

State of Florida
Division of Bond Finance

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New Issue - Book-Entry Only

This Official Statement has been prepared to provide information about the 2019A Bonds. Selected information is presented on this cover page for the convenience of the reader. *To make an informed decision, a prospective investor should read this Official Statement in its entirety.* Unless otherwise indicated, capitalized terms have the meanings given in Appendix A.



**\$86,640,000
STATE OF FLORIDA
Department of Transportation
Sunshine Skyway Revenue Bonds, Series 2019A**



Dated: Date of Delivery

Due: July 1, as shown on the inside front cover

Bond Ratings

A+ (stable outlook) | Fitch Ratings
A1 (stable outlook) | Moody's Investors Service
A (stable outlook) | S&P Global Ratings

Tax Status

In the opinion of Bond Counsel, assuming compliance by the State of Florida Department of Transportation with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the 2019A Bonds will be excluded from gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax. The 2019A Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except estate taxes and taxes under Chapter 220, Florida Statutes, as amended. See "TAX MATTERS" herein for a description of other tax consequences to owners of the 2019A Bonds.

Redemption

The 2019A Bonds maturing on and after July 1, 2030 are subject to optional redemption as provided herein.

Security

The 2019A Bonds will be payable from Net Revenues of the Sunshine Skyway which consist of the Revenues remaining after deducting the Administrative Expenses, the Cost of Operations and the Cost of Maintenance. **The 2019A Bonds are not a general obligation of the State of Florida, and the full faith and credit of the State of Florida is not pledged to payment of the 2019A Bonds.** See "SECURITY FOR THE 2019A BONDS" herein for more complete information.

Lien Priority

The lien of the 2019A Bonds on the Net Revenues is a first lien on such revenues and will be on parity with any subsequently issued Additional Bonds.

Additional Bonds

Additional Bonds payable on a parity with the 2019A Bonds may be issued if historical and projected Net Revenues are at least 150% of debt service. This description of the requirements for the issuance of Additional Bonds is only a summary of the complete requirements. See "SECURITY FOR THE 2019A BONDS – Additional Bonds" herein for more complete information.

Purpose

Proceeds of the 2019A Bonds will be used to finance a portion of the cost of construction of the 2019A Project, which consists of transportation projects in Hillsborough, Pinellas, and Manatee counties, and to pay costs of issuance. See "PURPOSE OF THE ISSUE – The 2019A Project" herein for more complete information.

Interest Payment Dates

January 1 and July 1, commencing January 1, 2020.

Record Dates

December 15 and June 15.

Form/ Denomination

The 2019A Bonds will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only through Direct Participants (defined herein) in denominations of \$1,000 and integral multiples thereof. Purchasers of the 2019A Bonds will not receive physical delivery of the 2019A Bonds.

Closing/ Settlement

It is anticipated that the 2019A Bonds will be available for delivery through the facilities of DTC in New York, New York on May 23, 2019.

**Bond Registrar/
Paying Agent**

U.S. Bank Trust National Association, New York, New York.

Bond Counsel

Bryant Miller Olive P.A., Tallahassee, Florida.

Issuer Contact

Division of Bond Finance, (850) 488-4782, bond@sbafla.com

Maturity Structure

The 2019A Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover.

MATURITY STRUCTURE

<u>Initial CUSIP[©]</u>	<u>Due Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield*</u>	<u>First Optional Redemption Date and Price</u>
34161HAA4	July 1, 2020	\$ 2,480,000	5.00%	1.58%	-
34161HAB2	July 1, 2021	3,025,000	5.00	1.61	-
34161HAC0	July 1, 2022	3,175,000	5.00	1.65	-
34161HAD8	July 1, 2023	3,335,000	5.00	1.69	-
34161HAE6	July 1, 2024	3,500,000	5.00	1.73	-
34161HAF3	July 1, 2025	3,675,000	5.00	1.79	-
34161HAG1	July 1, 2026	3,860,000	5.00	1.85	-
34161HAH9	July 1, 2027	4,055,000	5.00	1.93	-
34161HAJ5	July 1, 2028	4,255,000	5.00	2.00	-
34161HAK2	July 1, 2029	4,470,000	5.00	2.09	-
34161HAL0	July 1, 2030**	4,690,000	5.00	2.19	July 1, 2029 @ 100%
34161HAM8	July 1, 2031**	4,925,000	5.00	2.27	July 1, 2029 @ 100
34161HAN6	July 1, 2032**	5,170,000	5.00	2.35	July 1, 2029 @ 100
34161HAP1	July 1, 2033**	5,430,000	4.00	2.64	July 1, 2029 @ 100
34161HAQ9	July 1, 2034**	5,650,000	4.00	2.72	July 1, 2029 @ 100
34161HAR7	July 1, 2035**	5,875,000	4.00	2.79	July 1, 2029 @ 100
34161HAS5	July 1, 2036**	6,110,000	4.00	2.85	July 1, 2029 @ 100
34161HAT3	July 1, 2037**	6,355,000	4.00	2.89	July 1, 2029 @ 100
34161HAU0	July 1, 2038**	6,605,000	4.00	2.93	July 1, 2029 @ 100

