

**MIAMI-DADE EXPRESSWAY AUTHORITY (MDX)
BUDGET & FINANCE COMMITTEE MEETING**

**THURSDAY, SEPTEMBER 24, 2015
10:00 AM**

SUMMARY MINUTES

Present Committee Members:

Rick Rodriguez Piña, Chair
Alfredo L. Gonzalez, Esq., Vice Chair
Gus Pego, P.E.
Cliff Walters
Luz Weinberg

Absent Committee Members:

Present MDX Board Members:

Louis V. Martinez, Esq., MDX Chair
Shelly Smith Fano, MDX Vice Chair
Maurice A. Ferré
Maritza Gutierrez
Jose “Pepe” Cancio
Arthur J. Meyer

Staff:

Javier Rodriguez, Executive Director
Marie Schafer, Director of Finance/CFO
Juan Toledo, Director of Engineering
Steve Andriuk, Director of Toll Operations
Helen Cordero, Manager, Contract Administration & Procurement
Francine Steelman, Associate General Counsel
MariaLuisa Navia Lobo, Board Secretary

Consultants:

Randy Topel, First Southwest Co. (FSW)

CALL TO ORDER

Mr. Rodriguez Piña called the meeting to order. Ms. Navia Lobo called the roll and announced a quorum was present

DECLARATIONS OF VOTING CONFLICTS

Mr. Rodriguez Piña asked Committee Members if there were any conflicts to declare in regards to the Agenda. No conflicts were declared.

PUBLIC COMMENT

No public comments were received.

ACTION ITEMS:

A) Approval of Summary Minutes:

- Budget & Finance Committee Meeting of May 14, 2015

Mr. Martinez moved to approve the Summary Minutes. Ms. Smith Fano seconded the motion. The motion was unanimously approved.

Mr. Rodriguez Piña recommended addressing agenda item IV. G after the Treasurer's Report.

B) Approval of Treasurer's Report

Ms. Schafer reported on the period of July and August 2015. Toll revenues posted \$35.3 million compared to \$33 million that was budgeted the variance of \$2.2 million is due to the late fees and collection from toll-by-plate customers. Interest income is on target. Operation Expenses are on budget. For administration, the legal services are over budget for the month-to-date report; but not for legal services year-to-date budget. Overall operating expenses are \$172,000 below the forecast. Net revenues for the two-month period were posted \$14.2 million, very positive for the FY 16 period.

G) MDX Procurement/Contract No. RFP-15-05 – Investment Advisory Services

- Approval to waive minor irregularity of the Technical Proposal submitted by Sawgrass Asset Management, LLC; and
- Endorsement of Technical Evaluation Committee's recommendation to select the number one ranked Proposer.

Ms. Cordero introduced the item and explained MDX received three (3) Proposals on July 30, 2015 from the following firms:

- Chandler Asset Management, Inc.
- First Southwest Asset Management, LLC
- Sawgrass Asset Management, LLC (SAM)

The Proposal submitted by Sawgrass Asset Management, LLC contained minor irregularities related to properly demonstrating the required years of experience of both the firm and the proposed Account Manager. Staff is requesting that the minor irregularities of the SAM Proposal be waived and that the SAM Proposal be deemed Responsive.

Although the required years of experience for both the firm and the proposed Account Manager were not demonstrated in the form required by the RFP, there is information within the Proposal and in the public records available from the U.S. Securities and Exchange Commission, which established that

both the firm and the proposed Account Manager meet or exceed the required years of experience. This submittal informality is considered a minor irregularity related to form and not substance because although both the firm and the proposed Account Manager possessed the required years of experience; this information was not submitting on the required forms. Consequently, Staff is recommending that this Committee waive the minor irregularities and deem the SAM Proposal responsive.

The recommendation is consistent with prior practices; does not provide a competitive advantage to SAM; and is in the best interest of MDX in order to maintain the highest level of competition possible. The Procurement Policy and the RFP states that MDX may waive minor irregularities at its sole and absolute discretion.

The Technical Evaluation Committee (TEC) met on September 21, 2015. The evaluators reviewed, discussed and scored the Proposals. The scores were not tabulated pending this Committee's action regarding the waiver of minor irregularities. The scores were sealed and locked in the Procurement Department's safe. Ms. Cordero stated that the TEC scores and price proposals would be opened and tabulated if the minor irregularities are waived.

Mr. Martinez moved to waive the minor irregularities. Ms. Smith Fano seconded the motion. The motion was unanimously approved.

Mr. Rodriguez Piña asked Ms. Cordero to open the price proposals and tabulate the scores while the Committee addressed other items on the agenda and later will address the final tabulation.

C) Endorsement of Cash Back Toll Dividend Policy

Ms. Schafer presented the proposed policy and explained the Policy sets forth the objectives, guiding principles and process by which the Board will evaluate, declare and pay out cash back.

The Policy will safeguard that the Authority's operating performance, financial condition, liquidity position and capital plan needs are evaluated prior to declaring annual cash back to its customers. The item was thoroughly discussed.

D) Endorsement of FY 2015 Cash Back

Ms. Schafer introduced the item and explained that in order to recommend a cash back toll dividend MDX first needs to prepare the Financial Statements. Ms. Schafer presented the Fiscal Year 2015 Financial Statements.

