TERMS OF USE

These slides (hereinafter the "Rating Presentation") were provided in connection with meetings with certain credit rating agencies in May 2018. The information is derived from publically available State information and from other sources believed to be reliable. However, all information is presented "AS IS" and no attempt has been made to update any information that may have changed or been revised, or to verify the accuracy of information from third parties. This Rating Presentation is provided for general informational purposes only and should not be used or relied upon in making any investment decision. The State of Florida will prepare preliminary and final official statements from time to time in connection with bond offerings and these disclosure documents should be reviewed in connection with making investment decisions.

The Rating Presentation was provided to the credit rating agencies by the Director of the Division of Bond Finance and the Governor's Budget Director and the Governor's Chief Economist. During the course of the meetings with the credit rating agencies, a discussion of the matters depicted in the Rating Presentation occurred. No audio recording or written transcript of these discussions was made or is available.

The Rating Presentation is not intended to be used in connection with any bond offering, should not be relied upon by investors, and will not be incorporated into any offering document. The Rating Presentation does not purport to present full and fair disclosure with respect to the State of Florida or any of its bond programs.

The State will not update the information contained in the Rating Presentation. The information was accurate as of its date but may have changed. Investors should not assume that the information contained in the Rating Presentation has not changed at the time any bonds are being offered for sale. No investor should rely on the Rating Presentation in lieu of a preliminary or final official statement prepared in connection with the offering. In the event any information contained in the Rating Presentation is inconsistent with any information contained in any official offering document, all inconsistencies or ambiguities shall be controlled by the official offering documents.

In no event shall the Division of Bond Finance, State of Florida, or any agency thereof, be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained in the Rating Presentation herein and such information may not be relied upon in evaluating the merits of, or participating in, any securities transaction.

Past performance is not indicative of future results, which will vary. The Rating Presentation contains "forward-looking" statements related to future results that involve risks, uncertainties, and assumptions. If these risks or uncertainties materialize, or the assumptions prove inaccurate, the results may differ materially from those expressed or implied by such forward-looking statements. All statements other than the statements of historical fact are deemed forward-looking. Readers of the Rating Presentation are cautioned not to place undue reliance on forward-looking statements.

All estimates, projections, and forecasts in the Rating Presentation and other "forward-looking" statements and subject to change without notice. Certain historical statements may also be revised. No attempt will be made to update any such information contained in the Rating Presentation to comport with such changes or revisions. Additionally, the Rating Presentation includes unaudited financial information of the State for a portion of the 2018 Fiscal Year, which may vary from the final audited financial statements. No attempt will be made to identify, explain, update or change the information provided herein for the audited financial statements or any other more current information.

BY VIEWING THE RATING PRESENTATION, YOU ACKNOWLEDGE THAT YOU UNDERSTAND AND AGREE TO THE PROVISIONS OF THE TERMS OF USE CONTAINED ON THIS PAGE.

State of Florida

Economy / Budget / Debt

May 2018 Update

Christian Weiss, *Chief Economist*
Cynthia Kelly, *Budget Director*
Ben Watkins, *Director of Bond Finance*

Florida Overview

Florida Economy

- State GDP and Personal Income
- Housing
- Tourism
- Population
- Employment

Revenues and Budget

- General Revenues are projected to grow by $1.4 billion (4.8%) in Fiscal Year 2018; ninth consecutive year of growth
- Fiscal Year 2018 Budget Priorities
- No budget gap for sixth consecutive year
- Recurring revenues expected to exceed recurring expenditures

Reserves

- General Fund Reserves (Unspent General Revenue ("Unspent GR") plus the Budget Stabilization Fund ("BSF")) expected to be $2.7 billion or 8.7% of GR at June 30, 2018 and $2.8 billion or 8.8% at June 30, 2019
- Total Reserves expected to be $5.1 billion or 16.4% of General Revenue at June 30, 2018 and $4.8 billion or 14.7% of General Revenue at June 30, 2019
- BSF was fully restored in 2016, demonstrating State's financial discipline and commitment to rebuilding reserves; $66.5 million deposit to BSF in Fiscal Year 2018 will increase total to $1.48 billion

Pension Funding

- Sixth consecutive year that budget fully funds the actuarially determined contribution based on plan assumptions
- Funded ratio remains strong; 84.3% based on actuarial value of assets and 86.3% based on market value of assets

Debt

- Debt outstanding reduced by $1.4 billion to $22.7 billion in Fiscal Year 2017 and expected to be reduced by another $1.4 billion to $21.3 billion by the end of Fiscal Year 2018
- Moderate amount of new debt authorization in Fiscal Year 2019 Budget
- Benchmark debt ratio (debt service to revenues) increased slightly to 5.59% in Fiscal Year 2017, remaining under the 6% target for the fourth consecutive year

Economy Highlights

Housing

- Real estate values continue to increase, with property tax values projected to grow by a robust 7.3% in Fiscal Year 2018
- The strength of Housing Starts is expected to continue as population and households increase
- Median home prices have posted positive growth rates since Fiscal Year 2012, and increased 8.2% in the 12 months ending March 2018

Tourism

- Florida's popularity for both domestic and international tourist visitors continued with an estimated 120 million tourist visitors to the State in Fiscal Year 2018
- In Fiscal Year 2018, domestic tourists are anticipated to comprise about 89% of tourist visitors
- Growth in tourism is expected to continue in Fiscal Year 2019 and 2020 with tourist visitors estimated to reach 126 million and 130 million, respectively

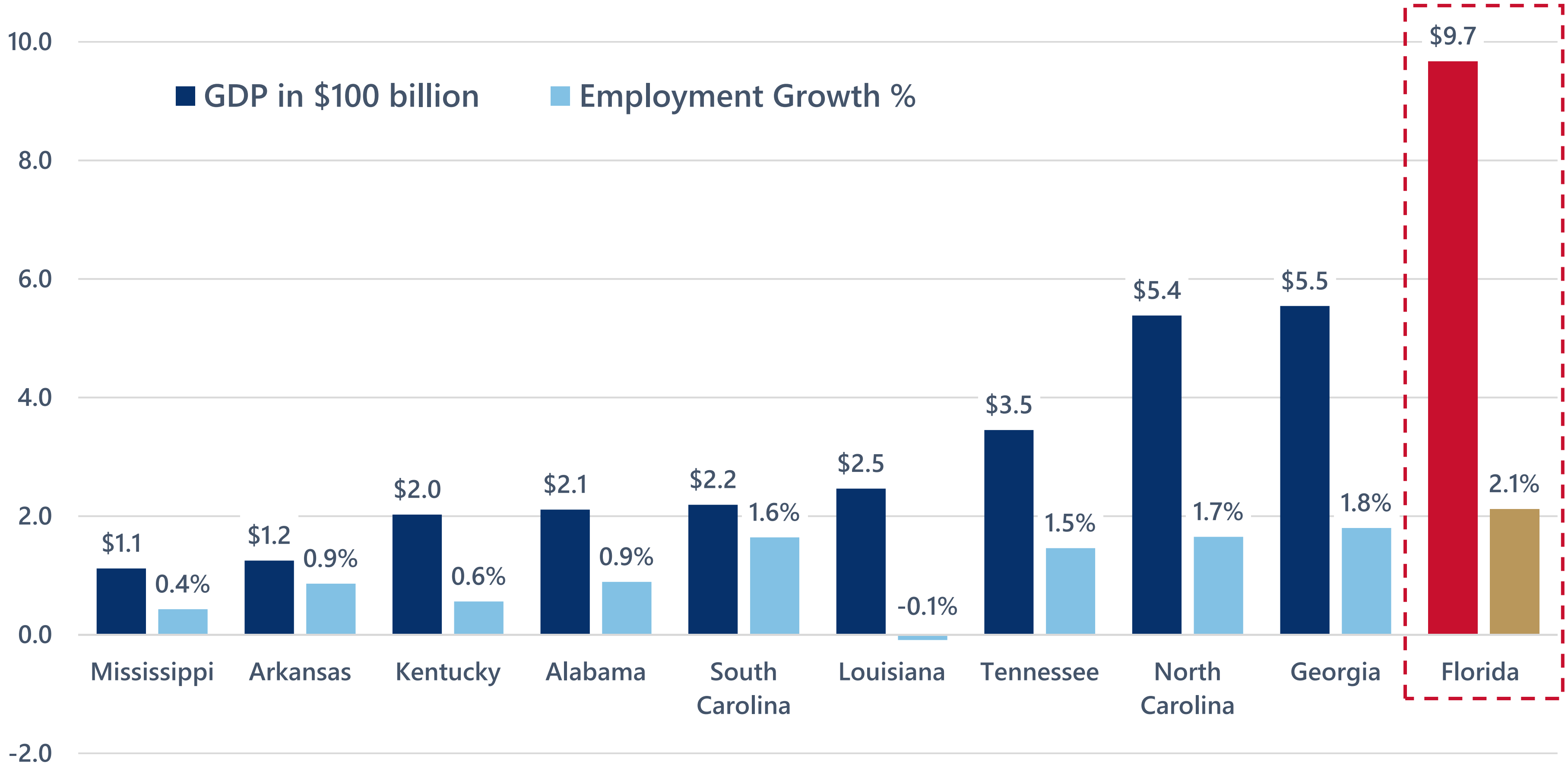
Population

- After a major slowdown during the recession, population growth returned and remains strong
- In the next five years, the average annual increase in population is expected to be 326,000
- The average annual increase in net migration is approaching pre-recession levels

Employment

- Florida's non-farm employment continues to rebound and has added over 1.5 million jobs since December 2010
- Hurricane Irma caused a temporary dip in job growth in non-farm employment in September 2017, but the State quickly returned to its long-term growth trend
- Florida's annual job growth rate has exceeded the nation's rate since May 2012
- Non-farm employment is expected to continue improving in Fiscal Year 2019, adding another 197,000 jobs

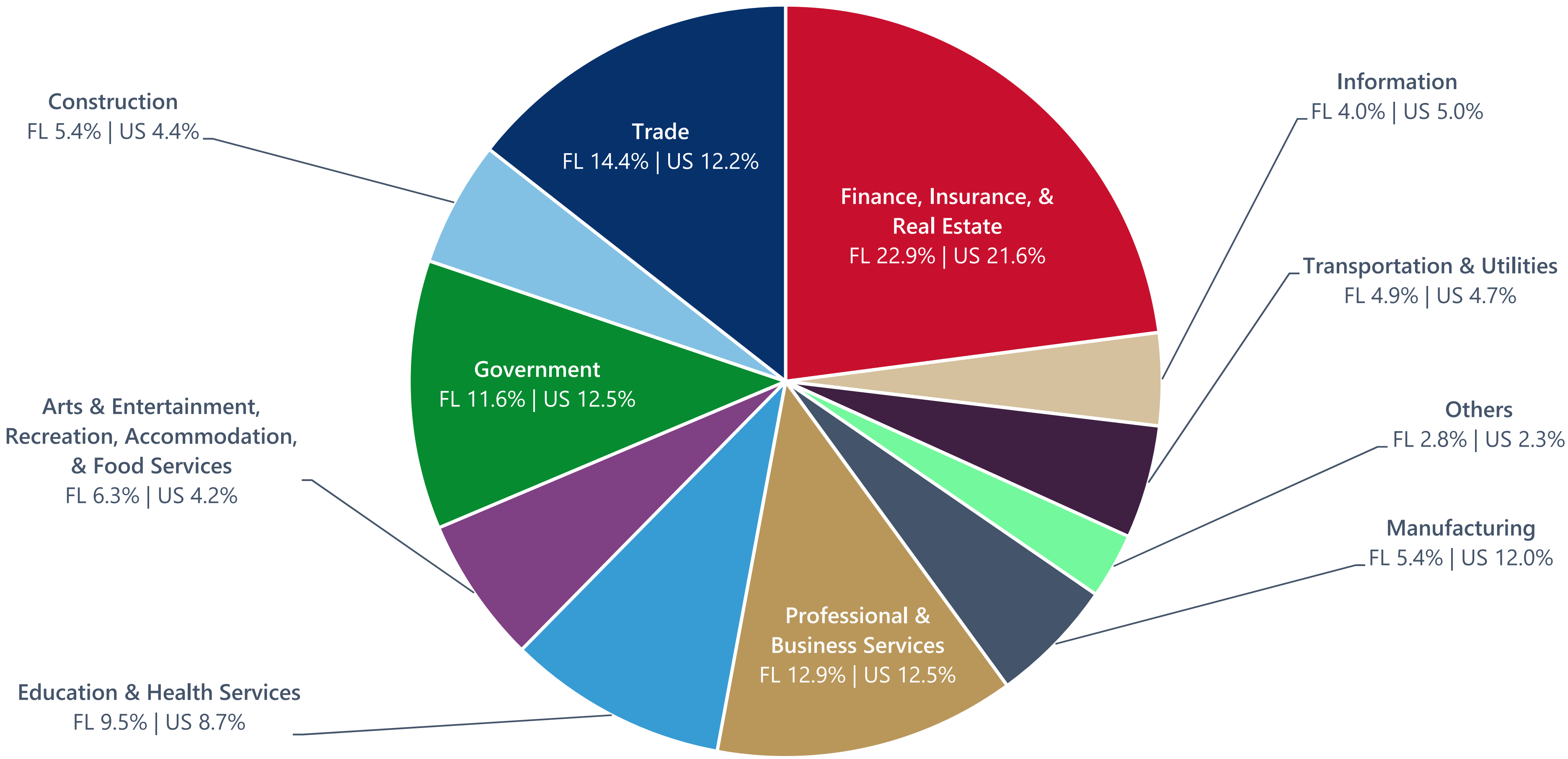
Southern State GDP & Employment Growth – 2017



- Florida's economy is the largest in the Southeast and one of the fastest growing in the region
- Florida's employment growth is one of the highest of the ten largest states and leads the Southeast
- Since December 2010, Florida has added over 1.5 million private sector jobs

Source: US Bureau of Labor Statistics and US Bureau of Economic Analysis, 2018 and US Bureau of Economic Analysis, 2018

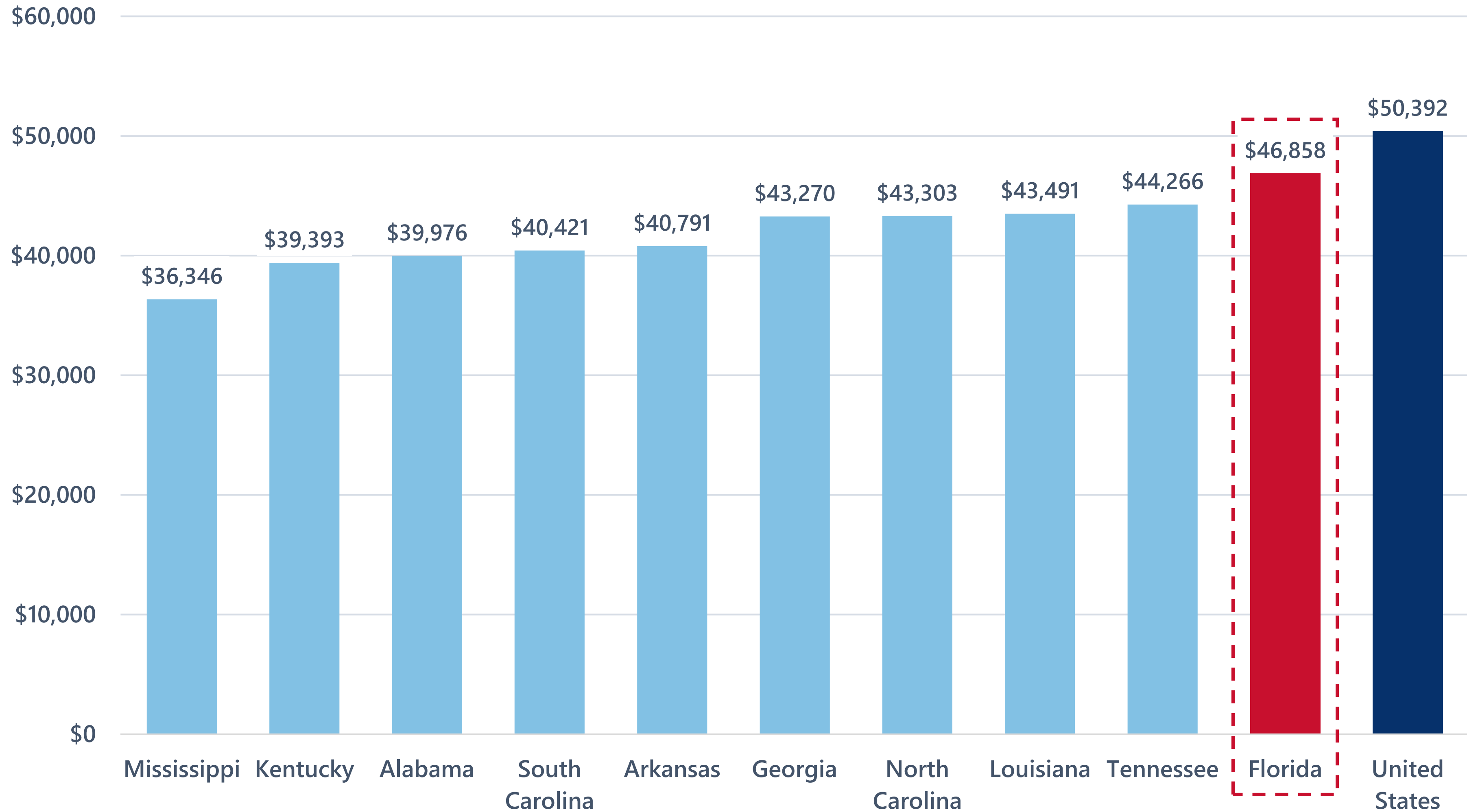
Florida GDP by Sector – 2017



- Florida's GDP is very diverse across many sectors
- Finance, Insurance, and Real Estate is the largest sector

