

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

MINUTES CENTRAL FLORIDA EXPRESSWAY AUTHORITY BOARD WORKSHOP March 10, 2016

**Location: Central Florida Expressway Authority
Pelican Room #107**

Board Members Present:

Commissioner Welton G. Cadwell, Lake County (Chairman)
Commissioner Brenda Carey, Seminole County (Secretary-Treasurer)
Commissioner S. Scott Boyd, Orange County (Vice Chairman)
Mayor Buddy Dyer, City of Orlando
Andria Herr, Gubernatorial Appointment
Mayor Teresa Jacobs, Orange County
Jay Madara, Gubernatorial Appointment

Board Members Not Present:

Commissioner Fred Hawkins, Jr., Osceola County
S. Michael Scheeringa, Gubernatorial Appointment

Non-Voting Advisor Not Present:

Diane Gutierrez-Scaccetti, Florida's Turnpike Enterprise

Staff Present at Dais:

Laura Kelley, Executive Director
Lisa Lumbard, Chief Financial Officer
Darleen Mazzillo, Assistant Secretary/Executive Assistant

A. CALL TO ORDER

The meeting was called to order at 11:10 a.m. by Chairman Welton Cadwell.

B. PUBLIC COMMENT

There was no public comment.

C. REVIEW OF GENERAL TRAFFIC & EARNINGS CONSULTANT'S ANNUAL REPORT

Hugh Miller, Ph.D., P.E. of CDM Smith presented the highlights of the FY 2015 General Traffic and Earning's Annual Report (presentation attached as Exhibit "A").

The Board members asked questions, which were answered by Dr. Miller and CFX staff. Ms. Kelley passed out information concerning Florida Turnpike's CPI floor and toll rate adjustments as compared to CFX.

D. DISCUSSION AND PRESENTATION OF FINANCIAL WORKSHOP

CFO Lisa Lumbard and Financial Advisor, Brent Wilder of PFM gave a financial presentation (presentation attached as Exhibit "B").

The Board members provided comments and asked questions, which were answered by CFX staff and Mr. Wilder.

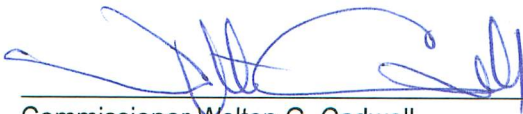
Discussion took place regarding the remaining swaps in CFX's portfolio. We have worked to reduce the swap portion of CFX's portfolio from 50% to 18%. A suggestion was made to contact the counterparties to see if there is any opportunity to renegotiate the remaining swaps. Mr. Wilder explained the parameters that have been followed in unwinding the swaps.

E. BOARD MEMBER COMMENT

There were no comments from the Board members.

F. ADJOURNMENT

Chairman Cadwell adjourned the meeting at 11:53 a.m.



Commissioner Welton G. Cadwell
Chairman
Central Florida Expressway Authority



Darleen Mazzillo
Recording Secretary/Executive Assistant
Central Florida Expressway Authority

Minutes approved on April 14, 2016.

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

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

AGENDA
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
BOARD WORKSHOP
March 10, 2016

Immediately following the conclusion of the 9:00 a.m. Board Meeting

Meeting Location: Pelican Room #107
4974 ORL Tower Road, Orlando, FL 32807

A. CALL TO ORDER

B. PUBLIC COMMENT

Pursuant to Rule 1-1.011, the governing Board for CFX has set aside at least 15 minutes at the beginning of each regular meeting for citizens to speak to the Board on any matter of public interest under the Board's authority and jurisdiction, regardless of whether the public interest is on the Board's agenda, but excluding pending procurement issues. Each speaker shall be limited to 3 minutes.

C. REVIEW OF GENERAL TRAFFIC AND EARNINGS CONSULTANT'S ANNUAL REPORT -

Hugh Miller, Ph.D., P.E.

D. DISCUSSION AND PRESENTATION OF FINANCIAL WORKSHOP – *Lisa Lumbard, CFO and*

Brent Wilder, Public Financial Management

E. BOARD MEMBER COMMENT

F. ADJOURNMENT

This meeting is open to the public.

Section 286.0105, Florida Statutes states that if a person decides to appeal any decision made by a board, agency, or commission with respect to any matter considered at a meeting or hearing, he or she will need a record of the proceedings, and that, for such purpose, he or she may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans with Disabilities Act (ADA), if any person with a disability as defined by the ADA needs special accommodation to participate in this proceeding, then not later than two (2) business days prior to the proceeding, he or she should contact the Central Florida Expressway Authority at 407-690-5000.

Persons who require translation services, which are provided at no cost, should contact CFX at (407) 690-5000 x5317 or by email at Iranetta.dennis@CFXway.com at least three business days prior to the event.

EXHIBIT "A"



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FY 2015 General Traffic and Earning's Consultant Annual Report

Hugh W. Miller, Jr., PhD, PE
CDM Smith

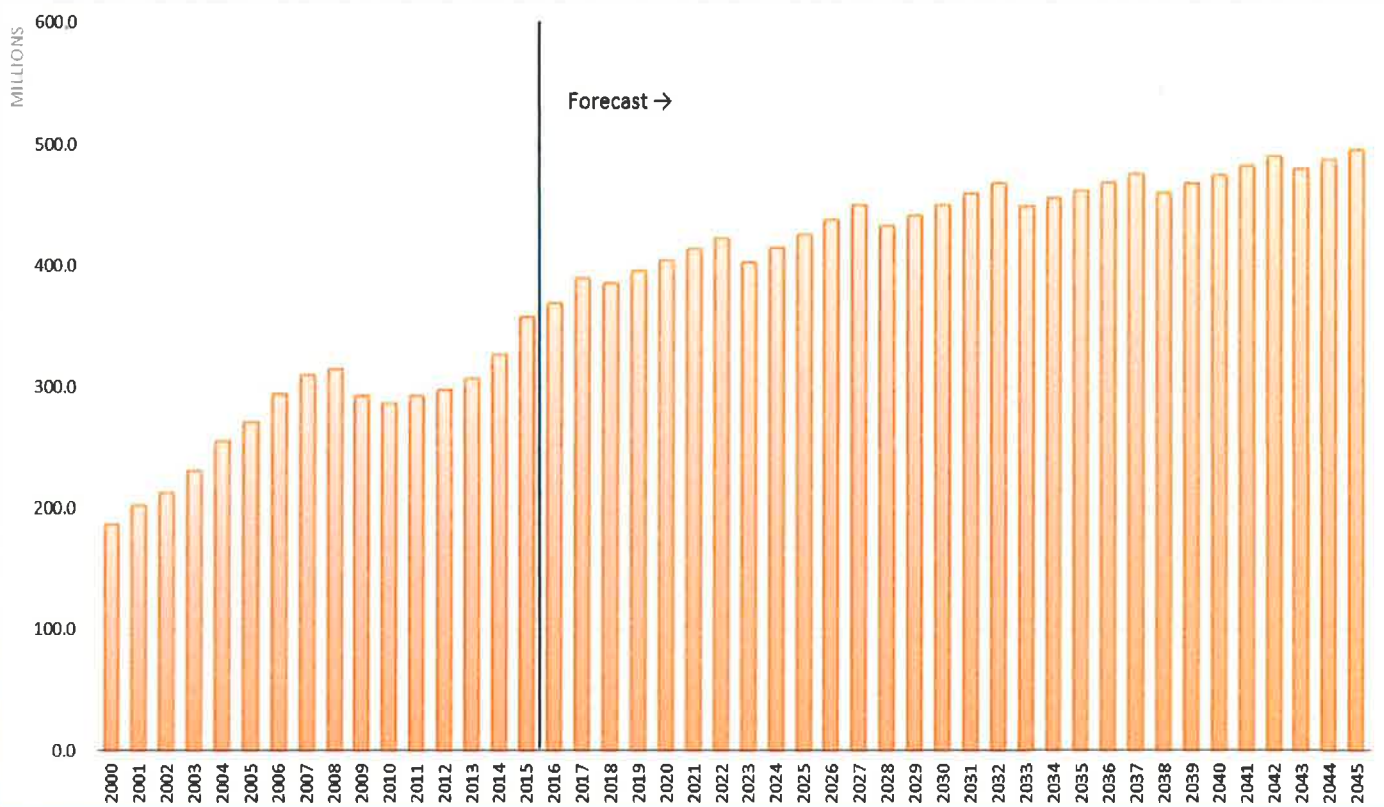
FY 2015 General Traffic and Earning's Consultant Annual Report

