CENTRAL FLORIDA EXPRESSWAY AUTHORITY

AGENDA
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
FINANCE COMMITTEE MEETING
April 2, 2018
9:00 a.m.

Meeting location: Central Florida Expressway Authority
Pelican Conference Room #107
4974 ORL Tower Road
Orlando, FL 32807

A. **CALL TO ORDER**

B. **PUBLIC COMMENT**
Pursuant to Florida Statute 286.0114 the Finance Committee will allow public comment on any matter either identified on this meeting agenda as requiring action, or anticipated to come before the Committee for action in reasonable proximity to this meeting. Speakers shall be limited to three minutes per person and the assignment of one person's time to another or designation of group spokesperson shall be allowed at the discretion of the Committee Chairman.

C. **APPROVAL OF DECEMBER 19, 2017 FINANCE COMMITTEE MEETING MINUTES** (Action Item)

D. **APPROVAL OF INVESTMENT POLICY**- Lisa Lumbard, CFO (Action Item)

E. **RECOMMENDATION OF INVESTMENT BANKING UNDERWRITING SERVICES FIRMS**- Lisa Lumbard, CFO (Action Item)

F. **REQUEST FOR RECOMMENDATION AND/OR PRICING INDICATIONS FOR DIRECT PLACEMENT INDEX FLOATERS OR OTHER OPTIONS RELATING TO THE VARIABLE RATE REVENUE BONDS, SERIES 2008B1, 2008B2, 2008B3, 200B4**- Brent Wilder, PFM (Action Item)

G. **OTHER BUSINESS**

H. **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.

DRAFT MINUTES
CENTRAL FLORIDA EXPRESSWAY AUTHORITY
FINANCE COMMITTEE MEETING
December 19, 2017
Location: Pelican Conference Room 107

Committee Members Present:
Jason Bates, Citizen Representative and Committee Chairman
Amanda Clavijo, Osceola County
Edward Bass, Seminole County
Chris McCullion, City of Orlando
Kurt Petersen, Orange County

Committee Members Not Present:
Jennifer Barker, Lake County

Also Present:
Ruth Valentin, Recording Secretary/Office Coordinator
Lisa Lumbard, Chief Financial Officer
Laura Kelley, Executive Director
Joseph Passiatore, General Counsel
Michael Carlisle, Director of Accounting and Finance
Margaret Lezcano, UBS
Eric Golynsky, UBS
David Thornton, Wells Fargo
Jon Eichelberger, Raymond James and Associates
Steve Alexander, PFM
Matt Williams, Bank of America Merrill Lynch
Hope Davidson, PFM
Brent Wilder, PFM
Henry Reyes, JP Morgan
Todd Morley, Wells Fargo
Joe Stanton, Broad and Cassel
John Martinez, PNC
Jo Thacker, Broad and Cassel
Nathaniel Johnson, JP Morgan
Luis Alfaro, Barclays
Rob Hillman, Barclays
Sylvia Dunlap, National Minority Consultants

1. CALL TO ORDER

This meeting was called to order at 10:00 a.m. by Chairman Jason Bates.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF MINUTES

A motion was made by Mr. McCullion and seconded by Mr. Bass to approve the July 31, 2017 Finance Committee minutes as presented. The motion carried unanimously with five members voting AYE by voice vote; Ms. Barker was not present.

4. FY 2017 INVESTMENT REPORT

Steve Alexander presented the FY 2017 Investment Report.

(This item was presented for information only. No formal committee action was taken.)

5. UPDATE ON SERIES 2017 REFUNDING REVENUE BONDS

Lisa Lumbard presented an update on Series 2017 Refunding Revenue Bonds.

(This item was presented for information only. No formal committee action was taken.)

6. BARCLAYS 2008B-1 CONVERSION PROPOSAL

Brent Wilder presented Barclays 2008B-1 Conversion Proposal.

A motion was made by Ms. Clavijo and seconded by Mr. McCullion to approve Barclay's 2008B-1 Conversion Proposal with a condition that Barclays will cover any additional fees over $200,000. The motion carried unanimously with five members voting AYE by voice vote; Ms. Barker was not present.

7. COMMITTEE MEMBER SELECTION FOR UPCOMING PROCUREMENTS

Ms. Lumbard informed the committee that two procurements will be approaching within the next months. CFX will procure a Co-Financial Advisor and Investment Banking Underwriting Services. The committee volunteered for the following selections:

Co-Financial Advisor- Jason Bates
Investment Banking Underwriting Services- Amanda Clavijo

8. OTHER BUSINESS

There was no other business to discuss.

9. ADJOURNMENT

The meeting adjourned at 10:25 a.m.

Minutes approved on ______, 2018

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.

MEMORANDUM

TO: CFX Finance Committee Members

FROM: Lisa Lumbard, CFO

DATE: March 28, 2018

SUBJECT: Review and Acceptance Investment Policy

CFX's Investment Advisor, PFM Asset Management, has reviewed the CFX Investment Policy as required per the policy. No revisions or changes are being recommended at this time. Please find attached the policy for review and acceptance.

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

Investment Policy

FIN-3

Department: Finance

Supersedes:

- **Investment Policy approved on 12/14/2010**
- **Investment Policy approved on 9/26/2012**

Date of Board Approval: 5/14/2015

Table of Contents

CENTRAL FLORIDA EXPRESSWAY AUTHORITY
INVESTMENT POLICY

I. PURPOSE

The purpose of this Investment Policy ("Policy") is to set forth the investment objectives and parameters for the management of public funds of the Central Florida Expressway Authority (hereinafter "CFX"). These policies are designed to ensure the prudent management of public funds by CFX, the availability of operating and capital funds when needed by CFX and an investment return for CFX competitive with comparable funds and financial market indices.

II. SCOPE

In accordance with Section 218.415, Florida Statutes, this Policy applies to all cash and investments held or controlled by CFX and shall be identified as operating funds, reserve funds or bond funds of CFX (the "Portfolio"). In connection with the investment of proceeds of bonds issued by CFX, CFX's master bond resolution permitted investments are included in the authorized investments in Section XV of this Policy.

III. INVESTMENT OBJECTIVES

Safety of Principal The foremost objective of CFX's investment program is the safety of the principal of those funds within the Portfolio. Investment transactions shall seek to be consistent with the other investment objectives, which are to keep capital losses at a minimum, whether they are from securities defaults or erosion of market value.

Maintenance of Liquidity The Portfolio shall be managed in such a manner that funds are available to meet reasonably anticipated cash flow requirements of CFX in an orderly manner. Periodic cash flow analyses will be completed in order to ensure that the Portfolio is positioned to provide sufficient liquidity.

Return on Investment The Portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. However, return is attempted through active management where the Investment Manager utilizes a total return strategy (which includes both realized and unrealized gains and losses in the Portfolio). This total return strategy seeks to increase the value of the Portfolio through reinvestment of income and capital gains. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Despite this, an Investment Manager may trade to recognize a loss from time to time to achieve a perceived relative value based on its potential to enhance the total return of the Portfolio.

IV. DELEGATION OF AUTHORITY

In accordance with CFX's administrative policies, the responsibility for providing oversight and direction in regard to the management of the investment program and the Portfolio resides with CFX's Finance Committee. The Executive Director and Chief Financial Officer of CFX have the ultimate authority and responsibility for the investment program and the management of the Portfolio. The management responsibility for all Authority funds in the Portfolio and investment transactions is delegated to CFX's Chief Financial Officer and Authorized Staff members. The Chief Financial Officer shall account for all Authority funds in the Portfolio. The Chief Financial Officer shall establish written procedures for the operation of the investment portfolio and a system of internal accounting and administrative controls to regulate the activities of employees. CFX may employ an investment manager (an "Investment Manager"), to assist in managing the Portfolios. Such Investment Manager must be registered under the Investment Advisers Act of 1940. The Chief Financial Officer shall be responsible for monitoring and regulating the activities of Authorized Staff and the Investment Manager involved with the investment program. The Authorized Staff is limited to the following positions:

- Chief Financial Officer
- Manager of Finance and Accounting
- Assistant Manager of Finance and Accounting

V. STANDARDS OF PRUDENCE

The standard of prudence to be used by the Authorized Staff shall be the "Prudent Person" standard and shall be applied in the context of managing the Portfolio. Authorized Staff acting in accordance with written procedures and this Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectation are reported in a timely fashion to the Executive Director and Finance Committee and that the securities involved are liquidated or sold accordance with the terms of this policy. The "Prudent Person" rule states the following:

> Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

While the standard of prudence to be used by Authorized Staff who are officers or employees is the "Prudent Person" standard, any person or firm hired or retained as an Investment Manager, or otherwise retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of "Prudent Expert". The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the Investment Manager shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

VI. ETHICS AND CONFLICTS OF INTEREST

Authorized Staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Also, Authorized Staff or other employees involved in the investment process shall disclose in writing to CFX and the Board any material financial interests in financial institutions that conduct business with the Board, and they shall further disclose any material personal financial/investment positions that could be related to the performance of CFX's Portfolio.

