



**Florida Department of
Transportation**

Debt & Debt-Like Financing Report

FISCAL YEAR 2021

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Florida Department of Transportation

The Florida Department of Transportation (FDOT or Department) is an executive agency and directly reports to the Governor of the State of Florida. FDOT's continuing mission is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities. This mission is accomplished through a primary purpose to plan and develop (either directly or indirectly) Florida's robust transportation system. The unique nature of the Sunshine State and its year-round warm climate provides numerous opportunities to move people and goods through multiple modes including highways/streets, air, rail, sea, spaceports, transit, and ever-expanding deployment of bicycle and pedestrian facilities.

The Department is committed to building a transportation system that not only fits the current needs of Florida's residents and visitors but also enhances mobility throughout the state to accommodate its consistent and rapid growth.

The primary purpose of the Debt & Debt-Like Financing Report is to provide information about the FDOT debt and debt-like financing programs and controls as of June 30, 2021 (except as noted otherwise in this report). It is not an offer to sell securities or the solicitation of an offer to buy securities nor shall there be any sale of securities of any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The information in this report is not guaranteed. There is no assurance about the accuracy or reliability of the information, and there is no obligation to update any information provided in this report. Also note that all spending authority is subject to Legislative Appropriation.

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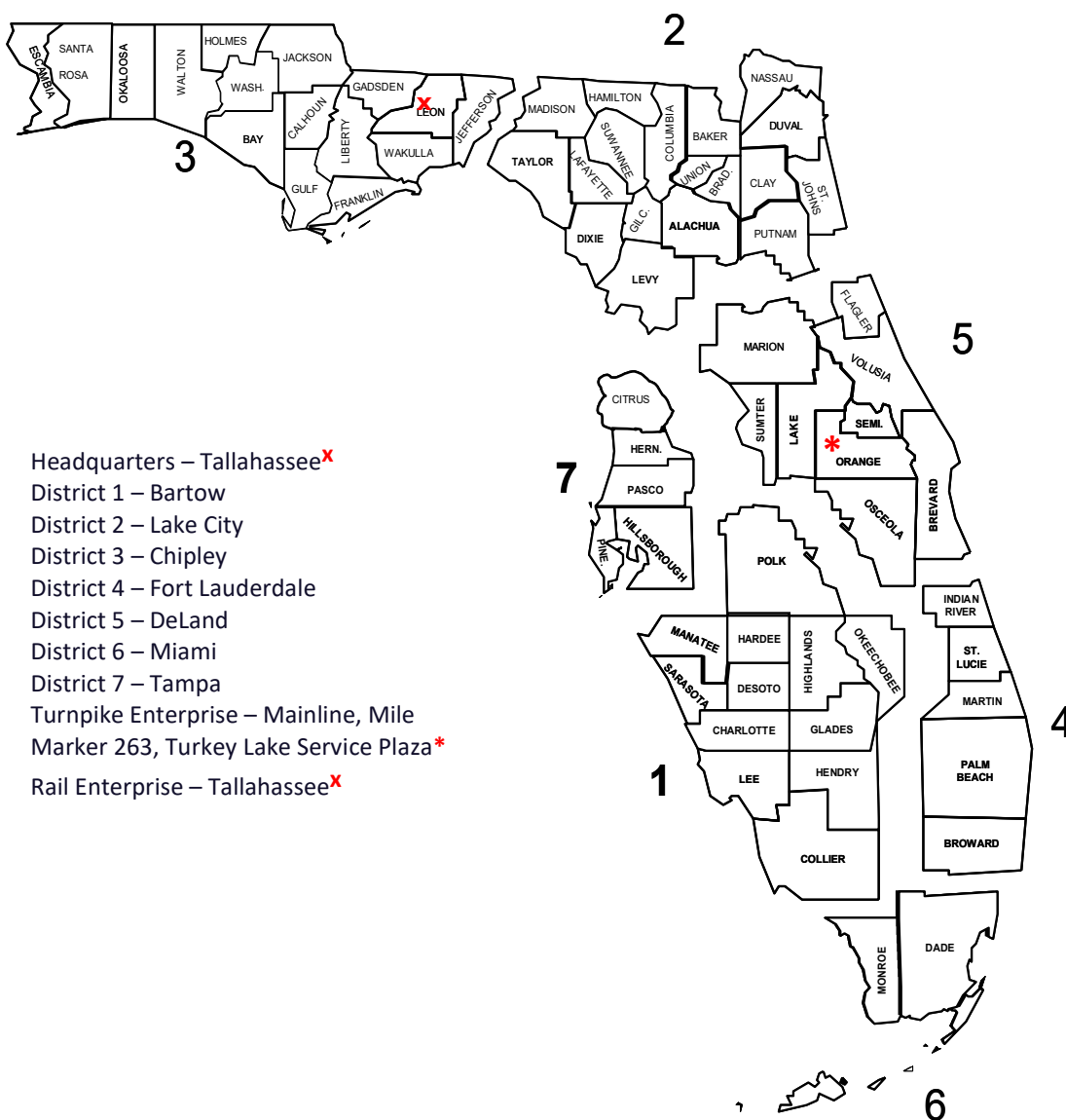
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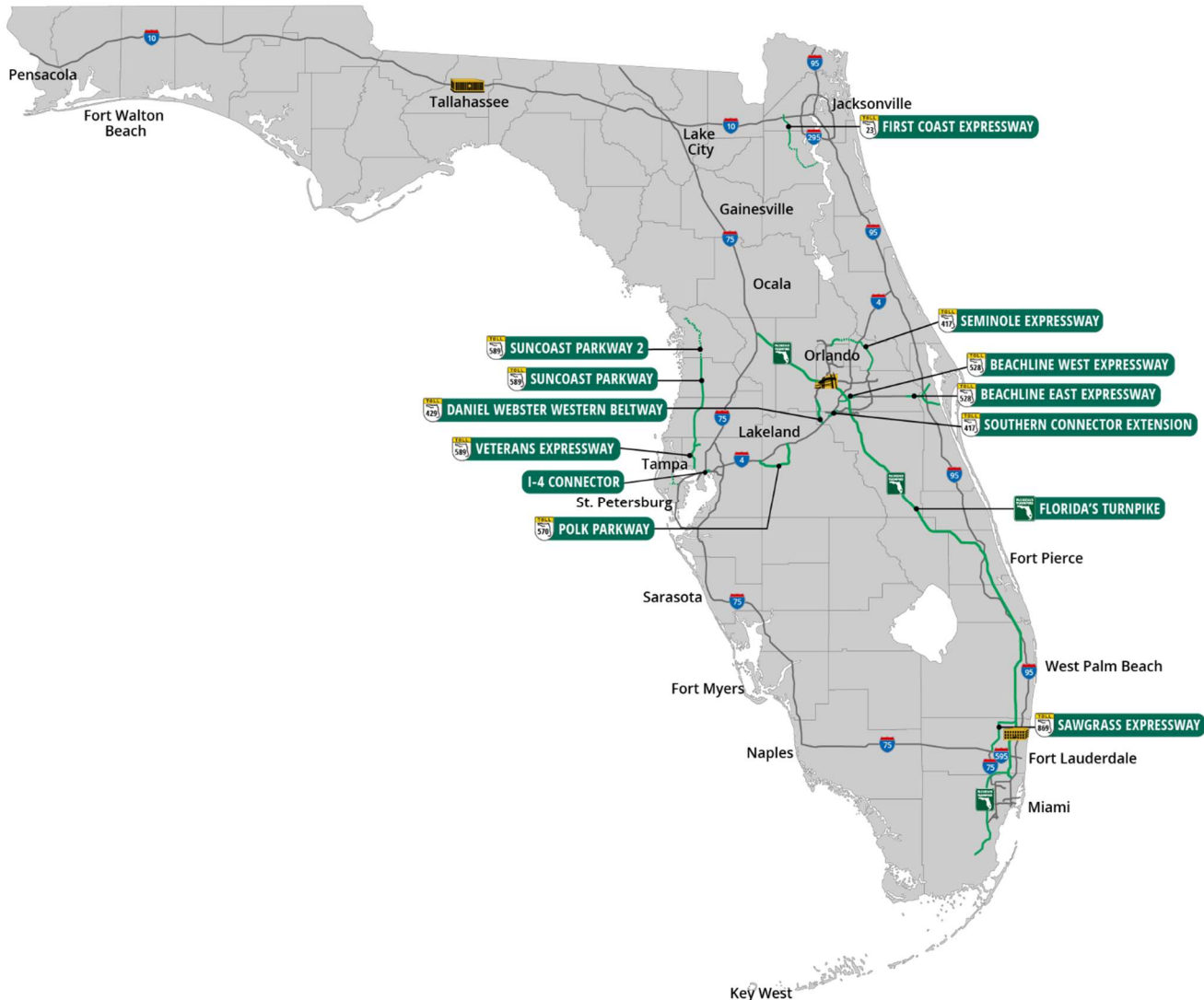
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Organizational Structure

Pursuant to Section 20.23, Florida Statutes, FDOT is decentralized to allow operational decisions to be made in the Department’s seven district offices as well as the Turnpike Enterprise and Rail Enterprise. The Central Office is responsible for policy, procedure, quality assurance, finance, and general administrative functions, while district offices have operational responsibilities. This organizational structure gives local governments and metropolitan planning organizations direct input into the agency at the level where project selection decisions are made.



Florida's Turnpike System



The Department's leader is the Secretary of FDOT and is appointed by the Governor from among three individuals nominated by the Florida Transportation Commission. The Secretary is subject to confirmation by the Senate and serves at the pleasure of the Governor. The District Secretaries, the Executive Director of the Turnpike Enterprise, and the Executive Director of the Rail Enterprise report to FDOT's Secretary.

