constitute an event of default if the County shall comply with all recommendations of the Traffic Engineers as to rates and charges; however, the Trustee or the holders of not less than 15%, or after none of the bonds issued prior to the Effective Date are Outstanding, the holders of not less than a majority, in principal amount of bonds Outstanding may, or upon the request of not less than ten percent (10%), or after none of the bonds issued prior to the Effective Date are Outstanding, the holders of not less than a majority, in principal amount of bonds Outstanding, and upon being indemnified to its satisfaction, the Trustee shall institute appropriate action to compel the County to revise the rates and changes.

In the event of default, the Trustee may, and upon the request of the holders of not less than 20%, or after none of the bonds issued prior to the Effective Date are Outstanding, the holders of not less than a majority, in

principal amount of the Outstanding bonds shall, declare the principal of all Outstanding bonds to be due and payable immediately. The Trustee may, and upon the request of the holders of not less than ten percent (10%), or after none of the bonds issued prior to the Effective Date are Outstanding, the holders of not less than a majority, in principal amount of the Outstanding bonds shall, proceed to protect and enforce its rights and the rights of the bondholders by such suits, actions or special proceedings in equity or at law as the Trustee being advised by counsel shall deem most effectual to protect and enforce such rights. Anything in the Trust Agreement to the contrary notwithstanding, the holders of a majority in principal amount of bonds then Outstanding shall have the right, subject to the obligation to indemnify the Trustee pursuant to the terms of the Trust Agreement, to direct the method and place of conducting all remedial proceedings, to the extent lawful and in the opinion of the Trustee not unjustly prejudicial to other bondholders not parties to such directions. No remedy is intended to be exclusive of any other remedy or remedies, and each and every remedy is cumulative and is in addition to every other remedy given under the Trust Agreement or existing at law.

No holder of any of the bonds, except as described above, shall have any right to institute any suit, action, mandamus or other proceedings in equity or at law for the enforcement of any right under the Trust Agreement or the laws of Florida, unless such holder previously shall have given to the Trustee written notice of the event of default or breach of trust or duty on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than ten percent (10%), or after none of the bonds issued prior to the Effective Date are Outstanding, the holders of not less than a majority, in principal amount of the Outstanding bonds shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to exercise its granted powers or to institute such action, suit or proceedings, and unless there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time.

So long as the provider of a Credit Facility has not defaulted in its obligations thereunder, such provider will be deemed the holder of all bonds secured by such Credit Facility for purposes of exercising the rights of the holders of bonds upon the occurrence of any event of default.

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE AIRLINE USE AGREEMENT

The following is a summary of certain provisions of the Airline Use Agreement and does not purport to be complete. Reference is made to the Airline Use Agreement, a copy of which is on file and available at the office of the Aviation Department, for a review of its complete terms. Terms not defined in this Summary or in this Official Statement shall have meanings set forth in the Airline Use Agreement.

The Airline Use Agreement (“AUA”) sets forth the operating privileges and responsibilities at Miami International Airport (“MIA” or the “Airport”) for an airline operating at MIA which has signed the AUA (a “Signatory Airline”). The AUA does not lease or convey any property interest to the Signatory Airline and is effective as to any successor governing authority of the Airport.

The term of the AUA is for fifteen years from its effective date, which is defined as being May 1, 2002. All AUAs, no matter when actually executed by the airline, bear the effective date of May 1, 2002. Each Signatory Airline agrees that its obligations to pay Landing Fees and charges, whether incurred for operations at MIA or any other airport within the County’s Airport System, shall continue beyond any expiration of the agreement for so long as the Signatory Airline operates at MIA or such other airport and bonds are outstanding under the Trust Agreement or any successor trust indenture. Conversely, if the Signatory Airline discontinues its operations at a County airport, the Signatory Airline has no further obligation to the airport at which it operated other than for payment of incurred charges.

