

VOLUNTARY DISCLOSURE REGARDING SIGNIFICANT 2017 FLORIDA LEGISLATION

The Miami-Dade Expressway Authority (“MDX”) is voluntarily providing this information regarding certain state legislation recently passed in the Florida Legislature that approved by the Governor of the State of Florida June 26, 2017. The legislation will become effective July 1, 2017.

CS/HB 1049 was passed in both the Senate and House of the Florida Legislature on May 5, 2017 just prior to the end of the 2017 legislative session and, among other things, provides for significant changes to Chapter 348, Part I (the Florida Expressway Authority Act) regarding certain expressway authorities, which currently includes only MDX. The legislation amends certain provisions of Chapter 348, Part I, Florida Statutes to (1) place restrictions on the toll-setting process, including, among other things, requiring an independent traffic and revenue study for toll increases (except for increases tied to inflation), and a 2/3 majority vote of the authority board to approve a toll increase, (2) limit the amount of toll revenue that can be used for administrative expenses, (3) require a distance of at least five miles between main through-lane tolling points on transportation facilities constructed after July 1, 2017, (4) require a reduction in SunPass® toll rates of between 5 and 10 percent, (5) dedicate at least 20 percent, but not more than 50 percent, of annual surplus revenues to transportation and transit related expenses for projects in the area served by the authority, and (6) require certain measures relating to accountability, including a financial audit requirement and required website posting of meeting agendas, financial audit, bond covenants, budget, contracts, expenditures and other information. The legislation includes “savings” clauses that make the toll, operation and maintenance related amendments subject to the requirements contained in outstanding debt obligations. A copy of the legislation is attached to this notice.

MDX is reviewing and considering the ramifications of the legislation with respect to any conflicts with its covenants under existing bond documents.

This information is subject to change without notice. This Notice only speaks as of its date and does not imply there has been no change in any other information relating to MDX or any of its outstanding bonds. Nothing contained in this Notice is, or should be construed as, a representation by MDX that the information included in this Notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any securities issued by or for the benefit of MDX. Although MDX may provide additional information from time to time regarding the matters in this Notice, it is not required to do so.

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2 An act relating to limited access and toll facilities;
3 amending s. 338.166, F.S.; authorizing the Department
4 of Transportation to require the use of an electronic
5 transponder interoperable with the department's
6 electronic toll collection system for the use of high-
7 occupancy toll lanes or express lanes; requiring, as
8 of a specified date, that a customer be charged the
9 minimum express lane toll if his or her average travel
10 speed for a trip in an express lane falls below a
11 specified rate; providing measurement of a customer's
12 express lane average travel speed; amending s.
13 338.2216, F.S.; authorizing the Florida Turnpike
14 Enterprise to require the use of an electronic
15 transponder interoperable with the department's
16 electronic toll collection system for the use of
17 express lanes on the turnpike system; prohibiting
18 variable pricing from being implemented in express
19 lanes when the level of service in the express lane,
20 determined in accordance with specified criteria, is
21 equal to level of service A; specifying that variable
22 pricing in express lanes when the level of service in
23 the express lane is level of service B may only be
24 implemented by charging the general toll lane toll
25 amount plus an amount set by department rule;

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26 | providing that pricing in express lanes when the level
27 | of service is other than level of service A or level
28 | of service B may vary in the manner established by the
29 | Florida Turnpike Enterprise to manage congestion in
30 | the express lanes; requiring, as of a specified date,
31 | that a customer be charged a general toll lane toll
32 | amount plus an amount set by department rule if his or
33 | her average travel speed for a trip in an express lane
34 | falls below a specified rate; providing for
35 | measurement of a customer's express lane average
36 | travel speed; amending s. 338.231, F.S.; extending the
37 | timeframe during which the department must program
38 | sufficient funds in the tentative work program such
39 | that the percentage of turnpike toll and bond financed
40 | commitments in Miami-Dade County, Broward County, and
41 | Palm Beach County are at least a specified percent of
42 | a certain share of certain net toll collections;
43 | amending s. 348.0004, F.S.; providing applicability;
44 | requiring toll increases by authorities in certain
45 | counties to be justified by an independent study by a
46 | third party; providing an exception for an increase to
47 | adjust for inflation pursuant to a specified procedure
48 | for toll rate adjustments; requiring toll increases to
49 | be approved by a specified margin in a vote of the
50 | expressway authority board; prohibiting the amount of