VII. INTERNAL CONTROLS AND INVESTMENT PROCEDURES

The Chief Financial Officer shall establish a system of internal controls and operational procedures to protect CFX's assets, including the Portfolio, and ensure proper accounting and reporting of the transactions related thereto. No person may engage in an investment transaction except as authorized under the terms of this Policy. Independent auditors shall conduct a review of the system of internal controls with respect to, among other things, the Portfolio and the investment thereof as a normal part of the annual financial audit of CFX. Such internal controls shall include, but not limited to, the following:

Separation of functions:

By separating the person who authorizes or performs the transaction from the person or persons who record or otherwise account for the transaction, a proper separation of duties is achieved.

Custodial safekeeping:

Securities purchased from any bank or dealer, including appropriate collateral, shall be placed into a third party bank for custodial safekeeping.

Clear delegation of authority to subordinate staff members:

Subordinate staff must have a clear understanding of their authority and responsibilities to avoid any improper actions. Clear delegation of authority also preserves the internal control structure that is built around the various staff positions and their respective responsibilities.

Written confirmation of electronically initiated transactions for investments and wire transfers:

Due to the potential for error and improprieties arising from telephone or other electronically initiated transactions, all such transactions should be supported by written communications and approved by an individual other than the individual initiating said transaction. Repetitive wires do not require a secondary approval; however, all non-repetitive wires shall have secondary approval.

Documentation of transactions and strategies:

All transactions and the strategies that were used to develop said transactions should be documented in writing and approved by the appropriate person.

VIII. CONTINUING EDUCATION

The Chief Financial Officer and appropriate Authorized Staff shall annually complete 8 hours of continuing education in subjects or courses of study related to investment practices and products.

IX. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

Authorized Staff shall only purchase securities from financial institutions, which are qualified as public depositories by the Treasurer, or Chief Financial Officer of the State of Florida, institutions designated as "Primary Dealers" as designated by the Federal Reserve Bank of New York, direct issuers of commercial paper and bankers' acceptances, approved non-primary dealers, or Minority/Women Disadvantaged Business Enterprise ("M/WBE") securities dealers. The Investment Manager shall utilize and maintain its own list of approved primary dealers, non-primary dealers and M/WBE securities dealers. The Investment Manager will provide a quarterly report to CFX detailing the M/WBE trading activity.

Authorized Staff and Investment Manager shall only enter into Repurchase agreements with "Primary Dealers" as designated by the Federal Reserve Bank of New York and financial institutions that are state qualified public depositories.

X. MATURITY AND LIQUIDITY REQUIREMENTS

A. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash flow requirements of CFX. Investments of current operating funds shall have maturities of no longer than twenty-four (24) months. Investments of bond reserves, construction funds, and other non-operating funds ("core funds") shall have a term appropriate to the need for funds and in accordance with debt covenants. The purchase of investments for core funds with maturities longer than five and a half (5.50) years requires CFX's approval prior to purchase. However, final maximum maturity for any investment is limited to ten (10) years. The maturities of the underlying securities of a repurchase agreement will follow the requirements of the Securities Industry and Financial Markets Association (SIFMA) Master Repurchase Agreements.

XI. RISK AND DIVERSIFICATION

The Portfolio shall be diversified to control risks resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or bank through which these securities are bought and sold. The Chief Financial Officer shall determine diversification strategies within the established guidelines.

XII. MASTER REPURCHASE AGREEMENT

CFX will require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the SIFMA Master Repurchase Agreement. All repurchase agreement transactions will adhere to requirements of the SIFMA Master Repurchase Agreement.

XIII. DERIVATIVES AND REVERSE REPURCHASE AGREEMENTS

Investment in any derivative products or the use of reverse repurchase agreements is specifically prohibited by this investment policy, unless permitted in Section XV of this Policy. A "derivative" is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or indices or asset values. However, for the purpose of a financing mechanism for funding CFX's Five-Year Work Plan, derivatives are permitted. Please refer to CFX's Swap Policy.

XIV. COMPETITIVE SELECTION OF INVESTMENT INSTRUMENTS

After the Investment Manager or the Chief Financial Officer has determined the approximate maturity date based on cash flow needs and market conditions and has analyzed and selected one or more optimal types of investments, a minimum of three (3) reputable, qualified, and financially sound banks and/or dealers must be contacted and asked to provide bids on securities in questions. Bids will be held in confidence until the highest bid is determined and awarded.

However, on an exception basis, securities may be purchased utilizing the comparison to current market price method. Acceptable current market price providers include, but are not limited to:

A. TradeWeb,

B. Bloomberg Information Systems,

C. The Wall Street Journal or a comparable nationally recognized financial publication providing daily market pricing,

D. Daily market pricing provided by CFX's custody agents or their correspondent institutions,

E. Such other current market price provider that the Investment Manager shall recommend to CFX as a regular provider of such information.

Selection by comparison to a current market price, as indicated above, shall only be utilized when, in judgment of the Investment Manager, CFX, or Chief Financial Officer, competitive bidding would inhibit the selection process.

Examples of when this method may be used include:

A. When time constraints due to unusual circumstances preclude the use of the competitive bidding process.

B. When no active market exists for the issue being traded due to the age or depth of the issue.

C. When a security is unique to a single dealer, for example, a private placement.

D. When the transaction involves new issues or issues in the "when issued" market.

Overnight sweep repurchase agreements will not be bid, but may be placed with the depository bank relating to the demand account for which the repurchase agreement was purchased.

XV. AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and CFX's needs change. However, when the invested funds are needed in whole or in part for the purpose originally intended or for more optimal investments, Authorized Staff may sell an investment at the then-prevailing market price and place the proceeds into the proper account at the Board's custodian.

The following are the guidelines for investments and limits on security types, issuers, and maturities as established by CFX. CFX or the Chief Financial Officer shall have the option to further restrict investment percentages from time to time based on market conditions. The percentage allocations requirements for investment types and issuers are calculated based on the original cost of each investment, at the time of purchase. Investments not listed in this Policy are prohibited. The following is a summary table of the permitted investments and their respective allocation limits. The allocation limits are for non- bond proceeds.

Permitted Investments

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity	Master Bond Resolution Permitted Investments
U.S. Treasury	100%	100%	N/A	5.50 Years (5.50 Years avg. life[4] for GNMA)	X
GNMA		40%			X
Other U.S. Government Guaranteed (e.g. AID, GTC)		10%			X
Federal Agency/GSE: FNMA, FHLMC, FHLB, FFCB*	75%	40%[3]	N/A	5.50 Years	X
Federal Agency/GSE other than those above		10%			X
Supranationals where U.S. is a shareholder and voting member	25%	10%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AAA/Aaa, or equivalent)	5.50 Years	
Corporates	50%[2]	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, A-/A3 or equivalent)	5.50 Years	
Municipals	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	5.50 Years	X
Agency Mortgage-Backed Securities (MBS)	25%	40%[3]	N/A	5.50 Years Avg. Life[4]	
Asset-Backed Securities (ABS)	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA/Aaa, or equivalent)	5.50 Years Avg. Life[4]	
Depository Accounts with Qualified Public Depositories	75%	50%	N/A	N/A	X
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	50%	None, if fully collateralized	None, if fully collateralized.	2 Years	X
Commercial Paper (CP)	50%[2]	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days	X
Bankers' Acceptances (BAs)	10%[2]	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	180 Days	X

Sector	Sector Maximum (%)	Per Issuer Maximum (%)	Minimum Ratings Requirement[1]	Maximum Maturity	Master Bond Resolution Permitted Investments
Repurchase Agreements (Repo or RP)	40%	20%	Counterparty (or if the counterparty is not rated by an NRSRO, then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent) If the counterparty is a Federal Reserve Bank, no rating is required	1 Year	X
Money Market Funds (MMFs)	50%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A	X
Fixed-Income Mutual Funds	25%	10%	N/A	3 Years	
Intergovernmental Pools (LGIPs)	50%	25%	Highest Fund Quality and Volatility Rating Categories by all NRSROs who rate the LGIP, (AAAm/AAAf, S1, or equivalent)	N/A	
Florida Local Government Surplus Funds Trust Funds ("Florida Prime")	25%	N/A	Highest Fund Rating by all NRSROs who rate the fund (AAAm/Aaa-mf, or equivalent)	N/A	X

Notes:

[1] Rating by at least one SEC-registered Nationally Recognized Statistical Rating Organization ("NRSRO"), unless otherwise noted. ST=Short-term; LT=Long-term.

[2] Maximum allocation to all corporate and bank credit instruments is 50% combined.

[3] Maximum exposure to any one Federal agency, including the combined holdings of Agency debt and Agency MBS, is 40%.

[4] The maturity limit for MBS and ABS is based on the expected average life at time of settlement, measured using Bloomberg or other industry standard methods.

Federal National Mortgage Association (FNMA); Federal Home Loan Mortgage Corporation (FHLMC); Federal Home Loan Bank or its District banks (FHLB); Federal Farm Credit Bank (FFCB).

1) **U.S. Treasury & Government Guaranteed -** U.S. Treasury obligations, and obligations the principal and interest of which are backed or guaranteed by the full faith and credit of the U.S. Government.

2) **Federal Agency/GSE -** Debt obligations, participations or other instruments issued or fully guaranteed by any U.S. Federal agency, instrumentality or government-sponsored enterprise (GSE).

3) **Supranationals** – U.S. dollar denominated debt obligations of a multilateral organization of governments where U.S. is a shareholder and voting member.

