

**MINUTES
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
BOARD WORKSHOP
August 14, 2014**

Board Members Present:

Commissioner S. Scott Boyd, Orange County
Commissioner Welton G. Cadwell, Lake County
Commissioner Brenda Carey, Seminole County
Mayor Buddy Dyer, City of Orlando
Mayor Teresa Jacobs, Orange County
Walter A. Ketcham, Jr.

Board Member Participating by Phone:

Commissioner Fred Hawkins, Jr., Osceola County

Non-Voting Advisor Absent:

Diane Gutierrez-Scaccetti, Florida's Turnpike Enterprise

Staff Present:

Joseph A. Berenis, Deputy Executive Director
Joseph L. Passiatore, General Counsel
Darleen Mazzillo, Recording Secretary/Executive Assistant

CALL TO ORDER

The workshop was called to order at 9:00 a.m. by Chairman Welton Cadwell.

PUBLIC COMMENT

There were no comments from the public.

DISCUSSION OF EXECUTIVE DIRECTOR QUALIFICATIONS

The Board members were provided with a matrix of the experience and requirements for executive director positions from several toll agencies around the country (Exhibit "A"). The matrix also includes CFX staff recommendations.

The Board members gave their input regarding the executive director qualifications. They agreed that the requirements should be broad enough so as not to limit the pool of applicants.

By consensus, the Board made the following changes to the staff recommendation:

Minimum Education:

Bachelor's Degree from an accredited college or university. Master's Degree ~~desirable~~ preferable.

Minimum Experience:

8 years of comprehensive executive management and finance experience ~~in the toll and/or transportation industry~~. Experience in toll operations, budgets, contract management, finance, business, economic development and transportation operations desirable.

Staff was directed to incorporate the Board's recommendations and bring the advertisement to the next board meeting for approval.

DISCUSSION REGARDING SB 230 ETHICS POLICY AMENDMENTS

General Counsel Joseph Passiatore went over the existing Ethics Policy and the new requirements under Senate Bill 230 legislation. Some of the new legislation requirements were already included in the Authority's Code of Ethics. Mr. Passiatore requested input from the Board in order to return next month with an Ethics Policy for the Board's consideration.

Since many of the Board members sit on several boards and committees, the Board members expressed their preference for a basic set of Ethics Policies to adhere to, i.e., State Statute. It becomes hard for them to keep track if each board has a different set of rules.

Staff was directed to work with the attorneys at the City and Counties to come up with a proposed Ethics Policy to present at the next meeting.

PRESENTATION OF DRAFT FY 2015 OPERATIONS, MAINTENANCE & ADMINISTRATION BUDGET

Interim CFO Lisa Lombard presented the Draft Fiscal Year 2015 Operations, Maintenance & Administration Budget for the Board's review and (see attached presentation, attached as Exhibit "B"). Staff plans to bring the final budget to the Board next month for approval.

The proposed budget totals \$63,431,568, which is \$1,801,860 or 2.9% over the last fiscal year.

	<u>FY 2014 Budget</u>	<u>FY 2015 Budget</u>	<u>Change</u>	<u>%</u>
Operations	\$36,687,560	\$38,051,900	\$1,364,340	3.7%
Maintenance	14,814,685	15,487,997	673,312	4.5%
Administration	6,745,779	7,091,671	345,892	5.1%
Other Operating	3,381,684	2,800,000	(581,684)	-17.2%
Total Budget	\$61,629,708	\$63,431,568	\$1,801,860	2.9%
Capital Expenditures	353,400	402,470	49,070	13.9%
OM&A Projects	134,000	716,200	582,200	434.5%
Total Capital & Projects	\$487,400	\$1,118,670	\$631,270	129.5%

Ms. Lombard reviewed the proposed budget for each cost center and explained the proposed cost increases.

Board members asked several questions about toll violations, which were answered by staff. Commissioner Carey and Mr. Ketcham would like to see more stringent penalties for repeat violators.

Commissioner Carey brought up the proposed salary increase. The information she received from staff regarding what other agencies and counties are doing was not accurate. She asked staff to provide her with accurate information for the Board to revisit next month.

PRESENTATION OF DRAFT FIVE-YEAR WORK PLAN (FY 2015 – 2019)

Director of Engineering Glenn Pressimone presented the Draft Five-Year Work Plan for the Board's review. Staff will incorporate the Board's comments and bring the Work Plan back next month for adoption (See presentation, attached as Exhibit "C").

The Draft Work Plan is fundable through the five year period (FY 2015 – 2019). The Plan is updated annually.

Mr. Pressimone explained the process used in preparing the Work Plan. The Work Plan is based on the 2030 Master Plan, which was adopted in 2006. The Master Plan includes \$1.4 billion in existing system improvements and \$4.8 billion in potential expansion projects.

The Draft FY 2015 – 2019 Work Plan totals \$1,155,710.