Florida Transportation Commission

The Florida Transportation Commission (Commission) provides oversight for the activities of FDOT. The Commission consists of nine members with private-sector business managerial experience who are appointed by the Governor and subject to confirmation by the Senate. The Commissioners are uncompensated, serving staggered terms of four years and may be

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reappointed. The Commission is independent from the Department with its own staffing, and is responsible for monitoring production and financial status of the Department on a regular basis to ensure that the Department responsibly manages revenues and bond proceeds in accordance with law and established policy. The Commission ensures that the Department's work program is in compliance with all applicable laws and established policies. The Commission is statutorily prohibited from entering into the day-to-day operations of the Department, such as awarding contracts, selecting project routes, or granting permits.

State Transportation Trust Fund (STTF) Financing

FDOT finances its operations from a variety of revenue sources. In FY 2021, state sources provided approximately 57% of all revenues that came from a broad base of dedicated transportation taxes and fees such as motor fuel taxes, aviation fuel taxes, motor vehicle license fees, title fees, rental car surcharges, and documentary stamp taxes. Approximately 28% of revenues were from federal aid. The balance of revenues came from toll facility receipts, local government participation, and miscellaneous sources.

| State Transportation Trust Fund Receipts Fiscal Year 2020-2021 (\$ in millions) | | |
|---|-----------|---------|
| Source | Amount | Percent |
| Fuel Taxes | \$2,324.4 | 30.2% |
| Aviation Fuel Taxes | \$9.2 | 0.1% |
| Motor Vehicle Fees | \$1,450.1 | 18.9% |
| Rental Car Surcharge | \$87.8 | 1.1% |
| Documentary Stamps | \$466.8 | 6.1% |
| Interest on Investments | \$7.9 | 0.1% |
| Federal Aid | \$2,156.0 | 28.0% |
| Bond Proceeds | \$458.8 | 6.0% |
| Reimbursement/FDOT-owned Toll Facilities ¹ | \$63.8 | 0.8% |
| Reimbursement/Turnpike | \$342.4 | 4.5% |
| Reimbursement/Expressway Authorities ² | \$34.6 | 0.4% |
| Joint Participation Agreements/Other Reimbursements | \$147.4 | 1.9% |
| Miscellaneous Revenue | \$140.3 | 1.8% |
| Total | \$7,689.5 | 100.0% |

¹Reimbursements from Department-owned toll facilities include Alligator Alley, Pinellas Bayway, Sunshine Skyway, I-95 Express, I-595 Express, I-75 Express, I-295 Express, Palmetto Expressway, and Wekiva Parkway.

²Reimbursements from expressway authorities include Tampa-Hillsborough Expressway Authority, Miami-Dade Expressway Authority, Mid-Bay Bridge Authority, and Central Florida Expressway Authority.

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The Department manages its financial resources through a limited number of trust funds and related accounts. Significant trust funds include STTF, Right-of-Way Acquisition and Bridge Construction Trust Fund, and various Florida Turnpike Enterprise trust funds. The Department also includes the Transportation Disadvantaged Trust Fund.

STTF is a consolidated transportation fund that includes all major revenue sources. Revenue sources include state fuel tax revenues, federal aid reimbursements, local funds, toll operation reimbursements, and miscellaneous revenues and fees. Outlays include construction and maintenance of roads and bridges, design costs, right-of-way land purchases, environmental mitigation, public transportation assistance, administrative costs, debt service, and costs related to Department-owned or Department-operated toll facilities.

The Right-of-Way Acquisition and Bridge Construction trust funds account for project expenditures, bond proceeds, investment earnings, and debt service payments.

The Turnpike Enterprise trust funds are required by the Master Resolution for the Florida Turnpike Enterprise to appropriately account for revenues, operating and maintenance costs, renewal and replacement costs, general reserves, and various bond construction funds.

Transportation Debt Limitation

In an effort to ensure the fiscal integrity of STTF, Section 339.139, Florida Statutes, was created in 2012 which requires the Department to submit a debt and debt-like contractual obligations load report to the Executive Office of the Governor, the President of the Senate, the Speaker of the House of Representatives, and the legislative appropriations committees. The report is submitted in conjunction with the tentative work program. This debt load report shall ensure that not more than 20% of total projected available state and federal revenues from STTF, together with any local funds committed to Department projects, are committed to debt and debt-like contractual obligations. The statute also requires the Department to prepare a separate report on debt obligations that are secured by and payable solely from pledged revenues.

Debt and debt-like contractual obligations load report must include the following:

- Debt service payments on bonds secured by federal highway aid reimbursements or motor fuel and diesel fuel taxes
- Seaport funding pledged to the payment of principal and interest on bonds issued by the Florida Ports Financing Commission

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- Commitments to pay costs associated with expressway and bridge authorities under the terms of lease-purchase agreements
- Outstanding availability, milestone, periodic or final acceptance payments required by public-private partnerships that are not payments for the cost of operation or maintenance of a facility
- Agreed-upon payments to Department contractors for work performed in the current fiscal year for which payment is deferred to a later fiscal year
- Loan repayments on State Infrastructure Bank loans extended to a Department District

The following table provides the total projected debt and contractual obligations as a percentage of net available revenues by year.

| Total Projected Debt and Contractual Obligations as a Percentage of Net Available Revenue By Fiscal Year¹ | |
|---|----------------|
| Fiscal Year | Percent |
| 2021 - 2022 | 13.3% |
| 2022 - 2023 | 7.4% |
| 2023 - 2024 | 6.7% |
| 2024 - 2025 | 7.3% |
| 2025 - 2026 | 7.9% |
| 2026 - 2027 | 7.9% |
| 2027 - 2028 | 8.4% |
| 2028 - 2029 | 9.0% |
| 2029 - 2030 | 9.4% |

¹Based on the Adopted STTF Finance Plan as of July 1, 2021

Bond Financing Programs

The State of Florida has various types of bonding programs at its disposal to address the state's total transportation financial needs. General obligation bonds are used to accelerate the purchase of right-of-way for roads and to finance major bridge construction projects. Grant Anticipation Revenue Vehicles Bonds (GARVEE) authorizes the pledging of future federal-aid reimbursements to pay debt services for the bonds and allows the state to advance the upfront funding from the bonds for a particular need. Revenue bonds are used to finance: 1) Florida's Turnpike Enterprise improvement and expansion projects (see also the Florida's Turnpike Enterprise section), 2) transportation and environmental improvements related to other Department-owned and operated toll facilities (see also the Department-Owned and Operated

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Toll Facilities section), 3) capital improvements to the state's Seaports, and 4) the State-funded State Infrastructure Bank.

Right-of-Way Acquisition and Bridge Construction Bonds

In 1988, Florida voters approved an amendment to Section 17, Article VII of the State Constitution authorizing the issuance of bonds to acquire right-of-way for roads and to construct bridges. The Florida Legislature approved the use of these bonds for the advanced acquisition of right-of-way land beginning in 1991 and bridge construction beginning in 1994. Approximately three-fourths of the funds from these bonds are being spent on right-of-way acquisition and one-fourth is being spent on bridge construction. Current law provides that a maximum of 7% of revenues deposited into the STTF, not to exceed \$275 million (increased to \$350 million effective July 1, 2021), may be used for annual debt service for these bonds. The full faith and credit of the State of Florida secures these bonds.

During the period from fiscal years 1992 through 2021, a total of \$3.494 billion in new money bonds have been issued to leverage projects. The following table reflects ROW bond issues outstanding in FY 2021, including refunding issues to achieve debt service savings, totaling \$2.007 billion.

| Right-of-Way Acquisition and Bridge Construction Bonds | | | |
|---|---------------|--------------|-------------------|
| As of June 30, 2021 | | | |
| (\$ in millions) | | | |
| Series | Yield Rates | Issue Amount | Principal Balance |
| 2011A* | 0.70 to 3.82% | \$115 | \$14 |
| 2012B* | 0.20 to 3.20% | \$235 | \$174 |
| 2015A* | 0.28 to 2.44% | \$214 | \$103 |
| 2016A* | 0.58 to 3.10% | \$166 | \$135 |
| 2016B | 0.52 to 3.05% | \$93 | \$84 |
| 2017A | 0.90 to 3.61% | \$289 | \$268 |
| 2018A | 1.77 to 3.38% | \$100 | \$95 |
| 2018B | 1.49 to 3.52% | \$245 | \$233 |
| 2019A* | 1.61 to 3.30% | \$241 | \$206 |
| 2019B | 1.11 to 3.05% | \$185 | \$179 |
| 2020A | 0.20 to 2.24% | \$188 | \$186 |
| 2021A* | 0.08 to 1.98% | \$184 | \$184 |
| 2021B* | 0.09 to 1.27% | \$146 | \$146 |
| Total | | \$2,401 | \$2,007 |

* These issues included refunding bonds (all or partial)

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According to the Adopted STTF Finance Plan, the Department tentatively plans to issue approximately \$1.2 billion of bonds over the five-year work program period to further implement the right-of-way acquisition and bridge construction program and meet the expanding state transportation needs. The forecast of pledged motor fuel tax collections during a comparable period indicates strong coverage levels will be maintained for future estimated debt service requirements. The financial strength of the right-of-way acquisition and bridge construction program will remain stable with the following strengths in place:

- High coverage by the pledged motor fuel sales tax. The requirement for additional bonds set forth in the bond resolution requires that additional bonds issued will not exceed 90% of the pledged motor fuel sales taxes available for payment of annual debt service. This translates to a coverage ratio of 1.11 until debt service reaches the \$350 million limit when it becomes a 1.00 coverage ratio. Cash flows of the pledged revenues provide debt service coverage ratios significantly higher than this requirement, as shown in the following table.
- The motor fuel sales tax is indexed to the Consumer Price Index (CPI) on an annual basis to maintain equality with the increase in cost of goods and services.
- The unconditional full faith and credit pledge of the state.