4) **Corporates** – U.S. dollar denominated corporate notes, bonds or other debt obligations issued or guaranteed by a domestic or foreign corporation, financial institution, non-profit, or other entity.

5) **Municipals** – Obligations, including both taxable and tax-exempt, issued or guaranteed by any State, territory or possession of the United States, political subdivision, public corporation, authority, agency board, instrumentality or other unit of local government of any State or territory.

6) **Agency Mortgage Backed Securities -** Mortgage-backed securities (MBS), backed by residential, multi-family or commercial mortgages, that are issued or fully guaranteed as to principal and interest by a U.S. Federal agency or government sponsored enterprise, including but not limited to pass-throughs, collateralized mortgage obligations (CMOs) and REMICs.

7) **Asset-Backed Securities -** Asset-backed securities (ABS) whose underlying collateral consists of loans, leases or receivables, including but not limited to auto loans/leases, credit card receivables, student loans, equipment loans/leases, or home-equity loans.

8) **Depository Accounts with Qualified Public Depositories** - Banks organized under the laws of this state and/or in national banks organized under the laws of the United States and doing business and situated in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

9) **Non-Negotiable Certificate of Deposit and Savings Accounts** - Non-negotiable interest bearing time certificates of deposit, or savings accounts in banks organized under the laws of this state or in national banks organized under the laws of the United States and doing business in this state, provided that any such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes.

10) **Commercial Paper** – U.S. dollar denominated commercial paper issued or guaranteed by a domestic or foreign corporation, company, financial institution, trust or other entity, including both unsecured debt and asset-backed programs.

11) **Bankers' Acceptances** - Bankers' acceptances issued, drawn on, or guaranteed by a U.S. bank or U.S. branch of a foreign bank.

12) **Repurchase Agreements** - Repurchase agreements (Repo or RP) that meet the following requirements:
    a. Must be governed by a written SIFMA Master Repurchase Agreement which specifies securities eligible for purchase and resale, and which provides the unconditional right to liquidate the underlying securities should the Counterparty default or fail to provide full timely repayment.
    b. Counterparty must be a Federal Reserve Bank, a Primary Dealer as designated by the Federal Reserve Bank of New York, or a nationally chartered commercial bank.
    c. Securities underlying repurchase agreements must be delivered to a third party custodian under a written custodial agreement and may be of deliverable or tri-party form. Securities must be held in CFX's custodial account or in a separate account in the name of CFX.
    d. Acceptable underlying securities include only securities that are direct obligations of, or that are fully guaranteed by, the United States or any agency of the United States, or U.S. Agency-backed mortgage related securities.
    e. Underlying securities must have an aggregate current market value of at least 102% (or 100% if the counterparty is a Federal Reserve Bank) of the purchase price plus current accrued price differential at the close of each business day.
    f. Final term of the agreement must be 1 year or less.

13) **Money Market Funds** - Shares in open-end and no-load money market mutual funds, provided such funds are registered under the Investment Company Act of 1940 and operate in accordance with Rule 2a-7.

    A thorough investigation of any money market fund is required prior to investing, and on an annual basis. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund. A current prospectus must be obtained.

14) **Fixed-Income Mutual Funds** - Shares in open-end and no-load fixed-income mutual funds whose underlying investments would be permitted for purchase under this policy and all its restrictions.

15) **Local Government Investment Pools** – State, local government or privately-sponsored investment pools that are authorized pursuant to state law.

    A thorough investigation of any intergovernmental investment pool is required prior to investing, and on an annual basis. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund. A current prospectus must be obtained.

16) **The Florida Local Government Surplus Funds Trust Funds ("Florida Prime")** A thorough investigation of the Florida Prime is required prior to investing, and on an annual basis. Attachment B is a questionnaire that contains a list of questions, to be answered prior to investing, that cover the major aspects of any investment pool/fund. A current prospectus or portfolio report must be obtained.

General Investment and Portfolio Limits

1. General investment limitations:
    a. Investments must be denominated in U.S. dollars and issued for legal sale in U.S. markets.
    b. Minimum ratings are based on the highest rating by any one Nationally Recognized Statistical Ratings Organization ("NRSRO"), unless otherwise specified.
    c. All limits and rating requirements apply at time of purchase.
    d. Should a security fall below the minimum credit rating requirement for purchase, the Investment Advisor will notify the Chief Financial Officer.
    e. The maximum maturity (or average life for MBS/ABS) of any investment is 5.50 years. Maturity and average life are measured from settlement date. The final maturity date can be based on any mandatory call, put, pre-refunding date, or other mandatory redemption date.
2. General portfolio limitations:
    a. The maximum effective duration of the aggregate portfolio is 3 years.
    b. Maximum exposure to issuers in any non-U.S. country cannot exceed 10 percent per country.
3. Investment in the following are permitted, provided they meet all other policy requirements:
    a. Callable, step-up callable, called, pre-refunded, putable and extendable securities, as long as the effective final maturity meets the maturity limits for the sector
    b. Variable-rate and floating-rate securities
    c. Subordinated, secured and covered debt, if it meets the ratings requirements for the sector
    d. Zero coupon issues and strips, excluding agency mortgage-backed Interest-only structures (I/Os)
    e. Treasury TIPS
4. The following are **NOT PERMITTED** investments, unless specifically authorized by statute and with prior approval of the governing body:
    a. Trading for speculation
    b. Derivatives (other than callables and traditional floating or variable-rate instruments)
    c. Mortgage-backed interest-only structures (I/Os)
    d. Inverse or leveraged floating-rate and variable-rate instruments
    e. Currency, equity, index and event-linked notes (e.g. range notes), or other structures that could return less than par at maturity
    f. Private placements and direct loans, except as may be legally permitted by Rule 144A or commercial paper issued under a 4(2) exemption from registration
    g. Convertible, high yield, and non-U.S. dollar denominated debt
    h. Short sales
    i. Use of leverage
    j. Futures and options
    k. Mutual funds, other than fixed-income mutual funds and ETFs, and money market funds
    l. Equities, commodities, currencies and hard assets

XVI. PERFORMANCE MEASUREMENTS

In order to assist in the evaluation of the portfolio's performance, CFX will use performance benchmarks. The use of benchmarks will allow CFX to measure its returns against other investors in the same markets.

A. The S&P Rated GIP Index Government 30 Day Gross Yield Index will be used as a benchmark as compared to the portfolios' net book value rate of return for current operating funds.

B. Investment performance of funds designated as reserve funds and other non-operating funds (core funds) that have a longer-term investment horizon will be compared to the Bank of America Merrill Lynch 1-3 Year U.S. Treasury/Agency Index. This index has a duration and asset mix that is similar to the Portfolio and will be utilized as a benchmark to be compared to the Portfolio's total rate of return.

XVII. REPORTING

The Chief Financial Officer and/or Investment Manager shall provide the Executive Director and the Finance Committee with at least quarterly investment reports. Schedules in the quarterly report should include the following:

A. A listing of individual securities held at the end of the reporting period

B. Percentage of available funds represented by each investment type

C. Coupon, discount or earning rate

D. Final maturity date of all investments

E. Book value and market value

On an annual basis, the Investment Manager shall prepare and submit to the Finance Committee a written report on all invested funds. The annual report shall provide all, but not limited to, the following: a complete list of all invested funds, name or type of security in which the funds are invested, the amount invested, the maturity date, earned income, the book value, the market value and the yield on each investment.

The annual report will show performance on both a book value and total rate of return basis when required and will compare the results to the above-stated performance benchmarks. All investments shall be reported at fair value per GASB standards. Investment reports shall be available to the public.

XVIII. THIRD-PARTY CUSTODIAL AGREEMENTS

All securities, with the exception of certificates of deposits, shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by; CFX should be properly designated as an asset of CFX. The securities must be held in an account separate and apart from the assets of the financial institution. A third party custodian is defined as any bank depository chartered by the Federal Government, the State of Florida, or any other state or territory of the United States which has a branch or principal place of business in the State of Florida as defined in Section 658.12, Florida Statutes, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in the State of Florida. Certificates of deposits will be placed in the provider's safekeeping department for the term of the deposit.

CFX will execute a third party custodial agreement(s) with its bank(s) and depository institution(s). Such agreements may include letters of authority from CFX, details as to the responsibilities of each party, method of notification of security purchases, sales and delivery procedures related to repurchase agreements and wire transfers, safekeeping and transaction costs, procedures in case of wire failure or other unforeseen mishaps and describing the liability of each party.

The custodian shall accept transaction instructions only from those persons who have been duly authorized by CFX and which authorization has been provided, in writing, to the custodian.
No withdrawal of securities, in whole or in part, shall be made from safekeeping, shall be permitted unless by such a duly authorized person.

The custodian shall provide CFX with safekeeping receipts that provide detail information on the securities held by the custodian. Security transactions between a broker/dealer and the custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. Securities held as collateral shall be held free and clear of any liens.

XIX. INVESTMENT POLICY ADOPTION

The investment policy shall be adopted by Board resolution. The Chief Financial Officer, Executive Director and the Finance Committee shall review the policy every two years and the Board shall approve any modification made thereto.

Attachment A
Glossary of Cash and Investment Management Terms

The following is a glossary of key investing terms, many of which appear in CFX's Investment Policy. This glossary clarifies the meaning of investment terms generally used in cash and investment management. This glossary has been adapted from the GFOA Sample Investment Policy and the Association of Public Treasurers of the United States and Canada's Model Investment Policy.