- Annual activity
 - Required by bond covenants
 - Performed by an “Independent Consultant”
- Results used in
 - Financial disclosure to investors
 - Financial planning and bond sales
 - Work Program and Master Plan

»» Key Assumptions

- Pattern of socio-economic growth according to Metropolitan Planning Organizations (MPOs), controlled to County Level forecasts in the Bureau of Economic and Business Research (BEBR) Medium population forecasts
- Transportation networks based on cost-feasible plans from the MPOs, including CFX Work Program and Master Plan
- Adopted toll rate policies by agency (current toll rate, future toll rate adjustments and discount programs)

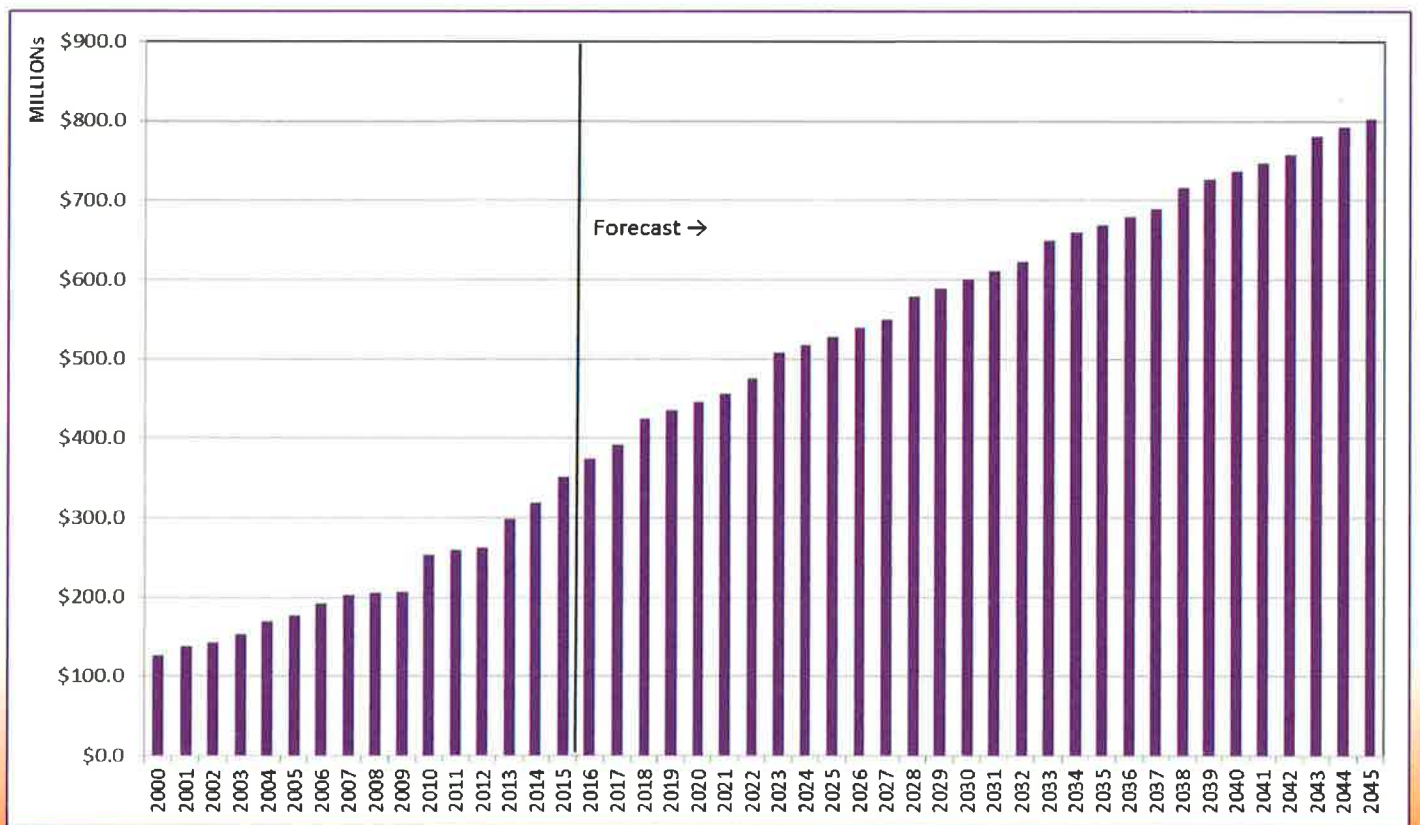
»»» Annual Transactions



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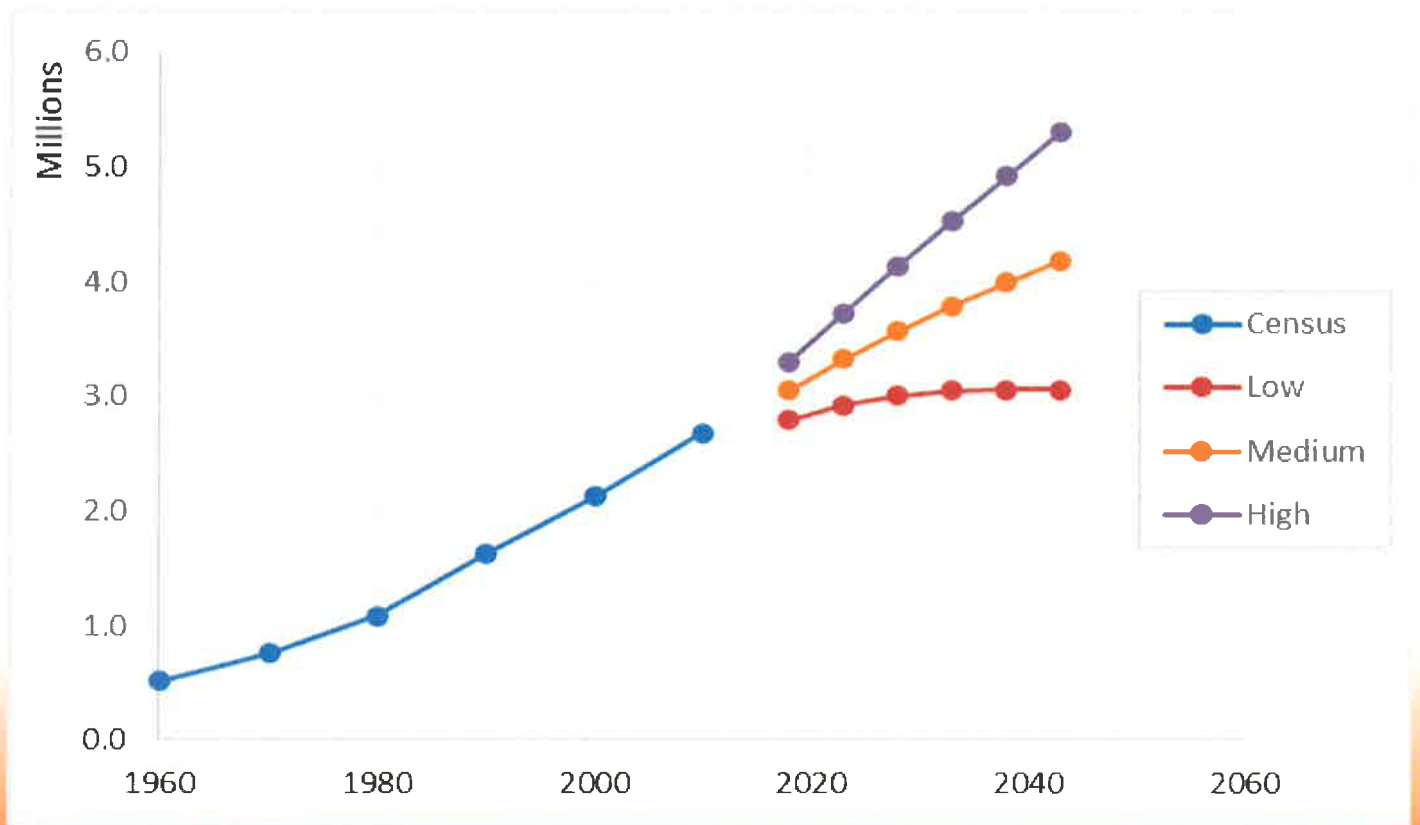
Annual Toll Revenue



After adjustments for Revenue Recaptured from UTN and Discount Programs

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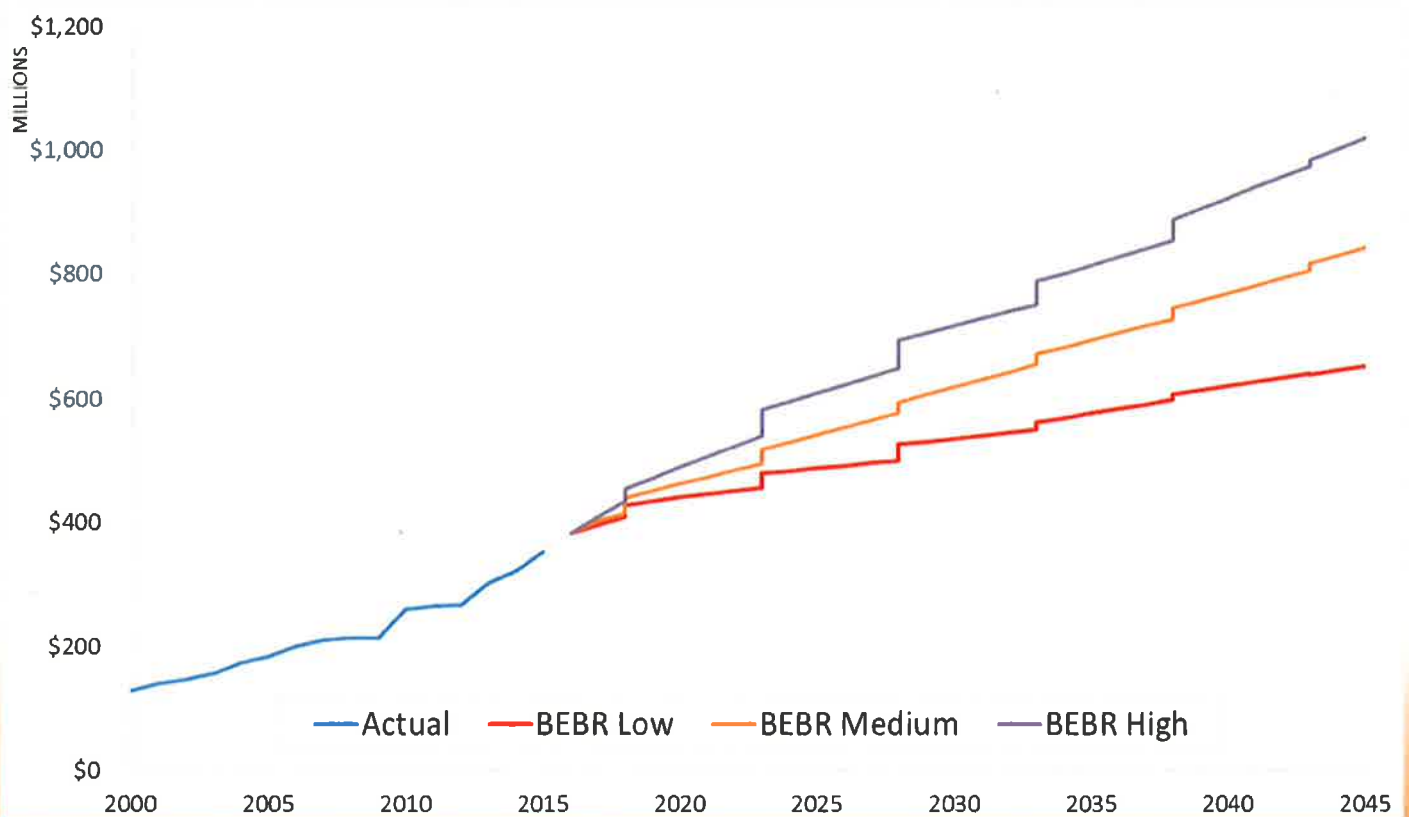
BEBR Population Forecasts