Source: US Bureau of Economic Analysis, 2018

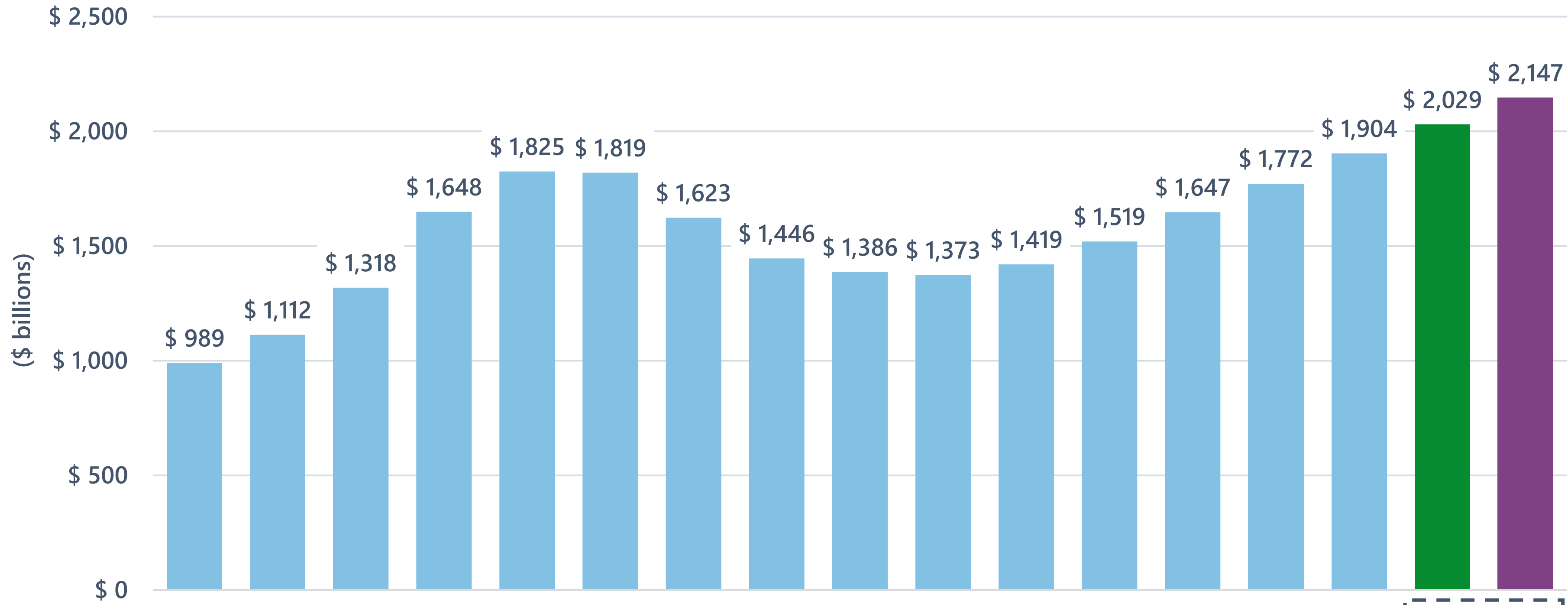
State Per Capita Personal Income – 2017



- Florida has the highest personal income per capita in the Southeast
- Florida's income per capita grew 2.3% from 2016 to 2017

Source: US Bureau of Economic Analysis, 2018

Statewide Property Tax Roll – School Taxable Value



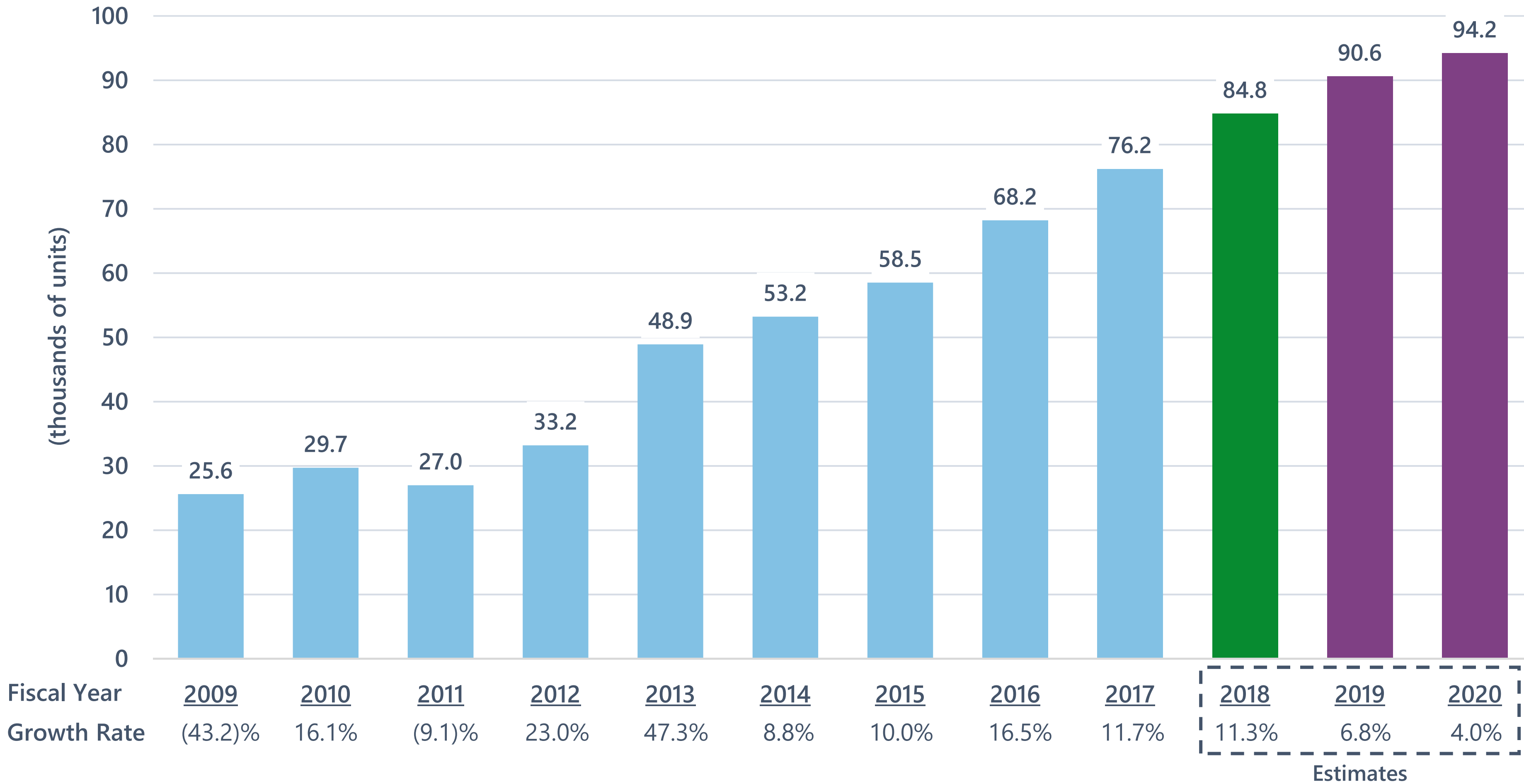
Year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Growth Rate	11.4%	12.4%	18.5%	25.1%	10.7%	(0.3)%	(10.8)%	(10.9)%	(4.1)%	(0.9)%	3.4%	7.0%	8.4%	7.6%	7.4%	6.6%	5.8%

Estimates

- The statewide property tax roll declined 25% between 2007 and 2012, but recovered to 2007 levels in 2017 – 10 years later
- Property taxable value increased by 7.4% in 2017 and is forecast to increase by 6.6% in 2018 and 5.8% in 2019
- The 2018 property values are expected to be 47.8% higher than the low in 2012
- The total property tax roll is expected to grow at an average annual rate of almost 6% over the next five years

Source: Florida Ad Valorem Estimating Conference, January 2018

Florida Single-Family Housing Starts

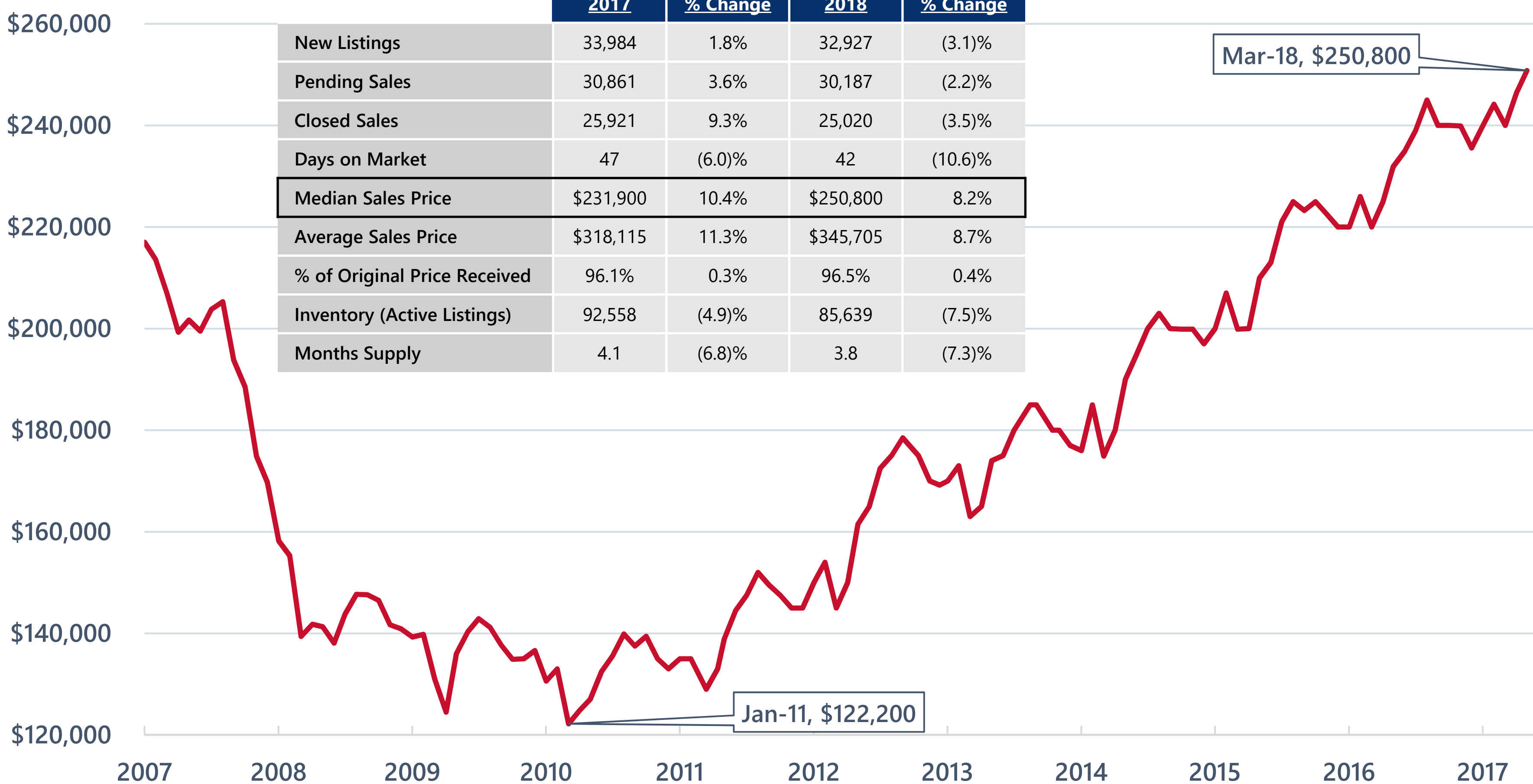


- Housing starts have grown significantly following the Great Recession
- Total private housing starts are still well below the peak Fiscal Year 2005 level of 181,000 units
- Housing starts are expected to continue to grow going forward, but at a slower rate

Source: Florida Economic Estimating Conference, January 2018

Single-Family Homes – Median Sales Price

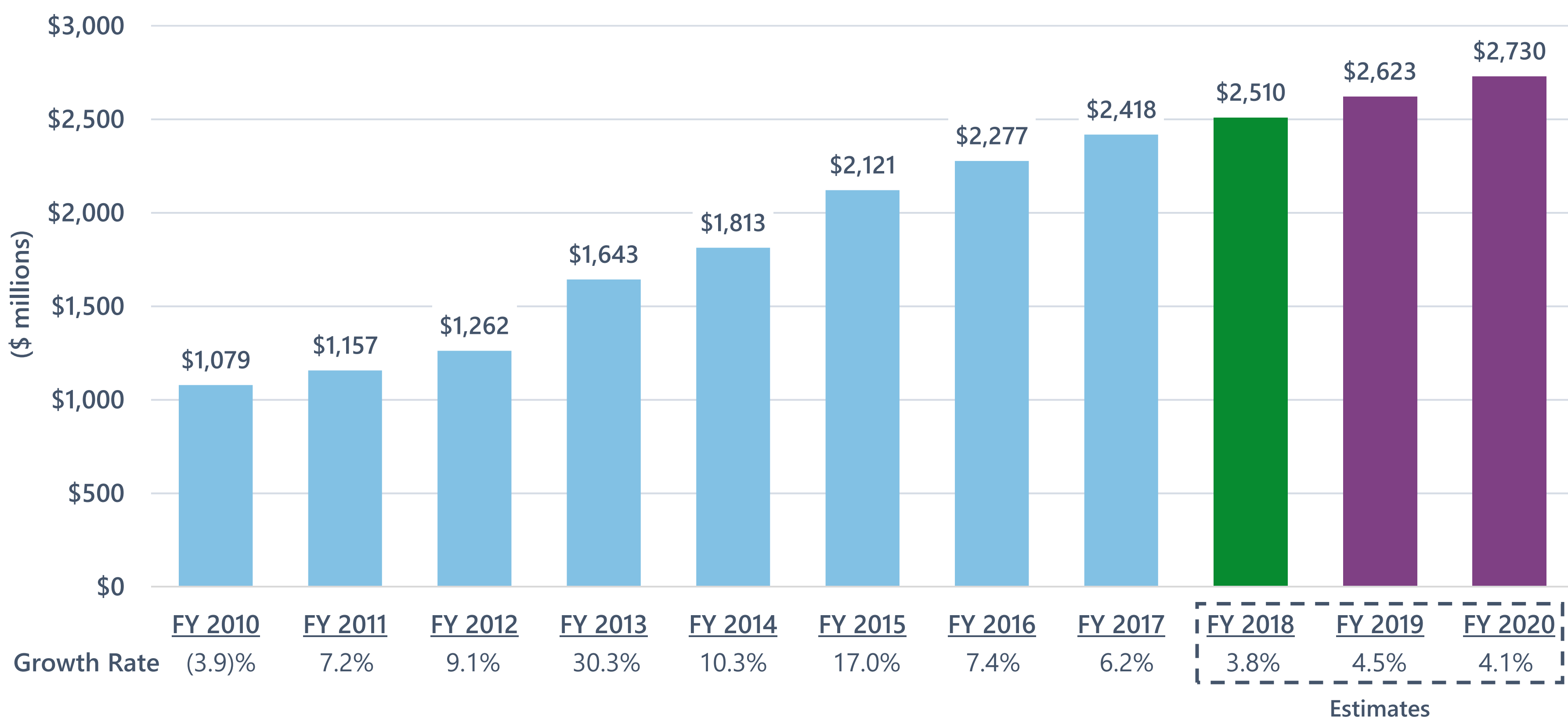
	March 2017	YOY % Change	March 2018	YOY % Change
New Listings	33,984	1.8%	32,927	(3.1)%
Pending Sales	30,861	3.6%	30,187	(2.2)%
Closed Sales	25,921	9.3%	25,020	(3.5)%
Days on Market	47	(6.0)%	42	(10.6)%
Median Sales Price	$231,900	10.4%	$250,800	8.2%
Average Sales Price	$318,115	11.3%	$345,705	8.7%
% of Original Price Received	96.1%	0.3%	96.5%	0.4%
Inventory (Active Listings)	92,558	(4.9)%	85,639	(7.5)%
Months Supply	4.1	(6.8)%	3.8	(7.3)%