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51 toll revenues used for administrative expenses by the
52 authority from being greater than a specified
53 percentage above the annual state average of
54 administrative costs; requiring the Florida
55 Transportation Commission to determine the annual
56 state average of administrative costs based on the
57 annual administrative expenses of all the expressway
58 authorities of this state; authorizing the commission
59 to adopt certain rules; requiring a specified distance
60 between main through-lane tolling points on
61 transportation facilities constructed after a
62 specified date; providing applicability; conforming a
63 cross-reference; requiring authorities in certain
64 counties to reduce toll charges by a specified amount
65 at the time that any toll is incurred for certain
66 SunPass registrants, subject to certain requirements;
67 prohibiting such authorities from imposing additional
68 requirements for receipt of the reduced toll amount;
69 requiring an authority in certain counties to
70 determine its surplus revenues and dedicate a certain
71 amount of the annual surplus revenues to
72 transportation- and transit-related expenses for
73 projects in the area served by the authority;
74 requiring the metropolitan planning organization for
75 certain counties to annually select a project or

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76 | projects within the counties to be funded by the
77 | authority's dedicated surplus revenues and provide to
78 | the authority a list reflecting the selected project
79 | or projects; requiring the authority to select from
80 | the list for funding from the authority's dedicated
81 | surplus revenues transportation- and transit-related
82 | expenses that have a rational nexus to the
83 | transportation facilities of the authority; requiring
84 | a rational nexus to demonstrate that the proposed
85 | transportation expenditure makes a substantial impact
86 | on the capacity or use of the transportation
87 | facilities of the authority or that the proposed
88 | transit expenditure complements the operation of, or
89 | expands the access to, the transportation facilities
90 | of the authority; requiring certain counties to have a
91 | financial audit of the revenues and expenditures of
92 | the county's transportation plan conducted by an
93 | independent third party not less than biennially and
94 | to post the audits on the counties' websites to be
95 | eligible to receive the dedicated surplus revenues;
96 | requiring that an authority established in certain
97 | counties have an audit conducted by an independent
98 | third party not less than biennially; requiring the
99 | audit report be made publicly available on the
100 | authority's website; creating s. 348.00115, F.S.;

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101 requiring authorities in certain counties to post
 102 certain information on a website; defining the term
 103 "contract"; providing an effective date.

104
 105 Be It Enacted by the Legislature of the State of Florida:

106
 107 Section 1. Present subsections (5) and (6) of section
 108 338.166, Florida Statutes, are redesignated as subsections (6)
 109 and (7), respectively, subsection (4) of that section is
 110 amended, and a new subsection (5) is added to that section, to
 111 read:

112 338.166 High-occupancy toll lanes or express lanes.—

113 (4) The department may implement variable rate tolls on
 114 high-occupancy toll lanes or express lanes. The department may
 115 require the use of an electronic transponder interoperable with
 116 the department's electronic toll collection system for the use
 117 of high-occupancy toll lanes or express lanes.

118 (5) Effective July 1, 2018, if a customer's average travel
 119 speed for a trip in an express lane falls below 40 miles per
 120 hour, the customer must be charged the minimum express lane
 121 toll. A customer's express lane average travel speed is his or
 122 her average travel speed from the customer's entry point to the
 123 customer's exit point.

124 Section 2. Paragraph (d) of subsection (1) of section
 125 338.2216, Florida Statutes, is amended, and paragraph (e) is

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126 added to that subsection, to read:

127 338.2216 Florida Turnpike Enterprise; powers and
 128 authority.—

129 (1)

130 (d) The Florida Turnpike Enterprise shall pursue and
 131 implement new technologies and processes in its operations and
 132 collection of tolls and the collection of other amounts
 133 associated with road and infrastructure usage. Such technologies
 134 and processes must include, without limitation, video billing
 135 and variable pricing. The Florida Turnpike Enterprise may
 136 require the use of an electronic transponder interoperable with
 137 the department's electronic toll collection system for the use
 138 of express lanes on the turnpike system. Variable pricing may
 139 not be implemented in express lanes when the level of service in
 140 the express lane, determined in accordance with the criteria
 141 established by the Transportation Research Board Highway
 142 Capacity Manual (5th Edition, HCM 2010), as amended from time to
 143 time, is equal to level of service A. Variable pricing in
 144 express lanes when the level of service in the express lane is
 145 level of service B may only be implemented by charging the
 146 general toll lane toll amount plus an amount set by department
 147 rule. Except as otherwise provided in this subsection, pricing
 148 in express lanes when the level of service is other than level
 149 of service A or level of service B may vary in the manner
 150 established by the Florida Turnpike Enterprise to manage

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151 congestion in the express lanes.

