

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

**MONDAY, JANUARY 28, 2013 10:30 a.m.**

**WILLIAM M. LEHMAN MDX BUILDING  
3790 NW 21 STREET  
MIAMI, FLORIDA 33142**

**SUMMARY MINUTES**

**Attendees:**

**Present Committee Members:**

Gonzalo Sanabria, Chair  
Carlos Fernandez-Guzman, Vice Chair  
Felix M. Lasarte, Esq.  
Norman R. Wartman

**Absent Committee Members:**

Yvonne Soler McKinley

**Present MDX Board Members**

Maurice A. Ferré, MDX Chair  
Shelly Smith Fano, MDX Vice Chair  
Robert W. Holland, Esq.

**Staff:**

Javier Rodriguez, Executive Director  
Pamela S. Leslie, General Counsel  
Marie Schafer, Director of Finance/CFO  
Alfred Lurigados, Director of Engineering  
Helen Cordero, Manager, Contract Administration & Procurement  
Francine Steelman, Risk Manager and Associate Counsel  
Maria Luisa Navia Lobo, MDX Board Secretary

**Consultants:**

Randy Topel, First Southwest Co.  
Lakshmi McGrath, First Southwest Co.  
John Becker, HNTB (GEC-A)  
Luis Reiter, Bond Counsel, Squire Sanders  
Douglas Seaton, Bond Counsel, Douglas Seaton and Associates  
Norman Pellegrini, Citigroup  
Jose Pagan, Bank of America/Merrill Lynch  
Jim Calpin, Bank of America/Merrill Lynch

## **CALL TO ORDER**

Mr. Sanabria, Chair of the Budget & Finance Committee called the meeting to order. Ms. Navia Lobo announced that a quorum was present.

## **DECLARATIONS OF VOTING CONFLICTS**

Mr. Sanabria asked Committee Members in attendance if there were any conflicts to declare in regards to the agenda. No conflicts were declared.

## **ACTION ITEMS**

A) Approval of Summary Minutes:

- Budget & Finance Committee Meeting of November 19, 2012

Mr. Sanabria referred to the summary minutes of the November 19, 2012 meeting. Mr. Wartman moved for the approval of the summary minutes. Mr. Fernandez-Guzman seconded the motion. The motion was unanimously approved.

B) Approval of Treasurer's Report

Mr. Sanabria reported revenue for year-to-date five month period November 2012, overall revenues were \$4.2 million above the \$52.9 million forecast. The operating expenses are \$733,000 or 4.5% below the \$16.4 million budget for the year, expenses are in line with the budget. Interest expense is \$133,000 or .51% below the \$26.2 million budget. Net revenue is \$5.1 million or 49% above the year-to-date overall forecast. Ms. Schafer referred to graphs corresponding to year-to-date toll and fee revenue, transactions and toll by plate billings.

Mr. Wartman moved to accept the Treasurer's report as presented. Mr. Fernandez-Guzman seconded the motion. The motion was unanimously approved.

C) Endorsement of First Amendment to Swap Agreement with JPMorgan Chase Bank, N.A.

Ms. Schafer presented the item. She explained that at the direction of the Treasurer, Budget & Finance Committee staff was directed to negotiate with CitiGroup and JP Morgan Chase Bank to amend the terms of the Swap agreements. In negotiations with JP Morgan, the counter-party agreed to increase the collateral posting thresholds and accept a letter of credit and a collateral instrument. There is no cost to the Authority for the changes.

Ms. Schafer informed Members that the Citi Group commitment that was made at the last Committee meeting was not agreeable with Citi's Swap desk.

Mr. Topel and Ms. Schafer entertained questions from Members.

Mr. Wartman moved to endorse the first amendment to the Swap agreement between MDX and JP Morgan Chase. Mr. Fernandez-Guzman seconded the motion. The motion was unanimously endorsed.

D) Endorsement of MDX Resolution No. 13-01; Authorizing the Issuance of MDX Toll System Refunding Revenue Bonds, Series 2013A, in an Aggregate Principal Amount Not-to-Exceed \$320,000,000.

Ms. Schafer introduced the item. She informed Members the refunding is the issuance of the series 2013A bonds to refund the refunded 2001A Bonds; and refund the refunded 2002 Bonds; and refund and defease the refunded 2004B Bonds. Ms. Schafer clarified that the Authority is not issuing new debt; this is a

refinancing of previous bond issuances to achieve a lower rate of interest or to restructure the debt for lower payments.. The repayment stream is toll revenue as designated in the Trust Indenture and requires the Authority to maintain the revenue stream in a sufficient amount to pay the debt.

Ms. Schafer informed Members that staff met with the ratings agencies several time last year and have scheduled meetings within the next few days. Fitch toured the MDX System and projects last week with staff. She highlighted the timeline and explained the bond pricing and closing is tentatively scheduled for March 2013. Ms. Schafer explained the refunding process and financing plan. Mr. Topel summarized the debt structure, projected net revenues and debt service. Mr. Topel entertained questions from Members.