- Metrics show healthy growth reflecting underlying strength in Florida's real estate market
- Median home prices have posted positive annual growth rates since 2012 and grew by 8.2% over the 12 months ending March 2018
- Sales of single family homes fell by 3.5% in the 12 months ending March 2018

Source: Florida Association of Realtors

Documentary Stamp Tax Collections



- Documentary Stamp Tax collections remain well below the Fiscal Year 2006 peak of $4.1 billion
- Hurricane Irma temporarily disrupted the Florida real estate market, resulting in suppressed Documentary Stamp Tax collections from September 2017 through November 2017. However, updated projections for Fiscal Year 2018 collections still show year-over-year growth of 3.8%
- Documentary Stamp Tax collections are indicative of Florida's home price and sales volume improvements

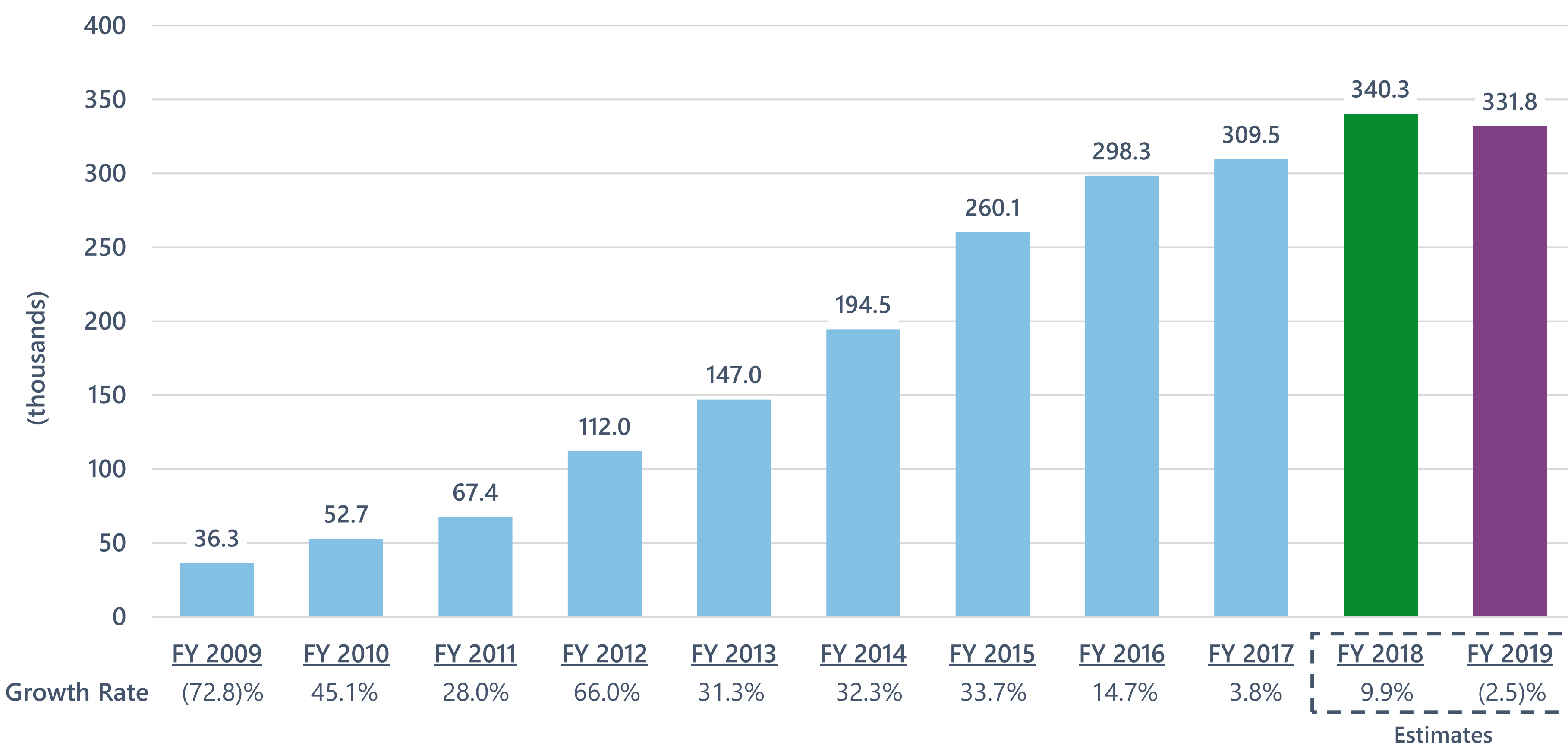
Source: General Revenue Estimating Conference, February 2018

Florida Tourist Visitors

- Tourist visitors are expected to grow by 5.3 million (4.7%) in FY 2018
- Total tourist visitors expected to reach 120 million in Fiscal Year 2018, 126 million in Fiscal Year 2019, and 130 million in Fiscal Year 2020

Source: Florida Economic Estimating Conference, January 2018

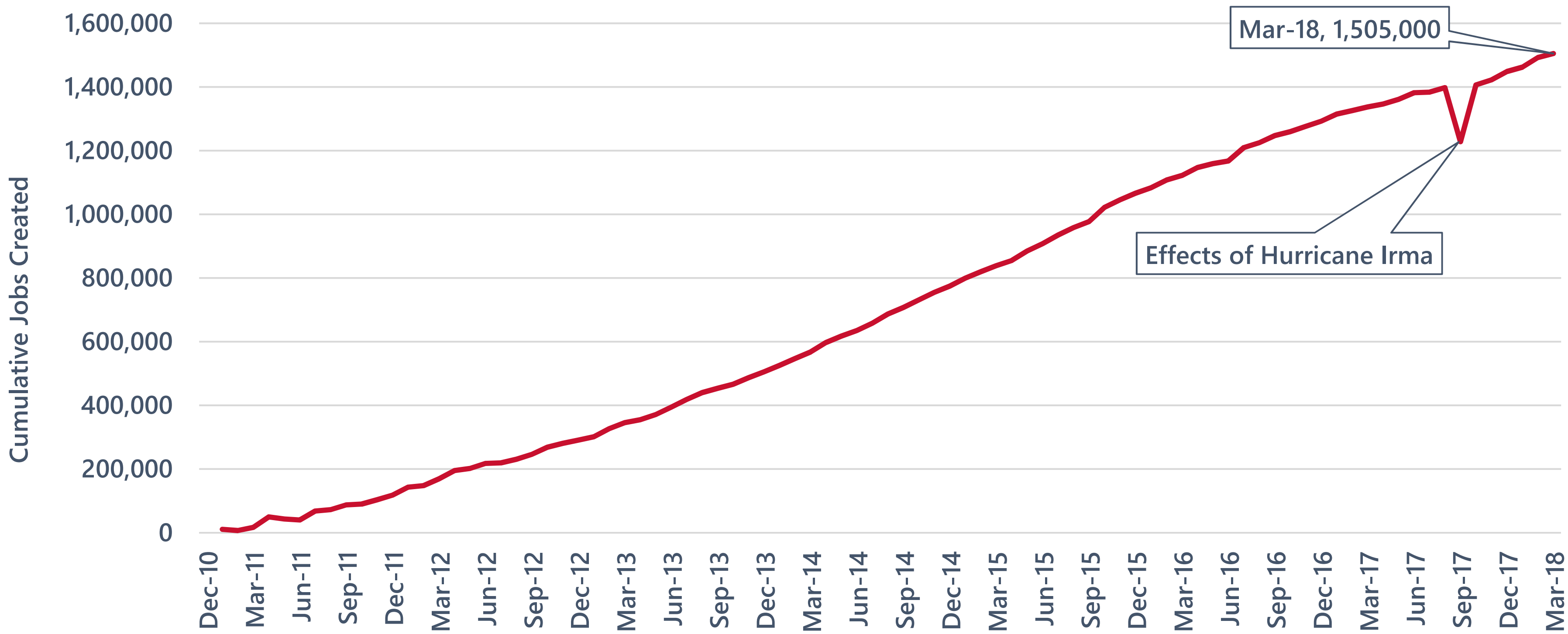
Florida Net Migration



- Florida's population continues to grow at 1.5% annually, in large part due to net migration which has recovered and has reached pre-recession levels
- Over 53,000 Puerto Ricans are included in the estimate for Fiscal Year 2018
- Florida remains the 3rd largest state in the nation

Source: Florida Demographic Estimating Conference, December 2017

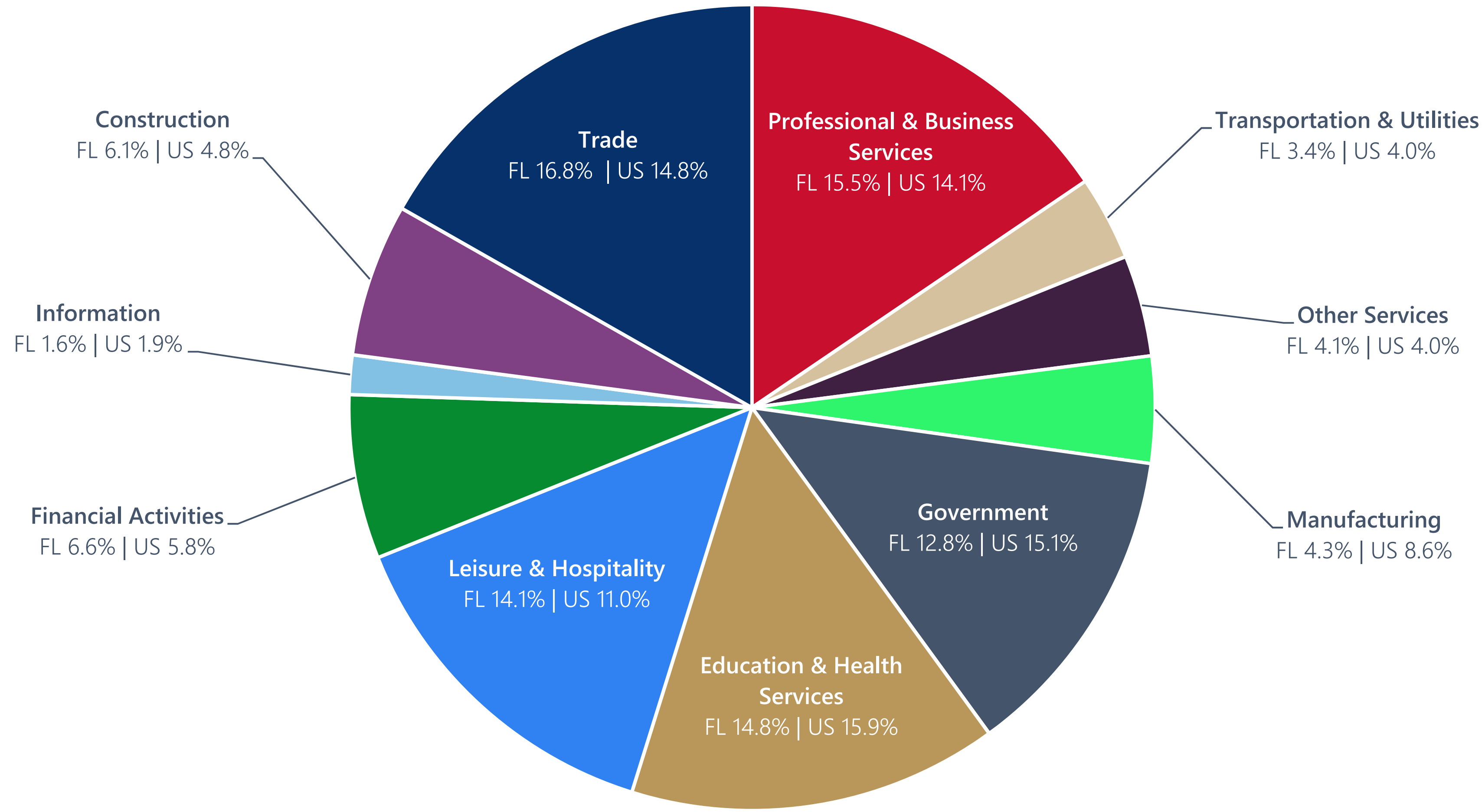
Private Sector Jobs Created since December 2010



- Since December 2010, Florida has added over 1.5 million private sector jobs
- Hurricane Irma caused a temporary loss of 170,000 jobs in non-farm employment in September 2017, however the State quickly returned to its long-term growth trend in following months
- Florida ranked second in job growth rate and third in the number of jobs created among the ten largest states in the nation in March 2018

Source: Florida Department of Economic Opportunity, April 2018. March 2018 employment number is preliminary.