The Signatory Airline agrees to whatever Landing Fee Rates and charges are established by the County from time to time, and agrees that (1) the Landing Fee Rate may be based on a residual method of calculating Landing Fees set forth in Tab G of the AUA and discussed below, and (2) Terminal Building fees may be based on the cost-based equalized rate-setting methodology described in Tab H of the AUA. The County may modify such methodologies in order to comply with its requirements under the Trust Agreement or under federal law, or as a result of a Board-approved modification resulting from consultation with the Airlines at MIA and consented to by the Trustee.

Each Signatory Airline agrees that the Passenger Facility Charge revenue belongs to the Airport and not the airline. Each Signatory Airline further agrees that it will (1) comply with all rules and regulations of the Airport, (2) indemnify and reimburse the County for any failure to so comply, (3) comply with all applicable noise abatement regulations, (4) obtain appropriate airline operating certificates and liability insurance, (5) comply with all security requirements and directives, (6) not discriminate in violation of applicable law, and (7) control its employees in the use of the Airport. The Signatory Airline acknowledges the primacy of the Trust Agreement.

Each Signatory Airline agrees that the Miami Airport Affairs Committee (the “MAAC”) shall represent the interests of all airlines at MIA for voting on matters on which the AUA requires a decision and that any Majority-In-Interest (“MII”) decision by the MAAC required by the AUA shall be binding on the Signatory Airline. MIIs consist of those airlines on the MAAC that are not less than 51% of existing MAAC members and that collectively with their non-signatory Affiliated Airlines represent more than 25% of total landed weight for which Landing Fees were paid during the previous Fiscal Year by all MAAC airlines and their non-signatory Affiliated Airlines. An “Affiliated Airline” is defined to be any airline of a designated relationship to the Signatory Airline that is shown on Tab F of the AUA as being an airline for which the Signatory Airline has agreed to be financially responsible.

The Aviation Department may incur costs without MII approval to design and construct any capital project that (1) is a Non-Port Authority Properties facility provided it will cause no increase in Airline Costs Per Enplaned Passenger (as defined below), (2) has net costs (i.e., project costs less equity sources such as grants or PFC revenue) that do not exceed \$15 million, (3) is financed by special facility revenue bonds not payable from Airport System funds, (4) is financed by a tenant or third-party source and not subject to reimbursement, (5) is in connection with the reclassification to Port Authority Properties, (6) is required under the Trust Agreement as certified by the Consulting Engineers, (7) is required to comply with a rule, regulation, order or requirement of any federal, state or

governmental agency, (8) is necessary to settle lawful claims, satisfy judgments or comply with judicial orders against the County by reason of its ownership, operation, maintenance or use of the Port Authority Properties or parts thereof, (9) is needed as a result of an emergency, (10) is needed to repair or replace casualty damage, (11) is a capital project previously approved by the MIIs, although if the scope materially changes and the revised construction estimate increases by more than 25% of the approved construction cost, the MIIs may review the increment in construction costs; and (12) is part of the approved CIP listed in Exhibit A of the AUA, with MIIs, however, having the right to review any increase in estimates of Exhibit A project costs, if such costs at the program level are more than 25% of original estimated program costs.

Airline Costs Per Enplaned Passenger ("CEP") means the ratio created by dividing Airline Costs for a Fiscal Year by enplaned passengers for the corresponding Fiscal Year. "Airline Costs" means that portion of revenues received by the County from Airlines in payment of (1) rents, fees and charges for use and occupancy of the terminal building, concourses and facilities related to the processing of air passengers and to the accommodation of passenger aircraft for loading and unloading of passengers and their bags and (2) landing fees at airports in the Airport System. MII review of all other projects is based on whether projected CEP are above a stated level, as expressed in all cases in 1998 dollars.