152 (e) Effective July 1, 2018, if a customer's average travel
 153 speed for a trip in an express lane falls below 40 miles per
 154 hour, the customer must be charged the general toll lane toll
 155 amount plus an amount set by department rule. A customer's
 156 express lane average travel speed is his or her average travel
 157 speed from the customer's entry point to the customer's exit
 158 point.

159 Section 3. Paragraph (a) of subsection (3) of section
 160 338.231, Florida Statutes, is amended to read:

161 338.231 Turnpike tolls, fixing; pledge of tolls and other
 162 revenues.—The department shall at all times fix, adjust, charge,
 163 and collect such tolls and amounts for the use of the turnpike
 164 system as are required in order to provide a fund sufficient
 165 with other revenues of the turnpike system to pay the cost of
 166 maintaining, improving, repairing, and operating such turnpike
 167 system; to pay the principal of and interest on all bonds issued
 168 to finance or refinance any portion of the turnpike system as
 169 the same become due and payable; and to create reserves for all
 170 such purposes.

171 (3) (a) For the period July 1, 1998, through June 30, 2027
 172 ~~2017~~, the department shall, to the maximum extent feasible,
 173 program sufficient funds in the tentative work program such that
 174 the percentage of turnpike toll and bond financed commitments in
 175 Miami-Dade County, Broward County, and Palm Beach County as

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176 compared to total turnpike toll and bond financed commitments
 177 shall be at least 90 percent of the share of net toll
 178 collections attributable to users of the turnpike system in
 179 Miami-Dade County, Broward County, and Palm Beach County as
 180 compared to total net toll collections attributable to users of
 181 the turnpike system. This subsection does not apply when the
 182 application of such requirements would violate any covenant
 183 established in a resolution or trust indenture relating to the
 184 issuance of turnpike bonds. The department may at any time for
 185 economic considerations establish lower temporary toll rates for
 186 a new or existing toll facility for a period not to exceed 1
 187 year, after which the toll rates adopted pursuant to s. 120.54
 188 shall become effective.

189 Section 4. Present subsections (6) through (9) of section
 190 348.0004, Florida Statutes, are redesignated as subsections (7)
 191 through (10), respectively, paragraph (e) of subsection (2) of
 192 that section is amended, and a new subsection (6) and
 193 subsections (11), (12), and (13) are added to that section, to
 194 read:

195 348.0004 Purposes and powers.—

196 (2) Each authority may exercise all powers necessary,
 197 appurtenant, convenient, or incidental to the carrying out of
 198 its purposes, including, but not limited to, the following
 199 rights and powers:

200 (e) To fix, alter, charge, establish, and collect tolls,

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201 rates, fees, rentals, and other charges for the services and
 202 facilities system, which tolls, rates, fees, rentals, and other
 203 charges must always be sufficient to comply with any covenants
 204 made with the holders of any bonds issued pursuant to the
 205 Florida Expressway Authority Act. However, such right and power
 206 may be assigned or delegated by the authority to the department.

207 1. Notwithstanding any other provision of law to the
 208 contrary, but subject to any contractual requirements contained
 209 in documents securing any indebtedness outstanding on July 1,
 210 2017, in any county as defined in s. 125.011(1):

211 a. The authority may not increase a toll unless the
 212 increase is justified to the satisfaction of the authority by a
 213 traffic and revenue study conducted by an independent third
 214 party, except for an increase to the extent necessary to adjust
 215 for inflation pursuant to the procedure for toll rate
 216 adjustments provided in s. 338.165.

217 b. A toll increase must be approved by a two-thirds vote
 218 of the expressway authority board.

219 c. The amount of toll revenues used for administrative
 220 expenses by the authority may not be greater than 10 percent
 221 above the annual state average of administrative costs
 222 determined as provided in this sub-subparagraph. The Florida
 223 Transportation Commission shall determine the annual state
 224 average of administrative costs based on the annual
 225 administrative expenses of all the expressway authorities of

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226 | this state. For purposes of this sub-subparagraph,
227 | administrative expenses include, but are not limited to,
228 | employee salaries and benefits, small business outreach,
229 | insurance, professional service contracts not directly related
230 | to the operation and maintenance of the expressway system, and
231 | other overhead costs. The commission may adopt rules necessary
232 | for the implementation of this sub-subparagraph.

233 | d. On transportation facilities constructed after July 1,
234 | 2017, there must be a distance of at least 5 miles between main
235 | through-lane tolling points. The distance requirement of this
236 | sub-subparagraph does not apply to entry and exit ramps.