Mr. Reiter, MDX bond counsel, briefed Members on Resolution 13-01; the bond resolution authorizes the issuance of the bonds in the amount not to exceed \$320,000,000 to refund the 2001A, 2002 and 2004B Bonds, plus paying the cost of issuance on the bonds. Because this is a refunding the result will be a savings with no need to fund a reserve. He further explained the Preliminary Financial Statement (POS) is used to describe the proposed new issue of municipal securities prior to the determination of the interest rate and offering price. The POS may be used to gauge interest in an issue and is often relied upon by potential purchasers in making their investment decisions. Once the Bonds are priced there will be the Official Statement.

Mr. Seaton briefed Members on the Continuing Disclosure Agreement, which is an agreement between the Authority and the Bank of New York as the dissemination agent. The Escrow Deposit Agreement for the 2004B bonds is necessary because they are not callable until 2014 this constitutes an advanced refunding of Series 2004B.

Mr. Fernandez-Guzman moved to endorse Resolution No. 13-01 authorizing the issuance of Toll System Refunding Revenue Bonds Series 2013A. Mr. Ferre´ seconded the motion. The motion was unanimously approved.

[The “MDX Toll System Refunding Revenue Bond Series 2013A” presentation is filed with the Board Secretary]

Mr. Sanabria reopened item III. D for further discussion.

Mr. Holland expressed concern that in the past the Authority has always rewarded firms who do a good deed for the Authority. In a previous transaction, Rice Financial, a minority owned firm, presented some options for refunding transactions that saved the Authority money. He recommended Rice Financial jointly with Merrill Lynch be the co-senior manager on the series 2013A refunding. Ms. Leslie clarified that the recommendation being presented is based on the previous underwriter procurement that was undertaken for the Series 2010 bond issuance. At that time the highest ranked firm identified as the Senior Manager was CitiGroup. The other two firms were the co-Senior Manager based on the evaluations they received in that procurement. The rest of the team was made up of co-managers and they were evaluated based on different criteria. In the co-manager pool, there was a set aside that at least two of the co-managers should be small businesses. There are provisions in the procurement provided there were subsequent issuances, gives the Authority the ability to rotate among the team in the group that they were evaluated against. Ms. Schafer stated that the underwriting team is expected not to just perform but to assist the Authority whether it’s a Swap modification, or provide a letter of credit. These are added values the Authority expects from the team.

The following firms addressed the Budget Finance Committee:

- Rice Financial, Don Rice and Kevin Schuyler
- Bank of America/Merrill Lynch, Jose Pagan and Jim Calpin

The item was thoroughly discussed.

Mr. Wartman moved to direct staff to research opportunities for small businesses and Rice Financial to participate in the placement of the Bonds to reward Rice for a previous deal. Mr. Fernandez Guzman seconded the motion. The motion was unanimously approved.

E) Endorsement of MDX Resolution No. 13-02; Authorizing the Utilization of General Fund Reserves in an Amount Not-to-Exceed \$5.8 Million in Order to Defease Certain Bonds from Series 2010

Ms. Leslie read the agenda item for the record. Mr. Topel introduced the item and explained the utilization of general fund reserves to defease certain bonds from the Series 2010 is a proactive measure to continue to manage the overall debt of the Authority. Monies from the general fund reserves will be used to refund certain bonds from Series 2010 as part of the Series 2013A, and to pay for costs associated with the transaction. Refunding certain bonds from the Series 2010 will ensure compliance with the Trust Indenture in maintaining current debt service coverages.

Mr. Wartman moved to endorse resolution No. 13-02. Mr. Fernandez-Guzman seconded the motion. The motion was unanimously endorsed

### **DISCUSSION ITEMS**

A) MDX Procurement/Contract No. RFP- 13-01 Underwriting Services Update

Ms. Cordero informed Members of the Municipal underwriting Technical Evaluation Committee Composition as follows:

- Board member Fernandez-Guzman, Board member oversight
  - Javier Rodriguez, P.E., MDX Executive Director
  - Francine Steelman, MDX Associate Attorney/Risk manager
  - Miami Aviation Department
  - FIU
  - SFRTA or other State Agency
- Individuals must have experience issuing debt.

Composition of the Underwriting team:

- 1 – Senior Manager
- 1 – Co-Senior Manager
- 1 – Co-Manager
- 2 – Small Business Co-Managers

Mr. Fernandez-Guzman recommended moving the discussion item to an action item. Mr. Wartman seconded the motion.

Mr. Ferré moved to replace the FIU TEC Member with a senior staff Member from Miami-Dade County. Reduce the capital requirements for Small Business to \$10 Million and based on the rankings of the small business co-managers one firm will be able to slide up to senior, co-senior, or co-manager positions. Mr. Fernandez Guzman seconded the motion. He motion was unanimously approved.

### **ANNOUNCEMENTS**

- Board Meeting 1/29/13, 4:00 p.m., William M. Lehman MDX Building

### **ADJOURNMENT**

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