The strong credit ratings of the bonds (Aaa with Moody's, AAA with Fitch, AAA with Standard and Poor's) reflect both the historically high coverage of debt and the full faith and credit pledge of the state. In combination, they provide extremely strong protection for bondholders over the long term.

| Right-of-Way Acquisition and Bridge Construction Bonds Debt Service Coverage (\$ in millions) | | | | | |
|---|---|----------------------------------|------------------------|-----------------------------------|------------------------|
| FY Ended June 30 | Projected Motor & Diesel Fuel Taxes Available for Debt Service ¹ | Actual Debt Service ² | Current Coverage Ratio | Planned Debt Service ³ | Planned Coverage Ratio |
| 2022 | \$1,523.8 | \$184.2 | 8.27x | \$187.8 | 8.11x |
| 2023 | \$1,598.9 | \$181.0 | 8.83x | \$198.2 | 8.07x |
| 2024 | \$1,652.1 | \$178.1 | 9.28x | \$211.9 | 7.80x |
| 2025 | \$1,697.3 | \$168.7 | 10.06x | \$221.0 | 7.68x |
| 2026 | \$1,743.4 | \$165.5 | 10.53x | \$225.8 | 7.72x |
| 2027 | \$1,790.8 | \$157.1 | 11.40x | \$224.4 | 7.98x |
| 2028 | \$1,832.2 | \$139.7 | 13.12x | \$207.0 | 8.85x |
| 2029 | \$1,878.5 | \$132.1 | 14.22x | \$199.3 | 9.43x |
| 2030 | \$1,923.8 | \$132.1 | 14.56x | \$199.3 | 9.65x |

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¹Projected Motor & Diesel Fuel Sales taxes adopted by the Florida Estimating Conference on Transportation Revenue March 2021.

²Debt service on principal in the amount of \$2.0 billion as of June 30, 2021, after defeasance.

³Includes projected debt service on planned issuance of \$1.3 billion in bonds over the next nine years, per the Adopted STTF Finance Plan.

Grant Anticipation Revenue Vehicles (GARVEE) Bonds

Section 215.616, Florida Statutes, authorizes the pledging of future federal-aid reimbursements to pay debt service for GARVEE bonds, caps annual debt service at 10% of annual federal highway apportionments, and limits bond terms to 12 years. The Fixing America's Surface Transportation (FAST) Act was extended through September 2021. Future apportionments are estimated based on actual apportionments received by the Department for the federal fiscal year ended September 2021 of \$2.6 billion. The annual debt service cap is approximately \$211.3 million through FY 2030 based on regular federal highway apportionments plus Highway Infrastructure apportionments.

Future federal-aid highway reimbursements are pledged to repay the GARVEE bonds annual debt service. The amount of federal-aid highway reimbursement is dependent on several factors, including the amount of apportionments provided to the Department and the expenditures made on eligible projects.

As of June 30, 2021, \$226.1 million was outstanding.

Based on the Adopted STTF Finance Plan, the Department tentatively plans to issue approximately \$250 million of GARVEE bonds over the five-year work program period to meet the expanding state transportation needs. The requirement for additional bonds set forth in the bond resolution requires the average amounts of pledged revenues for the two immediately preceding fiscal years be at least equal to 500% of the maximum annual debt service on the bonds outstanding and the additional bonds proposed for issuance. This translates to a 5.0 coverage ratio. Cash flows of the pledged revenues provide debt service coverage ratios significantly higher than this requirement, as shown in the following table.

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| GARVEE Bonds Debt Service Coverage (\$ in millions) | | | | | |
|---|---|---------------------|------------------------|-----------------------------------|------------------------|
| FY Ended June 30 | Estimated Federal-Aid Highway Reimbursements ¹ | Actual Debt Service | Current Coverage Ratio | Planned Debt Service ² | Planned Coverage Ratio |
| 2022 | \$2,261.6 | \$28.2 | 80.20x | NA | 80.20x |
| 2023 | \$2,468.5 | \$28.2 | 87.54x | NA | 87.54x |
| 2024 | \$2,945.9 | \$28.2 | 104.46x | NA | 104.46x |
| 2025 | \$2,190.8 | \$28.2 | 77.69x | \$40.4 | 54.23x |
| 2026 | \$1,855.7 | \$28.2 | 65.80x | \$52.6 | 35.28x |
| 2027 | \$2,145.3 | \$28.2 | 76.07x | \$52.6 | 40.79x |
| 2028 | \$2,335.4 | \$28.2 | 82.82x | \$52.6 | 44.40x |
| 2029 | \$2,182.0 | \$28.2 | 77.38x | \$52.6 | 41.48x |
| 2030 | \$2,187.3 | \$28.2 | 77.56x | \$52.6 | 41.58x |

¹Federal-aid highway reimbursements are estimated over the next nine years based on the Adopted STTF Finance Plan. These estimates may include reimbursements of expenditures related to an assumed level of federal redistribution of \$100 million annually, funding from the Emergency Relief program for hurricane related reimbursements, funding from federal earmarks that are not included in the FAST Act highway forecast, funding from the Federal General Revenue received as part of the Highway Infrastructure Program, and funding from the Coronavirus Response and Relief Supplemental Appropriations Act.

²Estimated debt service on planned issuance of \$250 million in bonds over the next nine years, per the Adopted STTF Finance Plan.

GARVEE bonds provide the opportunity to leverage federal-aid highway funds to advance phases of various statewide projects. GARVEE bonds are projected to be used as “gap funding” to meet cash flow needs in financing the work program.

Fixed Guideway Bonds

A fixed-guideway transportation system is a public transit system for the transporting of people by a conveyance, or a series of interconnected conveyances, specifically designed for travel on a stationary rail or other guideway which is located on, above, or under the ground. Section 215.615, Florida Statutes, authorizes the use of up to 2% of the state’s transportation revenues to issue bonds to finance the construction, addition, or reconstruction of fixed guideway transportation systems. Each bonded project must be approved by the Legislature. To date, no bonds have been issued or are planned to be issued under the Fixed Guideway statute.

Florida Seaports

The Florida Ports Financing Commission (FPFC), a public body of local government, was created on July 17, 1996, by an Interlocal Agreement among three port authorities, Port Canaveral, Port Jacksonville, and Port Panama City. The Agreement was later amended to include Port Everglades, Port Miami, Port Tampa, Port Manatee, Port Palm Beach, and Port Ft. Pierce. The

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purpose of the FPFC is to provide a cost-effective means of financing various capital projects for Florida's deepwater ports by issuing bonds and transferring the proceeds to the individual ports.

To assist in the funding of such a program, the Legislature directed that \$15 million of the motor vehicle license fees be deposited into STTF each year to be used for this program. Under the Master Agreement with the FPFC, the Department agreed to annually transfer in July the \$15 million from STTF to an escrow account held on behalf of the trustee, to provide for the debt service requirements. The FPFC and the trustee entered into an indenture of trust dated December 1, 1996, which authorized the issuance of \$222.3 million of Florida Ports Financing Commission Revenue Bonds, Series 1996.

The 1997 Legislature authorized an additional \$10 million annually from motor vehicle license fees deposited into STTF, beginning July 2001, for the purposes of funding seaport intermodal access projects. The 1999 Legislature advanced the date of deposit to July 1999. The FPFC and the trustee also entered into an indenture of trust, dated September 1, 1999, which authorized the issuance of \$153 million of Florida Ports Financing Commission Revenue Bonds, Series 1999, secured by the additional \$10 million per year.

FDOT and FPFC entered into two separate master agreements, one for each bond series, pursuant to which FDOT agreed to transfer the state funds annually to escrow accounts held in the State Treasury, on behalf of the trustee, which may be drawn upon by the trustee to pay the bond debt service. The 2000 Legislature made changes to the program such that the Florida State Board of Administration, Division of Bond Finance, at the request of FDOT, will issue future bond issues.

On May 26, 2011, FPFC refinanced the Series 1996 and 1999 bonds. The refunding bonds consisted of \$10.65 million principal amount of revenue bonds issued in Series 2011A and \$141.67 million principal amount of revenue bonds issued in Series 2011B. In February 2021, the bonds were refinanced with the proceeds of bank debt.

In 2012, the Legislature created the Seaport Investment Program which directed \$10 million annually from STTF to begin in FY 2014, and annually for 30 years thereafter, for the purpose of funding seaport development projects in the adopted work program, including Florida Seaport Transportation and Economic Development (FSTED) Council allocations and Strategic Intermodal System (SIS) investment priorities. It was the intent of the Legislature that this revenue stream would be leveraged with a bond sale. The bond supports \$150 million of seaport projects, many of which are included in the FSTED program and SIS.

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In early November 2013, FDOT received the ratings from Moody's (Aa3), Fitch (AA), and Standard & Poor's (AA+). The bonds sold on January 28, 2014, at a par amount of \$138.1 million and included a net premium of \$12.3 million. Net proceeds in the amount of \$146,596,664.60 were received on February 20, 2014, the closing/delivery date of the bonds. As of June 30, 2019, 100% of the bond funds had been expended.

For additional information, contact the Florida Ports Council at (850) 222-8028, or visit the website at www.flaports.org.

Financing Support Programs

The Department has historically used a variety of forms of financial assistance to fund the development of capital projects. These include covenants to complete, operations and maintenance pledges entered into through lease-purchase agreements, covenants to pay Turnpike Enterprise operating and maintenance costs, Toll Facilities Revolving Trust Fund loans to pay for project development and feasibility assessment costs, SIB loans, public-private partnerships, TIFIA credit programs, Private Activity Bonds, Build America Bonds, and bonds issued through FDOT Financing Corporation.

Lease-Purchase Agreements

The Florida Expressway Authority Act authorized the Department to enter into lease-purchase agreements with expressway and bridge authorities under Chapter 348, Florida Statutes, (this authority was removed in the 2011 legislative session). Under lease-purchase agreements executed with third-party transportation authorities, the Department affirmed that it would pay all or any part of the costs of operation or maintenance of an expressway system, thereby enabling the authority to sell more revenue bonds through pledges of gross toll revenues. The Department is also authorized to covenant to complete authority projects under certain conditions. Except for Florida's Turnpike Enterprise, the financing of nearly every major toll facility project constructed in Florida has benefited from these lease-purchase agreements.

Lease-purchase agreements are currently in place for the Mid-Bay Bridge Authority, Santa Rosa Bay Bridge Authority, and the Central Florida Expressway Authority (formerly the Orlando-Orange County Expressway Authority).