Florida Employment by Sector – March 2018

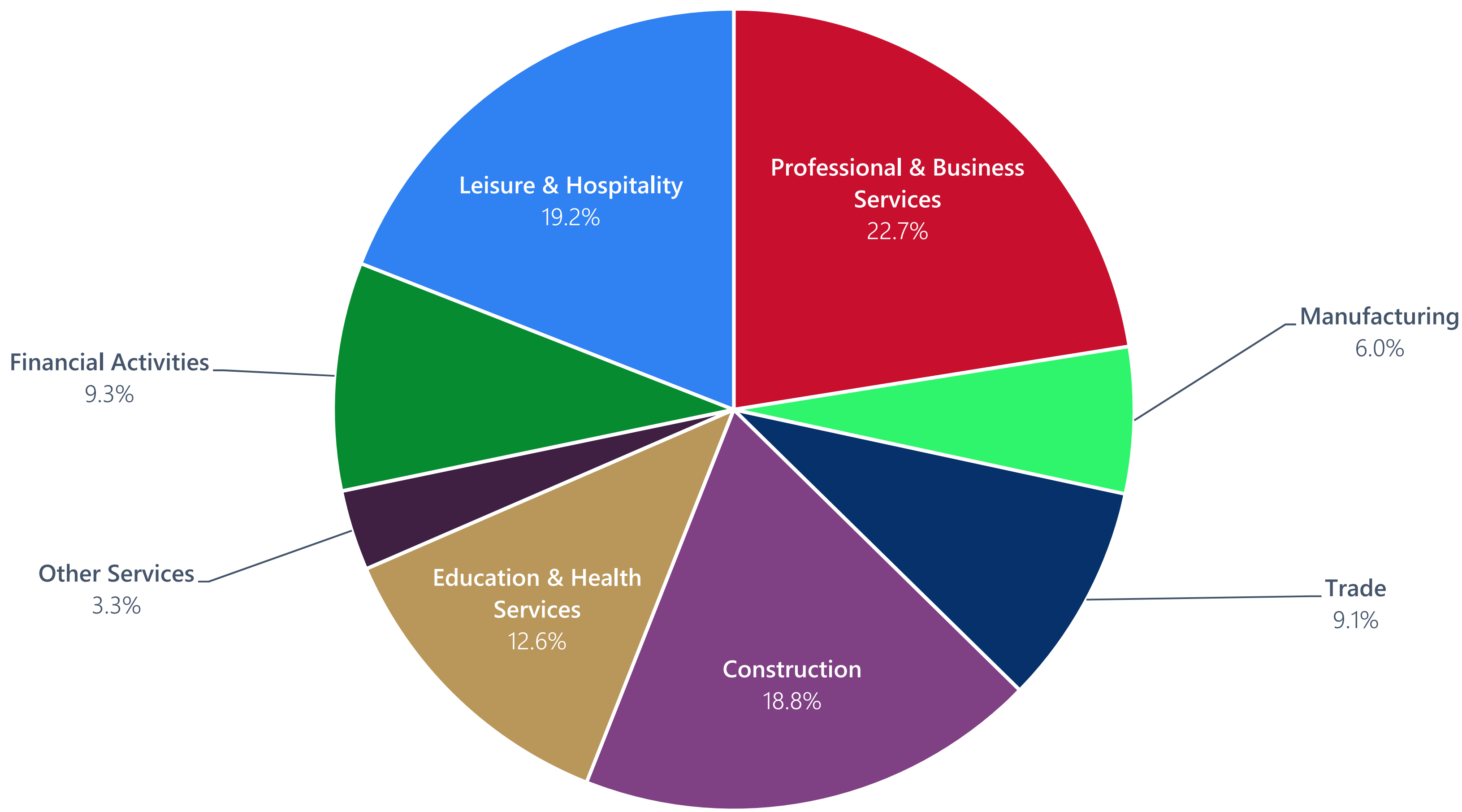


- Florida's employment base, like its economy, is well diversified
- Fewer than 1 in 7 Floridians are employed in Leisure and Hospitality sector
- Leisure and Hospitality, Trade, Construction, Financial Activities, and Professional and Business Services all exceed the US average

Source: US Bureau of Labor Statistics, March 2018

Florida's Distribution of Private Sector Job Growth

March 2017 to March 2018



- Broad based job growth occurred across most sectors from March 2017 to March 2018, with the exception of the Information sector (1% decline year-over-year)
- Professional & Business Services had the highest share of job growth

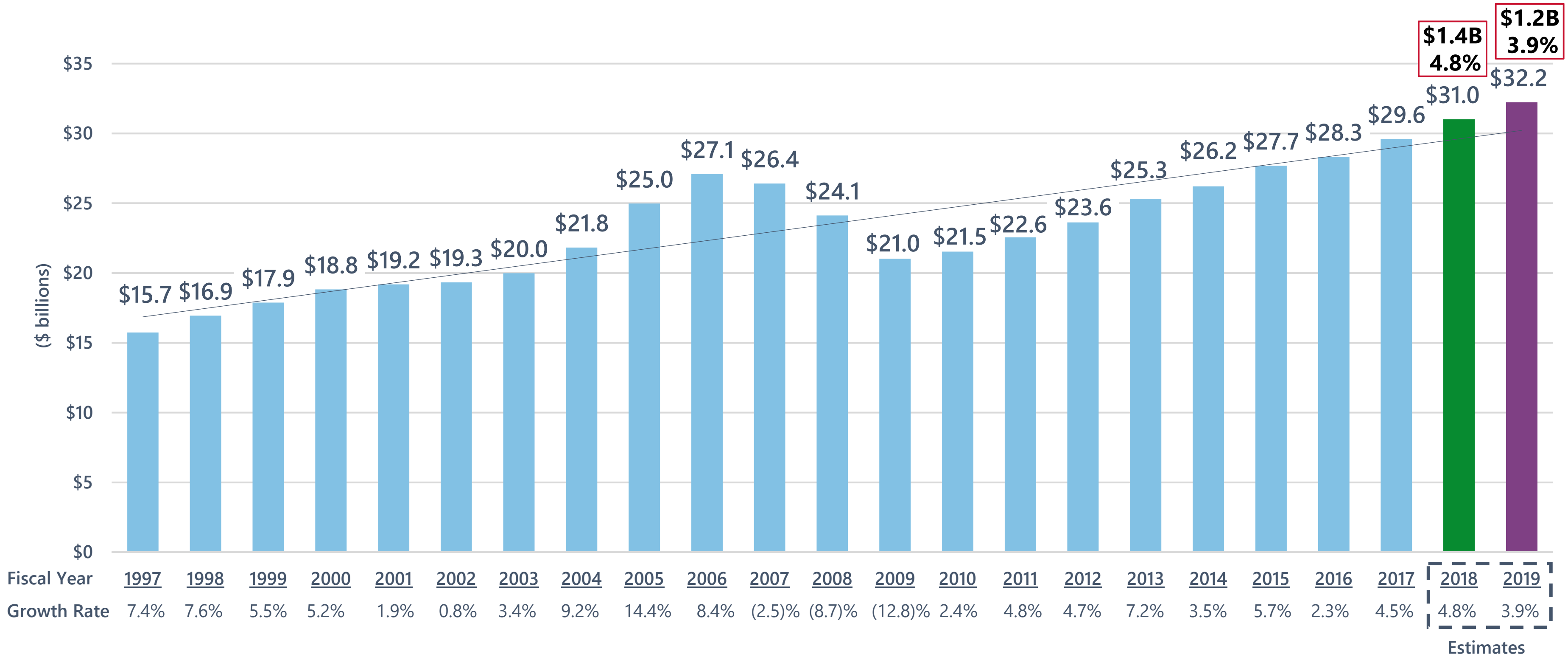
Source: Florida Department of Economic Opportunity, March 2018

Revenue Highlights

- General Revenues grew by $1.3 billion (4.5%) in Fiscal Year 2017
- General Revenues are forecast to grow by $1.4 billion (4.8%) in Fiscal Year 2018 and $1.2 billion (3.9%) in Fiscal Year 2019
- General Revenue collections have grown by an average of over $1 billion each year since Fiscal Year 2009
- Through March of Fiscal Year 2018, Sales Tax Collections have shown steady growth with year-over-year increases in every month except for October 2017 (effects of Hurricane Irma)
- Tourism related Sales Tax Collections in Fiscal Year 2017 were up 4.3% from prior year and are up 6.4% year-over-year through March of Fiscal Year 2018
- Construction related Sales Tax Collections in Fiscal Year 2017 were up 6.5% from prior year and are up 6.8% year-over-year through March of Fiscal Year 2018
- Business Investment related Sales Tax Collections in Fiscal Year 2017 were up 6.3% from prior year and are up 6.6% year-over-year through March of Fiscal Year 2018
- Fiscal Year-to-Date General Revenue collections are $60.9 million (0.2%) over the February 2018 estimates and are $323.4 million (1.3%) above the March 2017 estimates (adjusted for legislative changes) that were used to build the Fiscal Year 2018 budget[1]

[1] *Based on net General Revenue collections through April 2018 (April 2018 numbers are preliminary and subject to change)*

General Revenue – Long-Term History & Estimates



- Florida continues to enjoy year-over-year revenue growth with continued annual increases projected
- Fiscal Year-to-Date General Revenue collections are $60.9 million (0.2%) over the February 2018 estimates and are $323.4 million (1.3%) above the March 2017 estimates (adjusted for legislative changes) that were used to build the Fiscal Year 2018 budget[1]
- Even after years of substantial tax cuts, General Revenue collections are estimated to grow by $1.4 billion (4.8%) in Fiscal Year 2018
- General Revenue is forecast to grow by an additional $1.2 billion (3.9%) in Fiscal Year 2019

Source: General Revenue Estimating Conference, February 2018 (adjusted for 2018 legislative measures affecting General Revenue)
[1] Based on net General Revenue collections through April 2018 (April 2018 numbers are preliminary and subject to change)

Sales Tax

Sales Tax Annual % Change from Prior Year									
Category	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018*	FY 2019*
Other Consumer Nondurables	3.6%	4.4%	3.8%	5.0%	6.0%	1.4%[1]	4.3%	4.4%	4.7%
Recreation & Tourism	5.6%	6.8%	5.7%	7.0%	8.4%	6.1%	4.3%	5.4%	4.6%
Automobile & Accessories	5.2%	6.4%	10.5%	10.7%	9.4%	7.9%	4.8%	2.8%	4.1%
Other Consumer Durables	5.3%	6.0%	6.3%	6.8%	8.1%	5.1%	1.0%	3.4%	3.2%
Construction	1.8%	4.8%	12.9%	12.1%	9.6%	8.9%	6.5%	6.9%	6.5%
Business Investment	3.0%	3.0%	4.9%	6.9%	7.6%	7.9%	6.3%	5.6%	4.3%
Total Sales Tax % Change	4.2%	5.1%	6.1%	7.2%	7.7%	5.4%	4.7%	4.6%	4.5%

- Strong growth in total Sales Tax collections in Fiscal Years 2013 through 2015. Growth is now moderating
- Growth in Sales Tax collections in Fiscal Year 2017 was fueled by construction and business investment
- While growth has slowed from the peak year in Fiscal Year 2015, Sales Tax collections grew by 4.7% in Fiscal Year 2017 and are forecasted to increase an additional 4.6% and 4.5% in Fiscal Years 2018 and 2019, respectively

*Estimated. Source: General Revenue Estimating Conference, February 2018

[1] The Communication Services Tax rate was lowered by 1.73% (6.65% to 4.92%) effective July 1, 2015, which reduced the Other Consumer Nondurables growth in FY 2016

Tax Package and General Revenue Reductions

- **Tax Package**
  - Business Rent 0.1% rate cut from 5.8% to 5.7%, saves tax payers **$30.9 million** (recurring)
  - Various Sales Tax Exemptions including agricultural exemptions, recyclers and aquaculture saves tax payers **$19.7 million** (nonrecurring)
  - "Back to School" Tax Holiday renewed for 3 days and Disaster Preparation Tax Holiday for a tax payer savings of **$38.5 million** (nonrecurring)
  - Corporate Income Tax Credits Increase by **$8.5 million**
  - Total pure nonrecurring taxpayer savings: **$97.4 million**
  - Total recurring General Revenue impact: **$32.2 million**
  - Total taxpayer savings: **$171.2 million**

- **Scholarships**
  - Hope Scholarships: $105 of state sales tax from car purchases can be donated to Hope scholarships – $37.7 million
  - Sales Tax Scholarships: Commercial Rent State Sales Tax can be credited to for the State Sales Tax Scholarships – Capped at $57.5 million

Tax Cuts and Jobs Act (TCJA)

- The estimated Corporate Income Tax net collections in Fiscal Year 2018 of $2.1 billion represent 6.8% of total estimated net General Revenue collections
- HB 7093 updates Florida Tax code to include changes in TCJA
- Major provisions of the TCJA include changes in the:
  - corporate tax rate
  - alternative minimum tax
  - expensing, depreciation and other deductions
- Florida decouples from the depreciation provisions of the TCJA while incorporating other changes
- Other measures such as expensing of capital asset purchases and treatment of dividend income will impact Florida
- The February 2018 estimate for Corporate Income Tax collections for Fiscal Year 2019 is $2.17 billion
  - The collections are capped at 107% of the estimate. Therefore, any collections over $2.33 billion will be refunded to taxpayers with a positive tax liability in Fiscal Year 2019
  - In Fiscal Year 2020, the tax rate is lowered to the rate that would have generated collections under the 107% cap. If lowered, the tax rate returns to 5.5% after Fiscal Year 2021

Proposed Constitutional Amendments

- Several Constitutional Amendments on the November 2018 ballot could impact state revenues
- Each amendment requires 60% voter approval to pass

Amendment 1

- Allows additional $25,000 homestead exemption from property tax which will impact all local revenues (cities and counties) except schools

Amendment 2

- Permanently retains the 10 percent cap on annual non-homestead parcel assessment increases for non-school levies

Amendment 3

- Requires voter approval for changes to gaming legislation

Amendment 5

- Requires a 2/3 vote of the Legislature to impose or increase taxes or fees

Amendment 7

- Requires supermajority vote by university boards of trustees to raise fees

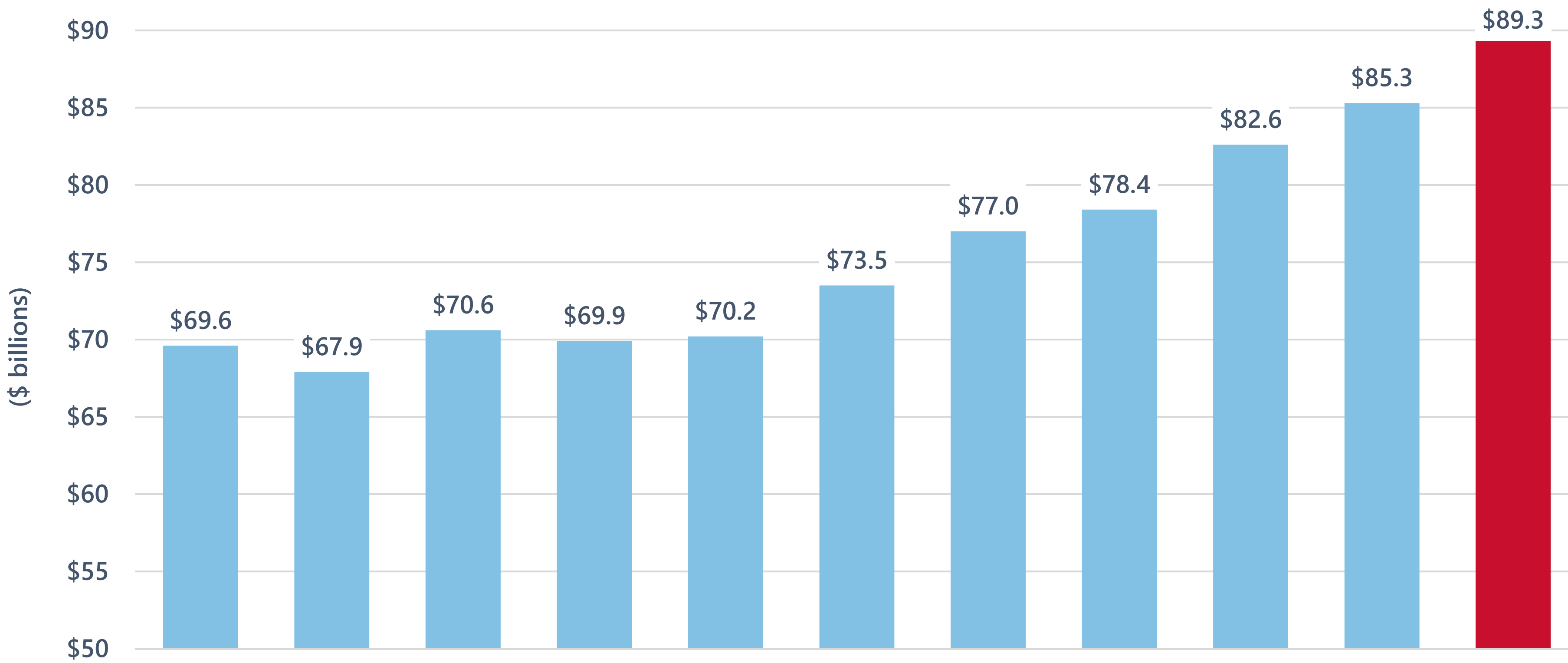
Amendment 13

- Prohibits the racing of and wagering on greyhounds and other dogs

Fiscal Year 2019 Budget Highlights

- Revenue growth and federal funds support an $89.3 billion "Fighting for Florida's Future" budget in Fiscal Year 2019
- Sixth consecutive year with no budget gap
- Florida has continued to adopt budgets on time
- The budget is structurally balanced
- Governor prioritized and Legislature concurred to cut taxes
- Record investments in K-12 education, State University System, and State Colleges
- Budget allocates significant investment in economic development programs
- Budget supports safe schools and mental health funding
- Budget bolsters Florida's effort to address the opioid abuse crisis