BEBR - Bureau of Economic and Business Research, University of Florida

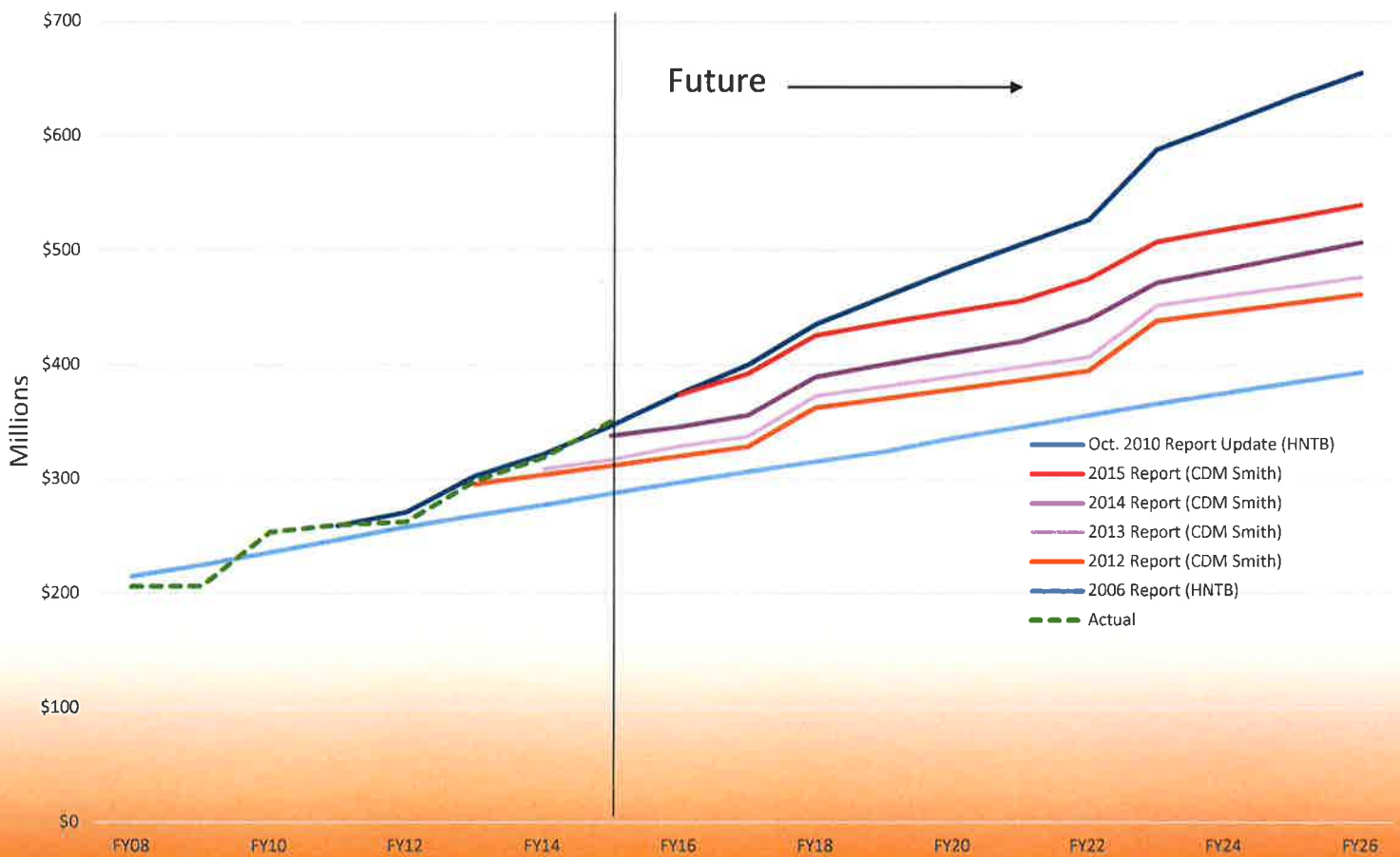
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Impact of Population on Revenue Estimates



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Official Revenue Forecast Comparison



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Questions

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Summary of Toll Rate Adjustments

Florida Turnpike Enterprise

Date	Increase	Description
June 2012	34.00%	Increase in cash, TOLL-BY-PLATE and SunPass® toll rates as required by the Legislature. Cash and TOLL-BY-PLATE toll rates indexed by 11.7% rounded to the next higher quarter. SunPass® toll rates set \$0.25 less than adjusted cash toll rates. With this methodology, no increase in SunPass® toll rates on Suncoast Parkway, Polk Parkway and Western Beltway, Part C
July 2013	2.10%	No increase in cash tolls. TOLL-BY-PLATE and SunPass® toll rates increased by 2.1% rounded to the nearest penny as required by the Legislature.
July 2014	1.5%	No increase in cash tolls. TOLL-BY-PLATE and SunPass® toll rates increased by 1.5% rounded to the nearest penny as required by the Legislature.
July 2015	1.6%	No increase in cash tolls. TOLL-BY-PLATE and SunPass® toll rates increased by 1.6% rounded to the nearest penny as required by the Legislature.

Central Florida Expressway Authority

Date	Increase	Description
April 2009	\$0.25/plaza	Toll rates at all mainline plazas (except Coral Hills) and most toll ramp locations increased by \$0.25
July 2012	9.00%	Indexed to the higher of CPI or 3.0%. Cash tolls rounded up to the nearest quarter and ETC rounded up to the nearest penny. For the first time, cash rates are more than ETC. Cash tolls increased by \$0.25 at most plazas, whereas the electronic toll rates were increased by 9.0%, which equates to between \$0.03 and \$0.12 depending on location.

EXHIBIT "B"



CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Financial Workshop
March 10, 2016

CFX Financial Team

Financial Advisors



Public Financial Management, Inc.



National Minority Consultants, Inc.