Operating and Maintenance (O&M) Loans for Florida's Turnpike Enterprise Projects

Section 338.223(4), Florida Statutes, limits the maximum net amount of O&M loans for new Turnpike Enterprise projects. Prior to 2002, the limit was 0.5% of state transportation tax revenues for any fiscal year. In House Bill 261, which created the Turnpike Enterprise during the 2002 legislative session, the maximum amount of O&M loans was raised to 1.5% of state

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transportation tax revenues for any fiscal year. Loan amounts were received for three Turnpike Enterprise projects, Suncoast Parkway, SR 80, and Seminole Expressway Part II. As of July 2016, Turnpike had repaid all outstanding loan amounts to the Department.

Department Covenant to Pay Florida's Turnpike System O&M Costs

On August 21, 1997, the Department executed a Certification of Covenant to Pay Costs of Operating and Maintenance (Covenant) for the Turnpike System from moneys in STTF, as authorized by the 1997 Legislature in Section 206.46(5), Florida Statutes. By its terms, the Covenant 1) is a contract with bondholders and is enforceable by them, 2) is not subject to repeal, impairment, or amendment in any manner which would materially and adversely affect the rights of bondholders, and 3) may only be modified or amended upon compliance with the Modification or Amendment section of the Resolution. This Covenant has been included in each bond issue since 1998 and will be included in all subsequent issues. To date, the Turnpike System has made all required deposits into the operating and maintenance account and has made all payments to STTF for operating and maintenance costs incurred on behalf of the Turnpike System. During FY 2021, the gross revenue pledge was in full effect, since all gross revenues were available first to pay debt service on related bonds and then to repay STTF for operating and maintenance costs paid on behalf of the Turnpike System. The Adopted Finance Plan indicates that sufficient revenues will accrue to the Turnpike System to meet required payments.

Toll Facilities Revolving Trust Fund Loan Program

The Department issued loans from the Toll Facilities Revolving Trust Fund (TFRTF) program from FY 1987 through FY 2012. All cash in the trust fund at June 30, 2012, was transferred to STTF and all future repayments of outstanding loans are deposited into STTF.

At June 30, 2021, the Gasparilla Island Bridge Authority owes the Department \$600,000, with the last repayment scheduled in FY 2024. The only remaining balance due from prior loans is \$7.5 million owed from the Santa Rosa Bay Bridge Authority.

State Infrastructure Bank

The State Infrastructure Bank (SIB) is a revolving loan and credit enhancement program consisting of two separate accounts and is used to leverage funds to improve project feasibility. The SIB may lend capital costs or provide credit enhancements to public or private entities carrying out projects eligible for assistance under federal and state law. The SIB cannot provide assistance in the form of a grant. Eligible project costs include capital costs associated with constructing and improving transportation facilities including but not limited to, engineering, design and construction work, right-of-way acquisition, and construction oversight. Operating

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and maintenance costs associated with transportation facilities are deemed ineligible for SIB assistance.

The Federal-funded SIB account is capitalized by federal money matched with state money, as required by law under the Transportation Equity Act for the 21st Century (TEA-21). All repayments are paid to the Federal-funded SIB account and revolved for future loans. Projects must be eligible for assistance under Title 23, United States Code (USC) or capital projects as defined in Section 5302 or Title 49 USC. Projects must be included in the adopted comprehensive plans of the applicable Metropolitan Planning Organization (MPO) and must conform to all federal and state laws, rules, and standards.

The State-funded SIB account is capitalized by state money and bond proceeds, per Sections 339.55 and 215.617, Florida Statutes. All repayments are paid to the State Board of Administration where debt service is repaid on any outstanding bonds with the remainder returned to the State-funded account and revolved for future loans. Projects must be on the State Highway System or provide increased mobility on the state's transportation system, or provide intermodal connectivity with airports, seaports, rail facilities, and other transportation terminals. The State-funded SIB can be used in constructing and improving transportation facilities or ancillary facilities that produce or distribute natural gas or fuel. Additionally, Transportation Regional Incentive Program (TRIP) projects under Section 339.2819(4), Florida Statutes, are also eligible. Projects must be consistent, to the maximum extent feasible, with local MPO's local government comprehensive plans and must conform to policies and procedures within applicable Florida Statutes and other appropriate state standards for the transportation system.

In June 2005, \$62.3 million of State Infrastructure Bank Revenue Bonds, Series 2005A, were sold. In August 2007, \$61.3 million of State Infrastructure Bank Revenue Bonds, Series 2007, were sold. There are no subsequent bond issues scheduled at this time. As of June 30, 2021, \$7 million in principal and \$834,000 in interest remains outstanding for both Series 2005A and 2007 bonds. The Department plans to call the bonds in October 2021.

The State-funded SIB account also allows for the lending of capital costs to provide credit enhancements for emergency loans for damages incurred on public-use commercial deepwater seaports, public-use airports, and other public-use transit and intermodal facilities that are within an area that is part of an official state declaration of emergency, per Chapter 252, Florida Statutes, and other applicable laws.

The SIB can leverage funds through loans and credit enhancement assistance to improve project feasibility. A SIB loan may be subordinated to other debt financing for a project with an investment grade rating of BBB or higher. Loans from the SIB may bear interest at or below

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market interest rates, as determined by the Department. Florida's SIB is established as escrow accounts at the Department of Financial Services, Division of Treasury, where, in accordance with the Division of Treasury's Comprehensive Investment Policy for the Treasury Investment Pool, SIB escrow funds are invested with the main objectives of providing liquidity, preserving principal, and providing incremental income to the SIB program. As of June 30, 2021, \$126.3 million plus \$45.7 million in interest, totaling \$172 million has been deposited into the Federal-funded SIB account, and \$498.7 million plus \$68.6 million in interest, totaling \$567.3 million has been deposited into the State-funded SIB account. Any plans for future bond sales would be based on capitalization needs and SIB loans issued annually.

Applications are accepted for federal and state eligible projects during the published advertisement period via the Department's online application process. Application and award dates are preliminary and are subject to change. Visit the SIB website at <https://www.fdot.gov/comptroller/pfo/sib.shtm>.

State-Funded SIB

As of June 30, 2021, the Department has executed 60 State-funded SIB loans totaling \$1.2 billion. These awards leverage/advance \$9.5 billion of total project costs, inclusive of Project Development and Engineering (PD&E), right-of-way acquisition, construction, and construction oversight costs.

| Summary of State-Funded SIB (\$ in millions) | | | | | | |
|---|-----------------|------------------|----------------------------------|------------------------|-------------------------|----------------|
| | Number of Loans | SIB Assistance | Total Project Costs ¹ | SIB Draws ² | Repayments ³ | Outstanding |
| Loans external to FDOT | 46 | \$742.3 | \$6,234.0 | \$759.2 | \$577.9 | \$181.3 |
| Loans internal to FDOT | 14 | \$453.8 | \$3,221.0 | \$216.5 | \$173.0 | \$43.5 |
| Total | 60 | \$1,196.1 | \$9,455.0 | \$975.7 | \$750.9 | \$224.8 |

¹Total project capital costs inclusive of PD&E, right-of-way acquisition, construction, and construction oversight costs.

²Includes capitalized interest.

³Includes interest only payments.

Federal-Funded SIB

As of June 30, 2021, Florida's Federal-funded SIB has executed 46 loans totaling \$669.3 million advancing \$2.5 billion of project capital costs inclusive of PD&E, right-of-way acquisition, construction, and construction oversight costs.

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| Summary of Federal-Funded SIB (\$ in millions) | | | | | | |
|---|-----------------|----------------|----------------------------------|------------------------|-------------------------|---------------|
| | Number of Loans | SIB Assistance | Total Project Costs ¹ | SIB Draws ² | Repayments ³ | Outstanding |
| Loans external to FDOT | 21 | \$176.1 | \$570.4 | \$102.0 | \$86.2 | \$15.8 |
| Loans internal to FDOT | 25 | \$493.2 | \$1,957.3 | \$392.1 | \$329.4 | \$62.7 |
| Total | 46 | \$669.3 | \$2,527.7 | \$494.1 | \$415.6 | \$78.5 |

¹Total project capital costs inclusive of PD&E, right-of-way acquisition, construction, and construction oversight costs.

²Includes capitalized interest.

³Includes interest only payments.

Florida Department of Transportation (FDOT) Financing Corporation

The Florida Legislature enacted Section 339.0809, Florida Statutes, which created as a nonprofit corporation, the FDOT Financing Corporation, for the purpose of financing or refinancing transportation projects for the Department. The corporation is governed by a board of directors consisting of the Director of the Office of Policy and Budget within the Executive Office of the Governor, the Director of the Division of Bond Finance, and the Secretary of FDOT.

The Department may enter into service contracts with the FDOT Financing Corporation in connection with projects approved in the Department's Work Program and each service contract may have a term of up to 35 years. The FDOT Financing Corporation may issue and incur notes, bonds, certificates of indebtedness, and other obligations or evidences of indebtedness. Indebtedness of the corporation does not constitute a debt or obligation of the state or a pledge of the full faith and credit or taxing power of the state. Payment of obligations to the Corporation are payable solely from amounts available in STTF, subject to annual appropriation.

As of June 30, 2021, the Corporation has issued bonds to fund one capital project, the I-95 Express Lane Phase 3C.

On August 28, 2018, the first of three planned bonds was issued. This bond issuance was for \$188.1 million and has a 15-year term. On January 7, 2021, the second bond was issued by the Corporation. This bond was for \$188.1 million and has a 15-year term. The third planned bond sale is anticipated to occur between July and September 2022.

Public-Private Partnerships (P3)

The Florida Legislature enacted Section 334.30, Florida Statutes, Public-Private Transportation Facilities, to demonstrate a commitment to find innovative solutions and answer the public

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need for the rapid construction of safe and efficient transportation facilities. The statute grants FDOT the authority to advance projects in the adopted five-year work program, as well as projects that are in the ten-year Strategic Intermodal Plan that increase capacity and are greater than \$500 million, through public-private partnerships. Under these agreements, private entities may develop new toll facilities or increase capacity of existing facilities, however, toll revenues are regulated and collected by FDOT, per Section 338.165(3), Florida Statutes.