(a) If the projected CEP does not exceed \$30 (in 1998 dollars) in five (5) or more years of the ten (10) year projection period, then a project is deemed approved by the MIIs unless the Aviation Department receives written responses from the MIIs that they disapprove the project within forty-five (45) days of the request for approval. If disapproval occurs, the Aviation Department must defer the project for one hundred eighty (180) days and then re-submit the project to the MIIs for the same review process. Each such re-submitted project shall be deemed to be approved unless the Aviation Department receives written responses from the MIIs that they disapprove the project within forty-five (45) days of the re-submission. After one hundred eighty (180) days following resubmission, the Aviation Department may proceed with any such project that was disapproved by the MIIs on re-submission.

(b) If the projected CEP exceeds \$30 (in 1998 dollars) but does not exceed \$35 (in 1998 dollars) in six (6) or more years of the ten (10) year projection period, then the project is not deemed approved unless the MIIs signify their approval in writing within forty-five (45) days. Late responses and non-responses are deemed to signify approval of such project. If non-approval occurs, the Aviation Department must defer the project for one hundred eighty (180) days and then re-submit the project to the MIIs for the same review process within forty-five (45) days of the request for approval. No re-submitted project shall be deemed approved by the MIIs unless the MIIs provide written approval thereof within forty-five (45) days of resubmission. Late responses and non-responses are deemed to signify approval of such project. If construction of such project is not approved by the MIIs, the Aviation Department may still construct the project upon approval thereof by the Board of County Commissioners.

(c) If the CEP exceeds \$35 (in 1998 dollars) in six (6) or more years of the 10-year projection period, a construction moratorium occurs during the next Fiscal Year except for those 12 categories of projects listed above. However, the Aviation Department may present capital projects during such time period, and if it obtains MII approval then the Aviation Department may construct such projects.

The AUA permits each Signatory Airline to participate in the Aviation User Credit Program ("AUCP"). The Aviation Department is entitled to collect all fees applicable thereto in cash each time an airline uses the Airport. To avoid the administrative inconvenience to the Aviation Department and to the airline of collecting such cash payments at each time of use, the Aviation Department permits the Signatory Airline to participate in the AUCP under which the airline self-reports and self-pays the designated Aviation Activity fees by the 10th day of the month following the month in which the fees were incurred.

The AUA provides that an airline operating at MIA may be obligated to pay 100%, 105% or 150% of the Landing Fee Rate and certain aviation use fees (collectively, the "Aviation Activities" fees). An airline that both signs the AUA and participates in the AUCP pays only 100% of the established Aviation Activities fees. An airline that does not sign the AUA but is allowed to participate in the AUCP pays 105% of such fees, and an airline that fails to participate in or is removed from the AUCP is placed on a cash payment basis and must pay 150% of such fees, even if the airline has signed the AUA.

The Aviation Department calculates the Landing Fee Rate to be effective as of October 1 of each year based upon the annual budget for the Port Authority Properties and estimates of Total Landed Weight. The Landing Fee Rate may be adjusted semi-annually effective April 1. If the County is required because of emergency conditions to adjust the Landing Fee Rate effective at a time other than October 1 or April 1, the Aviation Department after proper notification of the MIA air carriers, may adjust the Landing Fee Rate. Promptly upon the cessation of the emergency conditions requiring any such adjustment, the Aviation Department will notify the air carriers to the adjustment that can be made because of the cessation of such conditions and the effective date upon which the adjustment will take effect.

For the use of the airfield at the Airport, each airline shall pay the County monthly Landing Fees determined by multiplying its Total Landed Weight during the month by the then-current Landing Fee Rate. Landing Fees are calculated by determining the difference between anticipated Revenue Credits and the total Revenue Requirement for the forthcoming year. The Revenue Requirement for the period of the fee calculation is estimated on a cash basis by totaling the following amounts:

- (i) Estimated Principal and Interest Requirements on Bonds issued under the Trust Agreement then outstanding and on Bonds to be issued during the period of the fee calculation;
- (ii) A coverage margin calculated as 20% of the estimated Principal and Interest Requirements;
- (iii) Estimated Current Expenses;
- (iv) Estimated change in the operating reserve for Current Expenses, which reserve is calculated as a percentage (not to exceed 20%) of estimated Current Expenses;
- (v) Estimated deposit, if any, from Revenues to the Bond Reserve Account required to meet the reserve requirement;
- (vi) Deposit to the Reserve Maintenance Fund in the amount recommended by the Consulting Engineers;
- (vii) Estimated debt service payable from Revenues on commercial paper then outstanding and on commercial paper to be issued during the period of the fee calculation, including amounts necessary to make hedge or termination payments;
- (viii) Estimated debt service and revenue covenant requirements payable from Revenues on other indebtedness (including, for example, subordinate debt, Passenger Facility Charge debt, or general obligation bonds) then outstanding and on other indebtedness to be issued during the period of the fee calculation;
- (ix) Estimated deposits to funds and accounts payable from Revenues that may be required in connection with commercial paper or other indebtedness; and
- (x) Costs of Prior Aviation Development Facilities ("Prior ADF"), if any, that may be payable from Revenues pursuant to a merger of the Port Authority Properties and Prior ADF, net of Prior ADF revenues related to such costs.

The total Revenue Credits for the period of the Landing Fee calculation is estimated on a cash basis by totaling the following amounts:

- (i) Revenues to be received during the period of the fee calculation from all sources, including the transfer from the Improvement Fund and Revenues from the Non-Signatory Differential, but exclusive of Revenues from (a) Landing Fees, (b) interest earnings on monies in the Reserve Maintenance Fund, and (c) interest earnings on monies in the Improvement Fund; and

(ii) Revenues to be received from landing fees for aircraft landings conducted prior to the effective date of the revised Landing Fee Rate (which, for example, includes Revenues received in October for landings conducted in September when computing the October 1 Landing Fee Rate).

The resulting differential between Revenue Requirement and Revenue Credits is then divided by estimated Total Landed Weight for the period to determine the Landing Fee Rate per one thousand (1,000) pounds of aircraft weight. (When computing the October 1 Landing Fee Rate, Total Landed Weight covers the 11-month period from October through August.)

In the AUA, the Signatory Airline acknowledges that the County (1) may deduct from the monies remaining in the Improvement Fund at the end of each Fiscal Year the sum of \$5 million to be deposited into the Retainage Sub-account up to a cumulative maximum balance of \$15 million, to be used by the Airport for any lawful airport purpose, (both of these dollar amounts are subject to an annual percentage adjustment, up or down, as defined in the AUA) and (2) may deposit to the Performance Sub-account 50% of the revenue amounts that exceed the break-even costs of the Cargo and Commercial Aviation Support Facilities. No maximum cumulative amount applies to the amounts in this sub-account, and monies in this sub-account may be used for any lawful purpose.

The Aviation Department and the airlines, through the MAAC, recently negotiated a Restated Airline Use Agreement (the "Restated AUA") that updates the AUA to reflect current conditions. The changes include: a tiered insurance provision allowing airlines operating smaller passenger and cargo aircraft to provide lower levels of insurance; a reduction in the security deposit requirement for payment of landing and aviation fees from the previous three month in estimated charges to two months in estimated charges; a clarification of the conditions under which airlines will receive relief from having to pay interest on delayed payments; a clarification of the Common Use Terminal Equipment (CUTE) Pricing Policy; and an amendment that allows further amendments to the Restated AUA upon concurrence of only 75% by number and landed weight of MAAC members rather than the current unanimous approval requirement. The expiration date of April 30, 2017 that applies to the AUA will apply to the Restated AUA. Although the AUA requires all amendments to the AUA to be approved by 100% of the Signatory Airlines, the Aviation Department will honor the changes in the Restated AUA as to those airlines that sign the Restated AUA. If 100% of the required Signatory Airlines do not approve the changes in the Restated AUA as reflected by their execution of the Restated AUA, the Restated AUA makes it clear that the prior AUA remains in full force and effect. As of September 30, 2014, thirty-six (36) of the sixty-six (66) operating Signatory Airlines have signed the Restated AUA

[End of AUA Summary]

APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

On the date of issuance of the Series 2014 Bonds, Greenberg Traurig, P.A. and Edwards & Associates, P.A., Bond Counsel, propose to render their opinion in substantially the following form, which is subject to change.