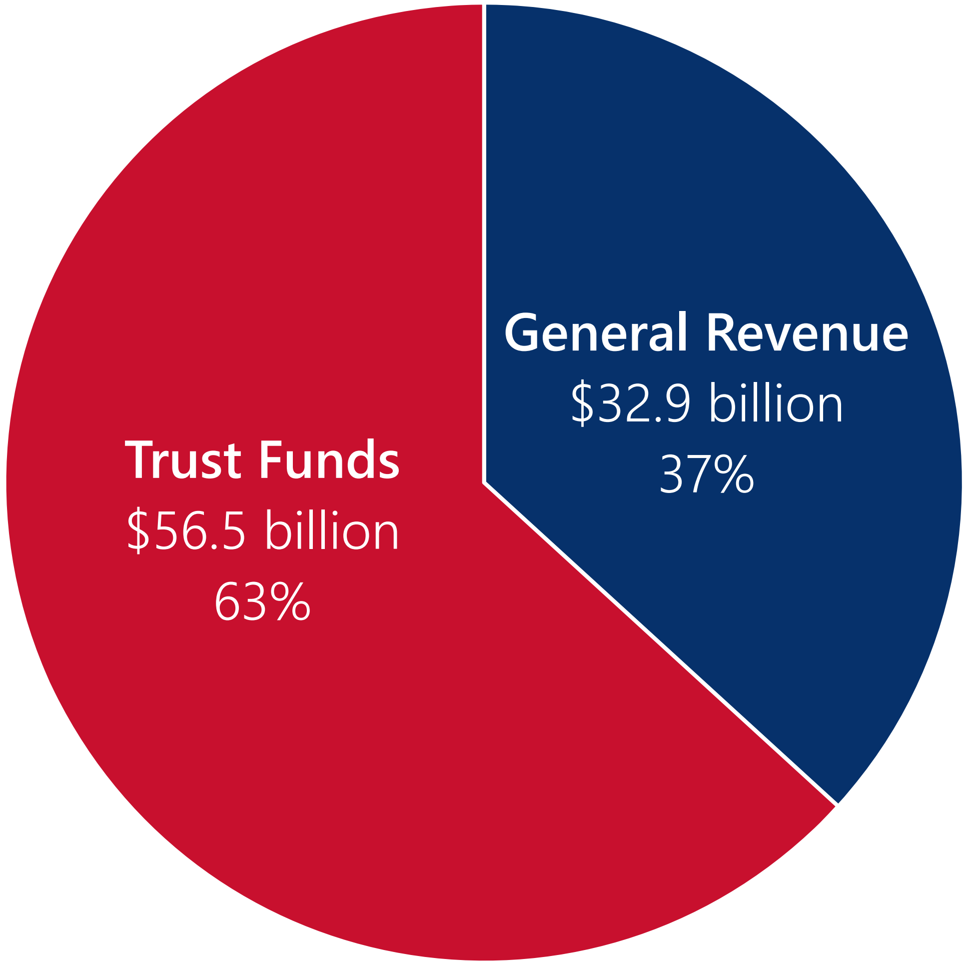
History of Total Appropriations



	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
$ Change (in billions)	$(0.8)	$(1.7)	$2.7	$(0.7)	$0.3	$3.3	$3.5	$1.4	$4.2	$2.7	$4.0
Growth Rate	(1.1)%	(2.4)%	4.1%	(1.1)%	0.5%	4.6%	4.8%	1.8%	5.3%	3.3%	4.8%

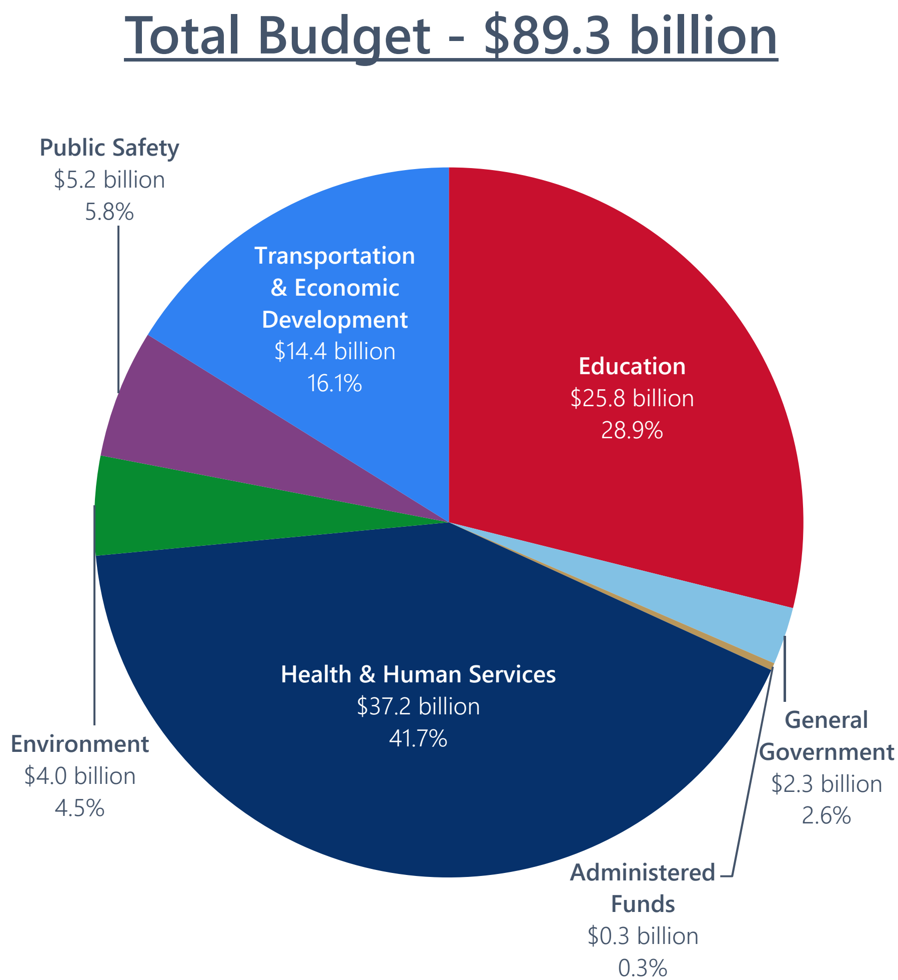
- Appropriations growth continues as economy strengthens and revenue collections improve
- Fiscal Year 2019 appropriations totaling $89.3 billion are about 4.8% above Fiscal Year 2018

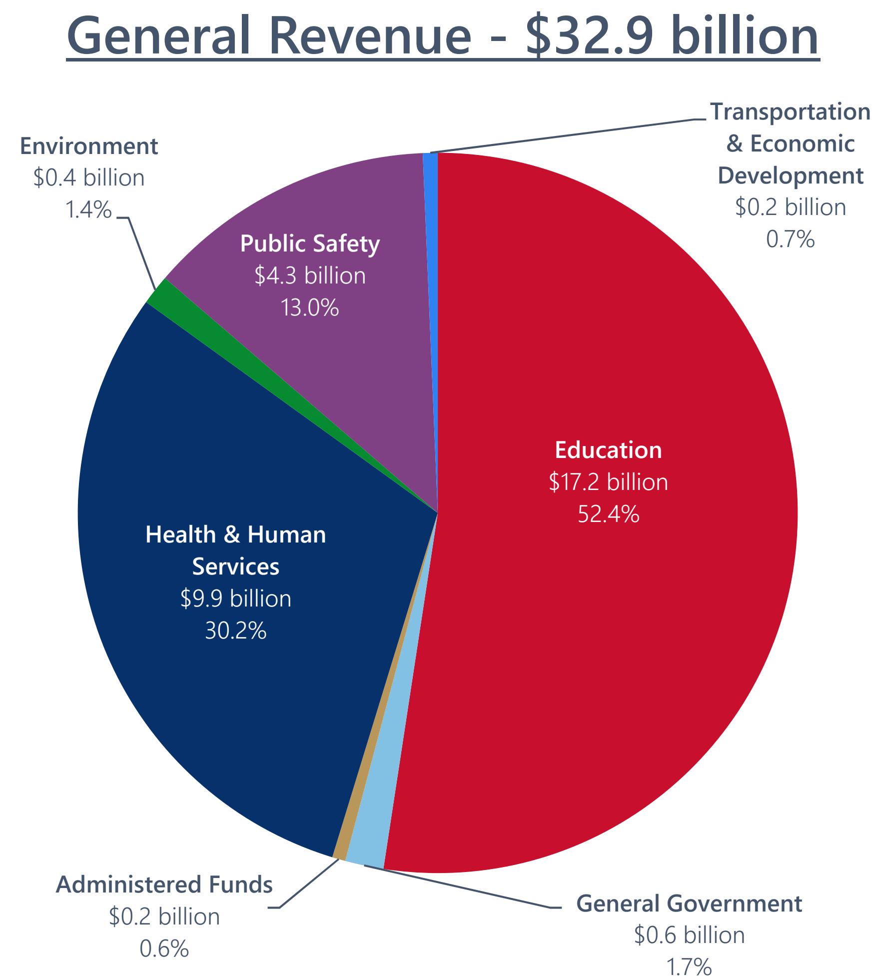
Fiscal Year 2019 Budget – $89.3 billion



- Largest portion of total State budget funded from Trust Funds
- Budget includes significant increases in funding for Education and Health Care
- Priority given to Education, Health Care and Economic Development initiatives

Fiscal Year 2019 Budget





- Largest component of total budget is Health and Human Services (41.7%)
- Largest component of GR budget is Education (52.4%)
- Largest shares reflect importance of those issues for the State

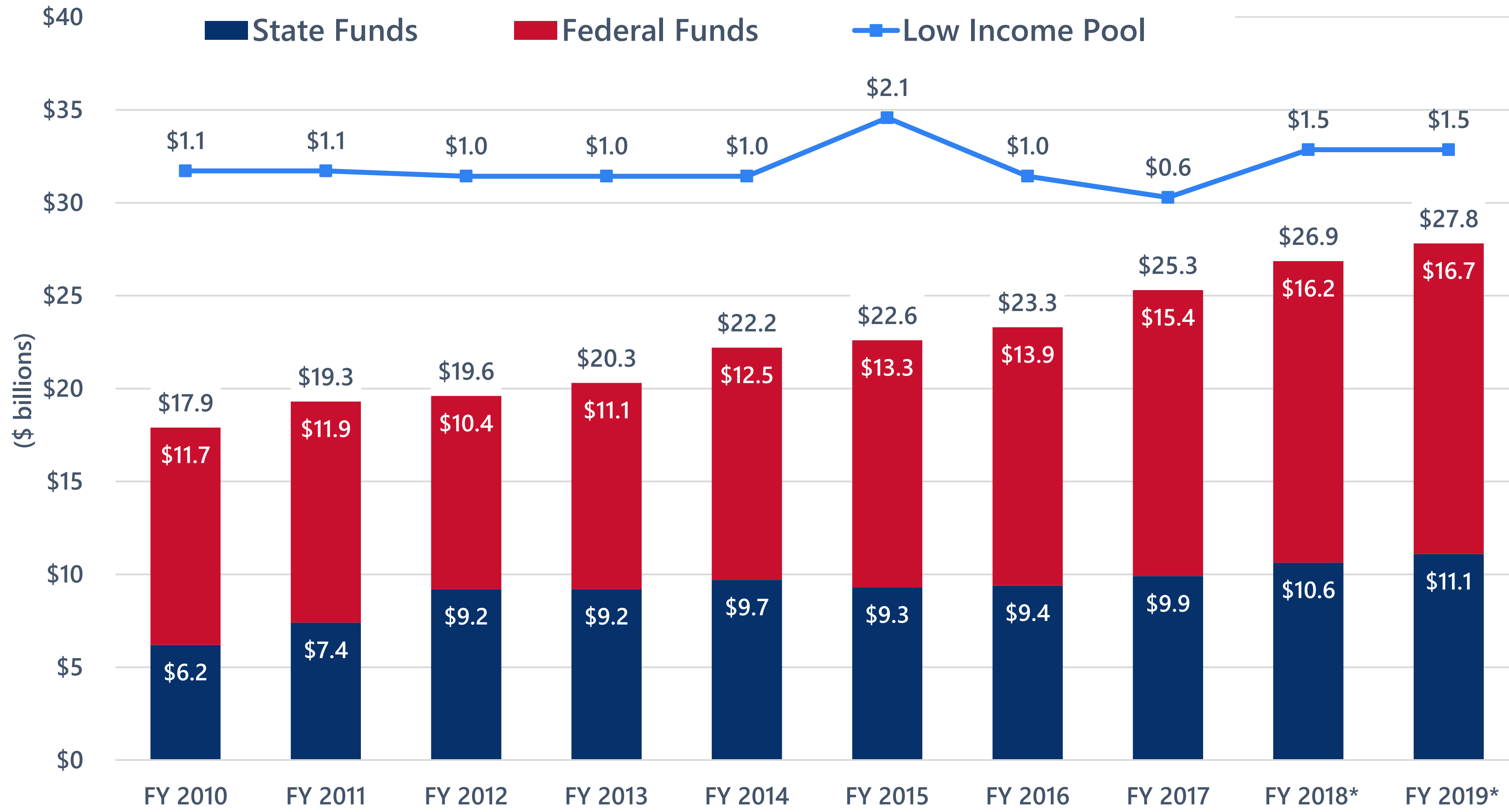
Major Budget Increases

Fiscal Year 2018 and Fiscal Year 2019 Budget Increases	
Policy Area	**Amount** *($ millions)*
Transportation & Economic Development	$1,470
Health & Human Services	$1,098
Education *Public Schools: $484.8 million* *State Universities: $115.8 million* *Bright Futures: $122.4 million* *Other Programs: $56.4 million*	$ 760
Environment	$ 370
State Employee Benefits & Compensation	$ 145
General Government & Other Various Programs	$ 122
Public Safety	$ 92
Total Difference = $4 Billion	

Major Increases:

- Federal Match for Disasters increased by almost $1.5 billion
- Medicaid Services increased by $1.1 billion
- Public Schools funding increased by $484.8 million, which includes $166.7 million from the School Safety Bill (Senate Bill 7026)

