



## **MIAMI-DADE COUNTY EXPRESSWAY AUTHORITY UNSOLICITED FINANCIAL PROPOSAL POLICY**

Miami-Dade County Expressway Authority (“MDX”) encourages investment bankers to submit financing ideas, products, or structures that may have some additional value in assisting the MDX in the financing of its Work Plan and meeting its financial and business objectives.

### **Purpose**

It is the Policy of the Miami-Dade County Expressway Authority that the selection of Financing Proposals shall be based solely on economic and business merit in order to ensure that the objectives and mission of the Authority are achieved.

### **Procedure**

All unsolicited financing proposals, market updates and market opportunities proposals should be submitted to the Authority’s Chief Financial Officer (“CFO”) for consideration. Under no circumstances should unsolicited proposals be submitted to MDX Board Members or Executive Director.

- All proposals received by the MDX CFO will be reviewed and evaluated by the CFO, in consultation with MDX’s Financial Advisor and Executive Director, with respect to pricing or structural advantages, risk, future flexibility, rating impact and legality.
- Based on the review and evaluation, the CFO will make an initial recommendation to the Executive Director and Budget and Finance Committee as to whether the Authority should authorize further evaluation of the unsolicited proposal.
- If the Budget and Finance Committee approves the recommendation and authorizes the MDX staff to move forward with further evaluation of the proposal, then the CFO will contact the firm who submitted the proposal to obtain any additional information concerning the proposed transaction and initiate the necessary steps to move forward with the proposed transaction.

In considering whether to submit an unsolicited financing proposal, proposers are encouraged to review carefully the submission guidelines section and MDX’s financing objectives, there are no restrictions on the types of financing ideas, products, or structures that proposers may submit. However, all submitted proposals must conform to the MDX guidelines and should meet MDX’s financing objectives in order to receive consideration.

Firms submitting financing proposals and ideas will receive consideration with respect to their participation in the transaction, if the Authority should decide to proceed with the financing proposal that was submitted by the firm. However, if the participation of the firm in the transaction does not meet the Authority’s Policies and/or criteria measures, the Authority may

consider using another firm(s) to proceed with the transaction, subject to definition and quantification of consideration.

### **Submission Guidelines for Financing Proposals**

MDX shall use the following guidelines in the evaluation and recommendation of financing transactions:

- **Legality:** MDX, utilizing advice of counsel, must first determine that the proposed financing fits within the legal constraints imposed by applicable law, the MDX Amended and Restated Trust Indenture, MDX resolutions and other contracts.
- **Goals:** Proposal must clearly state the goals to be achieved through the financial transaction and must demonstrate that these goals are consistent with the goals and objectives of MDX.
- **Rating Agencies:** The Proposed transaction shall not have an adverse impact on any existing MDX credit rating. The Proposed transaction also shall conform to outstanding covenants made to credit enhancers, liquidity providers, surety providers, bondholders and other creditors. Proposers should not contact the Rating Agencies on behalf of the MDX.
- **Net Present Value Savings:** Any advance refunding, forward delivery refunding, synthetic refunding or current refunding transaction must achieve net present value savings as a percentage of the par amount of refunded bonds of generally at least five-percent (5%).

### **Financing Objectives**

MDX has established five key objectives related to financing proposals. These objectives provide the basis upon which the MDX's work plan financing has been established and should be used by proposers to guide development of any financing ideas, products, or structures they may wish to submit. The MDX's financing objectives are to:

- a) Achieve the lowest overall **borrowing cost**.
- b) Minimize potential financing **risk** to the Authority.
- c) Preserve the maximum amount of **future financing flexibility**.
- d) Maintain or upgrade **credit ratings**
- e) Maintain 1.50x minimum **debt coverage**

A fuller description of these financing objectives and how Financing Proposals will be evaluated in relation to these objectives is provided below under *Evaluation Criteria*.

### **Submission Requirements**

- For each proposed financing idea or structure, proposers should indicate:
  - Description
  - Cost
  - Amount of financing offered and any capacity constraint

- MDX risk exposure
  - Impact on future MDX debt/other covenants
  - If proposing a financing product, proposers are required to cite specific examples of where this product has been implemented by the proposer (or others)
- Proposers must demonstrate sufficient financial and other resources necessary to support their proposal.

### **Evaluation Process and Criteria**

Financing Proposals will be deemed to add value to the extent that it includes:

- (i) Products or ideas having pricing or structural advantages that would not be generally available to MDX in the capital markets; and
- (ii) Products or structures that may be available in the capital markets but used in a new and beneficial way or in a way that has not been brought to the attention of MDX.

Proposers are advised that MDX is interested in proposals that provide additional value, not simply innovation. Financing Proposals that provide financing ideas, products, and structures beyond those MDX would otherwise have access to and help achieve MDX's financing objectives will be most favorably considered.

### Financing Proposal Evaluation Criteria

Objective	Preference	Elements
Borrowing Cost	Prefer lower to higher	<ul style="list-style-type: none"> <li>• Debt interest cost</li> <li>• Expected/required return on private sector investment (if any)</li> </ul>
Risk	Prefer less to more	<ul style="list-style-type: none"> <li>• Interest rate risk</li> <li>• Credit risk</li> <li>• Execution risk</li> <li>• Re-financing risk</li> <li>• Basis risk</li> </ul>
Flexibility	Prefer more to less	<ul style="list-style-type: none"> <li>• Toll rate setting</li> <li>• Ability to undertake additional projects</li> <li>• Ability to issue additional debt</li> <li>• Ability to integrate the Proposed Financing into MDX's overall financing Plan.</li> </ul>
Credit Ratings	Maintain or Upgrade	<ul style="list-style-type: none"> <li>• Improve financial position</li> <li>• Maintain or improve debt service coverages</li> <li>• Increase financial reserve levels</li> </ul>
Feasibility	Must be considered feasible	<ul style="list-style-type: none"> <li>• Reasonableness of assumptions</li> <li>• Successful prior use</li> <li>• Required external approvals/authorizations</li> <li>• Required Proposer approvals</li> <li>• Demonstrated availability/commitment of Proposer financial resources (if applicable)</li> </ul>

MDX Unsolicited Financial Proposal Policy was adopted by the MDX Board on this 30<sup>th</sup> day of January, 2007.