December 17, 2014

Board of County Commissioners of
Miami-Dade County, Florida
Miami, Florida

Re: \$598,915,000 Miami-Dade County, Florida Aviation Revenue Refunding Bonds, Series 2014A (AMT) and \$162,225,000 Miami-Dade County, Florida Aviation Revenue Refunding Bonds, Series 2014B (Non-AMT)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by Miami-Dade County, Florida (the “County”) of its \$598,915,000 Aviation Revenue Refunding Bonds, Series 2014A (AMT) (the “Series 2014A Bonds”) and its \$162,225,000 Aviation Revenue Refunding Bonds, Series 2014B (Non-AMT) (the “Series 2014B Bonds,” and together with the Series 2014A Bonds, the “Series 2014 Bonds”) dated of even date herewith. The Series 2014 Bonds are being issued pursuant to the authority of the Constitution and laws of the State of Florida, including particularly Chapters 125 and 166, Florida Statutes, as amended, The Home Rule Amendment and Charter of Miami-Dade County, Florida, as amended, the Code of Miami-Dade County, as amended (collectively, the “Act”), the Amended and Restated Trust Agreement dated as of December 15, 2002 (the “Trust Agreement”) by and among the County, The Bank of New York Mellon (successor in interest to JP Morgan Chase Bank), New York, New York, as trustee, and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association), as co-trustee, Ordinance No. 95-38 duly enacted by the Board of County Commissioners of Miami-Dade County, Florida (the “Board”) on February 21, 1995 (the “1995 Ordinance”), Ordinance No. 96-31 enacted by the Board on February 6, 1996 (the “1996 Ordinance”), Ordinance No. 97-207 enacted by the Board on November 4, 1997 (the “1997 Ordinance”) and Ordinance No. 08-121 (the “2008 Ordinance” and collectively with the 1995 Ordinance, the 1996 Ordinance and the 1997 Ordinance, the “Ordinance”) and Resolution No. R-971-14 adopted by the Board on November 5, 2014 (the “Series 2014 Resolution,” and collectively with the Ordinance, the “Bond Ordinance”).

In rendering this opinion we have examined the transcript of the proceedings (the “Transcript”) relating to the issuance of the Series 2014 Bonds, which include the Trust Agreement, the Bond Ordinance and certain other documentation, an executed or facsimile of each of the Series 2014 Bonds and such other documents as we have deemed necessary to render this opinion.

Based on this examination, we are of the opinion that, under existing law:

1. The County is a validly existing political subdivision of the State of Florida under the Constitution and laws of the State of Florida, with the power to issue the Series 2014 Bonds.
2. All conditions precedent in the Trust Agreement to the delivery of the Series 2014 Bonds have been duly fulfilled and the Bond Ordinance has been duly enacted or adopted by the Board and constitutes a valid and legally binding obligation of the County enforceable in accordance with its terms.

3. The issuance and sale of the Series 2014 Bonds have been duly authorized by the Board and the Series 2014 Bonds constitute valid and legally binding limited obligations of the County, payable solely from the Net Revenues (as defined in the Trust Agreement) in the manner and to the extent specified in the Trust Agreement and the Bond Ordinance.