Accrued Interest. Interest earned but which has not yet been paid or received.

Agency. See "Federal Agency Securities."

Ask Price. Price at which a broker/dealer offers to sell a security to an investor. Also known as "offered price."

Asset Backed Securities (ABS). A fixed-income security backed by notes or receivables against assets other than real estate. Generally issued by special purpose companies that "own" the assets and issue the ABS. Examples include securities backed by auto loans, credit card receivables, home equity loans, manufactured housing loans, farm equipment loans, and aircraft leases.

Average Life. The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

Bankers' Acceptance (BA's). A draft or bill of exchange drawn upon and accepted by a bank. Frequently used to finance shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Basis Point. One hundredth of one percent, or 0.01%. Thus 1% equals 100 basis points.

Bearer Security. A security whose ownership is determined by the holder of the physical security. Typically, there is no registration on the issuer's books. Title to bearer securities is transferred by delivery of the physical security or certificate. Also known as "physical securities."

Benchmark Bills: In November 1999, FNMA introduced its Benchmark Bills program, a short-term debt securities issuance program to supplement its existing discount note program. The program includes a schedule of larger, weekly issues in three- and six-month maturities and biweekly issues in one-year for Benchmark Bills. Each issue is brought to market via a Dutch (single price) auction. FNMA conducts a weekly auction for each Benchmark Bill maturity and accepts both competitive and non-competitive bids through a web based auction system. This program is in addition to the variety of other discount note maturities, with rates posted on a daily basis, which FNMA offers. FNMA's Benchmark Bills are unsecured general obligations that are issued in book-entry form through the Federal Reserve Banks. There are no periodic payments of interest on Benchmark Bills, which are sold at a discount from the principal amount and payable at par at maturity. Issues under the Benchmark program constitute the same credit standing as other FNMA discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Benchmark Notes/Bonds: Benchmark Notes and Bonds are a series of FNMA "bullet" maturities (non-callable) issued according to a pre-announced calendar. Under its Benchmark Notes/Bonds program, 2, 3, 5, 10, and 30-year maturities are issued each quarter. Each Benchmark Notes new issue has a minimum size of $4 billion, 30-year new issues having a minimum size of $1 billion, with re-openings based on investor demand to further enhance liquidity. The amount of non-callable issuance has allowed FNMA to build a yield curve in Benchmark Notes and Bonds in maturities ranging from 2 to 30 years. The liquidity emanating from these large size issues has facilitated favorable financing opportunities through the development of a liquid overnight and term repo market. Issues under the Benchmark program constitute the same credit standing as other FNMA issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance, and duration of the actual portfolio's investments.

Bid Price. Price at which a broker/dealer offers to purchase a security from an investor.

Bond. Financial obligation for which the issuer promises to pay the bondholder (the purchaser or owner of the bond) a specified stream of future cash-flows, including periodic interest payments and a principal repayment.

Book Entry Securities. Securities that are recorded in a customer's account electronically through one of the financial markets electronic delivery and custody systems, such as the Fed Securities wire, DTC, and PTC (as opposed to bearer or physical securities). The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors' concerns about the certificates themselves. The vast majority of securities are now book entry securities.

Book Value. The value at which a debt security is reflected on the holder's records at any point in time. Book value is also called "amortized cost" as it represents the original cost of an investment adjusted for amortization of premium or accretion of discount. Also called "carrying value." Book value can vary over time as an investment approaches maturity and differs from "market value" in that it is not affected by changes in market interest rates.

Broker/Dealer. A person or firm transacting securities business with customers. A "broker" acts as an agent between buyers and sellers, and receives a commission for these services. A "dealer" buys and sells financial assets from its own portfolio. A dealer takes risk by owning inventory of securities, whereas a broker merely matches up buyers and sellers. See also "Primary Dealer."

Bullet Notes/Bonds. Notes or bonds that have a single maturity date and are non-callable.

Call Date. Date at which a call option may be or is exercised.

Call Option. The right, but not the obligation, of an issuer of a security to redeem a security at a specified value and at a specified date or dates prior to its stated maturity date. Most fixed-income calls are a par, but can be at any previously established price. Securities issued with a call provision typically carry a higher yield than similar securities issued without a call feature. There are three primary types of call options (1) European - one-time calls, (2) Bermudan - periodically on a predetermined schedule (quarterly, semi-annual, annual), and (3) American - continuously callable at any time on or after the call date. There is usually a notice period of at least 5 business days prior to a call date.

Callable Bonds/Notes. Securities which contain an imbedded call option giving the issuer the right to redeem the securities prior to maturity at a predetermined price and time.

Certificate of Deposit (CD). Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as 10 years to maturity, but most CDs purchased by public agencies are one year and under.

Collateral. Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Collateralization. Process by which a borrower pledges securities, property, or other deposits for securing the repayment of a loan and/or security.

Collateralized Mortgage Obligation (CMO). A security that pools together mortgages and separates them into short, medium, and long-term positions (called tranches). Tranches are set up to pay different rates of interest depending upon their maturity. Interest payments are usually paid monthly. In "plain vanilla" CMOs, principal is not paid on a tranche until all shorter tranches have been paid off. This system provides interest and principal in a more predictable manner. A single pool of mortgages can be carved up into numerous tranches each with its own payment and risk characteristics.

Commercial Paper. Short term unsecured promissory note issued by a company or financial institution. Issued at a discount and matures for par or face value. Usually a maximum maturity of 270 days and given a short-term debt rating by one or more NRSROs.

Convexity. A measure of a bond's price sensitivity to changing interest rates. A high convexity indicates greater sensitivity of a bond's price to interest rate changes.

Corporate Note. A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years.

Counterparty. The other party in a two party financial transaction. "Counterparty risk" refers to the risk that the other party to a transaction will fail in its related obligations. For example, the bank or broker/dealer in a repurchase agreement.

Coupon Rate. Annual rate of interest on a debt security, expressed as a percentage of the bond's face value.

Current Yield. Annual rate of return on a bond based on its price. Calculated as (coupon rate / price), but does not accurately reflect a bond's true yield level.

Custody. Safekeeping services offered by a bank, financial institution, or trust company, referred to as the "custodian." Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement, and market values.

Dealer. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own account.

Delivery Versus Payment (DVP). Settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Fed Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC). A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs, and BAs clear through DTC.

Derivatives. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities, or commodities). For hedging purposes, common derivatives are options, futures, interest rate swaps, and swaptions.

Derivative Security. Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Designated Bond. FFCB's regularly issued, liquid, non-callable securities that generally have a 2 or 3 year original maturity. New issues of Designated Bonds are $1 billion or larger. Re-openings of existing Designated Bond issues are generally a minimum of $100 million. Designated Bonds are offered through a syndicate of two to six dealers. Twice each month the Funding Corporation announces its intention to issue a new Designated Bond, reopen an existing issue, or to not issue or reopen a Designated Bond. Issues under the Designated Bond program constitute the same credit standing as other FFCB issues; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Discount Notes. Unsecured general obligations issued by Federal Agencies at a discount. Discount notes mature at par and can range in maturity from overnight to one year. Very large primary (new issue) and secondary markets exist.

Discount Rate. Rate charged by the system of Federal Reserve Banks on overnight loans to member banks. Changes to this rate are administered by the Federal Reserve and closely mirror changes to the "fed funds rate."

Discount Securities. Non-interest bearing money market instruments that are issued at discount and redeemed at maturity for full face value. Examples include: U.S. Treasury Bills, Federal Agency Discount Notes, Bankers' Acceptances, and Commercial Paper.

Discount. The amount by which a bond or other financial instrument sells below its face value. See also "Premium."

Diversification. Dividing investment funds among a variety of security types, maturities, industries, and issuers offering potentially independent returns.

Dollar Price. A bond's cost expressed as a percentage of its face value. For example, a bond quoted at a dollar price of 95 ½, would have a principal cost of $955 per $1,000 of face value.

Duff & Phelps. One of several NRSROs that provide credit ratings on corporate and bank debt issues.

Duration. The weighted average maturity of a security's or portfolio's cash-flows, where the present values of the cash-flows serve as the weights. The greater the duration of a security/portfolio, the greater its percentage price volatility with respect to changes in interest rates. Used as a measure of risk and a key tool for managing a portfolio versus a benchmark and for hedging risk. There are also different kinds of duration used for different purposes (e.g. MacAuley Duration, Modified Duration).

Fannie Mae. See "Federal National Mortgage Association."

Fed Money Wire. A computerized communications system that connects the Federal Reserve System with its member banks, certain U. S. Treasury offices, and the Washington D.C. office of the Commodity Credit Corporation. The Fed Money Wire is the book entry system used to transfer cash balances between banks for themselves and for customer accounts.

Fed Securities Wire. A computerized communications system that facilitates book entry transfer of securities between banks, brokers and customer accounts, used primarily for settlement of U.S. Treasury and Federal Agency securities.

Fed. See "Federal Reserve System."

Federal Agency Security. A debt instrument issued by one of the Federal Agencies. Federal Agencies are considered second in credit quality and liquidity only to U.S. Treasuries.

Federal Agency. Government sponsored/owned entity created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest Federal Agencies are GNMA, FNMA, FHLMC, FHLB, FFCB, SLMA, and TVA.

