

FITCH RATES MIAMI-DADE EXPRESSWAY AUTH, FLORIDA'S REVS AT 'A-'; OUTLOOK STABLE

Fitch Ratings-Chicago-15 May 2014: Fitch Ratings has assigned an 'A-' rating to Miami-Dade County Expressway Authority, FL's (MDX) approximately \$340 million 2014A series toll system revenue bonds, and has affirmed the existing 'A-' rating on its approximately \$1.24 billion outstanding toll system revenue bonds.

The Rating Outlook is Stable.

The 'A-' rating reflects the essentiality of the MDX system to commuters in the Miami area, coupled with a demonstrated willingness and ability to implement toll increases. The system benefits from historically stable traffic and revenue performance coupled with a proven ability to manage expenses and cut costs during non-expansionary years. After a large expected expense increase in the current fiscal year due to implementation of open road tolling (ORT) initiatives, Fitch believes MDX management will prudently maintain costs at an appropriate level.

KEY RATING DRIVERS:

Stable Commuter Base with Strategic Importance: The MDX system has a mature traffic profile of over 237 million annual toll transactions and is a critical link to the Miami-Dade transportation network. Limited alternative routes enhance the importance of the system to the region. Transactions are expected to increase substantially in the next few years as ORT is implemented on all expressways by fiscal year (FY)2016. Revenue Risk - Volume: Stronger

Moderate Price Flexibility: MDX currently has moderate toll rates with solid economic rate-making ability. The system focuses on the future tolling of untolled traffic to provide additional revenue. MDX adopted a toll policy in which tolls will be indexed to the consumer price index (CPI) beginning in FY2018 (ended June 30). Nevertheless, there are inherent political risks associated with toll increases especially if economic conditions deteriorate. Revenue Risk - Price: Midrange

Good Physical Condition of Assets: MDX has maintained the system and its facilities in excellent condition. MDX's FY2015-2019 work program is moderate at \$879.2 million with approximately \$480 million of new money planned to fund the program. Infrastructure Development/Renewal: Stronger

Some Exposure to Variable-Rate Debt: MDX's debt portfolio is 80% fixed rate, with the remainder in variable-rate mode with moderately escalating debt service profile. The debt service reserve is cash funded at maximum annual debt service (MADS). Debt Structure: Midrange

Moderate Leverage and Healthy Financial Metrics: FY2013 net debt-to-cash flow available for debt service (CFADS) was 8.7x and is consistent with peer facilities. Debt service coverage has historically been above 1.5x. FY2013 debt service coverage increased to 1.56x from 1.37x in FY2012 due to higher than anticipated net toll revenues and a substantial decline in operating and maintenance (O&M) costs attributable to a release of prior years' accrual of costs related to on-going litigation with a vendor.

RATING SENSITIVITIES:

-- Limited future financial flexibility upon completion of ORT system-wide including previously untolled traffic movements or other factors which materially erode debt service coverage ratios (DSCR) below 1.4x for a 3-5-year period may lead to negative rating action;

-- Should MDX's ability to levy planned toll rate increases become legally impaired, ratings will be negatively affected;
--Management's ability to prudently contain operating and maintenance expense growth and pass-through costs (indirect expenses) associated with ORT while proactively maintaining service levels and successful delivery of MDX's large-scale capital program, along with timely toll increases that enhance financial flexibility, resulting in DSCRs above 1.60x, would reflect improved credit quality.

SECURITY:

The bonds are secured by a pledge of and lien on the net revenues of the authority.

TRANSACTION SUMMARY:

MDX is issuing approximately \$340 million of series 2014A toll system revenue bonds to fund a portion of their FY2015-2019 \$879.2 million work program. The plan primarily includes improvements to various interchanges, reconstruction of certain portions of the system, ORT initiatives on the portion not yet converted, digital messaging boards, as well as ongoing renewal and replacement projects aimed at system preservation.

For more information, please see Fitch's press release 'Fitch Affirms Miami-Dade Expressway Auth, FL's Revs at 'A-'; dated April 24, 2014 and available at 'www.fitchratings.com'.

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Applicable Criteria and Related Research:

--'Rating Criteria for Infrastructure and Project Finance' (July 12, 2012);
--'Rating Criteria for Toll Roads, Bridges, and Tunnels' (Oct. 16, 2013).

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Rating Criteria for Toll Roads, Bridges and Tunnels
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=720736
Rating Criteria for Infrastructure and Project Finance

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