She briefed Members on the Fiscal year-end June 30, 2015 audited financial statements and explained the statements are prepared on the accrual basis of accounting; Revenue is reported as earned and expenses are reported as incurred. Ms. Schafer summarized the external audit and external reporting procedures as follows:

External Auditors

- Independent third party (Moore Stephens Lovelace, P.A.)
- Opinion that financial statements reflect financial position of the Authority, in all material respects
- Compliance
 - Internal Control over Compliance
 - Schedule of State Financial Assistance
 - Internal Control Over Financial Reporting

External Reporting:

- Security Exchange Commission
- Bank of New York Trustee
- State of Florida Auditor General
- Swap Counter Parties
- Single Audit Division of State
- Florida Transportation Commission
- Rating Agencies

Ms. Schafer further informed Members that a Comprehensive Annual Report (CAFR) is prepared annually as well as a Popular Annual Report Financial Report, which is a summarized version of the CAFR.

Ms. Schafer summarized the Statements of Net Position, Capital Work Program Expenditures, Net Toll & Fee Revenues and Financial Results.

In Fiscal Year (FY) 2014, the Board approved the Customer Rewards Program to begin in FY 16 with eligibility based on the number of days a registered customer traveled on MDX's expressways. Open enrollment began in January 2015 through May 30, 2015. After additional analysis, the program was modified to be based on minimum tolls paid during the FY and renamed the "Cash Back Toll Dividend Program."

On June 30, 2015, the Board approved the Cash Back Toll Dividend Program and agreed to implement the Program for the last six months of FY 15. Since the Program was modified, enrollment was reopened registration was extended from mid-July 2015 to August 31, 2015.

Once financial objectives and commitments are met, the Authority on an annual basis would declare both a cash-back amount and percentage to its customers. Bondholders would remain in Senior Lien and all required obligations and reserves would need to be satisfied prior to declaring any dividends.

All customers are subject to the terms and conditions of the Program. The Program requires members to spend a minimum of \$100 in tolls during the fiscal year. However, for FY-15, since the Program is based on six months, the minimum was reduced to \$50 in order to qualify.

There were 82,825 registered transponders: 37,951 or 46% qualify, 13,000 or 29% paid no tolls to MDX, 31,800 paid less than \$50 in tolls and 37.8% non-qualify paid between \$10 - \$40 in tolls.

FY 15 Cash Back payout to eligible customers will be thirty percent (30%) of their 6 months tolls paid from January 1, 2015 and June 30, 2015 in accordance to the terms and conditions of the Program. The cumulative toll dividend is approximately \$2.2 million and will be reflected on the FY 15 Financial Statements.

Ms. Schafer entertained questions from Members

Mr. Martinez moved to endorse the Cash Back Toll Dividend Policy. Ms. Smith Fano seconded the motion. The motion was unanimously endorsed.

Ms. Smith Fano moved to endorse the Fiscal Year 2015 cash back toll dividend. Mr. Martinez seconded the motion. The motion was unanimously endorsed.

The Financial Statements Fiscal Year 2015 presentation is filed with the Board Secretary.

Mr. Rodriguez Piña recommended addressing Item IV. G next for the final results of the tabulated scores. The tabulation matrix was distributed.

Ms. Cordero read the following results:

1. First Southwest Asset Management, LLC.
2. Sawgrass Asset Management, LLC.
3. Chandler Asset Management, Inc.

Mr. Martinez moved to approve the TEC recommendation of the number one ranked firm, First Southwest Asset Management. Ms. Smith Fano seconded the motion. The motion was unanimously endorsed.

E) Endorsement to Defease State Loans

Ms. Schafer informed Members that this item was discussed at the Budget & Finance Committee in May 2015. This is an ongoing effort to manage the Authority's debt based on the Debt Management Plan. The Authority currently has two (2) State Infrastructure Bank (SIB) and four (4) Toll Facility Revolving Trust (TFRT) loans. Once the loans are paid off there are no further obligations to the State of Florida.

Mr. Martinez moved to endorse to defease State Loans. Mr. Pego seconded the motion. The motion was unanimously endorsed.

F) MDX Procurement/Contract No. RFP-16-04 – Financial Auditing Services

- Request to advertise a Request for Proposals (RFP)

Ms. Cordero introduced the item explained that the current contract for Financial Auditing Services will expire at the conclusion of FY 15 Audit. Staff is requesting Committee's approval to advertise a Request for Proposals (RFP) soliciting qualified firms to provide Financial Auditing Services as detailed in the Scope of Services.

The Technical Evaluation Committee (TEC) will be comprised of Finance, Toll Operations and IT staff. Mr. Rodriguez Piña appointed Mr. Walters as the Board oversight Member.

Ms. Cordero informed Members that due to the specialty of the services, Staff is recommending no Small and Local Business participation requirement for this contract. The annual contract amount will be determined by the Price Proposal of the successful proposer. Staff has estimated an annual cost of \$65,000.

Mr. Martinez moved to approve the advertisement and TEC composition. Ms. Smith Fano seconded the motion. The motion was unanimously approved.

DISCUSSION ITEMS

A) Preliminary FY 2015 Financial Statements

ANNOUNCEMENTS:

- Board of Directors Meeting, 9/29/15 at 4:00 p.m., MDX Board Room, William M. Lehman MDX Building

ADJOURNMENT

The meeting was adjourned by Mr. Rodriguez Piña. Minutes prepared by Maria Luisa Navia Lobo, Board Secretary.