Since 2007, the Department has contracted two types of P3s under Section 334.30, Florida Statutes. The first type, a short-term contract (usually less than 10 years) called design-build-finance (DBF) or build-finance (BF), advances the construction of a project and allows the Department to repay contractors based on funding programmed in future years. The second type, called design-build-finance-operate-maintain (DBFOM), advances construction of a project and pays a private concessionaire to design, build, and finance the construction as well as operate and maintain the facility for 30 or more years. The concessionaire may receive milestone, periodic or final acceptance payments during or shortly after construction, and availability payments during the operating period. Availability payments are based on performance and are subject to the concessionaire adequately operating and maintaining the facility according to the performance specifications contained in the DEBOM contract. The Department ensures that no more than 15% of total federal and state funding in any given year for STTF is obligated collectively for all projects under this section.

The Department may request proposals from private entities for P3 transportation projects and may review unsolicited proposals. P3 projects executed to date include:

- I-75 in Lee and Collier Counties (iROX)
- I-95 Express Lanes Phase I
- US 1/SR 5 Widening and Improvements in the “18-Mile Stretch”
- I-95 Widening/Pineda Causeway Interchange
- Palmetto Section 2 Expressway Widening and Interchange Improvements
- I-595 Corridor Improvements
- PortMiami Tunnel
- US 19
- Palmetto Section 5 – SR 826/836 Interchange
- I-4 Connector
- I-95 from South of SR 406 to North of SR 44
- SR 9B Phase 1
- I-75 North of SR 80 to South of SR 78
- SR 79 from N. Mill Branch Bridge to SR 8 (I-10)

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- I-4 Ultimate
- I-395/I-95

The following table reflects P3 debt as of June 30, 2021, for P3 projects.

| Public-Private Partnership Debt ¹ (\$ in millions) | | |
|--|------------|-------------------|
| Project Name | Type of P3 | Debt ² |
| I-595 Corridor Improvements | DBFOM | \$2,355.3 |
| PortMiami Tunnel | DBFOM | \$786.9 |
| I-4 Ultimate | DBFOM | \$2,289.7 |
| I-395 | DBF | \$163.8 |
| Total | | \$5,595.7 |

¹ For BF and DBF projects, debt captures all construction-period costs incurred but not paid.

² For DBFOM projects, debt captures the aggregate of all construction-period payments outstanding, including periodic, milestone and final acceptance payments, and the capital portion of Availability Payments (AP) to the end of the contract term.

Note: All figures are based on programming as of June 30, 2021, excluding local and Turnpike funds. As of June 30, 2021, Westshore Core General Purpose Contract 1 was programmed as a DBF. This project was revised under a Design-Build model in the first quarter of FY 2022.

For more information, visit FDOT's P3 website at:

<https://www.fdot.gov/comptroller/PFO/p3.shtm>

Transportation Infrastructure Finance and Innovation Act (TIFIA)

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a federal credit program for eligible transportation projects of national or regional significance under the U.S. Department of Transportation (USDOT). TIFIA offers three forms of credit assistance to states (including D.C. and Puerto Rico) and state infrastructure banks, localities, or other public authorities, as well as private entities undertaking projects sponsored by public authorities:

1. Secured (direct) loans – Construction and permanent financing of eligible project capital costs with terms of up to 35 years from substantial completion.
2. Loan guarantees – Full-faith-and-credit guarantees by the Federal government that guarantees borrower's repayments to non-Federal lenders.

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3. Standby lines of credit – A secondary source of funding in the form of a Federal loan to supplement project revenues and available up to 10 years after project substantial completion.

With the enactment of Moving Ahead for Progress in the 21st Century Act (MAP-21) in 2012, “master credit agreements” are authorized under which USDOT may make a contingent commitment of future TIFIA credit assistance for a program of projects secured by a common revenue pledge. The fundamental goal of the TIFIA credit program is to leverage federal funds by attracting substantial private and other non-federal, co-investment in critical improvements to the nation’s surface transportation system. The minimum threshold required for total project costs is \$50 million (\$10 million for transit-oriented development, local and rural infrastructure projects and \$15 million for Intelligent Transportation System projects). With the enactment of MAP-21, the amount of federal TIFIA credit assistance is limited to 33 percent of reasonably anticipated eligible project costs unless the project sponsor provides a compelling justification for up to 49 percent. Interest rates associated with TIFIA credit assistance are fixed and are equivalent to Treasury rates. The Fixing America’s Surface Transportation (FAST) Act in December 2015 re-authorized the funding from FY 2016 to FY 2020, but reduced the direct funding from \$1 billion in 2015 to \$300 million each in 2019 and 2020. Additionally, the FAST Act created the National Surface Transportation and Innovative Finance Bureau, also known as the Build American Bureau, to provide assistance and communicate best practices to project sponsors looking to take advantage of DOT credit programs.

The Miami Intermodal Center (MIC) program received approval for two TIFIA loans. The proceeds from the initial loan of up to \$269 million were to be used for land acquisition and environmental remediation, roadway access improvements to the Miami International Airport (MIA), and a people mover system (MIA Mover) connecting MIA with the Rental Car Facility (RCF) and the MIC Core, and initial construction of the MIC Core , or the MIC Central Station – a transportation hub that will link Tri-Rail, Amtrak, Greyhound, Miami-Dade Transit’s bus system and future connections to Miami-Dade Transit’s rail system. The State Comprehensive Enhanced Transportation System (SCETS) fuel tax distributed to FDOT District 6 for Miami-Dade County was the primary pledge to repay the TIFIA loan. This loan had \$15 million in actual loan draws and was repaid in full on July 3, 2006. The proceeds from the second loan (the “2005 RCF Loan”) of up to \$170 million was used for the design and construction of the consolidated RCF. The loan for the RCF closed on April 29, 2005, with USDOT. On August 28, 2007, an additional loan in the amount of \$100 million (the “2007 RCF Loan”) increased the total FDOT borrowings to \$270 million and consolidated the terms and conditions of both 2005 RCF Loan and 2007 RCF Loan under one Amended and Restated Loan Agreement (the “RCF Loan”). In June of 2013, FDOT completed draw-downs of the RCF Loan. Repayment for the RCF Loan will come from rental car user fees (customer facility charges) imposed on customers renting cars

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from participating rental car companies operating in the RCF. Contingent rent, if necessary, will also be paid by participating rental car companies operating in the RCF, if the rental car user fees are insufficient.

Three of the Department's P3s are utilizing TIFIA loans, the I-595 Corridor Improvements, the PortMiami Tunnel, and I-4 Ultimate, with loans of \$603 million, \$342 million, and \$949 million, respectively. However, these TIFIA loans were not made to FDOT but rather to the concessionaires that are responsible for designing, building, financing, operating, and maintaining these facilities.

Additional information on TIFIA can be found at

www.transportation.gov/buildamerica/programs-services/tifia

Private Activity Bonds (PABs)

Private Activity Bonds are municipal securities in which private entities use the proceeds for infrastructure projects. These bonds allow a private project sponsor to benefit from the lower financing costs of tax-exempt bonds. Section 11143 of Title XI of SAFETEA-LU amended Section 142 of the Internal Revenue Code to add highway and freight transfer facilities to the types of privately developed and operated projects for which private activity bonds may be issued.

Federal law limits the total amount of such bonds to \$15 billion. As of January 2020, approximately \$13.7 billion of PABs had been issued and PAB allocations approved by US DOT totaled approximately \$1.06 billion nationwide. FDOT made PABs available to teams bidding on the I-4 Ultimate and I-595 P3 projects, as part of the projects' private financing structure, but were not used. The \$15 billion in exempt facility bonds is not subject to the state volume caps. Passage of the PABs legislation reflects the federal government's desire to increase private-sector investment in U.S. transportation infrastructure. Providing private developers and operators with access to tax-exempt interest rates may lower the cost of capital, enhancing investment prospects. Increasing the involvement of private investors in highway and freight projects generates new sources of money, ideas, and efficiencies.

Under Section 11143 of Title XI of SAFETEA-LU, no PABs have been issued to date for any FDOT P3.

Additional information on PABs can be found at:

www.transportation.gov/buildamerica/financing/private-activity-bonds-pabs/private-activity-bonds

Florida's Turnpike Enterprise

History

Florida's Turnpike was created in 1953 as the Florida State Turnpike Authority and became part of the Department in 1969. The Turnpike was reorganized as an office within the Department in 1988, and as a District in 1994. Throughout its history, Florida's Turnpike has consistently remained focused on delivering user-financed highways to meet the needs of its customers while protecting bondholders. Florida's Turnpike Enterprise (Enterprise) is responsible for the management of Florida's Turnpike System, the collection of tolls on a number of other facilities owned or operated by FDOT, in addition to SunPass transaction processing and account management for several other Florida toll authorities and local governments.

SunPass is an electronic toll collection system operated by the Enterprise which uses vehicle transponders associated with customer prepaid toll accounts. Within Florida, SunPass can be utilized on the Turnpike System; other toll facilities owned or operated by FDOT; the three major metropolitan expressway systems owned by the Central Florida Expressway Authority, the Miami-Dade Expressway Authority, and the Tampa-Hillsborough Expressway Authority; the Osceola Parkway in Osceola County; the Sanibel Causeway, Cape Coral Bridge, and Midpoint Memorial Bridge in Lee County; the Broad, Venetian, and Rickenbacker Causeways in Miami-Dade County; the Card Sound Bridge connecting Miami-Dade County to Monroe County; the Bob Sikes Bridge in Escambia County; and the Orchard Pond Parkway in Leon County.

Additionally, SunPass can be used to pay for parking at the Hard Rock Stadium in Miami Gardens, as well as international airports in Orlando, Fort Lauderdale, Tampa, Palm Beach, and Miami. Per the mandate contained in MAP-21 federal legislation, all state tolling systems must become interoperable with each other. The Enterprise continues to make progress towards national toll interoperability. Currently, SunPass can be used in North Carolina and Georgia. Additionally, the Enterprise has executed agreements with the South Carolina Department of Transportation, the Greenville Southern Connector, and the U.S. Central Hub encompassing Texas, Oklahoma and Kansas. Most recently, the Enterprise is now a full member of the Interagency Group. Membership will allow for SunPass interoperability anywhere E-ZPass is accepted, which currently stretches across 18 states.