* Yield information provided by the underwriter.

** The yield on these maturities are calculated to a 100% call on July 1, 2029.

The State of Florida has not authorized any dealer, broker, salesman or other person to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied on. Certain information herein has been obtained from sources other than the State of Florida which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will under any circumstances, create any implication that there has been no change in the affairs of the State of Florida since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the 2019A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

STATE OFFICIALS

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CONSULTANT TO THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION

AECOM Technical Services, Inc.
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New York, New York

BOND COUNSEL
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Tallahassee, Florida

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OFFICIAL STATEMENT
Relating to
\$86,640,000
STATE OF FLORIDA
Department of Transportation
Sunshine Skyway Revenue Bonds, Series 2019A

For definitions of capitalized terms not defined in the text hereof, see Appendix A.

INTRODUCTION

This Official Statement sets forth information relating to the sale and issuance of the \$86,640,000 State of Florida, Department of Transportation, Sunshine Skyway Revenue Bonds, Series 2019A (the “2019A Bonds”), dated the date of delivery thereof, by the Division of Bond Finance of the State Board of Administration of Florida (the “Division of Bond Finance”).

The proceeds of the 2019A Bonds will be used to finance a portion of the capital costs of construction of the 2019A Project, which consists of transportation projects in Hillsborough, Pinellas, and Manatee counties, and to pay costs of issuance. See “PURPOSE OF THE ISSUE – The 2019A Project” herein for a more detailed description of the 2019A Project.

The 2019A Bonds will be solely payable from Net Revenues of the Sunshine Skyway which consist of the Revenues remaining after deducting the Administrative Expenses, the Cost of Operations and the Cost of Maintenance. The lien of the 2019A Bonds on the Net Revenues is the first lien on such revenues and will be on a parity with any subsequently issued Additional Bonds. See “SECURITY FOR THE 2019A BONDS” herein for a more detailed description of the security for the 2019A Bonds. **The 2019A Bonds are not secured by the full faith and credit of the State of Florida.**

Requests for additional information may be made to:

Division of Bond Finance
Phone: (850) 488-4782
Fax: (850) 413-1315
Email: bond@sbafla.com
Mail: P. O. Box 13300
Tallahassee, Florida 32317-3300

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Any statements made in this Official Statement which involve opinions or estimates, whether or not expressly stated, are set forth as such and not as representations of fact. No representation is made that any of the opinions or estimates will be realized. To make an informed decision, a full review should be made of the entire Official Statement. The descriptions of the 2019A Bonds and the documents authorizing and securing the same do not purport to be comprehensive or definitive. All references to and descriptions of such documents are qualified by reference to the actual documents. Copies of such documents may be obtained from the Division of Bond Finance.

End of Introduction

AUTHORITY FOR THE ISSUANCE OF THE 2019A BONDS

General Legal Authority

The 2019A Bonds are being issued by the Division of Bond Finance on behalf of the State of Florida Department of Transportation (the “Department”) pursuant to Article VII, Section 11(d) of the Florida Constitution, the State Bond Act, and other applicable provisions of law. Article VII, Section 11(d), of the Florida Constitution provides that revenue bonds payable solely from funds derived directly from sources other than State tax revenues may be issued by the State of Florida or its agencies, without a vote of the electors, to finance or refinance capital projects. Sections 215.59(2) and 215.79, Florida Statutes, authorize the issuance of revenue bonds and the refunding of such bonds by the Division of Bond Finance pursuant to Article VII, Section 11(d), of the Florida Constitution. Section 338.165(4), Florida Statutes, authorizes the Department to request the Division of Bond Finance to issue bonds secured by Toll revenues generated by the Sunshine Skyway to fund transportation projects that are located within the counties in which the bridge is located and included in the Department’s Adopted Work Program.