Federal Deposit Insurance Corporation (FDIC). Federal agency that insures deposits at commercial banks, currently to a limit of $250,000 per depositor per bank.

Federal Farm Credit Bank (FFCB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system that is a network of cooperatively-owned lending institutions that provides credit services to farmers, agricultural cooperatives and rural utilities. The FFCBs act as financial intermediaries that borrow money in the capital markets and use the proceeds to make loans and provide other assistance to farmers and farm-affiliated businesses. Consists of the consolidated operations of the Banks for Cooperatives, Federal Intermediate Credit Banks, and Federal Land Banks. Frequent issuer of discount notes, agency notes and callable agency securities. FFCB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and agricultural industry. Also issues notes under its "designated note" program.

Federal Funds (Fed Funds). Funds placed in Federal Reserve Banks by depository institutions in excess of current reserve requirements, and frequently loaned or borrowed on an overnight basis between depository institutions.

Federal Funds Rate (Fed Funds Rate). The interest rate charged by a depository institution lending Federal Funds to another depository institution. The Federal Reserve influences this rate by establishing a "target" Fed Funds rate associated with the Fed's management of monetary policy.

Federal Home Loan Bank System (FHLB). One of the large Federal Agencies. A government sponsored enterprise (GSE) system, consisting of wholesale banks (currently twelve district banks) owned by their member banks, which provides correspondent banking services and credit to various financial institutions, financed by the issuance of securities. The principal purpose of the FHLB is to add liquidity to the mortgage markets. Although FHLB does not directly fund mortgages, it provides a stable supply of credit to thrift institutions that make new mortgage loans. FHLB debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes and callable agency securities. Also issues notes under its "global note" and "TAP" programs.

Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides stability and assistance to the secondary market for home mortgages by purchasing first mortgages and participation interests financed by the sale of debt and guaranteed mortgage backed securities. FHLMC debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities, and MBS. Also issues notes under its "reference note" program.

Federal National Mortgage Association (FNMA or "Fannie Mae"). One of the large Federal Agencies. A government sponsored public corporation (GSE) that provides liquidity to the residential mortgage market by purchasing mortgage loans from lenders, financed by the issuance of debt securities and MBS (pools of mortgages packaged together as a security). FNMA debt is not an obligation of, nor is it guaranteed by the U.S. government, although it is considered to have minimal credit risk due to its importance to the U.S. financial system and housing market. Frequent issuer of discount notes, agency notes, callable agency securities and MBS. Also issues notes under its "benchmark note" program.

Federal Reserve Bank. One of the 12 distinct banks of the Federal Reserve System.

Federal Reserve System (the Fed). The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Fed Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven member Board of Governors known as the "Federal Reserve Board" and headed by its Chairman.

Financial Industry Regulatory Authority, Inc. (FINRA). A private corporation that acts as a self-regulatory organization (SRO). FINRA is the successor to the National Association of Securities Dealers, Inc. (NASD). Though sometimes mistaken for a government agency, it is a non-governmental organization that performs financial regulation of member brokerage firms and exchange markets. The government also has a regulatory arm for investments, the Securities and Exchange Commission (SEC).

Fiscal Agent/Paying Agent. A bank or trust company that acts, under a trust agreement with a corporation or municipality, in the capacity of general treasurer. The agent performs such duties as making coupon payments, paying rents, redeeming bonds, and handling taxes relating to the issuance of bonds.

Fitch Investors Service, Inc. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Floating Rate Security (FRN or "floater"). A bond with an interest rate that is adjusted according to changes in an interest rate or index. Differs from variable-rate debt in that the changes to the rate take place immediately when the index changes, rather than on a predetermined schedule. See also "Variable Rate Security."

Freddie Mac. See "Federal Home Loan Mortgage Corporation."

Ginnie Mae. See "Government National Mortgage Association."

Global Notes: Notes designed to qualify for immediate trading in both the domestic U.S. capital market and in foreign markets around the globe. Usually large issues that are sold to investors worldwide and therefore have excellent liquidity. Despite their global sales, global notes sold in the U.S. are typically denominated in U.S. dollars.

Government National Mortgage Association (GNMA or "Ginnie Mae"). One of the large Federal Agencies. Government-owned Federal Agency that acquires, packages, and resells mortgages and mortgage purchase commitments in the form of mortgage-backed securities. Largest issuer of mortgage pass-through securities. GNMA debt is guaranteed by the full faith and credit of the U.S. government (one of the few agencies that are actually full faith and credit of the U.S. government).

Government Securities. An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, Bonds, and SLGS."

Government Sponsored Enterprise (GSE). Privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. government, but they are not direct obligations of the U.S. government. For this reason, these securities will offer a yield premium over U.S. Treasuries. Examples of GSEs include: FHLB, FHLMC, FNMA, and SLMA.

Government Sponsored Enterprise Security. A security issued by a Government Sponsored Enterprise. Considered Federal Agency Securities.

Index. A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) STRIP. A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments. Usually associated with mortgage-backed securities.

Internal Controls. An internal control structure ensures that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.

2. **Separation of transaction authority from accounting and record keeping** - A separation of duties is achieved by separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction.

3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.

4. **Avoidance of physical delivery securities** - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.

5. **Clear delegation of authority to subordinate staff members** - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.

6. **Written confirmation of transactions for investments and wire transfers** - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.

7. **Development of a wire transfer agreement with the lead bank and third-party custodian** - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Inverse Floater. A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed-income investments and whose interest rate can fall to zero.

Investment Advisor. A company that provides professional advice managing portfolios, investment recommendations, and/or research in exchange for a management fee.

Investment Adviser Act of 1940. Federal legislation that sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

Investment Grade. Bonds considered suitable for preservation of invested capital, including bonds rated a minimum of Baa3 by Moody's, BBB- by Standard & Poor's, or BBB- by Fitch. Although "BBB" rated bonds are considered investment grade, most public agencies cannot invest in securities rated below "A."

Liquidity. Relative ease of converting an asset into cash without significant loss of value. Also, a relative measure of cash and near-cash items in a portfolio of assets. Additionally, it is a term describing the marketability of a money market security correlating to the narrowness of the spread between the bid and ask prices.

Local Government Investment Pool (LGIP). An investment by local governments in which their money is pooled as a method for managing local funds, (e.g., Florida State Board of Administration's Florida Prime Fund).

Long-Term Core Investment Program. Funds that are not needed within a one-year period.

Market Value. The fair market value of a security or commodity. The price at which a willing buyer and seller would pay for a security.

Mark-to-market. Adjusting the value of an asset to its market value, reflecting in the process unrealized gains or losses.

Master Repurchase Agreement. A widely accepted standard agreement form published by the Securities Industry and Financial Markets Association (SIFMA) that is used to govern and document Repurchase Agreements and protect the interest of parties in a repo transaction.

Maturity Date. Date on which principal payment of a financial obligation is to be paid.

Medium Term Notes (MTN's). Used frequently to refer to corporate notes of medium maturity (5-years and under). Technically, any debt security issued by a corporate or depository institution with a maturity from 1 to 10 years and issued under an MTN shelf registration. Usually issued in smaller issues with varying coupons and maturities, and underwritten by a variety of broker/dealers (as opposed to large corporate deals issued and underwritten all at once in large size and with a fixed coupon and maturity).

Money Market. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptance, etc.) are issued and traded.

Money Market Mutual Fund (MMF). A type of mutual fund that invests solely in money market instruments, such as: U.S. Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject to "rule 2a-7" which significantly limits average maturity and credit quality of holdings. MMF's are managed to maintain a stable net asset value (NAV) of $1.00. Many MMFs carry ratings by a NRSRO.

Moody's Investors Service. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

Mortgage Backed Securities (MBS). Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA, and FHLMC. There are a variety of MBS structures with varying levels of risk and complexity. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance and lower rates or simply because the underlying property was sold.

Mortgage Pass-Through Securities. A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. The largest issuer is GNMA.

Municipal Note/Bond. A debt instrument issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Mutual Fund. Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (e.g., bond, equity, and money market funds); all except money market funds operate on a variable net asset value (NAV).

Negotiable Certificate of Deposit (Negotiable CD). Large denomination CDs ($100,000 and larger) that are issued in bearer form and can be traded in the secondary market.

Net Asset Value. The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets including securities, cash, and any accrued earnings, then subtracting the total assets from the fund's liabilities, and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)

[(Total assets) - (Liabilities)]/ (Number of shares outstanding)

NRSRO. A "Nationally Recognized Statistical Rating Organization" (NRSRO) is a designated rating organization that the SEC has deemed a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of a NRSRO may be used for the regulatory purposes of rating. Includes Moody's, S&P, Fitch, and Duff & Phelps.

Offered Price. See also "Ask Price."

Open Market Operations. A Federal Reserve monetary policy tactic entailing the purchase or sale of government securities in the open market by the Federal Reserve System from and to primary dealers in order to influence the money supply, credit conditions, and interest rates.

Par Value. The face value, stated value, or maturity value of a security.

Physical Delivery. Delivery of readily available underlying assets at contract maturity.

Portfolio. Collection of securities and investments held by an investor.

Premium. The amount by which a bond or other financial instrument sells above its face value. See also "Discount."