SunPass customers can pay their tolls electronically without having to stop at a toll plaza. SunPass toll rates are typically lower than cash toll rates. During FY 2021, over 1.2 billion electronic toll transactions were processed by the Enterprise, of which nearly half were on behalf of local governments and expressway authorities. As of June 2021, the Enterprise was responsible for over 8.9 million active SunPass prepaid toll accounts, providing account maintenance, customer support, and transaction processing.

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The Enterprise also offers a video toll option for Turnpike System customers utilizing the Veterans Expressway and the I-4 Connector in Hillsborough County, the Suncoast Parkway in Hillsborough, Pasco and Hernando counties, SR 821 (the Homestead Extension of Florida's Turnpike) in Miami-Dade County, the Sawgrass Expressway in Broward County, and the Southern Coin section of the Turnpike Mainline in Miami-Dade and Broward counties. Customers can travel on these facilities without a SunPass and will receive a "Toll-By-Plate" invoice which they can subsequently pay online, over the phone, or through the mail.

Construction of Florida's Turnpike was authorized by the 1953 Legislature. The first section opened in 1957, with subsequent sections opening in 1964 and 1973. Construction of the Turnpike Mainline was financed from bond sales in 1955, 1961, 1970 and 1973, all of which have been retired.

In 1989, bonds were sold for general improvements to the Turnpike System. In 1990, the Legislature recognized that the state's road system had not kept pace with the growth experienced in the immediately preceding decade. To meet these needs, the Legislature authorized the Turnpike Expansion Program and allocated a total of \$425 million of state funds to be used on Turnpike projects. Turnpike opened five expansion projects under the program started as a result of this legislation and enhanced by 1997 legislation: the Seminole Expressway, the Veterans Expressway, the Southern Connector Extension (funded by System revenues and private funding), the Polk Parkway, and the Suncoast Parkway. In 2000, Turnpike acquired title to the Sawgrass Expressway through the refunding of the Sawgrass Expressway bonds. In 2003, 2004, and 2006, bonds were sold to construct a new Turnpike expansion project, the Western Beltway, Part C. Also in 2013, bonds were sold for the latest addition to the Turnpike System, the I-4 Connector in Tampa which opened in FY 2014. In July 2014, the Turnpike purchased the Beachline East toll facility from the Department. Additionally, the Turnpike sold bonds during FY 2014, 2015 and 2016 to provide funding for the First Coast Expressway in Jacksonville, which opened in 2019.

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The following table reflects Turnpike bond issues outstanding in FY 2021, including refunding issues to achieve debt service savings, totaling \$2.624 billion.

| Turnpike Bonds As of June 30, 2021 (\$ in millions) | | | |
|---|----------------|--------------|-------------------|
| Series | Yield Rates | Issue Amount | Principal Balance |
| 2012A* | 0.25 to 3.625% | \$306 | \$273 |
| 2013A* | 0.25 to 2.29% | \$183 | \$73 |
| 2013B* | 0.19 to 2.70% | \$206 | \$8 |
| 2013C* | 0.20 to 4.62% | \$267 | \$193 |
| 2014A* | 0.15 to 4.00% | \$224 | \$206 |
| 2015A* | 0.33 to 4.05% | \$241 | \$198 |
| 2015B* | 0.58 to 3.56% | \$196 | \$163 |
| 2016A* | 0.63 to 3.31% | \$173 | \$137 |
| 2016B* | 0.66 to 2.56% | \$113 | \$73 |
| 2016C* | 1.18 to 3.50% | \$143 | \$123 |
| 2017A* | 1.49 to 2.53% | \$132 | \$53 |
| 2018A | 1.88 to 4.00% | \$300 | \$287 |
| 2019A* | 1.75 to 3.53% | \$224 | \$211 |
| 2019B | 1.11 to 3.00% | \$178 | \$173 |
| 2020A* | 0.75 to 1.85% | \$191 | \$185 |
| 2020B | 0.15 to 2.10% | \$194 | \$192 |
| 2021A | 0.10 to 2.15% | \$76 | \$76 |
| Total | | \$3,347 | \$2,624 |

* These issues included refunding bonds (all or partial)

Turnpike Enterprise Bonding Program

Florida's Turnpike Enterprise utilizes a combination of cash and revenue bonds to improve and expand the Turnpike System. Conservative policies guide the Turnpike Enterprise in managing its bond program. Bonds are structured to provide for level debt service payments and are sold for Turnpike System projects that have a useful life equal to or greater than the term of the bonds, e.g., 30-year bonds for projects with a life of 30 years or more. Recurring annual operating and maintenance costs are not bonded.

During FY 2021, the Turnpike Enterprise issued \$194 million of 2020B new money bonds to fund the widening of the Homestead Extension of Florida's Turnpike (HEFT) from SW 216th Street to SR836 in Miami-Dade County. The Turnpike also issued \$76 million of 2021A revenue refunding bonds, together with other legally available money, to refund approximately \$84

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million of the 2011 Turnpike Revenue Bonds maturing in years 2022 and 2041. The net present value of the debt service savings was approximately \$26 million.

Since its inception in 1989, the Turnpike has issued approximately \$9.2 billion of new-money and refunding bonds. After repayments, the outstanding principal balance of Turnpike bonds was approximately \$2.6 billion at June 30, 2021.

The finance plan for the Turnpike Enterprise's Adopted Work Program for the period of FY 2022 through FY 2026 includes estimated planned issues of approximately \$2.5 billion to fund the capital improvement program. The coverage required by the Turnpike Debt Management Policy is 1.50x (net debt service coverage ratio). The finance plan for the adopted work program for FY 2022 through FY 2026 reflects projected net coverage well above the 1.50x minimum requirement.

| Turnpike System Projected Debt Service Coverage (\$ in millions) | | | | | | | | | |
|--|-----------------|----------------------------|-----------------------|-------------------------------|-----------------------------------|----------------|-----------------|---|------------------|
| FY Ended June 30 ¹ | Toll Revenue | Admin Charge Revenue | Concession Revenue | Gross Operating Revenue | O&M + Bus Dev & Mktg Exp | Net Revenue | Debt Service | Times Debt Service Coverage ² | |
| | | | | | | | | Net Revenue | Gross Revenue |
| 2021 | \$969.9 | \$21.1 | \$9.8 | \$1,000.8 | \$252.5 | \$748.3 | \$257.8 | 2.90x | 3.88x |
| 2022 | \$1,023.6 | \$21.9 | \$9.3 | \$1,054.8 | \$249.8 | \$805.0 | \$264.6 | 3.04x | 3.98x |
| 2023 | \$1,081.0 | \$22.7 | \$9.4 | \$1,113.1 | \$260.1 | \$853.0 | \$281.6 | 3.03x | 3.95x |
| 2024 | \$1,125.9 | \$23.2 | \$9.5 | \$1,158.6 | \$266.1 | \$892.5 | \$305.6 | 2.92x | 3.79x |
| 2025 | \$1,165.1 | \$23.6 | \$9.6 | \$1,198.3 | \$271.1 | \$927.2 | \$331.4 | 2.79x | 3.61x |
| 2026 | \$1,203.9 | \$23.9 | \$9.8 | \$1,237.6 | \$277.9 | \$959.7 | \$338.9 | 2.83x | 3.65x |

¹2021 represents actual amounts; other years are estimated based on the Finance Plan for the Adopted Work Program.

²Estimated debt service coverage ratios do not reflect other operating revenues or investment income which would increase the coverage.

Turnpike Enterprise Revenues

The Turnpike System earned \$969.9 million in toll revenues during FY 2021, representing an increase of approximately 1.4% from FY 2020 toll revenues of \$956.3 million. The increase in toll revenues was primarily due to the traffic rebounding sooner than expected after the impact from COVID-19.

The following table reflects toll revenues by system component for the past two years:

| Turnpike System Toll Revenue Comparison of FY 2020 to FY 2021 (\$ in millions) | | | | |
|--|-----------|-----------|-----------|----------|
| Component | FY 2020 | FY 2021 | \$ Change | % Change |
| Mainline | \$643,138 | \$662,910 | \$19,772 | 3.1% |
| Sawgrass Expressway | \$80,244 | \$76,395 | (\$3,849) | -4.8% |
| Seminole Expressway | \$56,008 | \$53,422 | (\$2,586) | -4.6% |
| Veterans Expressway | \$53,781 | \$51,896 | (\$1,885) | -3.5% |
| Southern Connector Extension | \$13,203 | \$12,101 | (\$1,102) | -8.3% |
| Polk Parkway | \$35,431 | \$37,099 | \$1,668 | 4.7% |
| Suncoast Parkway | \$26,623 | \$27,855 | \$1,232 | 4.6% |
| Western Beltway, Part C | \$15,771 | \$15,795 | \$24 | 0.2% |
| I-4 Connector | \$14,013 | \$13,113 | (\$900) | -6.4% |
| Beachline East Expressway | \$6,256 | \$5,710 | (\$546) | -8.7% |
| First Coast Expressway | \$11,792 | \$13,566 | \$1,774 | 15.0% |
| Total | \$956,260 | \$969,862 | \$13,602 | 1.4% |

Turnpike Enterprise Operating & Maintenance Costs (O&M)

The Turnpike system’s O&M costs increased approximately 3.9% over the prior year. O&M primarily consists of toll collection and routine maintenance costs. For FY 2021, O&M increased from \$242.9 million to \$252.4 million. This was the result of the commitment to preserve the infrastructure in connection with the Department’s condition and maintenance programs.

Additional information on Florida’s Turnpike Enterprise can be found at www.floridasturnpike.com

Department-Owned Toll Facilities

In addition to Florida’s Turnpike Enterprise, the Department owns and operates the following nine toll facilities across the state.