Traffic & Earnings Consultant

**CDM
Smith®**

Investment Advisor



PFM Asset Management LLC

Bond Counsel

BC
BROAD AND CASSEL
ATTORNEYS AT LAW

Disclosure Counsel

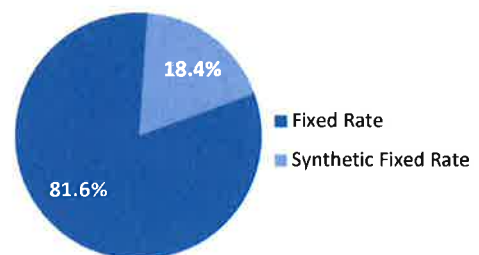
**Nabors
Giblin &
Nickerson P.A.**
ATTORNEYS AT LAW

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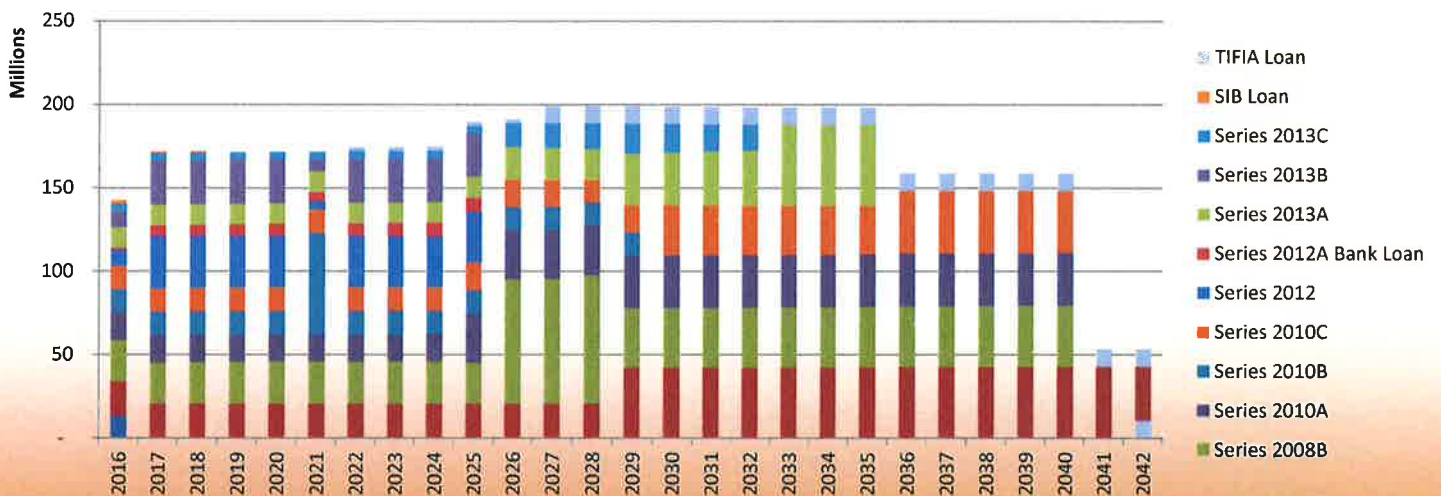
Debt Summary

- Outstanding Principal: \$2.7 billion
- Current Credit Ratings
 - Standard and Poor's: A (stable)
 - Moody's: A2 (stable)
 - Fitch: A (stable)

Fixed vs Synthetic Rate Debt



Estimated Annual Debt Service*



*Interest on the Series 2015 Bond Anticipation Notes is capitalized through 2019. The proceeds of the TIFIA Loan are assumed to take out the BANs in 2018.

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Debt Summary

Outstanding Principal as of January 1, 2016

Series	Outstanding Principal	Final Maturity	Type	Remaining Coupon Range/Swap Rate	LC/Liquidity/FRN Rate Fee ⁽¹⁾	Remarketing Fee	Net Rate ⁽²⁾	Net Interest Cost at Issuance	Credit Enhancement
Fixed Rate Debt									
1990	12,295,000	7/1/2016	Natural Fixed	8.25%	n/a	n/a	8.25%	6.67%	NATL (MBIA) ⁽³⁾
2007A	425,000,000	7/1/2042	Natural Fixed	4.50% - 5.00%	n/a	n/a	4.90%	4.83%	Assured (FSA) ⁽⁴⁾
2010A	334,565,000	7/1/2040	Natural Fixed	4.13% - 5.00%	n/a	n/a	4.98%	4.94%	uninsured
2010B	175,390,000	7/1/2029	Natural Fixed	3.50% - 5.00%	n/a	n/a	4.53%	4.39%	Assured
2010C	283,610,000	7/1/2040	Natural Fixed	4.00% - 5.00%	n/a	n/a	4.97%	4.91%	uninsured
2012	201,925,000	7/1/2025	Natural Fixed	3.00% - 5.00%	n/a	n/a	4.88%	2.53%	Assured ⁽⁵⁾
2012A (sub)	59,060,000	7/1/2025	Natural Fixed	2.37%	n/a	n/a	2.37%	2.37%	uninsured
2013A	242,320,000	7/1/2032	Natural Fixed	5.00%	n/a	n/a	5.00%	4.22%	uninsured
2013B	173,100,000	7/1/2025	Natural Fixed	3.00% - 5.00%	n/a	n/a	0.00%	2.62%	Assured ⁽⁶⁾
2013C	106,325,000	7/1/2032	Natural Fixed	3.60%	n/a	n/a	3.60%	3.60%	uninsured
Series 2015 (BANs)	193,695,000	1/1/2019	Natural Fixed	1.63%	n/a	n/a	1.63%	1.59%	uninsured
SIB Loan (sub)	2,066,748	10/1/2017	Natural Fixed	1.25%	n/a	n/a	1.25%	1.25%	uninsured
SUBTOTAL	2,209,361,748	% of Total Debt	81.61%						
Synthetic Fixed Rate Debt									
2008B-1	130,705,000	7/1/2040	Synthetic Fixed	4.78%	0.550%	0.00%	5.33%	4.99%	uninsured
2008B-2	118,180,000	7/1/2040	Synthetic Fixed	4.78%	0.580%	0.00%	5.36%	4.99%	uninsured
2008B-3	149,440,000	7/1/2040	Synthetic Fixed	4.78%	0.535%	0.00%	5.31%	4.99%	uninsured
2008B-4	99,615,000	7/1/2040	Synthetic Fixed	4.78%	0.535%	0.00%	5.31%	4.99%	uninsured
SUBTOTAL	497,940,000	% of Total Debt	18.39%						
TOTAL	2,707,291,748								

⁽¹⁾ Does not include additional fee for interest component or day count method.

⁽²⁾ Net rate is reflective of coupon and on-going fees only. Net rate does not take into account original issue yields.

⁽³⁾ National Public Finance Guarantee Corporation's ratings are currently lower than the Authority's ratings and therefore, the Authority's ratings prevail.

⁽⁴⁾ Originally insured by FSA which was absorbed by Assured Guaranty Municipal.

⁽⁵⁾ Assured insured \$57,245,000 of the total bonds for maturities in 2024 and 2025.