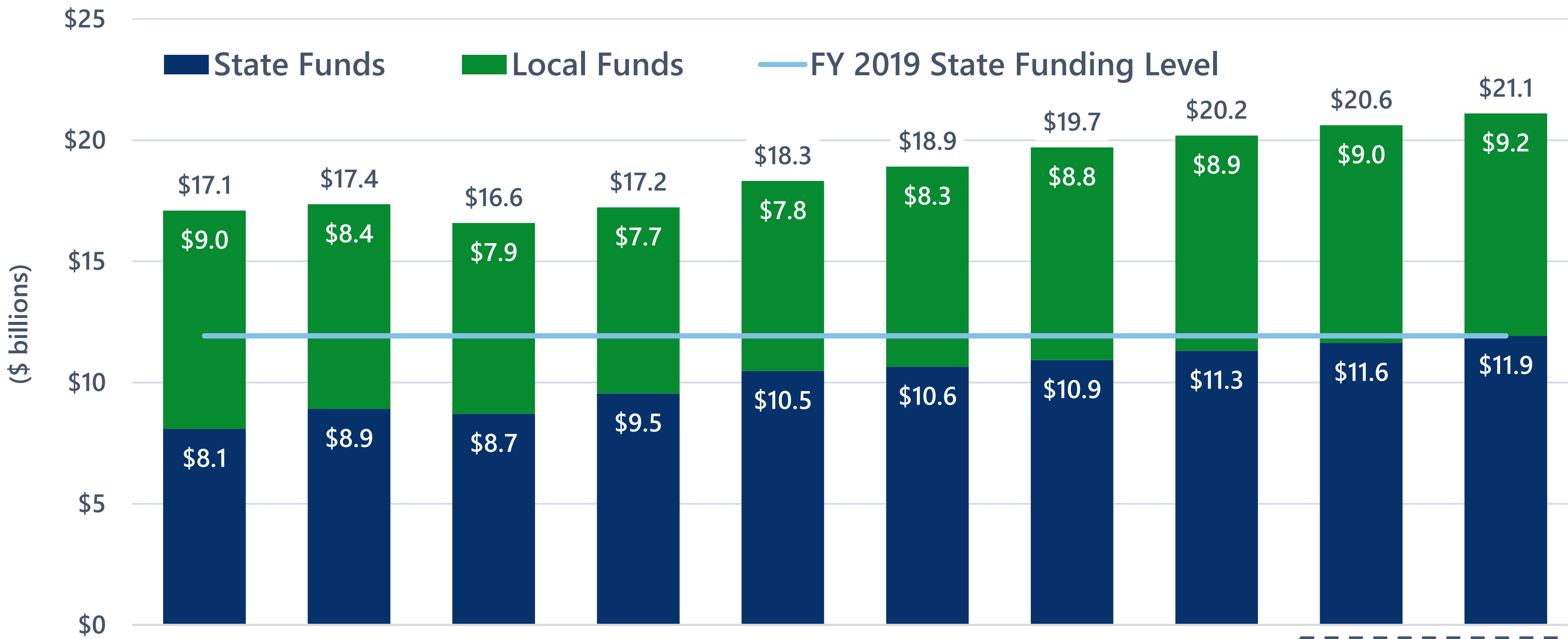
Medicaid and Low Income Pool Expenditures



- Total Medicaid funding increased by $1.6 billion and almost $1 billion in Fiscal Years 2018 and 2019, respectively
- Low Income Pool increases consistent with level of uncompensated care

** FY 2017-18 and FY 2018-19 are based on the January 19, 2018 Social Services Estimating Conference*

K-12 Public Schools – Funding & Enrollment



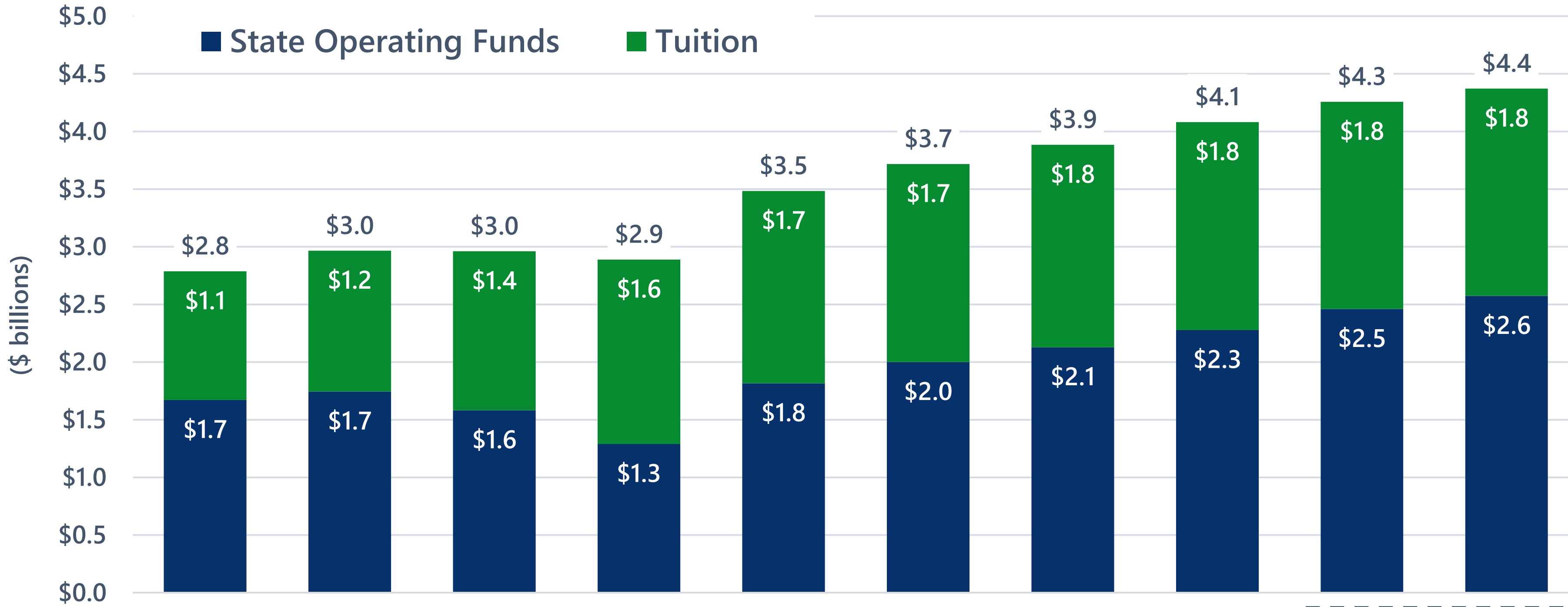
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE Student Enrollment	2,629,327	2,642,511	2,667,058	2,700,058	2,705,148	2,743,329	2,778,915	2,804,865	2,821,037	2,847,830
Per Student Funding	$6,501	$6,567	$6,217	$6,377	$6,769	$6,891	$7,090	$7,197	$7,307	$7,408

Estimates

- State and total funding reach historic highs in Fiscal Year 2019
- $101.50 increase in per student funding from the prior year
- Estimated increase in FTE student enrollment of almost 27,000 in Fiscal Year 2019 partially due to population growth

Source: Student FTE Enrollment and Per Student Funding from Public Schools PreK-12 Education Estimating Conference, January 2018

State University System – Funding & Enrollment



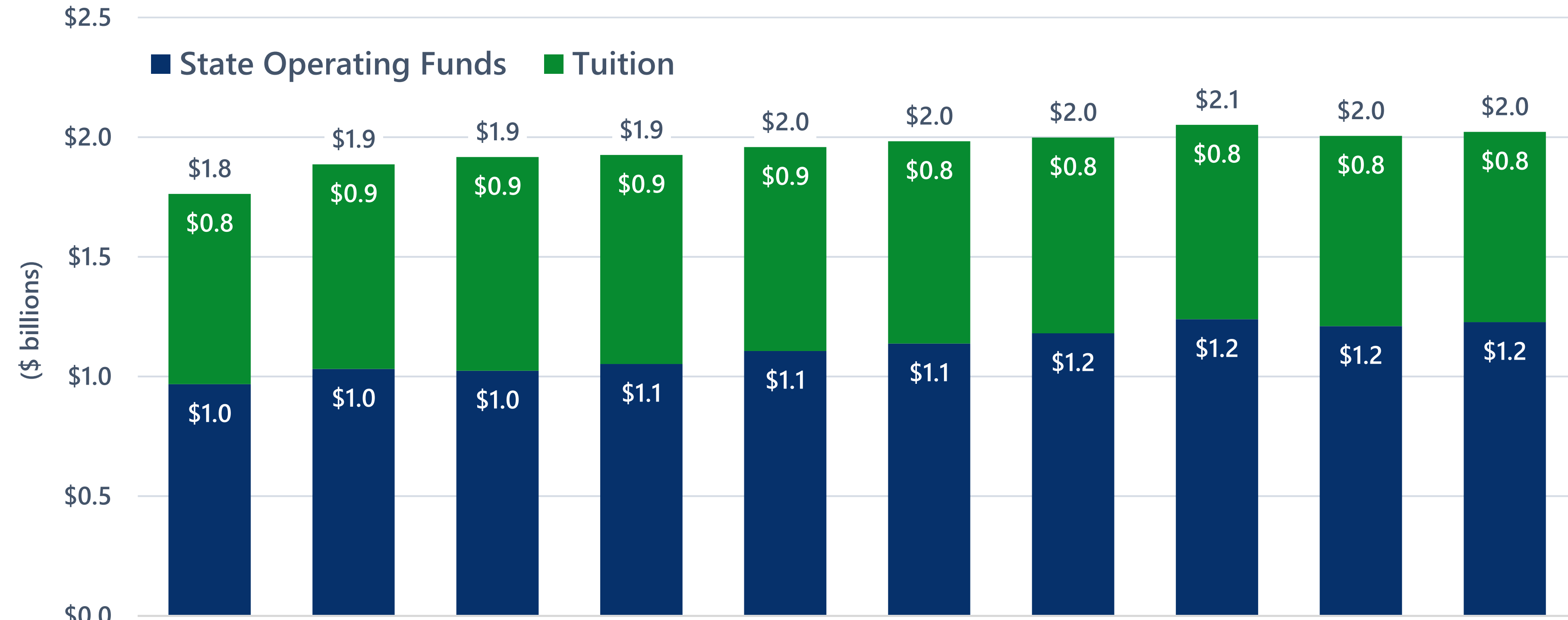
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE Student Enrollment	268,052	276,376	281,785	280,971	279,742	279,890	283,381	288,830	293,380	297,240
Per Student Funding	$10,397	$10,728	$10,505	$10,282	$12,453	$13,281	$13,705	$14,129	$14,509	$14,706

Estimates

- Record level of operating funding for State Universities in Fiscal Year 2019
- State appropriations funding level continues to grow, reducing need for universities to implement a tuition increase
- Performance funding of $560 million – 13% of total university funding ($20 million new state funds for total of $265 million state investment and $295 million institutional investment)

Note: Excludes Appropriations and FTE Students for Moffitt, UF-IFAS, Health Science Centers, and Medical Schools

Florida College System – Funding & Enrollment



	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
FTE Student Enrollment	362,630	375,292	372,050	350,109	340,556	334,178	327,992	320,900	321,995	321,995
Per Student Funding	$4,861	$5,026	$5,151	$5,499	$5,750	$5,933	$6,091	$6,391	$6,227	$6,279

Estimates

- State appropriations funding level reduces need for colleges to implement a tuition increase
- State colleges provide critical access for job training and higher education for Florida students

Fiscal Year 2019 General Revenue Outlook

Description	Recurring *($ millions)*	Non-recurring *($ millions)*	Total *($ millions)*
General Revenue Available	$31,796.8	$2,185.2	$33,982.0
General Revenue Appropriations	31,774.4	1,193.2	32,967.6
Unspent Balance	$ 22.4	$ 992.0	$1,014.4
Percent Non-recurring for Recurring Purposes			NONE

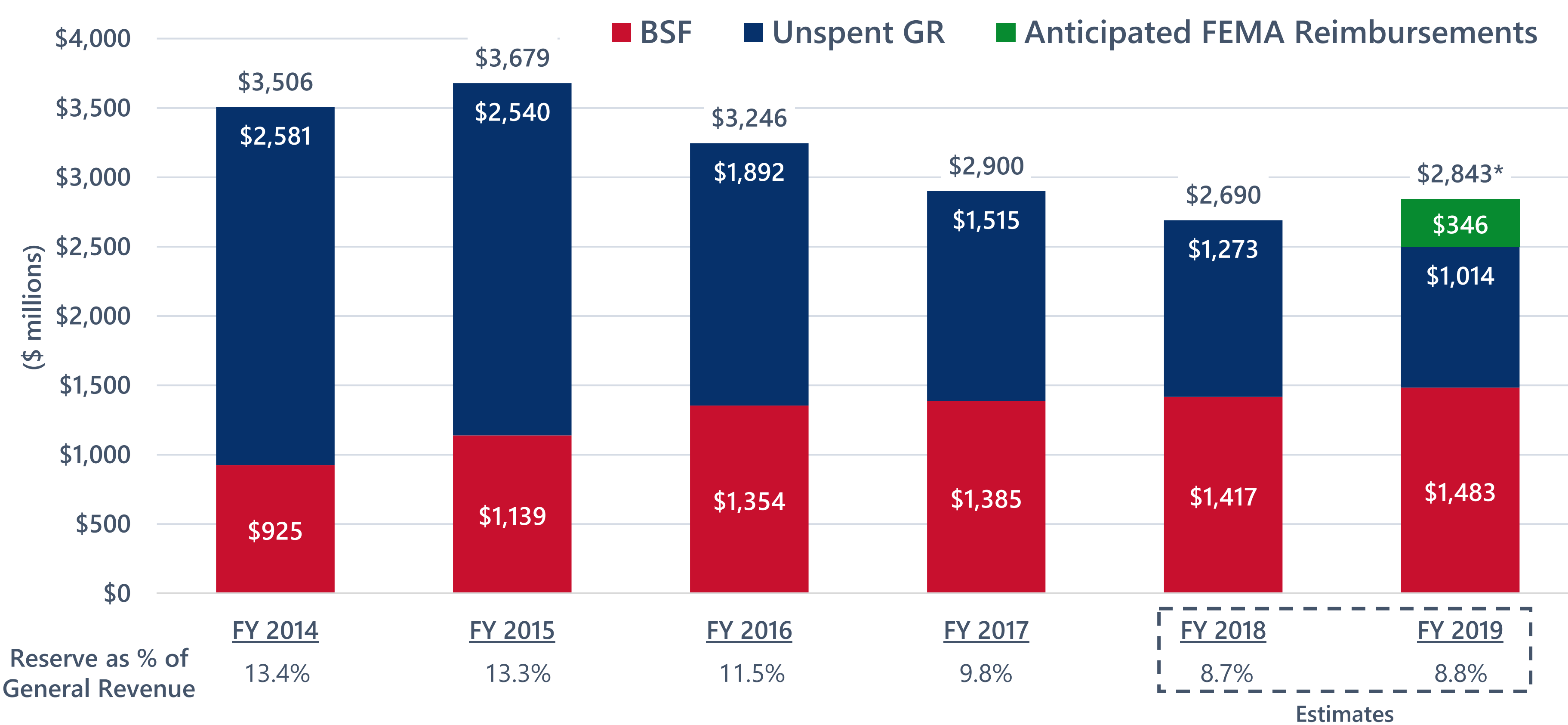
- The budget is structurally balanced
- Fifth consecutive year with a structurally balanced budget despite tax cuts
- Anticipated reimbursements from the Federal Emergency Management Agency ("FEMA") for hurricane expenditures will increase the unspent balance

Estimated FY 2019 General Revenue Reserves

Estimated Fiscal Year 2019 Unspent GR Balance *($ millions)*		
Estimated Fiscal Year 2018 Year-end Balance		**$1,273**
Estimated General Revenue Available – FY 2019	32,534	
Budgeted Appropriations – FY 2019 (net of vetoes)	(32,968)	
		(434)
Non-operating Adjustments		
Trust Fund Sweeps (net of vetoes)	392	
Sanford Burnham Refund	11	
Hurricane Matthew Reimbursement	8	
Alien Incarceration	8	
Deposit to BSF	(67)	
		352
Tax Relief & Measures Affecting Revenue	(177)	
		(177)
Estimated Fiscal Year 2019 Year-end Balance		**$1,014**

- Unplanned revenue and expenditure adjustments made to year-end 2018 unspent GR balance may have positive effect on projected Fiscal Year 2019 balance
- Projected and preliminary balance at June 30, 2019 of $1 billion