Primary Dealer. A designation given to certain government securities dealer by the Federal Reserve Bank of New York. Primary dealers can buy and sell government securities directly with the Fed. Primary dealers also submit daily reports of market activity and security positions held to the Fed and are subject to its informal oversight. Primary dealers are the largest buyers and sellers by volume in the U.S. Treasury securities market.

Prime Paper. Commercial paper of high quality. Highest rated paper is A-1+/A-1 by S&P and P-1 by Moody's.

Principal. Face value of a financial instrument on which interest accrues. May be less than par value if some principal has been repaid or retired. For a transaction, principal is par value times price and includes any premium or discount.

Prudent Expert Rule. Standard that requires that a fiduciary manage a portfolio with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. This statement differs from the "prudent person" rule in that familiarity with such matters suggests a higher standard than simple prudence.

Prudent Investor Standard. Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. More stringent than the "prudent person" standard as it implies a level of knowledge commensurate with the responsibility at hand.

Qualified Public Depository - Per Subsection 280.02(26), F.S., "qualified public depository" means any bank, savings bank, or savings association that:

1. Is organized and exists under the laws of the United States, the laws of this state or any other state or territory of the United States.

2. Has its principal place of business in this state or has a branch office in this state which is authorized under the laws of this state or of the United States to receive deposits in this state.

3. Has deposit insurance under the provision of the Federal Deposit Insurance Act, as amended, 12 U.S.C. ss.1811 et seq.

4. Has procedures and practices for accurate identification, classification, reporting, and collateralization of public deposits.

5. Meets all requirements of Chapter 280, F.S.

6. Has been designated by the Chief Financial Officer as a qualified public depository.

Range Note. A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zero earnings.

Rate of Return. Amount of income received from an investment, expressed as a percentage of the amount invested.

Realized Gains (Losses). The difference between the sale price of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See "Unrealized Gains (Losses)."

Reference Bills: FHLMC's short-term debt program created to supplement its existing discount note program by offering issues from one month through one year, auctioned on a weekly or on an alternating four-week basis (depending upon maturity) offered in sizeable volumes ($1 billion and up) on a cycle of regular, standardized issuance. Globally sponsored and distributed, Reference Bill issues are intended to encourage active trading and market-making and facilitate the development of a term repo market. The program was designed to offer predictable supply, pricing transparency, and liquidity, thereby providing alternatives to U.S. Treasury bills. FHLMC's Reference Bills are unsecured general corporate obligations. This program supplements the corporation's existing discount note program. Issues under the Reference program constitute the same credit standing as other FHLMC discount notes; they simply add organization and liquidity to the short-term Agency discount note market.

Reference Notes: FHLMC's intermediate-term debt program with issuances of 2, 3, 5, 10, and 30-year maturities. Initial issuances range from $2 - $6 billion with re-openings ranging $1 - $4 billion.

The notes are high-quality bullet structures securities that pay interest semiannually. Issues under the Reference program constitute the same credit standing as other FHLMC notes; they simply add organization and liquidity to the intermediate- and long-term Agency market.

Repurchase Agreement (Repo). A short-term investment vehicle where an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor's custodial bank, or "tri-party" where the securities are delivered to a third party intermediary. Any type of security can be used as "collateral," but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate Securities Industry and Financial Markets Association (SIFMA) approved master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo). A repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping. Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Secondary Market. Markets for the purchase and sale of any previously issued financial instrument.

Securities Industry and Financial Markets Association (SIFMA). The bond market trade association representing the largest securities markets in the world. In addition to publishing a Master Repurchase Agreement, widely accepted as the industry standard document for Repurchase Agreements, the SIFMA also recommends bond market closures and early closes due to holidays.

Securities Lending. An arrangement between and investor and a custody bank that allows the custody bank to "loan" the investors investment holdings, reinvest the proceeds in permitted investments, and shares any profits with the investor. Should be governed by a securities lending agreement. Can increase the risk of a portfolio in that the investor takes on the default risk on the reinvestment at the discretion of the custodian.

Sinking Fund. A separate accumulation of cash or investments (including earnings on investments) in a fund in accordance with the terms of a trust agreement or indenture, funded by periodic deposits by the issuer (or other entity responsible for debt service), for the purpose of assuring timely availability of moneys for payment of debt service. Usually used in connection with term bonds.

Spread. The difference between the price of a security and similar maturity U.S. Treasury investments, expressed in percentage terms or basis points. A spread can also be the absolute difference in yield between two securities. The securities can be in different markets or within the same securities market between different credits, sectors, or other relevant factors.

Standard & Poor's. One of several NRSROs that provide credit ratings on corporate and municipal debt issues.

STRIPS (Separate Trading of Registered Interest and Principal of Securities). Acronym applied to U.S. Treasury securities that have had their coupons and principal repayments separated into individual zero-coupon Treasury securities. The same technique and "strips" description can be applied to non-Treasury securities (e.g., FNMA strips).

Structured Notes. Notes that have imbedded into their structure options such as step-up coupons or derivative-based returns.

Supranational. Supranational organizations are international financial institutions that are generally established by agreements among nations, with member nations contributing capital and participating in management. These agreements provide for limited immunity from the laws of member countries. Bonds issued by these institutions are part of the broader class of Supranational, Sovereign, and Non-U.S. Agency (SSA) sector bonds. Supranational bonds finance economic and infrastructure development and support environmental protection, poverty reduction, and renewable energy around the globe. For example, the World Bank, International Finance Corporation (IFC), and African Development Bank (AfDB) have "green bond" programs specifically designed for energy resource conservation and management. Supranational bonds, which are issued by multi-national organizations that transcend national boundaries. Examples include the World Bank, African Development Bank, and European Investment Bank.

Swap. Trading one asset for another.

TAP Notes: Federal Agency notes issued under the FHLB TAP program. Launched in 6/99 as a refinement to the FHLB bullet bond auction process. In a break from the FHLB's traditional practice of bringing numerous small issues to market with similar maturities, the TAP Issue Program uses the four most common maturities and reopens them up regularly through a competitive auction. These maturities (2, 3, 5, and 10 year) will remain open for the calendar quarter, after which they will be closed and a new series of TAP issues will be opened to replace them. This reduces the number of separate bullet bonds issued, but generates enhanced awareness and liquidity in the marketplace through increased issue size and secondary market volume.

Tennessee Valley Authority (TVA). One of the large Federal Agencies. A wholly owned corporation of the United States government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the United States. TVA is currently authorized to issue debt up to $30 billion. Under this authorization, TVA may also obtain advances from the U.S. Treasury of up to $150 million. Frequent issuer of discount notes, agency notes, and callable agency securities.

Total Return. Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Treasuries. Collective term used to describe debt instruments backed by the U.S. government and issued through the U.S. Department of the Treasury. Includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Treasury Bills (T-Bills). Short-term direct obligations of the United States government issued with an original term of one year or less. Treasury bills are sold at a discount from face value and do not pay interest before maturity. The difference between the purchase price of the bill and the maturity value is the interest earned on the bill. Currently, the U.S. Treasury issues 4-week, 13-week, and 26-week T-Bills.

Treasury Bonds. Long-term interest-bearing debt securities backed by the U.S. government and issued with maturities of ten years and longer by the U.S. Department of the Treasury.

Treasury Notes. Intermediate interest-bearing debt securities backed by the U.S. government and issued with maturities ranging from one to ten years by the U.S. Department of the Treasury. The Treasury currently issues 2-year, 3-year, 5-year, and 10-year Treasury Notes.

Trustee. A bank designated by an issuer of securities as the custodian of funds and official representative of bondholders. Trustees are appointed to insure compliance with the bond documents and to represent bondholders in enforcing their contract with the issuer.

Uniform Net Capital Rule. SEC Rule 15c3-1 that outlines the minimum net capital ratio (ratio of indebtedness to net liquid capital) of member firms and non-member broker/dealers.

Unrealized Gains (Losses). The difference between the market value of an investment and its book value. Gains/losses are "realized" when the security is actually sold, as compared to "unrealized" gains/losses which are based on current market value. See also "Realized Gains (Losses)."

Variable-Rate Security. A bond that bears interest at a rate that varies over time based on a specified schedule of adjustment (e.g., daily, weekly, monthly, semi-annually, or annually). See also "Floating Rate Note."

Weighted Average Maturity (or just "Average Maturity"). The average maturity of all securities and investments of a portfolio, determined by multiplying the par or principal value of each security or investment by its maturity (days or years), summing the products, and dividing the sum by the total principal value of the portfolio. A simple measure of risk of a fixed-income portfolio.

Weighted Average Maturity to Call. The average maturity of all securities and investments of a portfolio, adjusted to substitute the first call date per security for maturity date for those securities with call provisions.

Yield Curve. A graphic depiction of yields on like securities in relation to remaining maturities spread over a time line. The traditional yield curve depicts yields on U.S. Treasuries, although yield curves exist for Federal Agencies and various credit quality corporates as well. Yield curves can be positively sloped (normal) where longer-term investments have higher yields, or "inverted" (uncommon) where longer-term investments have lower yields than shorter ones.

Yield to Call (YTC). Same as "Yield to Maturity," except the return is measured to the first call date rather than the maturity date. Yield to call can be significantly higher or lower than a security's yield to maturity.

Yield to Maturity (YTM). Calculated return on an investment, assuming all cash-flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.