4. Except as expressly provided for in the Bond Ordinance, the issuance of the Series 2014 Bonds shall not directly or indirectly or contingently obligate the State of Florida, the County or any agency or political subdivision thereof to levy or to pledge any form of taxation whatsoever nor shall the Series 2014 Bonds constitute a charge, lien or encumbrance, legal or equitable, upon any property of the County other than the Net Revenues (in the manner and to the extent specified in the Trust Agreement and the Bond Ordinance), and the owners of the Series 2014 Bonds shall have no recourse to the taxing power of the County, the State of Florida or any agency or political subdivision thereof.

5. Under existing statutes, regulations, rulings and court decisions, subject to the assumption stated below: (i) interest on the Series 2014A Bonds is excludable from gross income for federal income tax purposes, except interest on a Series 2014A Bond for any period during which such Series 2014A Bond is held by a “substantial user” of the facilities financed by the Series 2014A Bonds, or a “related person” as those terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”); (ii) interest on the Series 2014A Bonds is an item of tax preference in calculating the federal alternative minimum tax liability of individuals, trusts, estates and corporations; (iii) interest on the Series 2014B Bonds is excludable from gross income for federal income tax purposes; and (iv) interest on the Series 2014B Bonds is not an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations; however, such interest on the Series 2014B Bonds will be taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

In rendering the opinions contained in this paragraph 5, we have assumed continuing compliance by the County with the requirements of the Code that must be met after the issuance of the Series 2014 Bonds in order that interest on the Series 2014 Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The County has covenanted in the Bond Ordinance to comply with the requirements of the Code in order to maintain the excludability of interest on the Series 2014 Bonds from gross income for federal income tax purposes. The failure by the County to meet certain of such requirements may cause interest on the Series 2014 Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2014 Bonds.

6. The Series 2014 Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to any other tax consequences regarding the Series 2014 Bonds.

This opinion is qualified to the extent that the enforceability of the Series 2014 Bonds, the Bond Ordinance and the Trust Agreement, respectively, may be limited by general principles of equity which may permit the exercise of judicial discretion, and by bankruptcy, insolvency, moratorium, reorganization or similar laws relating to the enforcement of creditors’ rights generally, now or hereafter in effect.

In rendering the foregoing opinions we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not verified the accuracy or truthfulness thereof. We have also assumed the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We have not been engaged nor have we undertaken to review or verify and therefore express no opinion as to the accuracy, adequacy, fairness or completeness of any official statement or other offering materials relating to the Series 2014 Bonds, except as may be otherwise set forth in our supplemental opinion delivered to the initial purchaser of the Series 2014 Bonds. In addition, other than as expressly set forth herein, we have not passed upon

and therefore express no opinion as to the compliance by the County or any other party involved in this financing, or the necessity of such parties complying, with any federal or state registration requirements or security statutes, regulations or rulings with respect to the offer and sale of the Series 2014 Bonds.

We express no opinion with respect to any other document or agreement entered into by the County or by any other person in connection with the Series 2014 Bonds, other than as expressed herein.

Our opinions expressed herein are predicated upon present laws, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Respectfully submitted,

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APPENDIX E

PROPOSED FORM OF DISCLOSURE COUNSEL OPINION

On the date of issuance of the Series 2014 Bonds, Hunton & Williams LLP and Law Offices Thomas H. Williams, Jr. P.L., Disclosure Counsel, propose to render their opinion in substantially the following form, which is subject to change.

December 17, 2014

Board of County Commissioners
of Miami-Dade County, Florida
Miami, Florida

MIAMI-DADE COUNTY, FLORIDA

\$598,915,000
Aviation Revenue Refunding Bonds
Series 2014A (AMT)

\$162,225,000
Aviation Revenue Refunding Bonds
Series 2014B (Non-AMT)

Ladies and Gentlemen:

We have served as Disclosure Counsel to Miami-Dade County, Florida (the "County") in connection with the issuance by the County of its \$598,915,000 Aviation Revenue Refunding Bonds, Series 2014A (AMT) (the "Series 2014A Bonds"), and \$162,225,000 Aviation Revenue Refunding Bonds, Series 2014B (Non-AMT) (the "Series 2014B Bonds" and, together with the Series 2014A Bonds, the "Bonds").