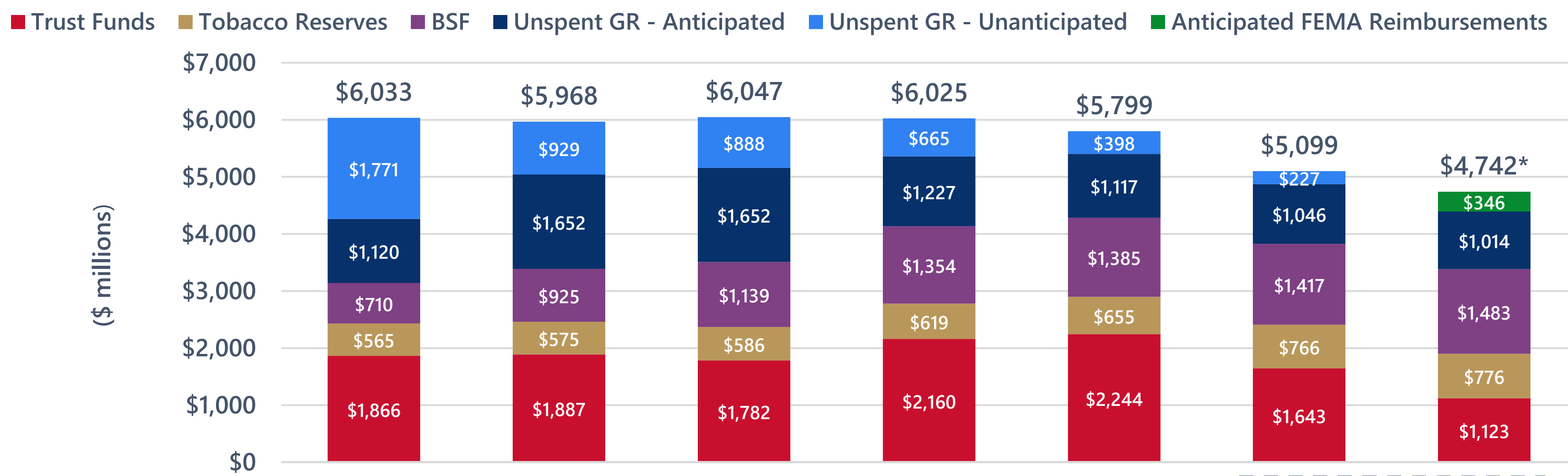
General Fund Reserves



- General Fund Reserves (Unspent GR plus BSF) expected to be $2.7 billion or 8.7% of General Revenue at June 30, 2018 and $2.8 billion or 8.8% of General Revenue at June 30, 2019 (includes anticipated FEMA reimbursements of $346 million)
- Fiscal Year 2018's estimate includes approximately $300 million of budget amendments related to Hurricane Irma expenses
- Targeted Unspent GR expected to remain at informal policy of $1 billion
- State continues to increase the BSF; balance estimated to be nearly $1.5 billion at end of Fiscal Year 2019

Preliminary, subject to adjustments. The estimated Fiscal Year 2018 General Fund Reserves balance in the chart above has been updated since this presentation. Please see the Recent State Financial Developments posting on the Florida Division of Bond Finance Website (https://www.sbafla.com/bondfinance/) under "DBF News – Items of Interest" for the most up-to-date General Fund Reserves balance information.

Total State Reserves



	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Unspent GR - Anticipated	$1,120	$1,652	$1,652	$1,227	$1,117	$1,046	$1,014
Unspent GR - Unanticipated	1,771	929	888	665	398	227	-
Anticipated FEMA Reimbursements	-	-	-	-	-	-	346
BSF	710	925	1,139	1,354	1,385	1,417	1,483
Tobacco Reserves	565	575	586	619	655	766	776
Other Trust Funds	1,866	1,887	1,782	2,160	2,244	1,643	1,123
Total Reserves	6,033	5,698	6,047	6,025	5,799	5,099	4,742
Total Reserves as % of GR	23.8%	22.8%	21.8%	21.3%	19.6%	16.4%	14.6%

Estimates

- Trust Fund balances provide an additional source of reserves which have been used when needed
- Total Reserves estimated to be $5.1 billion or approximately 16.4% of General Revenue at June 30, 3018
- Total Reserves estimated to decline slightly to approximately $4.7 billion or 14.6% of General Revenue at June 30, 2019
- Unplanned revenue and expenditure adjustments made to the year-end 2018 unspent GR balance may have a positive effect on Fiscal Year 2019 total reserves

**Preliminary, subject to adjustments, based on the February 2018 Revenue Estimating Conference. The estimated Fiscal Year 2018 Total State Reserves balance in the chart above has been updated since this presentation. Please see the Recent State Financial Developments posting on the Florida Division of Bond Finance Website (https://www.sbafla.com/bondfinance/) under "DBF News – Items of Interest" for the most up-to-date Total State Reserves balance information.*

Hurricane Irma Budget Impacts

Total State Hurricane Irma Costs [1]	
FEMA Public Assistance – State Agencies	$730.2 million
Anticipated FEMA Reimbursement	($678.8 million)
Net Cost to State Agencies	**$51.4 million**
FEMA Individual Assistance & Transitional Sheltering Assistance	**$103.7 million**
FEMA Public Assistance – Local Counties [2]	**$459.5 million**
Total Cost to the State	**$614.6 million**

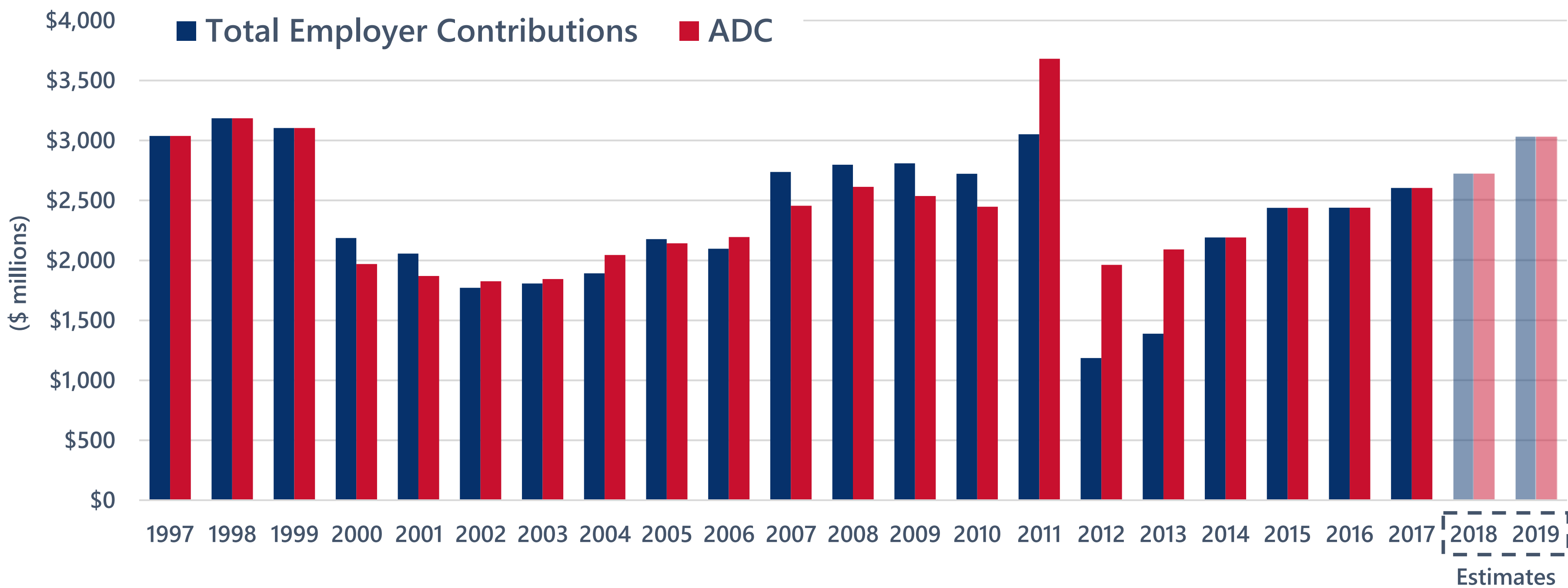
- Florida has a sophisticated, institutionalized system for responding to hurricanes with annual training sessions even in years with no hurricanes
- State systematically tracks and accumulates costs for FEMA reimbursement
- Net fiscal impact to the State's General Revenue Fund and Trust Funds for Hurricane Irma expenses and approved Individual Assistance/Transitional Sheltering Assistance to date, excluding the State's share of county costs, is currently projected to be approximately **$155.1 million** after expected reimbursements from FEMA
- State's share of county hurricane related costs is currently estimated at **$459.5 million**, but that estimate will continue to develop and those costs are expected to be paid out over the next five budget years
- Total cost of Hurricane Irma to the State, net of anticipated FEMA reimbursements, is currently projected to be **$614.6 million** ($580.0 million from General Revenue and $34.5 million from State Trust Funds)

[1] Estimates as of April 9, 2018. Note: Totals may not add due to rounding
[2] Expected to be paid out over the next five budget years

Pension Funding

- Legislature fully funded the Actuarially Determined Contribution ("ADC") in Fiscal Years 2014 through 2019
- Funded ratio based on actuarial value of assets ($150.6 billion) at 7/1/17 was 84.3%
- Funded ratio based on market value of assets ($163.3 billion) as of 5/11/18 was 91.5%
- State's share of the Net Pension Liability ("NPL"), including State universities, is approximately 22.8% based on percent of total contributions in Fiscal Year 2017
- State's 22.8% allocable share of NPL was $6.8 billion as of June 30, 2017 using actuarial value of assets
- Investment return assumption for calculating pension contribution (ADC) of 7.50%, but 7.10% for financial reporting (CAFR)
- State continues to make progress towards a "reasonable" investment return assumption by lowering the investment return assumption
- Over the last four years, the investment return assumption has been lowered from 7.75% to 7.50%

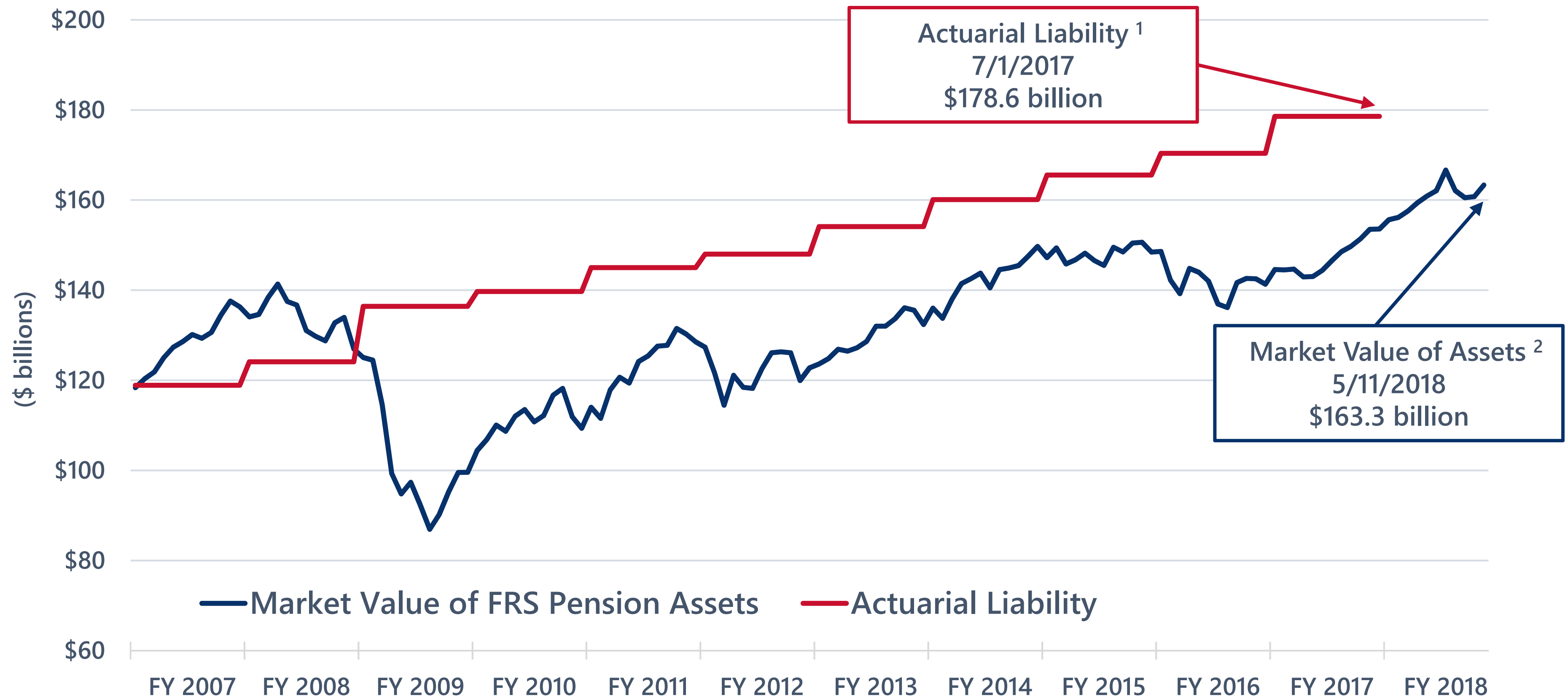
FRS Employer Contributions vs the ADC



- Prior to the recession, the State was diligent about contributing the ADC to the pension plan
- In Fiscal Year 2011 the ADC increased significantly due to smoothing of market losses and an increased Unfunded Actuarial Liability ("UAL")
- Pension reform effective July 1, 2012 included requiring employees to contribute 3% of salary, prospectively eliminating the Cost of Living Adjustment benefit, and extending vesting period
- Reforms helped constrain growing liability and pension cost
- For the last six years (Fiscal Years 2014 through 2019), the State budgeted contributions sufficient to fully fund the ADC based on the FRS plan assumptions

Source: Florida Retirement System Pension Plan and Other State Administered Systems CAFRs and Blended Rate Studies

Historical Market Value of FRS Pension Assets



- Actuarial liabilities have grown due to vagaries of actuarial computations
- Market value provides a true, real time measure of asset value
- Pension system is well funded by all measures
- Funded ratio remains very strong: 91.5% using market value of assets as of May 11, 2018 and actuarial liability as of July 1, 2017

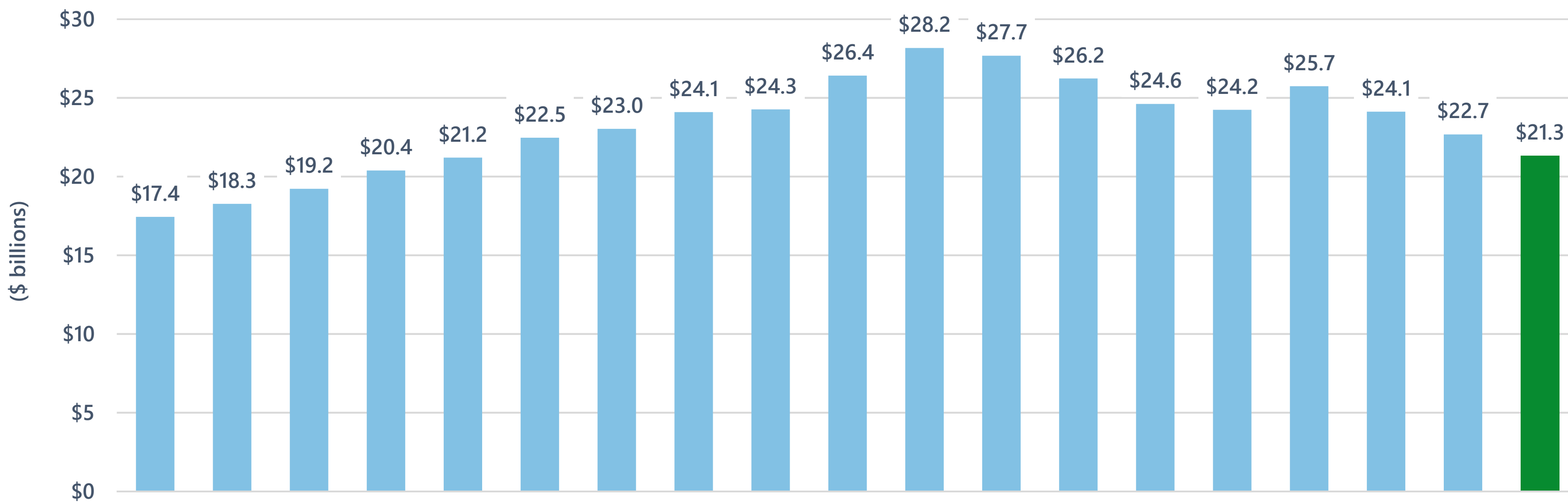
[1] *Source: Florida Retirement System Actuarial Valuation Reports*
[2] *Source: Florida State Board of Administration*