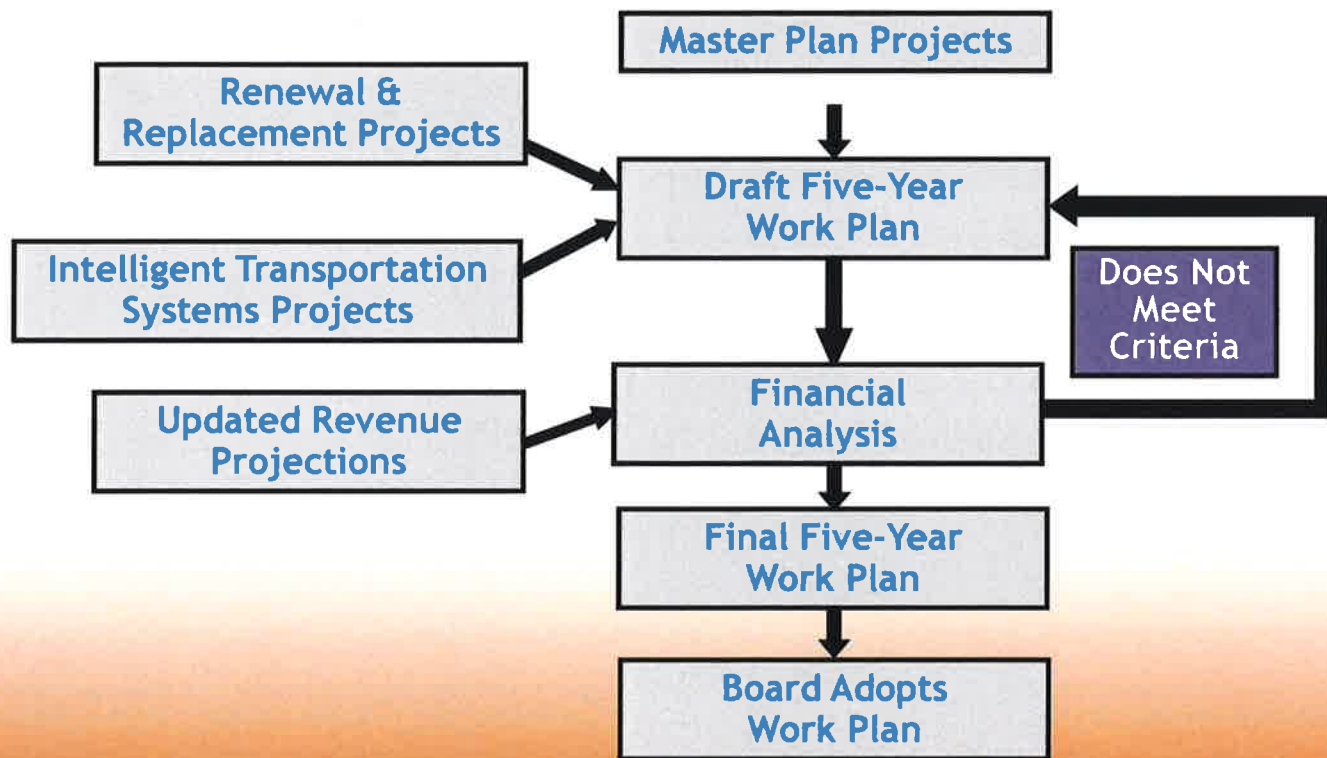
⁽⁶⁾ Assured insured \$49,860,000 of the 2022 through 2025 maturities.

Interest Rate Swap Summary

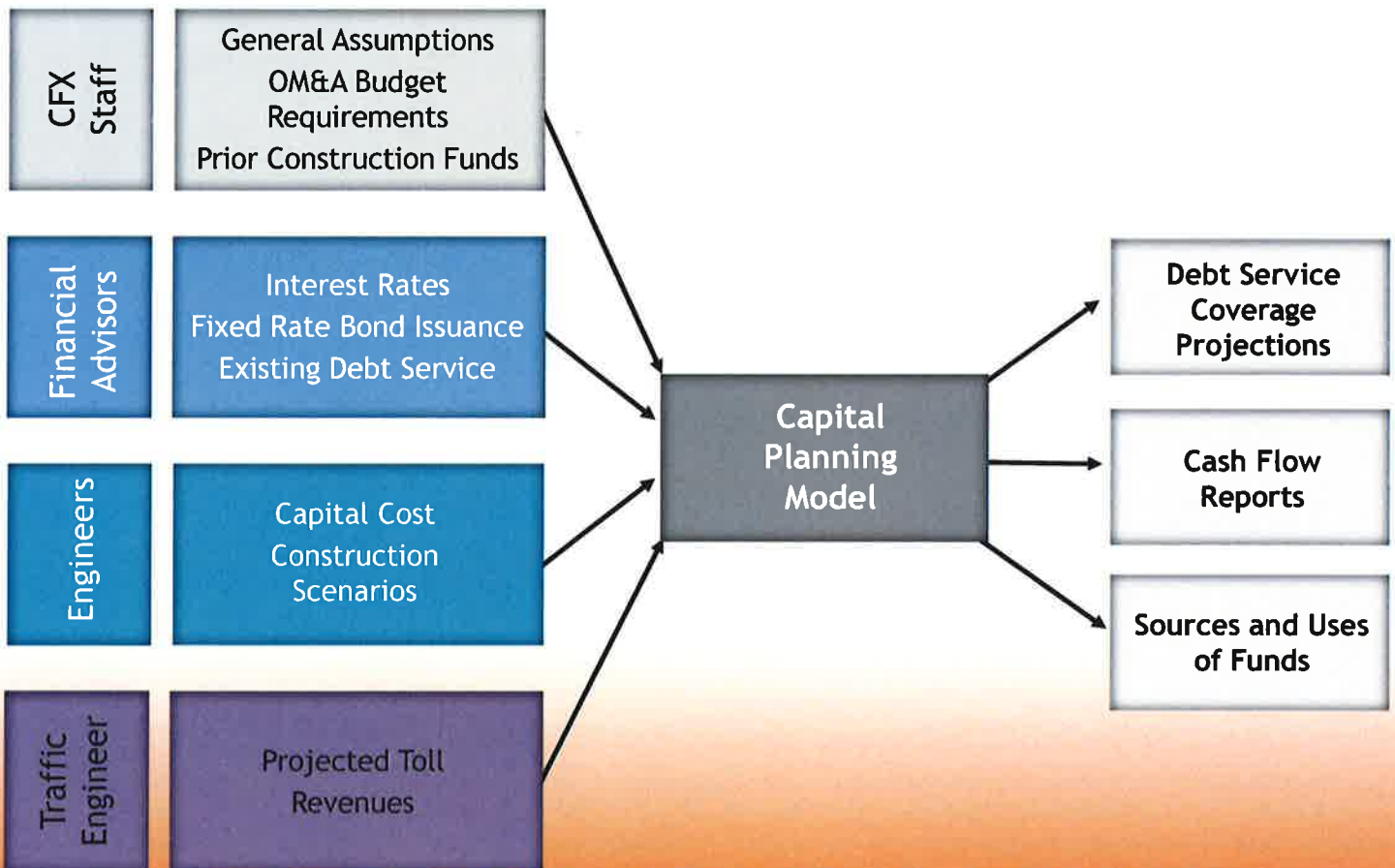
- CFX currently has five swaps outstanding with a total notional amount of \$497,940,000
- As of December 31, 2015, the market value of the five variable-to-fixed swaps is a combined (\$191.5) million
 - The current balance of the Reserve for Debt Management is \$163.5 million
- Due to current market conditions, termination penalties associated with unwinding swaps makes swap termination uneconomical at this time