In this capacity, we have examined an executed copy of the Official Statement of the County, dated December 3, 2014, (the "Official Statement"), relating to the Bonds. We have reviewed the Official Statement generally and have discussed certain information and statements therein with representatives of the County from the Finance Department, the Aviation Department and the County Attorney's Office; First Southwest Company and Frasca & Associates, L.L.C., Financial Advisors to the County; and Greenberg Traurig, P.A. and Edwards & Associates, P.A., Bond Counsel.

In Resolution No. R-971-14, adopted by the Board of County Commissioners of Miami-Dade County, Florida, on November 5, 2014, the County covenanted to comply with the continuing disclosure requirements of the Securities and Exchange Commission Rule 15c2-12.

We also have examined certain proceedings of the County, and originals or copies identified to our satisfaction of such agreements, instruments, opinions, certificates and other documents as we have deemed necessary for purposes of the advice contained in this letter. We have assumed the genuineness of signatures on documents submitted to us as originals, the authenticity thereof and the conformity with the originals of any documents submitted to us as copies or specimens. We also have assumed the accuracy of the opinion of Bond Counsel.

On the basis of the foregoing, we advise you as follows:

1. We have not verified and are not passing upon, and we do not assume any responsibility for, the accuracy or completeness of the statements contained in the Official Statement. Nothing, however, has come to our attention during the course of our review and discussion of the Official Statement that would cause us to believe that the Official Statement, on the date thereof or on this date, contains any untrue statement of a material fact or omits to

state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

2. Our advice in paragraph 1 does not apply to the financial statements and financial or statistical data contained or incorporated by reference in the Official Statement, including the Appendices.

3. In our opinion, with respect to the issuance of the Bonds, the continuing disclosure undertaking of the County complies as to form in all material respects with the requirements for such an agreement in paragraph (b)(5) of Securities and Exchange Commission Rule 15c2 12.

Very truly yours,

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2014 Bonds, payment of interest and principal on the Series 2014 Bonds to Participants or Beneficial Owners of the Series 2014 Bonds, confirmation and transfer of beneficial ownership interest in the Series 2014 Bonds and other related transactions by and between DTC, the Participants and the Beneficial Owners of the Series 2014 Bonds is based solely on information furnished by DTC on its website for inclusion in this Official Statement. Accordingly, neither the County nor the Underwriters can make any representation concerning these matters or take any responsibility for the accuracy or completeness of such information.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2014 Bonds. The Series 2014 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of each series of the Series 2014 Bonds, each in the aggregate principal amount of such maturity to be issued, as set forth on the inside cover page of this Official Statement, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission (the “SEC”). More information about DTC can be found at www.dtcc.com.

Purchases of Series 2014 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2014 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2014 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2014 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2014 Bonds, except in the event that use of the book-entry system for the Series 2014 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2014 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2014 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2014 Bonds; DTC’s records reflect only the identity of the

Direct Participants to whose accounts such Series 2014 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2014 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2014 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2014 Bonds may wish to ascertain that the nominee holding the Series 2014 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2014 Bonds within a particular maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2014 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2014 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption, principal and interest payments on the Series 2014 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC. Neither the County nor the Underwriters take any responsibility for the accuracy or completeness of such information.

NEITHER THE COUNTY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT OR TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2014 BONDS IN RESPECT OF THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT, THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON THE SERIES 2014 BONDS, ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS OF SERIES 2014 BONDS UNDER THE TRUST AGREEMENT, THE SELECTION BY DTC OR ANY DTC PARTICIPANT OR ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE SERIES 2014 BONDS, OR ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2014 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE HOLDERS OF SERIES 2014 BONDS OR REGISTERED OWNERS OF THE SERIES 2014 BONDS SHALL MEAN CEDE & CO., AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2014 BONDS.

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