MINUTES
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
FINANCE COMMITTEE MEETING
March 4, 2015

Committee Members Present:
Edward Bass, Committee Chair, Seminole County
Fred Winterkamp, Orange County
Chris McCullion, City of Orlando
Michael Kurek, Osceola County
Steve Koontz, Lake County

Also Present:
Ruth Valentin Recording Secretary/Office Coordinator
Laura Kelley, Deputy Executive Director of Finance & Administration
Lisa Lumbard, Interim Chief Financial Officer
Joseph Passiatore, General Counsel
Brent Wilder, PFM
Hope Davidson, PFM
Joe Stanton, Broad & Cassel
Steve Zucker, Shutts & Bowen
Sylvia Dunlap, National Minority Consultants
Steve Alexander, PFM
Matt Williams, Bank of America Merrill Lynch
John Martinez, PNC
Todd Morley, Wells Fargo
Tamaa Patterson, Jefferies
Rawn Williams, Jefferies
Manuella de Barros, RBC

CALL TO ORDER

The meeting was called to order at 2:01 p.m. by Chairman Edward Bass.

PUBLIC COMMENT

There was no public comment.

APPROVAL OF MINUTES

A motion was made by Mr. Winterkamp and seconded by Mr. McCullion to approve the November 5, 2014 Finance Committee minutes as presented. The motion carried unanimously with five members voting AYE by voice vote.

APPROVAL OF FINANCIAL POLICIES

Debt Policy

Mrs. Lumbard explained the proposed changes for the Debt Policy:

Section II. D. Variable rate debt may be issued in various forms - e.g., bonds, commercial paper, bank lines. The amount of unhedged variable rate debt generally should not exceed 25% of all outstanding debt of the Authority. As a goal, the Authority desires its total hedged and unhedged variable rate debt not to exceed 25% of all outstanding longterm debt of the Authority. ~~This goal does not require the Authority to refund or refinance any of its existing debt, but shall restrict any additional variable rate debt exposure to the stated goal.~~

Section III. B. ~~For planning purposes, the~~ The Authority shall maintain a minimum senior lien debt service coverage ratio of at least 1.45x on the existing and planned debt issues. For planning purposes, staff shall make every effort to plan for a 1.60x senior lien debt service coverage ratio.

A motion was made by Mr. Kurek and seconded by Mr. McCullion to approve the changes to the Debt Policy as presented. The motion carried unanimously with five members voting AYE by voice vote.

INTEREST RATE RISK MANAGEMENT POLICY

Mrs. Lumbard explained the proposed changes for the Interest Rate Risk Management Policy:

Section III. Exist Strategies - The CFO and the Authority's financial advisors and designated QIR (as defined herein) should constantly monitor market rates, termination values, counterparty credit ratings, and other relevant factors to determine if voluntary termination is warranted. Generally, a voluntary early termination will be warranted if it is economically advantageous and/or if a reduction in the Authority's current or anticipated risk can be accomplished at no cost. The Authority shall seek to maintain sufficient liquidity, including without limitation through balances in the Authority's Swap/ Debt Management Contingency, short term financing capacity, and/or other borrowing capacity, to make any Swap termination payments that may become due, to the extent not paid or payable from other sources.

Section VI. The Swap Dealer/Counterparty (6th bullet point) - The swap dealer/counterparty shall provide its financial statements showing the economic capability of the entity, the amount of its swaps outstanding and credit ratings, all of which shall be acceptable to the Authority. At the time of entering into the Swap transaction, swap dealers/counterparties (or their guarantor) shall ~~either~~ (i) be rated at least AA-/Aa3/ AA- by at least ~~two~~ one of the three nationally recognized credit rating agencies and not be rated lower than A/A2/A by any of the three nationally recognized credit rating agencies. Collateral should be required upon a downgrade from ~~the~~ these levels. ~~have a minimum capitalization of $100 million, or (ii) alternatively, post suitable and adequate collateral, given the undertaking involved with the particular Swap transaction.~~

A motion was made by Mr. Koontz and seconded by Mr. McCullion to approve the changes to the Interest Rate Risk Management Policy as presented. The motion carried unanimously with five members voting AYE by voice vote.