Debt Position

- Balance sheet has improved significantly over last eight years
- Unemployment Compensation Trust Fund loan fully repaid in 2013 and deficits eliminated without using bonds; fund balance at June 30, 2017 of $3.7 billion
- Other Postemployment Benefits ("OPEB") liability totaled $9.2 billion as of July 1, 2016 (State's share is approximately 76%) but consists of implicit subsidy only; no legal entitlement or constitutional protection of health benefits
- Florida Hurricane Catastrophe Fund's ("Cat Fund") funding remains strong after Hurricane Irma, with $16.3 billion of total resources for the upcoming season ($14.1 billion in cash and $2.2 billion in pre-event bond proceeds)
  - Cat Fund anticipates purchasing $1 billion of reinsurance for the 2018 season to bring total funding up to the $17 billion maximum statutory exposure
  - Cat Fund has already set aside a $2.0 billion loss reserve for Hurricane Irma with $318 million of losses paid through April 30, 2018 (Reported Losses of $1.7 billion; IBNR of $380 million)
- Citizens Property Insurance ("Citizens") has also improved, reducing policies and exposure through depopulation program
  - Since end of 2011, Citizens has reduced total policies by more than 70% (1.5 million to 440,000), and reduced total exposure by 78% ($510 billion to $112 billion)
- Over the past eight years ending June 30, 2018, debt will have declined by $6.8 billion, or nearly 25%, notwithstanding the inclusion of the $2.7 billion obligation from I-4 Ultimate long-term Public Private Partnership ("P3")
- Benchmark debt ratio increased slightly to 5.59% in Fiscal Year 2017 and is below 6% policy target; projected to remain below 6% target in Fiscal Year 2018 and thereafter
- Debt obligations remain manageable at a relatively low level and contingent liabilities pose less risk

[1] *IBNR = Incurred But Not Reported. This is additional loss development on the total loss estimates reported by companies to the Cat Fund. This loss development is estimated by the Cat Fund's actuary, Paragon, based on industry reporting patterns for prior hurricane events*

History of Outstanding Debt



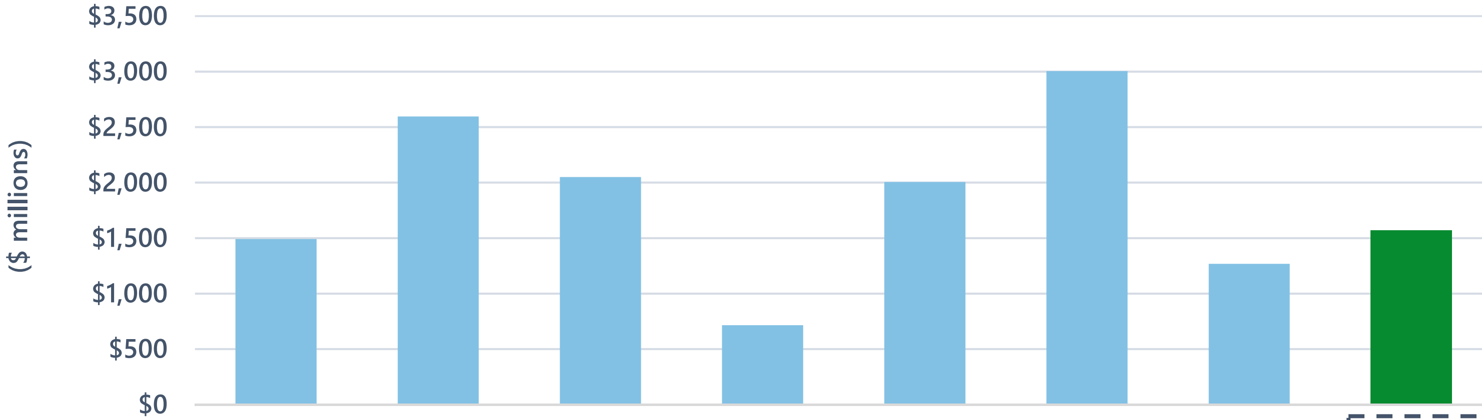
Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
$ Change (in billions)	$0.6	$0.8	$1.0	$1.2	$0.8	$1.3	$0.6	$1.1	$0.2	$2.1	$1.8	$(0.5)	$(1.4)	$(1.6)	$(0.4)	$1.5	$(1.6)	$(1.4)	$(1.3)
Growth Rate	3.6%	4.8%	5.2%	6.0%	4.0%	6.0%	2.5%	4.6%	0.7%	8.8%	6.7%	(1.7)%	(5.2)%	(6.2)%	(1.5)%	6.2%	(6.3%)	(6.0)%	(5.9)%

Estimate

- Total direct debt outstanding is estimated to be $21.3 billion at the end of Fiscal Year 2018
- State reversed long history of increasing debt beginning in 2011
- Total direct debt is estimated to have decreased by $6.8 billion, or nearly 25%, over the last eight fiscal years, primarily a result of principal repayments on existing debt exceeding new money debt issuance

Source: State of Florida Debt Reports

Refinancing Activity for Debt Service Savings

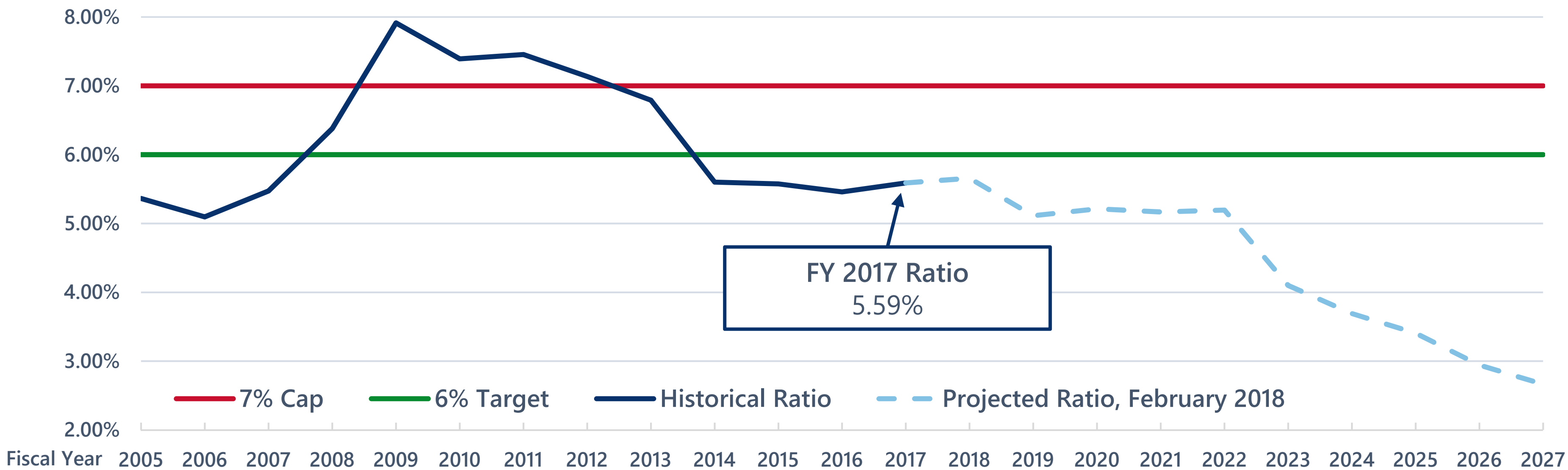


	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
Refunding Transactions	12	20	10	9	14	13	14	11	103
Refunding Par	$1,491.1	$2,595.0	$2,049.4	$713.9	$2,004.2	$3,003.6	$1,267.8	$1,570.2	$14,695.2
Refunding Savings:									
Gross Savings	$193.3	$450.9	$515.6	$99.1	$376.9	$618.8	$303.6	$380.5	$2,938.7
Present Value Savings	$162.4	$366.2	$406.1	$87.0	$311.1	$380.5	$247.0	$296.5	$2,256.8
								Preliminary	

- The State continues to execute a significant amount of refundings to take advantage of historically low interest rates, though loss of advance refundings diminishes flexibility
- Par amount of refundings over the last eight fiscal years totals nearly $14.7 billion
  - Aggregate gross debt service savings of approximately $2.9 billion or over $2.2 billion of debt service savings on a present value basis
- Nearly 70% of all debt has been refinanced over the last eight years
- Refundings are structured term-to-term with no extension of debt
- Debt service savings from refundings helps reduce cost of debt burden

Note: Totals may not add due to rounding

Benchmark Debt Ratio



Benchmark Debt Ratio Projection

	Actual		***Projected***									
Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
2017 Projection	5.46%	5.59%	5.63%	5.13%	5.25%	5.20%	5.21%	4.11%	3.70%	3.41%	2.95%	2.67%
February 2018 Projection	5.46%	5.59%	5.66%	5.11%	5.21%	5.17%	5.19%	4.10%	3.69%	3.41%	2.94%	2.66%

- State's benchmark debt ratio is annual debt service to revenues available to pay
- Debt ratio increased from Fiscal Year 2006 through Fiscal Year 2009 primarily due to declining revenues
- Benchmark has improved steadily since peaking in 2009 due to the combined effects of rising revenues and decreasing debt service
- The ratio substantially declined in Fiscal Year 2014 following retirement of the Preservation 2000 bonds
- Benchmark debt ratio increased slightly to 5.59% in Fiscal Year 2017, but has been below 6% policy target since Fiscal Year 2014 and is projected to continue to remain below that target throughout the projection period

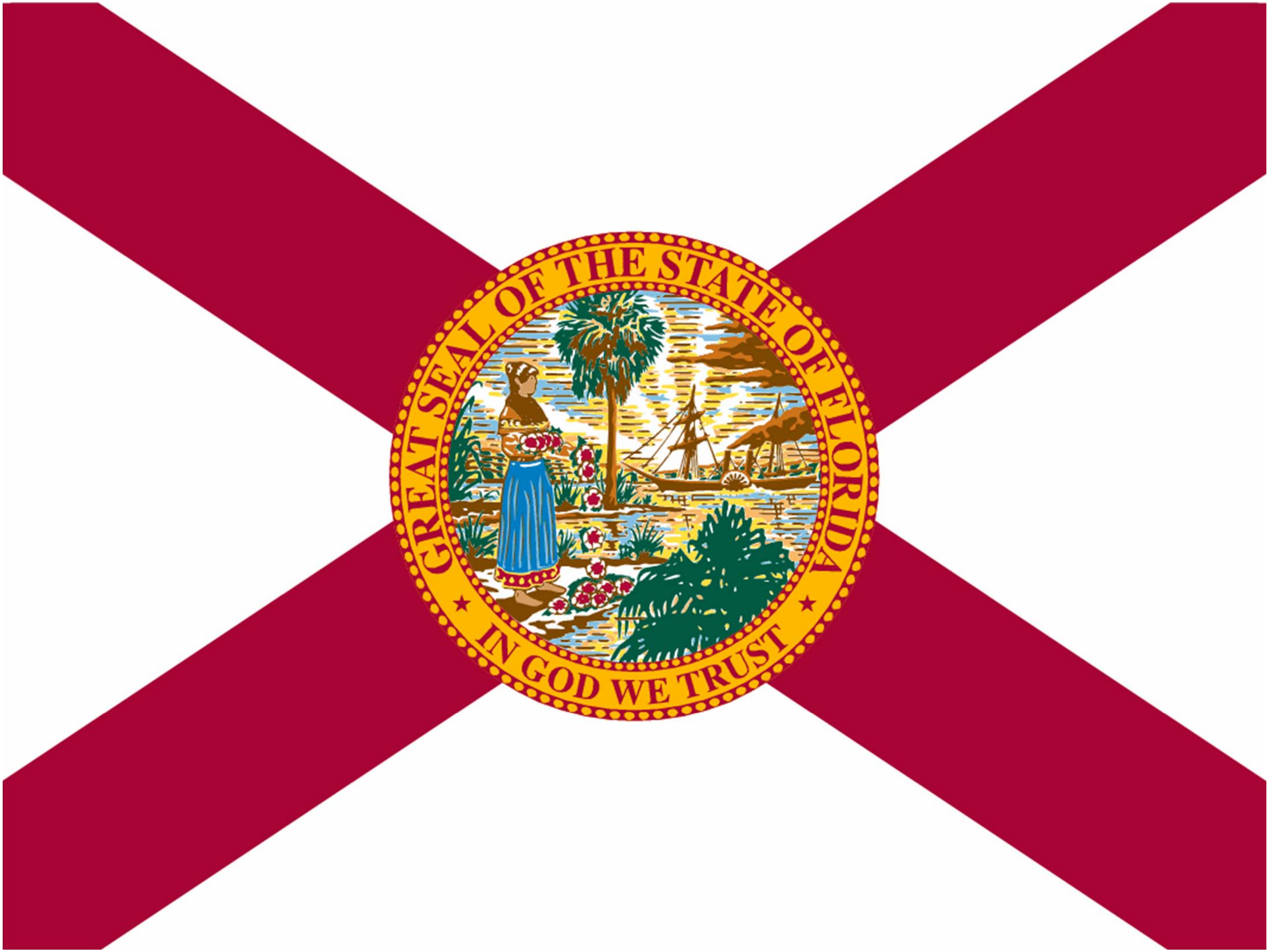
Source: State of Florida 2017 Debt Report, February 2018 Update

FDOT Financing Corporation and P3's

- In 2016, HB 7027 created the Florida Department of Transportation ("FDOT") Financing Corporation as a lower cost alternative to private financing for P3 projects approved in FDOT's work program
- FDOT has identified initial project to be financed as $500 million Phase 3C of I-95 Express Lanes in Broward County
- Initial tranche of financing anticipated in July 2018 – $190 million
- Bonds are secured and payable solely from revenues of the State Transportation Trust Fund, subject to annual appropriation
- FDOT may enter into service contracts with the Corporation for terms not exceeding 35 years
- Payments under the service contracts are subject to annual appropriation by the Legislature
- Debt secured by appropriated payments under the service contracts may not exceed 30 years

Conclusions

- Economy improving year-over-year
  - Home prices improving, sales increasing and inventory declining
  - Population and Tourism continue to grow
  - Florida private sector job growth rate is the highest among the southeastern states
- General Revenue collections continue to grow each year and annual increases are projected
- Budget structurally balanced with record investment in education; Fiscal Year 2019 is sixth consecutive year without a budget gap
- General Fund Reserves at June 30, 2018 expected to be $2.7 billion or 8.8% of General Revenue
  - Informal policy to maintain at least $1 billion in Unspent GR, and Unspent GR has remained well in excess of target since Fiscal Year 2012
  - BSF fully restored in Fiscal Year 2016, demonstrating State's fiscal discipline and commitment to rebuilding reserves; ongoing transfers will continue to maintain required balance at 5% of GR
  - Total Reserves estimated to be a strong $5.1 billion or 16.4% of GR at June 30, 2018
- Pension funded ratio strong as State continues to fund the ADC in Fiscal Year 2019
- Outstanding debt expected to decrease again in Fiscal Year 2018 to $21.3 billion, down nearly 25% from peak of $28.2 billion in 2010
- Growing revenues will keep debt burden manageable
- Florida continues to demonstrate conservative fiscal management helping achieve ongoing improvement in all analytical credit metrics


GREAT SEAL OF THE STATE OF FLORIDA
IN GOD WE TRUST