



BUDGET POLICY

PURPOSE

It is the policy of the Greater Miami Expressway Agency (GMX) to use a budget as a financial operation plan embodying an estimate of proposed expenditures for a specified period and the proposed means of financing those expenditures.

The budget serves as the primary tool in allocating financial resources to functions and services thereby serving as a policy-making tool, a management tool, a financial tool, and a communications tool. The budget development process aids the Board in making informed choices about the provision of services and the development and preservation of capital assets.

The Agency's budgeting process is an integrated effort between management staff, the Agency's Consulting Engineer, and the Board that emphasizes sound financial management, cost-containment opportunities and expansion and improvement of the Agency's system and services.

SPECIFIC REQUIREMENTS

1. Senior Debt Coverage Ratio

To aid the Agency in continuing to maintain an investment-grade credit rating, the Annual Operating Budget shall provide for a Senior Debt Service Coverage Ratio of 1.5x or greater.

2. Total Debt and Fund Payments Coverage

The annual budget Total Debt and Funding Requirements Coverage Ratio shall not be less than 1.0.

3. Basis of Budgeting

The Agency shall adopt budgets in conformity with the best practice standards. The Agency shall use the accrual basis of accounting for budgeting purposes as applicable.

4. Operations Reserves`

The Agency shall establish an OM&A Reserve fund account in accordance to the Trustee Indenture. The account shall be 8.33% of the Annual Budget.



5. Annual Operating Budget Development

As per the Trust Indenture, on or before April 20th of each year, the Executive Director shall deliver to each member of the Board a preliminary Annual Operating and Capital (non-Work Program) Budget for the next fiscal year. The preliminary Annual Operating Budget shall include all expenditures expected to be incurred by the Agency in the next fiscal year, and shall be divided into the following four categories at minimum: Operations; Maintenance; Administration; and Capital (non-Work Program expenses). The preliminary Annual Operating Budget shall also set forth the amounts, if any, required to be deposited in funds (reserves) and accounts in order to satisfy financial covenants made to creditors and to be deposited to the credit of the Renewal and Replacement Fund with respect to the System for the ensuing fiscal year.

As per the Trust Indenture, additionally, the preliminary Annual Budget shall be emailed to the Trustee and Consulting Engineer.

6. Five-Year Work Program Budget Development

On or before April 20th of each year, the Executive Director shall deliver to each member of the Board a preliminary Five-Year Work Program Budget.

The preliminary Five-Year Work Program Budget shall include expenditures through the prior fiscal year, projected actual expenditures for the current fiscal year, estimated expenditures for each of the next five years and the total project cost per project for all projects. In addition, all projects shall provide an estimate of operating costs for each project that is proposed.

Preliminary financial plan shall be included as part of the Board's approval for the preliminary Five-Year Work Program.

In accordance with Florida Statute 348.0309(2)(f)- each project, building, or facility that has been or will be financed by the issuance of bonds or other evidence of indebtedness and that does not pledge the full faith and credit of the state under this part and any refinancing thereof is subject to review and approval by the Legislative Budget Commission.



7. Board Approval

On or before June 30th in each fiscal year, the Board shall approve the Annual Operating Budget and Five-Year Work Program in accordance to State Statute and other indebtedness documents. The Approved Annual Operating Budget shall be emailed to the Trustee and Consulting Engineer. The Proposed Annual Operating Budget and Five-Year Work Program, shall be :

- a) Posted on the Agency's website 7 days prior to Board approval.
- b) Set for a public hearing item for the Board's approval.

8. Contingency Release

All Contingency release budgeted shall require the Executive Director's approval, with CFO consultation.

For the Annual Operating Budget, no single budgeted category shall exceed 10% of the amount approved by the Board.

With the exception of contingency release applied to the total project cost, under no circumstance shall the approved total project cost for any project be exceeded without the approval of the Board.

9. Budget Amendments

During the fiscal year, if the Executive Director shall deem it advisable to propose any amendment to the adopted Annual Operating Budget and/or the Work Program Budget, the Executive Director shall cause such amendment to be considered by the Committee or Board. The Budget Amendment shall comply with applicable Statutes and indebtedness documents, if applicable.

- a) At least thirty (30) days prior to the adoption of any amended Budget, the Agency shall cause a notice of the proposed amended budget to be filed with the Trustee, emailed to the Consulting Engineer, and all Bondholders who shall have filed their names and addresses with the Secretary of the Agency for such purpose;



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- b) The proposed Budget(s) Amendment shall be posted on the Agency's website 7 days prior to Board approval.
 - c) Budget Amendments shall be a public hearing item for the Board's approval.

Adopted by the Governing Board on the 27th of September, 2023.