DIRECTION ON HOW TO GO FORWARD WITH 2008B1-4CREDIT FACILITY REPLACEMENTS

Mr. Wilder reported on the results of the Request for Recommendations and Pricing Indications for Letters of Credit, Direct Placement Index Floaters or other options relating to the variable rate revenue bonds, Series 2008B1-4 which was distributed on November 21, 2014:

- Responses were due on December 5, 2015
- CFX received 16 responses
    - 2 response proposed both an LOC or a direct placement
    - 5 responses proposed only LOCs
    - 5 responses proposed only direct placements
    - 5 responses proposed only recommended publicly offered alternatives

Mr. Wilder explained the three main options for the Series 2008B-1, B-2, B-3, and B-4 variable rate debt:

- Retain floating rate notes with current facility provider, Wells Fargo, and LOC's with BMO Bank and TD Bank.
    - The "Do Nothing" Option: The FRNs can be kept with Wells Fargo until expiration in March, 2016 and the Series 2008B-2 LOC with TD Bank until expiration in May, 2016.
    - The Series 2008B-1 Bonds LOC with BMO Bank expires 5/10/2015 so must be renewed or replaced now
    - Modification of existing credit facility terms in all credit facilities recommended due to terms of TIFIA loan agreement
- Terminate the associated swaps and issue fixed rate bonds
    - This is not an economical option based on the current market and would produce significant dissaving of approximately 14.0% per swap/sub-series for the Series 2008B1-4 Bonds as of March 2015
- Modify or replace existing LOCs and FRNs to reduce current credit spread and improve terms
    - Based on indications received from the November 21, 2014 solicitation, the Authority may be able to achieve debt service savings for all Series 2008B Bonds.
    - Modification of existing credit facility terms recommended due to terms of TIFIA loan agreement

Staff recommends the third option.

A motion was made by Mr. Winterkamp and seconded by Mr. McCullion that, in light of recommendations from staff in item number three, initially the finance committee recommends that staff seek a three year Letter of Credit (LOC) with BMO Harris as an extension or restatement of the existing LOC at the rates indicated, but without the terms of acceleration and those other terms that are problematic for the TIFIA loan. In the event that it is accepted that's as far as we go. Failing that, plan B is that the Board seek a 60 or 90 day extension to allow for an opportunity to look at other options. The motion carried unanimously with five members voting AYE by voice vote.

A motion was made by Mr. Winterkamp and seconded by Mr. Koontz to direct staff to look at what is the most advantageous combination of a four or five year LOC from TD bank and up to a five year direct purchase from either Barclays, Wells Fargo, or Bank of America to see which of those may be willing to give us the terms that we need and look at which one would do it honoring their indications to result in the lowest cost to the Authority from those individuals and their willingness to adopt these terms that would remove the acceleration and remove the other onerous terms that would impact our TIFIA loan as discussed. The motion carried unanimously with five members voting AYE by voice vote.

TIFIA LOAN STATUS

Mrs. Lumbard reported that the commercial closing date for the Bond Anticipation Notes is scheduled for March 25th, 2015 in Washington D.C. The Board will be asked to approve the documents at the next meeting on March 12th, 2015.

Mr. Wilder reported that we are suggesting issuance of the Bond Anticipation Notes in May 2015 with a maturity date of January 1, 2019. We anticipate receiving the funds from on the TIFIA loan in July 2018.

We are trying to schedule rating agency presentations for early April. The committee members are invited to attend.

REFUNDING OPPORTUNITY MONITORING

Mr. Wilder informed the committee that the 2007A Bonds continue to be the most promising refunding candidate based on current market rates, but does not achieve the threshold that we recommend proceeding with at this time.

OTHER BUSINESS

Ms. Kelley updated the committee on the subpoena from the Securities and Exchange Commission. We have furnished the documents they requested.

ADJOURNMENT

A motion was made by Mr. McCullion and seconded by Mr. Kurek to adjourn the meeting at 3:06 pm. The motion carried unanimously with five members voting AYE by voice vote.

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 Custodian of Public Records at publicrecords@CFXway.com or 4974 ORL Tower Road, Orlando, FL 32807.