Division of Bond Finance

The Division of Bond Finance, a public body corporate created pursuant to the State Bond Act, is authorized to issue bonds on behalf of the State or its agencies. The Governing Board of the Division of Bond Finance (the “Governing Board”) is composed of the Governor, as Chairman, and the Cabinet of the State of Florida, consisting of the Attorney General as Secretary, the Chief Financial Officer as Treasurer, and the Commissioner of Agriculture. The Director of the Division of Bond Finance serves as an assistant secretary of the Governing Board and directs the day-to-day operations of the Division of Bond Finance, including the issuance of bonds.

State Board of Administration of Florida

The State Board of Administration of Florida (the “Board of Administration”) was created by Article IX, Section 16 of the Florida Constitution of 1885, as amended, and is continued under Article IX, Section 9(c) of the Florida Constitution as revised in 1968. The Board of Administration is composed of the Governor, as Chairman, the Attorney General and the Chief Financial Officer. Under the State Bond Act, the Board of Administration determines the fiscal sufficiency of all bonds proposed to be issued by the State of Florida or its agencies. It also acts as the fiscal agent of the Department in administering various funds and accounts established pursuant to the Resolution. See “SECURITY FOR THE 2019A BONDS – Flow of Funds” herein for a more detailed description of the funds and accounts managed by the Board of Administration.

Department of Transportation

The Department operates under the Florida Transportation Code (see Chapters 334, 339, 341, 348, and 349, Florida Statutes, and Sections 332.003–332.007, 351.35–351.37, and 861.011, Florida Statutes). The head of the Department is the Secretary of Transportation, nominated by the Florida Transportation Commission, appointed by the Governor and confirmed by the State Senate. The Department is a decentralized agency, with a Central Office, seven District Offices, the Turnpike Enterprise, and the Rail Enterprise.

Administrative Approval

The Department, by resolution adopted on January 30, 2019, requested the Division of Bond Finance to issue the 2019A Bonds. The Governing Board authorized the issuance of the 2019A Bonds by an authorizing resolution adopted on December 4, 2018 (the “Resolution”). The Resolution is reproduced herein as Appendix D. Pursuant to the Resolution, the Governing Board also adopted a sale resolution on December 4, 2018, which authorized the sale of the 2019A Bonds.

The Board of Administration approved the fiscal sufficiency of the 2019A Bonds by a resolution adopted on December 4, 2018.

Validation of the Bonds

The validity of the 2019A Bonds has been determined by Final Judgment of the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida, rendered on February 7, 2019. Under the applicable Florida Statutes and Florida Rules of Appellate Procedure, if no appeal is taken from such judgment within 30 days of the entry of the judgment, or if such judgment is affirmed on appeal, the judgment of validation is forever conclusive as to all matters adjudicated thereby. The judgment became final on March 11, 2019 when the time for filing appeals expired with no appeals filed.

DESCRIPTION OF THE 2019A BONDS

The 2019A Bonds and the interest payable thereon are obligations of the Department, secured by and payable solely from a first lien pledge of the Net Revenues of the Sunshine Skyway on a parity with any subsequently issued Additional Bonds.

The 2019A Bonds are being issued as fully registered bonds in the denomination of \$1,000 or integral multiples thereof. The 2019A Bonds will be dated the date of delivery thereof and will mature as set forth on the inside front cover. Interest is payable on January 1, 2020, for the period from the date of delivery thereof to January 1, 2020, and semiannually thereafter on July 1 and January 1 of each year until maturity or redemption.

