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Miami-Dade Preps $742M Airport Refunding

By Shelly Sigo
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Miami-Dade County's $742 million refunding Wednesday will create bond capacity for Miami International Airport's new capital plan, said chief financial officer Sandra Bridgeman.

BRADENTON, Fla. — Miami-Dade County will market one of the largest bond issues on the negotiated calendar the week of Aug. 1.

The $742.05 million aviation revenue refunding deal will price Tuesday for retail, and wraps up Wednesday.

The original debt was sold to implement Miami International Airport's previous $6.5 billion capital improvement plan. MIA is owned by the county and operated by its Aviation Department.

Bank of America Merrill Lynch is the book-runner for the refunding.

The deal will be issued as $365 million of tax-exempt aviation revenue refunding bonds that are not subject to the alternative minimum tax and $377 million of taxable bonds.

Both series are expected to have serial and term bonds with final maturity in 2041.

The bonds are rated A by S&P Global Ratings and Fitch Ratings, and AA-minus by Kroll Bond Rating Agency. The outlook is stable.

"KBRA believes that MIA exhibits many favorable credit features that collectively provide a high level of bondholder security despite a substantial amount of outstanding debt," said Kroll analysts. "These include a very capable management team with varied experience that has overseen a 20-year capital program with a $6.5 billion re-investment in MIA."

Both series in Wednesday's transaction are expected to bring combined debt service savings of up to $80 million, or 10.6% of par issued, according to Sandra Bridgeman, who became the Aviation Department's chief financial officer in January.

Bridgeman said good investor demand is expected for the bonds. In pre-marketing, she said, investors have inquired about when the next deal for the airport will come to market.

The county, which owns and operates Miami International Airport, will not be back in the market with an offering for MIA until 2018.

The current refunding, however, will provide some bond capacity for the new $1.15 billion capital improvement plan at Florida's busiest airport, Bridgeman said.

The Terminal Optimization Program is being implemented in two phases to focus on airfield projects, utility improvements, and replacement of the outbound baggage handling systems in two terminals, among others.

Officials are currently implementing phase 1, a $650.1 million plan that will be supported by $289.13 million in revenue bonds as well as local, state, and federal funds.

First Southwest Co. is the airport's financial advisor.

Co-managers on the refunding are Cabrera Capital Markets LLC, JPMorgan, Ramirez & Co. Inc., Rice Financial Products Co., Barclays Capital Inc., Blaylock Beal Van LLC, Citi, Drexel Hamilton, Estrada Hinojosa & Co. Inc., Loop Capital Markets, Morgan Stanley & Co., Raymond James & Associates Inc., and RBC Capital Markets.

Squire Patton Boggs and D. Seaton and Associates are co-bond counsel.

Nabors, Giblin & Nickerson PA and Liebler, Gonzalez & Portuondo are co-disclosure counsel.

Moskowitz, Mandell, Salim & Simowitz PA is counsel to the underwriters.