Bank Counterparty	UBS AG, Stamford Branch	Royal Bank of Canada	JPMorgan Chase Bank, N.A.	Citibank, N.A., New York	Morgan Stanley Capital Services Inc.
Associated Bonds	Series 2008B-1 & 2008B-2	Series 2008B-1 & 2008B-2	Series 2008B-1 & 2008B-2	Series 2008B-3	Series 2008B-4
Client Pays	4.7753%	4.7753%	4.7753%	4.7753%	4.7753%
Client Receives	SIFMA Swap Index	SIFMA Swap Index	SIFMA Swap Index	SIFMA Swap Index	SIFMA Swap Index
Trade Date	7/13/2004	7/13/2004	7/13/2004	7/13/2004	7/13/2004
Effective Date	3/1/2005	3/1/2005	3/1/2005	3/1/2005	3/1/2005
Maturity Date	7/1/2040	7/1/2040	7/1/2040	7/1/2040	7/1/2040
MTM Value	(\$74,306,337)	(\$9,764,068)	(\$9,764,068)	(\$58,614,849)	(\$39,070,445)
Current Notional	\$199,108,000	\$24,888,500	\$24,888,500	\$149,440,000	\$99,615,000
Moody's	A1	Aa3	Aa3	A1	A3
S&P	A	AA-	A+	A	BBB+
Fitch	A	AA	AA-	A+	A