Yield. There are numerous methods of yield determination. In this glossary, see also "Current Yield," "Yield Curve," "Yield to Call," and "Yield to Maturity."

Attachment B
Investment Pool/Fund Questionnaire

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

Resolution No. 2015- 3 1 1.

A RESOLUTION OF CENTRAL FLORIDA EXPRESSWAY AUTHORITY AMENDING THE INVESTMENT POLICY

WHEREAS, the Central Florida Expressway Authority ("CFX") previously adopted an "Investment Policy" on September 26, 2012 establishing the investment objectives and parameters for the management of public funds of CFX; and

WHEREAS, CFX Finance Committee has approved refinements to the Investment Policy clarifying the scope of the investment policy and the authorized investment types, updates reflecting general industry changes and adding two new investment sectors ; and

WHEREAS, CFX's governing Board concurs in the revised Investment Policy.

NOW, THEREFORE, BE IT RESOLVED BY CENTRAL FLORIDA EXPRESSWAY AUTHORITY as follows:

Section 1. ADOPTION. The current "Investment Policy" shall be amended in accordance with the attached "Investment Policy" attached hereto as Exhibit "A"

Section 2. CODIFICATION. This Resolution and Policy should be codified in section FIN-3 of the CFX Policies and Procedures.

Section 3. EFFECTIVE DATE. This policy shall take effect upon adoption by the CFX governing board.

ADOPTED this 14th day of May, 2015.

Welton G. Cadwell
Chairman

ATTEST: Darleen Mazzillo
Darleen Mazzillo
Executive Assistant

Approved as to form and legality

Joseph L. Passiatore
Joseph L. Passiatore
General Counsel

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

MEMORANDUM

TO: CFX Finance Committee Members

FROM: Lisa Lumbard, CFO

DATE: March 28, 2018

SUBJECT: Recommendation of Firms for Investment Banking Underwriting Services

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Request for Proposals from licensed investment banking firms to serve as Senior Managing Underwriter or Co-Senior Managing Underwriter was advertised on February 11, 2018. Responses were received from 21 firms by the March 13, 2018 deadline.

The Evaluation Committee met on March 26, 2018, and after evaluating the technical proposals selected the top four (4) firms for senior managers and the next six (6) for co-managers.
The firms were ranked as follows:

Senior Mangers:

1. Bank of America Merrill Lynch
2. J.P. Morgan Securities LLC
3. Wells Fargo Securities
4. RBC Capital Markets, LLC

Co-Managers:

1. Citi Group Global Markets Inc.
2. Ramirez & Co., Inc. (minority)
3. Jefferies LLC
4. Barclays Capital Inc.
5. Morgan Stanley & Co. LLC
6. PNC Capital Markets LLC

The Evaluation Committee recommends that the Finance Committee approve the 10 firms to serve on the underwriting team for a term of three years with two one-year renewals. Such selection does not assure any firm that they will individually participate in any transactions or that CFX will undertake any negotiated sales in the covered period.

With the Finance Committee's approval, the Evaluation Committee's recommendation will be forwarded to the Board for approval at the April 2018 Board meeting.

RFP-001132 Committee Meeting March 26, 2018 Minutes

Evaluation Committee for **Investment Banking Underwriting Services; Contract No. 001132,** held a duly noticed meeting on Monday, March 26, 2018, commencing at 9:00 A.M. in the Pelican Conference Room at CFX Administration Bldg., Orlando, Florida.

Committee Members Present:
Lisa Lumbard, Chief Financial Officer
Michael Carlisle, Director of Finance and Accounting
Marc Ventura, Manager of Finance and Accounting
Amanda Clavijo, Finance Committee

Other Attendees:
Aneth Williams, Director of Procurement
Hope Davidson, PFM Financial Advisors
Brent Wilder, PFM Financial Advisors
Karen Song, PNC

Discussion:
Aneth commenced the meeting collecting the Evaluation Committee Member Disclosure forms that they reviewed and executed. Aneth stated that the purpose of today's meeting was to select senior and co – managers.

General discussion ensued about the proposal submittals and the summary of unsolicited proposals provided by Hope Davidson of PFM. Brent Wilder provided summaries on banks' finance plans. Upon completion of the discussion, Committee members submitted their individual evaluation sheets to Aneth who input all the scores on the attached senior and co-manager summary sheets. The co-manager summary sheet was developed by removing the four (4) senior firms and zeroing out the finance plan score for the remaining firms.

The committee unanimously agreed to select the top four (4) firms for senior managers and the next six (6) firms for co-managers, with one being a minority. The Committee's recommendation will be brought before the Finance Committee for their review and approval at their next meeting prior to being presented to the CFX Board.

Firm	Score	Rank	Underwriter Category
Bank of America Merrill Lynch	390	1	Senior Manager
J.P. Morgan	385	2	Senior Manager
Wells Fargo Securities	384	3	Senior Manager
RBC Capital Markets	380	4	Senior Manager
Citi Group Global Market, Inc.	322	1	Co-Manager
Ramirez	316	2	Co-Manager
Jefferies	315	3	Co-Manager
Barclays	313	4	Co-Manager
Morgan Stanley	312	5	Co-Manager
PNC Capital Markets LLC	308	6	Co-Manager
Piper Jaffray	297		
Sifel, Nicolaus and Co., Inc.	294		
UBS	288		
Sibert Cisneros Shank and Co., LLC	288		
Loop Capital Markets	286		
Estrada Hinojosa Investment Bankers	267		
T D Securities	258		
Blaylock Van, LLC	247		
Stern Brothers	222		
Hutchinson, Shockey, Erley and Co.	218		
Academy Securities, Inc.	209		

There being no further business to come before the Committee, the meeting was adjourned at 12:01 P.M. These minutes are the official minutes of the Evaluation Committee of its meeting held Monday, March 26, 2018.

Submitted by: ______________________________

Aneth Williams, Director of Procurement

On behalf of the Evaluation Committee these minutes have been review and approved by:

____

Lisa Lumbard, Chief Financial Officer

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

TECHNICAL PROPOSALS SCORING (Senior Manager)

Investment Banking Underwriting Services - CONTRACT NO. 001132

March 26, 2018

CONSULTANT	Lisa Lumbard Score	Michael Carlisle Score	Marc Ventura Score	Amanda Clavijo Score	SCORE	RANKING
Bank of America Merrill Lynch	96	96	100	98	390	1
J.P. Morgan	96	92	97	100	385	2
Wells Fargo Securities	95	96	100	93	384	3
RBC Capital Markets	95	95	99	91	380	4
Citi Group Global Markets, Inc	84	94	97	83	358	5
Jefferies	92	86	98	77	353	6
Ramirez	87	90	97	78	352	7
Morgan Stanley	83	93	97	78	351	8
Barclays	92	90	93	76	351	8
PNC Capital Markets LLC	80	86	93	83	342	10
Piper Jaffray	85	84	93	65	327	11
UBS	82	86	94	63	325	12
Siebert Cisneros Shank and Company, LLC	85	83	94	60	322	13
Loop Capital Markets	77	86	92	63	318	14
Sifel, Nicolaus ad Company Inc. (Co-Manager)	67	77	85	65	294	15
Estrada Hinojosa Investment Bankers (Co-Manager)	56	76	80	55	267	16
T D Securities (Co-Manager)	46	73	81	58	258	17
Blaylock Van, LLC (Co-Manager)	53	69	72	53	247	18
Stern Brothers (Co-Manager)	45	68	72	37	222	19
Hutchinson, Shockey, Erley and Company (Co-Mana	43	67	77	31	218	20
Academy Securities, Inc. (Co-Manager)	55	60	69	25	209	21

EVALUATION COMMITTEE MEMBERS:

Lisa Lumbard

Michael Carlisle

Marc Ventura Marc Ventura

Amanda Clavijo

CENTRAL FLORIDA EXPRESSWAY AUTHORITY

TECHNICAL PROPOSALS SCORING (Co-Manager)

Investment Banking Underwriting Services - CONTRACT NO. 001132

March 26, 2018

CONSULTANT	Lisa Lumbard Score	Michael Carlisle Score	Marc Ventura Score	Amanda Clavijo Score	SCORE	RANKING
Citi Group Global Markets, Inc	76	86	87	73	322	1
Ramirez	79	82	87	68	316	2
Jefferies	82	78	88	67	315	3
Barclays	82	82	83	66	313	4
Morgan Stanley	73	84	87	68	312	5
PNC Capital Markets LLC	73	79	83	73	308	6
Piper Jaffray	79	77	84	57	297	7
Sifel, Nicolaus ad Company Inc. (Co-Manager)	67	77	85	65	294	8
UBS	73	78	84	53	288	9
Siebert Cisneros Shank and Company, LLC	78	76	84	50	288	9
Loop Capital Markets	70	79	82	55	286	11
Estrada Hinojosa Investment Bankers (Co-Manager)	56	76	80	55	267	12
T D Securities (Co-Manager)	46	73	81	58	258	13
Blaylock Van, LLC (Co-Manager)	53	69	72	53	247	14
Stern Brothers (Co-Manager)	45	68	72	37	222	15
Hutchinson, Shockey, Erley and Company (Co-Man	43	67	77	31	218	16
Academy Securities, Inc. (Co-Manager)	55	60	69	25	209	17

EVALUATION COMMITTEE MEMBERS:

Lisa Lumbard Lisa Lumbard

Michael Carlisle

Marc Ventura Marc Ventura

Amanda Clavijo

MEMORANDUM

TO: CFX Finance Committee Members

FROM: Lisa Lumbard, CFO

DATE: March 28, 2018

SUBJECT: Recommendation of 2008B1-4 Direct Placement Index Floaters or Other Options

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On March 2, 2018 CFX issued a Request for Recommendations and/or Pricing Indications for Direct Placement Index Floaters or Other Options Relating to the Central Florida Expressway Authority Variable Rate Revenue Bonds, Series 2008B with responses due March 26, 2018. Attached is the summary of responses received. The current providers and expiration dates are below:

Series 2008B1 – Barclays Capital Inc. – May 2020
Series 2008B2 – RBC Municipal Products – July 2018
Series 2008B3 – Wells Fargo – September 2019
Series 2008B4 – Wells Fargo – September 2019

	Central Florida Expressway Authority Request for Proposal: Direct Placement Index Floaters or Other options		**Bank of America Merrill Lynch**	**Barclays**	**BB&T**	**Jefferies**
			Direct Placement or Letter of Credit	Letter of Credit	Direct Placement or Letter of Credit	FRNs
	Primary Contact Information		Jim Calpin Managing Director 646-743-1314 james.calpin@baml.com	James Saakvitne Managing Director 212-528-1053 James.Saakvitne@barclays.com	William Tsukalas Jr. Senior Vice President 407-241-0317 wtsukalas@bbandt.com	Rawn Williams Managing Director 407-583-0856 rwilliams@jefferies.com
	Direct Placement Terms and Conditions					
1	Direct Placement Index Floater		$279,000,000	N/A	$125,000,000	N/A
		Fee	N/A		N/A	
	Term	2-Year	SIFMA + 46 bps OR 80% 1M LIBOR + 37 bps		79% of 1M LIBOR + 72.45 bps	
		3-Year	SIFMA + 56 bps OR 80% 1M LIBOR + 42 bps		79% of 1M LIBOR + 77.40 bps	
		4-Year	SIFMA + 70 bps OR 80% 1M LIBOR + 52 bps		79% of 1M LIBOR + 82.35 bps	
		Other	-		-	
	Termination Provisions		-		-	
	Additional Conditions		-		-	
	LOC Terms and Conditions					
2	Maximum LOC Commitment Amount		$279,000,000	$117,865,000	$125,000,000	N/A
	Term	3-Year	32 bps	55 bps	55 bps	
		4-Year	39 bps	60 bps	60 bps	
		5-Year	43 bps	-	65 bps	
		Other	-	-	-	
		Draw Fee		$350		
	Interest Rate on Liquidity Draws		-	-	-	
		Default Interest Rate	-	Base Rate plus 3%	-	
		Transfer Fee	-		-	
		Upfront Fees	-		-	
		Termination Fees	-	Authority may terminate the LOC on any business date after 1 year with 10 days' notice	-	
		Other	Downgrade Provisions Apply	Amendment Fee: $2,500 Downgrade Provisions Apply	-	
	Other Terms and Conditions					
3		Counsel	Christopher J. Preston Chapman & Cutler 312-845-3804	Isaac Marcus McDermott Will & Emery LLP 212-547-5504 imarcus@mwe.com	J. Richard Hazlett Moore & Van Allen PLLC 704-331-1100 rickhazlett@mvalaw.com	-
4		Max Legal Fees	$45,000	$40,000	$30,000	$40,000
5		Out-of-Pocket Fees	None	$5,000 Foreign Enforceability Opinion	-	Up-front fee of $2.00 per bond CUSIP Fee: $272, Day Loan: $1,661.60, iPreo: $12,037.22, DAC: $575, DTC: $350

6	Credit Ratings	Bank of America Merrill Lynch Long Term		Short Term	Barclays Long Term		Short Term	BB&T Long Term		Short Term	Jefferies
	Moody's	Aa3	Stable	P-1	A1	Review for DWN	P-1	A2	Stable	P-1	N/A
	S&P	A+	Stable	A-1	A	Stable	A-1	A-	Stable	A-1	
	Fitch	A+	Stable	F1	A	Positive	F1	A+	Stable	F1	

		Bank of America Merrill Lynch	Barclays	BB&T	Jefferies
7	Additional Conditions/ Financial Covenants	1.) CCA will be substantially similar to existing 2.) If LOC is selected, terms and conditions for the Reimbursement Resolution will be substantially similar to those in CCA	1.) Tender Agent/Remarketing Agent must be rated at least A3/A- and have capital of $500k	1.) Minimum 1.20x Coverage 2.) No right to acceleration (penalty rate instead)	N/A
8	Term Out Provision	Term Out Period: 3 years with term out pricing similar to the existing term out provision in CCA	-	N/A	
9	Approval Required?	No	Yes	Yes	Yes
10	Other Recommendations	Terminate-and-Fix-Out	Swap Novation Termination of Selected Maturities	None	Public FRNs at indicative rate of SIFMA + 44 bps

	Central Florida Expressway Authority Request for Proposal: Direct Placement Index Floaters or Other options		JPMorgan	PNC	SMBC	Wells Fargo
			Direct Placement	Letter of Credit	Letter of Credit	Direct Placement
	Primary Contact Information		David Weinstein Executive Director 917-463-0196 david.i.weinstein@jpmorgan.com	Karen Song AVP, Relationship Manager 407-428-3039 karen.song@pnc.com	Adam Sherman Executive Director 212-224-4859 asherman@smbclf.com	Toll Morley Senior Vice President 407-649-5638 todd.morley@wellsfargo.com
	Direct Placement Terms and Conditions					
1	Direct Placement Index Floater		$125,000,000	N/A	N/A	$250,000,000
		Fee	N/A			-
	Term	2-Year	SIFMA + 65 bps			-
		3-Year	SIFMA + 70 bps			SIFMA + 53.5 bps
		4-Year	SIFMA + 75 bps			-
		Other	2-Years: SIFMA + 60 bps			-
	Termination Provisions		The earliest CFX may terminate the FRN with no make-whole fee or penalty is six months prior to the mandatory tender date			Not Provided
	Additional Conditions		-			-
	LOC Terms and Conditions					
2	Maximum LOC Commitment Amount		N/A	$150,000,000	$150,000,000	N/A
	Term	3-Year		38 bps	38 bps	
		4-Year		48 bps	41 bps	
		5-Year		60 bps	45 bps	
		Other		-	-	
	Draw Fee			$150	$500	
	Interest Rate on Liquidity Draws			-	1-30 days = Base Rate 31-90 days = Base Rate + 1% 91 days or more = Base Rate + 2%	
	Default Interest Rate			PNC Base Rate plus 3%	Base Rate + 4%	
	Transfer Fee			$2,500	$5,000	
	Upfront Fees			None	None	
	Termination Fees			Annual fee if terminated prior to 1st anniversary	One Year for 3 Year LOC 18 months for 4 Year LOC Two Years for 5 Year LOC	
	Other			-	Amendment Fee: $5,000 Audit Confirmation Fee: $50 per request Downgrade Provisions Apply	
	Other Terms and Conditions					
3	Counsel		Kay McNab McGuireWoods LLP 312-849-8573	Michael D. Williams Akerman Senterfitt 407-423-4000 mike.williams@akerman.com	David Field Chapman & Cutler LLP 312-845-3792 dfield@chapman.com Maki Miyazaki Yumoto, Ota & Miyazaki 1-3-3234-2441 mmiyazaki@yumoto-ota.gr.jp	Andrew Borders Chapman and Cutler, LLP 312-845-3434
4	Max Legal Fees		$40,000	$20,000	$40,000 / $5,000	$7,500
5	Out-of-Pocket Fees		$3,000	None	All costs and expenses	None

6	Credit Ratings	JPMorgan	PNC Long Term		PNC Short Term	SMBC Long Term		SMBC Short Term	Wells Fargo Long Term		Wells Fargo Short Term
	Moody's		A2	Stable	P-1	A1	Stable	P-1	Aa1	Negative	P-1
	S&P		A	Stable	A-1	A	Negative	A-1	A+	Stable	A-1
	Fitch		A+	Stable	F-1	A	Stable	F1	AA-	Stable	F1+

		JPMorgan	PNC	SMBC	Wells Fargo
7	Additional Conditions/ Financial Covenants	N/A	None	1.) Downgrade provisions apply 2.) If Term Loan remains outstanding after 6mo anniversary or Facility Expiry Date, the Authority will use best efforts to refinance the Term Loan	1.) If selected, nothing more than a few (if any) changes which can be handled via amendment similar to amendment executed in March 2013
8	Term Out Provision		Term Loan Period of 3-yrs with 6 equal semi-annual payments Term Loan Rate Days 1-180: Base Rate + 100 bps Thereafter: Base Rate + 200 bps	Term Loan Rate: Base Rate + 2% Payable over life of the Bonds in equal semiannual installments of principal on 6mo anniversary of draw	If LOC is selected, Wells Fargo would work with CFX on acceptable term out language similar to the provisions provided under existing DPIF
9	Approval Required?	Yes	Yes	Yes	Yes
10	Other Recommendations	None Provided	None	None	1. Public Market Index Floaters 2. Floating Rate Notes Plus 3. Swap Considerations