Sunshine Skyway Bridge

The Sunshine Skyway Bridge is part of I-275 and passes over Tampa Bay, linking the St. Petersburg and Bradenton areas. Net revenues (after O&M) annually reduce amounts owed to STTF for prior year costs incurred on the facility. Additionally, in accordance with Section 338.165, Florida Statutes, excess toll revenues are being used to fund improvements on other transportation facilities in Hillsborough, Manatee, and Pinellas Counties. On June 30, 2021,

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STTF was due \$988,679 for O&M costs, \$5.2 million for other facility costs, and \$21.5 million for improvements on other facilities. STTF is reimbursed for O&M and facility costs prior to revenues being applied to the other facility related debt.

In May 2019, \$86.64 million Sunshine Skyway Revenue Bonds were issued to fund projects in Manatee, Pinellas and Hillsborough counties, including but not limited to, the replacement of the Howard Frankland Bridge, Gateway Expressway, and Tampa Bay Next. On June 30, 2021, the total remaining debt service was \$116.8 million, including \$81.1 million in principal and \$35.7 million in interest.

Everglades Parkway (Alligator Alley)

Alligator Alley is part of I-75 and runs from Naples to west of Ft. Lauderdale. The Legislature found that the construction of the Alligator Alley contributed to the alteration of water flows and affected ecological patterns of the Everglades. To provide resources for restoration of the Everglades, excess toll revenues are transferred annually (if available) to the Everglades Fund of the South Florida Water Management District (SFWMD) in accordance with Section 338.26, Florida Statutes, and a Memorandum of Agreement (MOA) dated June 30, 1997. A new MOA was signed with SFWMD on June 30, 2016, ending June 30, 2019, where FDOT would annually transfer by August 15th, all excess revenues from the previous state fiscal year. In March 2019, a new MOA with SFWMD was signed to extend the term through August 15, 2029. As of June 30, 2021, there were no excess revenues available from FY 2021 for transfer to SFWMD. Transfers from the Department to SFWMD total \$76.8 million under all three MOAs.

In March 2007, \$43.175 million Alligator Alley Revenue Refunding Bonds were issued to refund the 1997 issuance of \$55.2 million. In accordance with the bond covenants, net toll revenues fund renewal and replacement costs. Renewal and replacement costs include system resurfacing along with other preservation costs. Funds are accumulated in the Renewal and Replacement (R&R) fund for such purposes and on June 30, 2021, the fund had \$57.0 million of which \$4.4 million is due to the Department for costs incurred in FY 2021.

The 2011 legislative session amended Section 338.26(3), Florida Statutes, requiring that toll revenues would be used to “develop and operate a fire station at mile marker 63 on Alligator Alley to provide fire, rescue, and emergency management services to the adjacent counties along Alligator Alley,” which opened in the fall of 2014. The latest amendment during the 2019 legislative session, revises Section 338.26(3)(a)(4), Florida Statutes, and requires the Department, by interlocal agreement, to reimburse the local governmental entity for direct actual costs of operating the fire station. The fire station is to provide services exclusively on Alligator Alley and must contribute 10 percent of the direct actual costs not to exceed \$1.4 million in any state fiscal year. At the end of the agreement, ownership and title of all fire,

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rescue, and emergency equipment used at the fire station during the agreement period, will transfer to the state. The interlocal agreement is through June 2027.

In July 2017 (FY 2018), \$21.635 million Alligator Alley Revenue Refunding Bonds were issued to refund the 2007 issuance of \$43.175 million. The 2017 bonds will be retired in FY 2027. Maximum annual debt service on the 2017 bonds is approximately \$2.8 million. On June 30, 2021, the total remaining debt service was \$16.8 million, including \$14.2 million in principal and \$2.6 million in interest.

Pinellas Bayway

The Pinellas Bayway consists of a series of causeways and bridges providing a connection between St. Petersburg Beach, Fort DeSoto Park, and I-275 in south St. Petersburg. There are no outstanding bonds on this facility. Revenues after operating and maintenance costs are being accumulated along with interest earnings for projects in Pinellas County, in accordance with Chapter 2014-223, Laws of Florida. Accumulated funds have been used for the construction of Blind Pass Road and SR 699 improvements. Currently, these funds are also being used for the construction of Phase II of the Pinellas Bayway improvements, in accordance with law. Construction on one of the Pinellas Bayway Bridges began in FY 2012. The balance of the escrow account was \$19.5 million as of June 30, 2021. Toll revenues reimburse STTF for annual operating and maintenance costs. Amounts owed to STTF totaled \$102.5 million as of June 30, 2021.

Construction of Structure E of the Bayway System was programmed to begin FY 2018. The construction will deplete the escrow account and will add to the Bayway's debt due to STTF for those expenditures.

I-95 Express

I-95 Express is Florida's first express lane facility. It opened in 2008 to mitigate demand on one of the most congested highways in the country, I-95 in Miami-Dade County. The project combines four major transportation techniques: tolling, transit, travel-demand management, and technology. The goal is to increase the highway's people-moving capacity in order to meet the increased travel demands being experienced in the corridor. I-95 Express features a dynamic tolling mechanism, ride-sharing incentives, and bus rapid transit service that gives commuters various options for travel. These services in combination with enhanced operational and incident management efforts have reduced travel time by 200% in the local lanes and by 300% in the express lanes, while significantly increasing transit usage as well.

Debt and Debt-Like Financing Report

The project is being implemented in various phases. Phase 1A opened on December 5, 2008, and runs northbound on I-95 from SR 112 to the Golden Glades area just north of 151st Street in Miami-Dade County. Phase 1B opened on January 15, 2010, and runs southbound on I-95 from the Golden Glades area to I-395. Phase 1B also extended the northbound express lanes further to the south from SR 112 to I-395. Phase 2 created lanes in both directions on I-95 between the Golden Glades interchange in Miami-Dade County and I-595 in Broward County and began collecting tolls in October 2016. Excess revenues generated will be used for construction, maintenance, or improvements of any road on the State Highway System within the county or counties in which the revenue was collected, in accordance with Section 338.166, Florida Statutes.

On June 30, 2021, STTF was due \$74 million consisting of \$20.4 million for O&M costs, \$50 million for other facility costs, and \$3.6 million for improvements on other facilities.

Wekiva Parkway

Once fully completed, the Wekiva Parkway will be a 25-mile toll road that completes the beltway around Central Florida. The Parkway was authorized in 2004 by the Wekiva Parkway and Protection Act and is being developed jointly by FDOT and the Central Florida Expressway Authority, with FDOT responsible for the portions in Lake and Seminole counties. Development of the Wekiva Parkway has included setting aside more than 3,400 acres of land for conservation as well as numerous wildlife bridges and will be largely elevated to reduce accidents between vehicles and wildlife.

On June 30, 2021, STTF was due \$127,607 for O&M costs and \$18,487 for other facility costs.

I-75 Express

I-75 Express consists of tolled lanes within the I-75 median in Western Broward County and northwest Miami-Dade County.

On June 30, 2021, STTF was due \$5.8 million for O&M costs.

Palmetto Expressway

Express lanes on 25 miles of SR 826 is being implemented in Miami-Dade County, with construction to be completed in different phases.

On June 30, 2021, STTF was due \$9 million for O&M costs and \$1,099 for other facility costs.

I-295 Express

I-295 is a portion of the beltway around Jacksonville, now with express lanes from the Buckman Bridge to I-95, providing two express lanes in each direction.

On June 30, 2021, STTF was due \$3.8 million consisting of \$2.4 million for O&M costs and \$1.4 million for other facility costs.

Department-Owned and Concessionaire Operated Toll Facilities

I-595 Express

The I-595 Express Corridor Improvements project consisted of the reconstruction of the I-595 mainline and all associated improvements to frontage roads and ramps from the I-75/Sawgrass Expressway interchange to the I-595/I-95 interchange, for a total project length along I-595 of approximately 10.5 miles and included three at-grade, reversible express toll lanes, serving express traffic between I-75/Sawgrass Expressway and SR 7, with a direct connection to the median of Florida's Turnpike. These lanes operate as express lanes with variable tolls to optimize traffic flow and reverse directions in peak travel times (eastbound in the a.m./westbound in the p.m.).

The project improvements were implemented as part of a P3 with I 595 Express, LLC, a subsidiary created by ACS Infrastructure Development, who was awarded the contract to serve as the concessionaire to design-build-finance-operate-maintain the project for a 35-year term. The Department provides management oversight of the contract. The Department installed, tested, and will operate and maintain all SunPass tolling equipment for the reversible express lanes as well as set toll rates and retain toll revenue. The project opened to traffic in March 2014 and reached final acceptance on September 5, 2014.

On June 30, 2021, STTF was due \$1.5 million for O&M costs.

Department-Operated Toll Facilities

In addition to Florida's Turnpike Enterprise and the nine Department-owned and operated toll facilities mentioned above, the Department operates two toll facilities under the terms of a lease-purchase agreement with two bridge authorities.

Mid-Bay Bridge

The Mid-Bay Bridge crosses Choctawhatchee Bay from SR 20 east of Niceville to south of US 98 near Destin. The Department collects tolls and maintains the facility under the terms of a lease-purchase agreement with the Mid-Bay Bridge Authority under which the Department pledges to pay the costs of O&M. The reimbursement of these expenditures is subordinate to debt service requirements and payable from excess revenues flowing to the Mid-Bay Bridge General Reserve Fund. Total debt owed to STTF was \$10.5 million as of June 30, 2021. The Authority has issued several bond series with the most recent issuance being 2015A, 2015B, and 2015C.

For more information, contact the Mid-Bay Bridge Authority at (850) 897-1428 or visit their website at www.mid-bay.com.