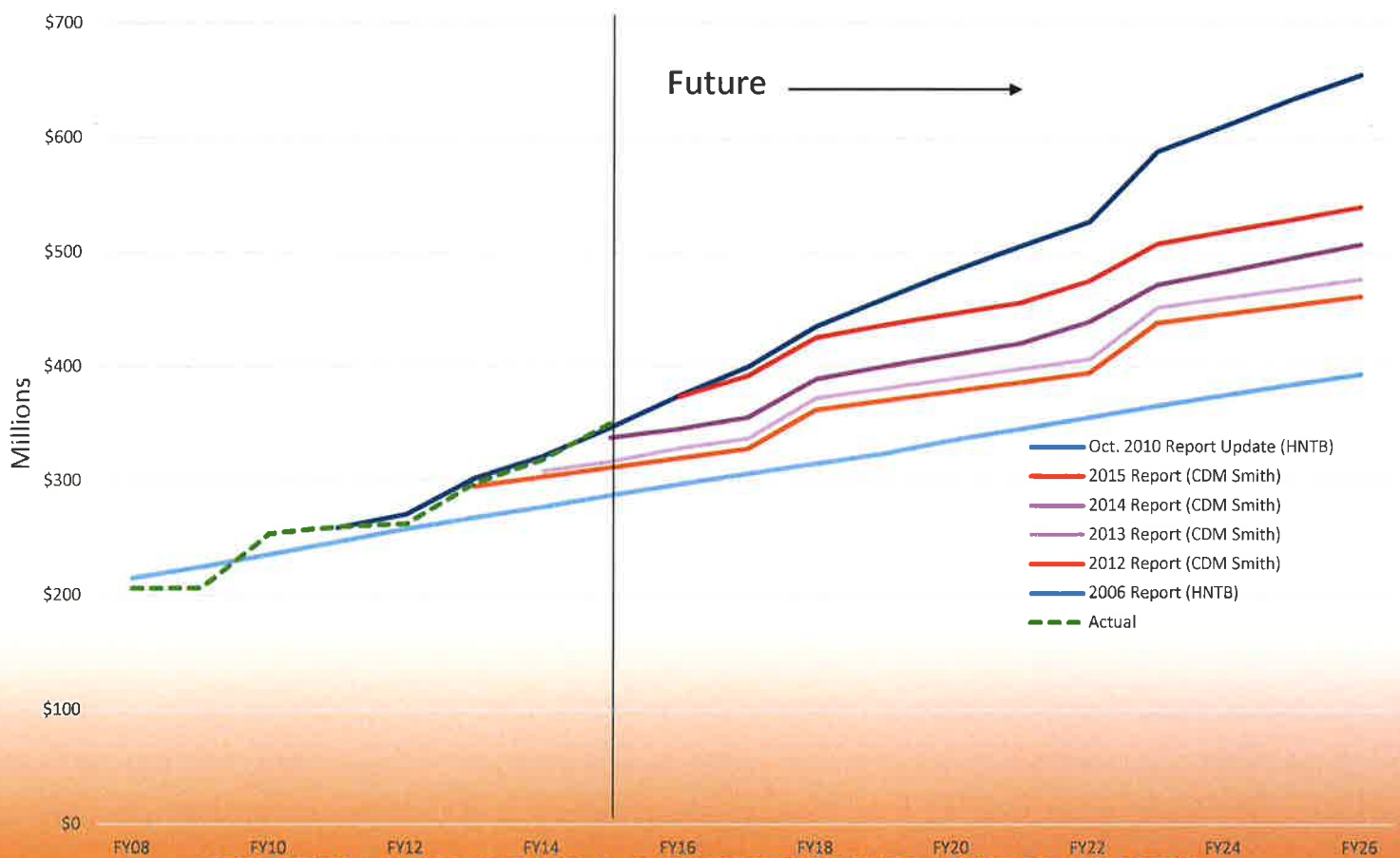
Five Year Work Plan Process



Integrative Planning Model



Official Revenue Forecast Comparison



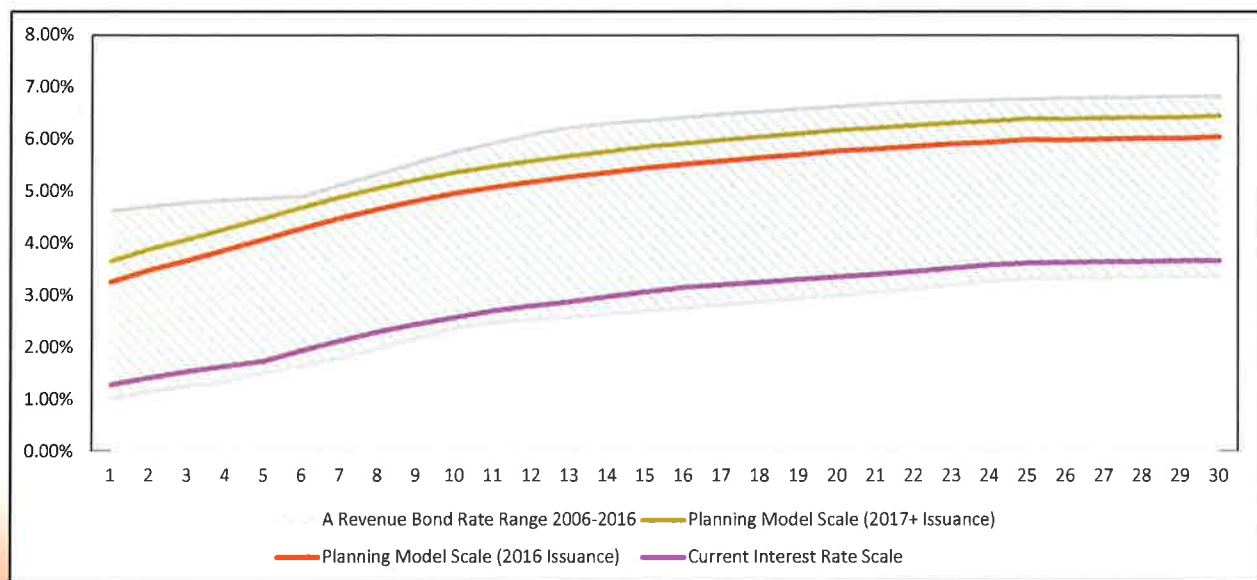
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Financial Planning Assumptions

- Fund earnings - Provided by PFMAM
- New Issuance Debt Structure
 - 30-year debt service
 - Level debt service after initial principal deferral period
 - Capitalized interest, as needed and as allowed by tax law
 - Interest Rate: Interest rates for debt issues assume the historical 10-year average of Municipal Market Data Index (MMD),
 - Plus a credit spread of 90 bps (consistent with current credit ratings)
 - Plus additional cushion for future interest rate increases

Financial Planning Assumptions

- Interest Rate: Interest rates for debt issues assume the historical 10-year average of MMD plus 175 bps to cover both credit spread and future rate increases



Debt Service Coverage Overview

- **Senior Lien Coverage:**
 - Planning target of 1.60x
 - Policy ratio of 1.45x
 - Bond Resolution requirement is 1.20x
- **Junior Lien Coverage:**
 - Bond Resolution requirement is 1.20x
 - Second Lien debt service includes all Senior Lien debt service along with the TIFIA Loan, State Infrastructure Bank (SIB) Loan payments and on-going fees associated with the Authority's variable rate debt, if any
- **Subordinate Aggregate Coverage**
 - Bond Resolution requirement is 1.20x
 - Subordinate Lien debt service includes all Senior and Second Lien debt service along with the Series 2012A Bond (bank loan) and FDOT Lease Purchase Agreement (LPA) Payments

Debt Service Coverage Overview

- Per the Wekiva Parkway Interlocal Agreement with FDOT:
 - Aggregate coverage must meet or exceed 1.45x
 - Debt Service calculation includes:
 - Senior Lien & Junior Lien debt
 - SIB Loans
 - General Reserve Fund Loans (Series 2012A Bonds)
 - LPA payments
 - Coverage may dip below 1.45X if necessary to fund:
 - Wekiva Parkway Projects
 - I-4 Interchange

»»» Bond Sizing Methodology

Bond Size Target Calculation

Annual Construction Cost = Pay-Go Cash + Bond Proceeds

Revenues

- Toll Revenues and Other Revenues
- Interest Income
- Funds on Hand
- R&R Fund Balance
- System General Reserve Deposit
- Construction Fund Balance

Expenses, Debt Service and Reserve Deposits

- OM&A Reserve
- OM&A Expenses
- Existing Debt Service
- New Debt Service
- Revolving Trust Fund/SIB Loan Repayment
- R&R Deposit
- General Reserve Set Aside
- Capital and Contingency Reserve Deposit

Impact on
Revenues Available
for Pay-Go

Revenue Available for Pay-Go

Construction Cost

- Wekiva Construction Costs
- CFX Existing Construction Cost
- Additional Costs
- Subtotal

Impact on New Debt
Service

Bonds to be Financed = Construction Cost - Pay-Go Cash

Bond Proceeds (Financing Costs included)

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2016-2020 Work Plan Model

- Revenues: FY 2014 General Traffic and Earnings Consultant's Annual Report
 - Prepared by CDM Smith
 - Dated May 2015
- Key Statistics
 - Minimum Senior Lien Coverage: 1.61x
 - Average Senior Lien Coverage (2016-2025): 1.71x
 - Minimum Junior Lien Coverage: 1.56x
 - Average Junior Lien Coverage (2016-2025): 1.67x

Complete Work Plan

In \$ thousands	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
CFX Existing System										
CFX FY 2016-2020 Work Plan	276,772	354,101	196,421	100,680	91,301	-	-	-	-	-
Additional Projects beyond Work Plan	-	-	-	-	-	13,512	134,948	153,000	226,810	196,810
CFX Renewal and Replacement	56,441	50,005	27,568	32,104	46,687	10,010	29,155	39,950	26,901	2,830
Total	333,213	404,106	223,989	132,784	137,988	23,522	164,103	192,950	253,711	199,640

Debt Service Coverage Ratios

In \$ thousands	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenues	364,019	375,218	407,644	419,090	429,540	439,896	459,160	491,869	503,921	516,099
O, M&A Expenses	(74,789)	(76,767)	(85,515)	(89,365)	(92,778)	(96,325)	(100,010)	(103,839)	(107,818)	(111,953)
Pledged Revenues	287,892	293,127	320,208	328,901	335,905	342,682	358,363	388,941	395,095	403,108
Debt Service										
Senior Lien	140,567	180,377	199,191	199,047	204,483	205,619	210,557	210,318	230,094	244,762
Senior & Junior Lien	143,093	181,422	200,280	199,062	204,499	205,636	210,575	212,838	232,615	255,969
Aggregate Debt Service (Incl. LPA)	164,493	208,067	227,171	226,209	231,914	231,339	238,313	240,880	247,964	255,969
Coverage Ratios										
Resolution Coverage Ratio - Senior	2.05	1.63	1.61	1.65	1.64	1.67	1.70	1.84	1.72	1.65
Junior Lien Coverage	1.98	1.58	1.57	1.62	1.61	1.62	1.68	1.77	1.68	1.59
Total Debt Service Coverage Ratio (Incl. LPA)	1.73	1.38	1.39	1.43	1.42	1.45	1.47	1.57	1.56	1.55

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