The 2019A Bonds will initially be issued exclusively in “book-entry” form. Ownership of one 2019A Bond for each maturity (as set forth on the inside front cover), each in the aggregate principal amount of such maturity, will be initially registered in the name of “Cede & Co.” as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as the Securities Depository for the 2019A Bonds. Individual purchases of the 2019A Bonds will be made in book-entry form only, and the purchasers will not receive physical delivery of the 2019A Bonds or any certificate representing their beneficial ownership interest in the 2019A Bonds. See Appendix G, “Provisions for Book-Entry Only System or Registered Bonds” for a description of DTC, certain responsibilities of DTC, the Department and the Bond Registrar/Paying Agent, and the provisions for registration and registration for transfer of the 2019A Bonds if the book-entry only system of registration is discontinued.

REDEMPTION PROVISIONS

Optional Redemption

The 2019A Bonds maturing in the years 2020 through 2029 are not redeemable prior to their stated dates of maturity. The 2019A Bonds maturing in 2030 and thereafter are redeemable prior to their stated dates of maturity, without premium, at the option of the Division of Bond Finance, (i) in part, by maturities to be selected by the Division of Bond Finance, and by lot within a maturity if less than an entire maturity is to be redeemed, or (ii) as a whole, on July 1, 2029, or on any date thereafter, at the principal amount of the 2019A Bonds so redeemed, together with interest accrued to the date of redemption.

Notice of Redemption

All notices of redemption of 2019A Bonds will be transmitted to the Bond Registrar/Paying Agent, registered securities depositories and the Municipal Securities Rulemaking Board using its Electronic Municipal Market Access System (“EMMA”), and will be mailed at least 30 days prior to the date of redemption to Registered Owners of the 2019A Bonds to be redeemed, of record as of 45 days prior to the date of redemption. Such notices of redemption will specify the 2019A Bonds to be redeemed, if less than all; the redemption price thereof; the place for presentation thereof; and that interest on the 2019A Bonds so called for redemption will cease to accrue on the redemption date.

Failure to give any required notice of redemption as to any particular 2019A Bonds will not affect the validity of the call for redemption of any 2019A Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Resolution will be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice.

PURPOSE OF THE ISSUE

The proceeds of the 2019A Bonds will be used to finance a portion of the costs of the 2019A Project and to pay costs of issuance.

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The 2019A Project

The 2019A Project includes the acquisition of real property, replacement of bridges, addition of new lanes, rest area replacement, sidewalk construction, and other transportation related improvements in Hillsborough, Pinellas, and Manatee counties. A majority of the transportation projects constituting the 2019A Project are off-system improvements; the rest areas are the only improvements directly related to the Sunshine Skyway. A list of the transportation projects comprising the 2019A Project is provided below.

<u>Project</u>	<u>County</u>	<u>Description</u>
Skyway Rest Areas	Manatee/ Pinellas	Improvements to the Sunshine Skyway rest areas (North and South).
State Road 64 at Rye Road	Manatee	Replacement of intersection with multi-lane roundabout to increase capacity.
State Road 70 from Lorraine Road to Country Road 675	Manatee	Widening from two-lane road to four-lane divided highway.
United States Route 41 from 69th Avenue to Cortez Road	Manatee	Improvements to multi-modal corridor to improve pedestrian safety.
United States Route 19 from South of Northeast Coachman Road to North of Sunset Point	Pinellas	Improvements that include removal of traffic signals and incorporation of grade separated interchanges and overpasses.
Interstate 275 Howard Frankland Bridge	Pinellas/ Hillsborough	Replacement of 1960's structure that is approaching end of its useful life.
Gateway Expressway	Pinellas	Construction of two new four-lane roads that will provide an intersection free route between United States Route 19 and Interstate 275 and the Bayside Bridge and Interstate 275.
Tampa Bay Next	Hillsborough	Engineering support for proposed improvements to Interstate 275, Interstate 4, and Interstate 75.

None of the projects comprising the 2019A Project are expected to have an effect, either positive or negative, on the Sunshine Skyway's traffic or Toll revenues during construction or after completion.