237 | 2. Notwithstanding s. 338.165 or any other provision of
238 | law to the contrary, in any county as defined in s. 125.011(1),
239 | to the extent surplus revenues exist, they may be used for
240 | purposes enumerated in subsection ~~(8)~~ (7), provided the
241 | expenditures are consistent with the metropolitan planning
242 | organization's adopted long-range plan.

243 | 3. Notwithstanding any other provision of law to the
244 | contrary, but subject to any contractual requirements contained
245 | in documents securing any outstanding indebtedness payable from
246 | tolls, in any county as defined in s. 125.011(1), the board of
247 | county commissioners may, by ordinance adopted on or before
248 | September 30, 1999, alter or abolish existing tolls and
249 | currently approved increases thereto if the board provides a
250 | local source of funding to the county expressway system for

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251 transportation in an amount sufficient to replace revenues
 252 necessary to meet bond obligations secured by such tolls and
 253 increases.

254 (6) Subject to compliance with any covenants made with the
 255 holders of any bonds issued pursuant to the Florida Expressway
 256 Authority Act, an authority in any county as defined in s.
 257 125.011(1) shall, at the time that any toll is incurred, reduce
 258 the toll charged on any of the authority's toll facilities by at
 259 least 5 percent, but not more than 10 percent, for each SunPass
 260 registrant having an account in good standing and having the
 261 license plate of the vehicle or vehicles incurring the toll
 262 registered to the SunPass account at the time the toll is
 263 incurred. The authority may not impose additional requirements
 264 for receipt of the reduced toll amount.

265 (11) Notwithstanding any other provision of the Florida
 266 Expressway Authority Act, an authority in any county as defined
 267 in s. 125.011(1) shall determine its surplus revenues as defined
 268 in s. 348.0002(12). The authority shall then dedicate at least
 269 20 percent, but not more than 50 percent, of the annual surplus
 270 revenues to transportation- and transit-related expenses for
 271 projects in the area served by the authority. The metropolitan
 272 planning organization for any county as defined in s. 125.011(1)
 273 shall annually select a project or projects within the county to
 274 be funded by the authority's dedicated surplus revenues as
 275 provided in this subsection and provide to the authority a list

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276 reflecting the selected project or projects. The authority shall
277 select from the list for funding from the authority's dedicated
278 surplus revenues transportation- and transit-related expenses
279 that have a rational nexus to the transportation facilities of
280 the authority and may include, but are not limited to, expenses
281 associated with the planning, design, acquisition, construction,
282 extension, rehabilitation, equipping, preservation, maintenance,
283 or improvement of public transportation facilities, transit
284 facilities, intermodal facilities, or multimodal corridors owned
285 or operated by such municipality or county; and transit-related
286 expenses that impact the capacity or use of the transportation
287 facilities of the authority. For the purpose of this subsection,
288 a rational nexus must demonstrate that the proposed
289 transportation expenditure makes a substantial impact on the
290 capacity or use of the transportation facilities of the
291 authority, or that the proposed transit expenditure complements
292 the operation of, or expands the access to, the transportation
293 facilities of the authority.

294 (12) A county as defined in s. 125.011(1) must have a
295 financial audit of the revenues and expenditures of the county's
296 transportation plan conducted by an independent third party not
297 less than biennially and must post the audits on the county's
298 website to be eligible to receive the dedicated surplus revenues
299 as provided in subsection (11).

300 (13) An authority established in any county as defined in

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301 125.011(1) must have a financial audit conducted by an
 302 independent third party not less than biennially, and the audit
 303 report must be made publicly available on the authority's
 304 website.

305 Section 5. Section 348.00115, Florida Statutes, is created
 306 to read:

307 348.00115 Public accountability.—An expressway authority
 308 in a county as defined in s. 125.011(1) shall post the following
 309 information on its website:

310 (1) Audited financial statements and any interim financial
 311 reports.

312 (2) Board and committee meeting agendas, meeting packets,
 313 and minutes.

314 (3) Bond covenants for any outstanding bond issues.

315 (4) Authority budgets.

316 (5) Authority contracts. For purposes of this subsection,
 317 the term "contract" means a written agreement or purchase order
 318 issued for the purchase of goods or services or a written
 319 agreement for the receipt of state or federal financial
 320 assistance.

321 (6) Authority expenditure data, which must include the
 322 name of the payee, the date of the expenditure, and the amount
 323 of the expenditure. Such data must be searchable by name of the
 324 payee, name of the paying agency, and fiscal year and must be
 325 downloadable in a format that allows offline analysis.

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326 (7) Information relating to current, recently completed,
327 and future projects on authority facilities.

328 Section 6. This act shall take effect July 1, 2017.