<u>Category</u>	<u>FY</u> <u>2014/2015</u>	<u>FY</u> <u>2015/2016</u>	<u>FY</u> <u>2016/2017</u>	<u>FY</u> <u>2017/2018</u>	<u>FY</u> <u>2018/2019</u>	<u>Totals</u>
Existing System Improve.	12,709	14,298	12,388	611	17,983	57,988
System Expansion Projects	115,323	115,212	42,773	107,593	153,222	543,123
Interchange Projects	84,205	81,575	2,051	75,500	75,500	318,831
Toll Facilities Projects	22,399	32,643	27,930	29,738	9,839	122,549
ITS Projects	6,694	4,863	1,198	1,607	747	15,109
Signing & Pavement Mark.	6,575	4,857	2,938	1,293	2,323	17,986
Renewal & Replacement	26,170	28,638	2,808	3,292	48,345	109,253
Landscape Projects	1,266	770	750	750	750	4,286
Non-System Projects	4,855	0	980	0	0	5,835
Subtotals	280,196	282,856	93,816	220,384	308,709	1,185,960
Expected Credits	-30,250					-30,250
GRAND TOTALS	249,946	282,856	93,816	220,384	308,709	1,155,710

The line item for "Expected Credits" is associated with the S.R. 528 Innovation Way Interchange Project. (\$11.75 million from Suburban Land Reserve, \$6.5 million from Orange County and \$12 million from All Aboard Florida.)

Interim CFO Lisa Lombard presented the financial analysis associated with the Work Plan.

Capital Planning Model Assumptions:

- Projected coverages contemplate debt issuance for future projects out ten years
- Interest earnings based on current market conditions (provided by Authority's Investment Advisor)
- Lease Purchase Agreement payments of \$20 million per year to FDOT paid in installments in accordance with the Wekiva Parkway MOU
- Payments from FDOT of \$6.5 million in 2016 and 2017 for right-of-way in accordance with the Wekiva Parkway Interlocal Agreement
- Interest rates for debt issues assume the historical 10-year average of MMD, plus a credit spread of 90 bps (consistent with current credit ratings) plus an additional 75 bps of cushion
 - Additional cushion of 40 bps assumed for issuances beyond FY 2015
- Debt issuance assumptions are:
 - 30-year, fixed rate bonds, uninsured
 - Debt Service Ratio target of 1.60x (senior lien debt)
 - Interest earnings based on prevailing interest rates
 - Fully cash funded debt service reserve funds

Capital Planning Model Results:

- Requires additional debt of approximately \$647 million to be issued in fiscal years 2015, 2017, 2019 and 2021, representing approximately 31% of project expenditures over the 10 year period
- Model is updated when new bonds are issued and when new major assumptions are considered
- Debt coverage ratios meet our planning target of 1.60

Ms. Lombard showed a chart of the projected Senior Lien Coverage Ratios. The Draft Work Plan meets the planning target of 1.6, board policy target of 1.45 and bond covenant target of 1.2.

DISCUSSION ON COMMITTEE CHARTERS

Deputy Executive Director Laura Kelley and General Counsel Joseph Passiatore presented information on the four existing committees (Audit, Finance, Operations and Right of Way). They requested the Board's direction on committee structure, or whether they prefer alternative options.

By consensus, the Board members decided on the following structure for all four committees:

- Committee Members:
 1. City of Orlando Staff Representative
 2. Orange County Staff Representative
 3. Seminole County Staff Representative
 4. Lake County Staff Representative
 5. Osceola County Staff Representative
 - Each county appointed Board member will appoint a committee member from their jurisdiction.
 - A chairman for each committee will act as the board liaison to report back to the Board.
-

- The chairmanship will rotate among the five counties.
- Each jurisdiction will preside as chair on no more than one committee at a time.
- The committee members will serve at the pleasure of their jurisdiction's Board.

The current committee representatives will continue to serve until their replacement is selected. It was suggested that we present the current committee representatives with a resolution of appreciation for their service.

Mr. Ketcham feels that the current community representatives have done a great job and should be considered for future service.

Staff will present the committee charters next month for approval, in accordance with the Board recommendations. The committee members will also be appointed at the next meeting.

OTHER BUSINESS/BOARD MEMBER COMMENT

There were no comments from the Board members.

ADJOURNMENT

There being no further business to come before the Board, the Chairman adjourned the workshop at 10:35 a.m.

Commissioner Welton G. Cadwell
Chairman
Central Florida Expressway Authority

Darleen Mazzillo
Recording Secretary/Executive Assistant
Central Florida Expressway Authority

Pursuant to the Florida Public Records Law and CFX Records Management Policy, audio tapes of all Board and applicable Committee meetings are maintained and available upon request to the Records Management Liaison Officer at publicrecords@CFXway.com or 4974 ORL Tower Road, Orlando, FL 32807. Additionally, video tapes of Board meetings commencing July 25, 2012 are available at the CFX website, www.expresswayauthority.com