Garcon Point Bridge

Garcon Point Bridge opened to traffic May 14, 1999, and is a fixed span, toll bridge that traverses Santa Rosa Bay from Garcon Point on the mainland to Redfish Point on the Gulf Breeze Peninsula. The Santa Rosa Bay Bridge Authority, on October 16, 1996, issued approximately \$95 million revenue bonds to provide for construction and costs of issuance. Pursuant to the terms of a lease-purchase agreement with the Authority, the Department pledges to pay O&M costs of the facility. Long-term debt owed to STTF as of June 30, 2021, totaled \$32.2 million. In addition, the Department advanced from its TFRTF, \$8.5 million to pay for engineering and right-of-way costs for the project. The principal and interest due to STTF for prior TFRTF loans at June 30, 2021, is \$7.9 million. The reimbursement of both O&M costs and the TFRTF advances are subordinate to debt service payments and are to be payable from revenues flowing to the Garcon Point Bridge Surplus Fund.

Based on actual toll revenues on the Garcon Point Bridge, it was determined that future toll revenues would not be sufficient to meet minimum debt service coverage requirements. In a resolution passed in March 2001, the Authority, based on the recommendation of traffic and revenue consultants, adopted a toll rate increase schedule. The toll rate was increased to \$3.75 on January 5, 2011. In December 2019, a state judge ruled that the bridge bondholders could increase the toll rate from \$3.75 to \$5.00 effective in March 2020.

In January 2002, the Authority began withdrawing from the Debt Service Reserve Fund in order to meet the semi-annual debt service payments. The balance in the Debt Service Reserve Fund was depleted in January 2011. The Authority is in payment default.

For more information, visit www.garconpointbridge.com.

Other Toll Facilities

Central Florida Expressway System

The Central Florida Expressway System is comprised of five toll facilities with a total of 105 miles in the central Florida area. The Central Florida Expressway Authority (CFX or Authority) (formerly the Orlando-Orange County Expressway Authority [OOCEA]) has issued several bond series with the most recent issuances being Series 2019 A and B. The Department is responsible under a lease-purchase agreement for O&M costs on portions of the CFX System. Covered by the lease-purchase agreement are the O&M costs of the Holland East-West Expressway (SR 408) and Airport Expressway and the maintenance costs of the Beachline Main Expressway (SR 5280). The lease-purchase agreement for O&M costs is in effect for the life of the bonds.

For more information, contact the Central Florida Expressway Authority at (407) 690-5000 or visit their website at www.cfxway.com.

Selmon Expressway

The Selmon Expressway is a 15-mile toll road that extends from Gandy Boulevard in southwest Tampa, north and east through downtown Tampa to an interchange with I-75 just west of the Brandon area. A system of reversible express lanes (located generally within the median of the existing Expressway System and extending from the Tampa central business district east to I-75 connecting to the Brandon area feeder roads) opened in 2006. The Tampa-Hillsborough County Expressway Authority (THEA or Authority) has issued several bond series with the most recent being 2017 A, B, and C.

The Department and the Authority entered into a Memorandum of Agreement dated October 26, 2010, which clarifies O&M responsibility under the lease-purchase agreement; repayment schedules for SIB, TFRTF, and long-term debt due the Department; shared revenue for the I-4 Connector; and that the Department will not have O&M obligations under new bonds issued by the Authority. The MOA was amended in March 2012 and October 2012 for the Authority to fully repay the TFRTF and SIB loans and to defease their bonds through the issuance of new senior lien bonds issued in December 2012 that terminated the lease-purchase agreement between the Authority and the Department. Long-term debt due to STTF at June 30, 2021, was \$213.8 million.

For more information, contact the Tampa-Hillsborough County Expressway Authority at (813) 272-6740 or visit their website at www.tampa-xway.com.

Supplemental Information

Debt Affordability Analysis and Report

Section 215.98, Florida Statutes, created in May 2001, codifies the state's debt affordability analysis and requires that an annual report be prepared by December 15th every year by the State Board of Administration, Division of Bond Finance. Target debt ratio is set at 6%, not to exceed 7%, unless the Legislature determines that such additional debt is necessary to address a critical need.

For the latest report, visit their website at www.sbafla.com/bondfinance.

Revenue Limitation

During the 1994 regular legislative session, the Florida Legislature passed HJR 2053 which placed a constitutional amendment before voters to limit state revenues, which was passed in November 1994. As amended, subsection 1(e), Article VII of the Florida Constitution, places a limit on the rate of growth in state revenues, limiting such growth to no more than the growth rate in Florida personal income. Toll revenue collections in excess of the amounts needed to meet coverage requirements contained in the bond documents are included as revenue in the calculation of the statewide Constitutional revenue limitation. The most recent projection of the Office of Economic and Demographic Research indicates that the growth rate for state revenues subject to limitation for FY 2021 will be approximately -0.7%. The growth rate for the Constitutional revenue limit will be approximately 5.3%. Due to healthy growth in the limitation from earlier years, the cushion between the limitation and projected revenue growth is around \$28.9 billion. Therefore, any increases in toll revenue collections are not anticipated to have an impact on state revenue decisions.

State Transportation Revenues

The state has taken measures to offset the impact of inflation on the transportation program by indexing the state gas tax to the change in the overall CPI each calendar year. The state Revenue Estimating Conference (REC) issues a 10-year state transportation revenue forecast at least twice per year. The Summer 2021 REC forecasted 6.1% growth for FY 2022, 3.5% for FY 2023, and average annual revenue increases of approximately 2.0% for FY 2024 through FY 2027.

| Historical Trends & Forecast of State Transportation Revenues (\$ in millions) | | | | | | | |
|--|---------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Source | Actual ¹ | Forecast | | | | | |
| | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 |
| Fuel Taxes | \$2,324.4 | \$2,530.2 | \$2,661.7 | \$2,755.7 | \$2,830.9 | \$2,901.9 | \$2,969.3 |
| Aviation Fuel Taxes | \$9.2 | \$17.7 | \$17.6 | \$17.4 | \$17.7 | \$17.8 | \$18.1 |
| Motor Vehicle Fees | \$1,450.1 | \$1,436.2 | \$1,442.2 | \$1,456.1 | \$1,468.0 | \$1,482.2 | \$1,498.9 |
| Rental Car Surcharges | \$87.8 | \$110.0 | \$136.4 | \$140.9 | \$144.8 | \$147.8 | \$150.1 |
| Documentary Stamps | \$466.8 | \$466.8 | \$461.7 | \$453.7 | \$451.4 | \$456.0 | \$462.8 |
| Total | \$4,338.3 | \$4,560.9 | \$4,719.6 | \$4,823.8 | \$4,912.8 | \$5,005.7 | \$5,099.2 |
| Percent Change in Total Revenues | 4.6% | 5.1% | 3.5% | 2.2% | 1.8% | 1.9% | 1.9% |
| Percent Change in CPI | 2.2% | 3.5% | 2.0% | 2.1% | 2.1% | 2.1% | 2.2% |

¹Actuals for FY 2021; thereafter, estimates are from the Summer 2021 RECs .

Financial Controls

The Department has a number of financial and planning controls in place that assure that financial management is sound and responsive, including the following key elements.

Five-Year Work Program Development Process

All of the Department’s transportation projects are contained in a five-year work program as prescribed in law. The work program is officially updated twice each year and it is continuously balanced to available finances during the year pursuant to Section 339.135, Florida Statutes.

Monthly Production Management and Performance Monitoring Process

FDOT prepares and publishes a monthly production management report package. It outlines the Department’s progress in the accomplishment of current year project commitments from the Department’s five-year work program in statewide summaries and District detail. The results are presented each month to the Department’s Executive Leadership. FDOT Districts must respond to production levels that deviate from a norm of 95% on the expected levels of production and costs. As part of this process, each District monitors production on a continuous basis.

Monthly Cash Forecast Process

FDOT prepares multi-year, monthly cash forecasts for the State Transportation Trust Fund, the Right-of-Way Acquisition and Bridge Construction Trust Fund, and each of the Turnpike Enterprise trust funds. Each month these FDOT forecasts are updated for actuals and changes in assumptions to ensure that the work program continues to be financed.

Multi-Year Finance Plans

FDOT prepares multi-year (five-year and ten-year) Finance Plans for each of the Department's major trust funds, and reconciles these to cash forecasts. They are used extensively in the planning of alternative financing and work program scenarios pursuant to section 339.135, Florida Statutes.

Turnpike Enterprise Finance and Production Offices

The Turnpike Enterprise Finance and Production Offices are responsible for planning and developing financially balanced Turnpike Enterprise work programs and operating budgets, in collaboration with the FDOT Central Office.

Quality Assurance Review Processes

Department personnel continuously monitor, evaluate, adjust, and improve the cash forecasting and financial planning processes and underlying assumptions. Formal procedures are in place to analyze and evaluate commitment and outlay trends, payout rate profiles, levels of federal participation, and other variables affecting cash forecasting and financial planning. These activities enable a quick identification and response to changes in financial conditions, pursuant to Section 20.23(4)(a), Florida Statutes.

Other Oversight

Revenue Estimating Conference (REC)

The Revenue Estimating Conference is comprised of members of the Executive Office of the Governor, Office of Economic and Demographic Research, professional staff of the House and Senate committees, and the Departments of Transportation, Revenue, and Highway Safety and Motor Vehicles. The REC provides projections, developed by consensus, of revenues and other economic assumptions for use in all state planning and budgeting activities. The Transportation, Highway Safety, and General Revenue RECs meet and update revenue

projections for STTF revenues at least two times per year, pursuant to Section 216.134, Florida Statutes.

Florida Transportation Commission

The Commission is charged with the responsibility to annually assess the financial soundness of the Department's work program. This assessment includes a detailed review of the Department's finance plans and assumptions as well as continuous monitoring of financial performance, pursuant to Section 20.23(2), Florida Statutes.

Independent Auditors

The financial statements of Florida's Turnpike System are independently audited on an annual basis by the nationally recognized Certified Public Accounting firm, RSM US, LLP. FDOT and Turnpike Enterprise operations are also subject to financial, federal, and operational audits conducted by the Florida Auditor General and the Department's Inspector General. Copies of audits are available upon request.

Summary

The Department has financially sound trust fund balances and conservative approaches towards debt financing. The systems, controls, and people in place ensure that operations are well managed, and forecasts of revenues and expenditures are continuously updated to reflect the most current financial information.