Sources and Uses of Funds

Sources:

Par Amount of the 2019A Bonds.....	\$86,640,000
Plus: Original Issue Premium	<u>13,641,869</u>
Total Sources	<u>\$100,281,869</u>

Uses:

Deposit to the 2019A Construction Fund.....	\$100,000,000
Underwriter's Discount.....	81,497
Cost of Issuance.....	<u>200,372</u>
Total Uses	<u>\$100,281,869</u>

Construction Fund

The Resolution provides for the creation of the Construction Fund, a trust fund in the Treasury of the State of Florida to be used only for the payment of capital improvements to the Sunshine Skyway and the costs of transportation projects in Hillsborough, Pinellas, and Manatee counties which are contained in the Department's Adopted Work Program (the "Sunshine Skyway Project"). Separate accounts within the Construction Fund may be established from the proceeds of the sale of each Series of Bonds. A separate account (the "2019A Construction Fund") is being established to pay costs of the 2019A Project. The Registered Owners of the 2019A Bonds shall have a lien on all proceeds of the 2019A Bonds deposited in the 2019A Construction Fund until such moneys are applied as provided in the Resolution. See "MISCELLANEOUS - Investment of Funds" below for policies governing the investment of the Construction Fund.

Withdrawals are made by the Department for payment of the costs of the 2019A Project. Funds remaining in the 2019A Construction Fund after completion of the 2019A Project shall be transferred to the Sinking Fund to pay debt service on the 2019A Bonds or to purchase or redeem the 2019A Bonds, unless otherwise requested by the Department. It is not anticipated that there will be any unspent sale proceeds of the 2019A Bonds.

SECURITY FOR THE 2019A BONDS

Pledged Revenues

The 2019A Bonds will be secured by a pledge of and a first lien on, and will be payable solely from, the Net Revenues derived from the operation of the Sunshine Skyway on a parity with any subsequently issued Additional Bonds. See “SECURITY FOR THE 2019A BONDS - Additional Bonds” below. The Sunshine Skyway is a single four-lane bridge, approximately 17.4 miles in total length (consisting of 4.1 miles of bridge and 13.3 miles of embankment and causeway), which crosses Tampa Bay between Pinellas and Manatee counties. The Net Revenues are the Revenues remaining after deducting the Administrative Expenses, the Cost of Maintenance and the Cost of Operations. The Net Revenues resulting from the operation of the Sunshine Skyway and the related debt service coverage ratios are set forth in “FINANCIAL DATA ON SUNSHINE SKYWAY - Historical Net Revenues and Pro Forma Debt Service Coverage” and “FINANCIAL DATA ON SUNSHINE SKYWAY - Projected Net Revenues and Estimated Debt Service Coverage” herein.

The 2019A Bonds are “revenue bonds” within the meaning of Article VII, Section 11(d), of the Florida Constitution, and are payable solely from funds derived directly from sources other than State tax revenues. **The 2019A Bonds do not constitute a general obligation of the State of Florida or any of its agencies or political subdivisions, and the full faith and credit of the State is not pledged to the payment of the principal of, premium, if any, or interest on the 2019A Bonds. The issuance of the 2019A Bonds does not, directly or indirectly or contingently, obligate the State of Florida to use State funds, other than the Net Revenues of Sunshine Skyway, to levy or to pledge any form of taxation whatsoever or to make any appropriation for payment of the principal of, premium, if any, or interest on the 2019A Bonds.**

2019A Bonds Not Secured by Debt Service Reserve Account

The 2019A Bonds are not secured by the Debt Service Reserve Account or any sub-account therein.

The Resolution created the Debt Service Reserve Account within the Sinking Fund, which is to be used for payments of debt service becoming due and payable on the Bonds secured by a specific sub-account in the Debt Service Reserve Account when the amounts in the Sinking Fund are insufficient therefor. The Resolution authorizes the Governing Board, pursuant to a resolution, to set the Debt Service Reserve Requirement for all bonds secured by a particular sub-account within the Debt Service Reserve Account at zero. The sale resolution adopted by the Governing Board for the 2019A Bonds delegated the authority to determine the Debt Service Reserve Requirement for the 2019A Bonds to the Director of the Division of Bond Finance. The Director has determined that the Debt Service Reserve Requirement for the 2019A Bonds is zero and that the 2019A Bonds will not be secured by the Debt Service Reserve Account or any sub-account therein.

Flow of Funds

Collection of Revenues – The Department has agreed to collect the Revenues and deposit them daily into the Collection Account, in a bank or banks approved by the Department and the State Treasurer. From there, Revenues are transferred on a weekly basis to the Revenue Fund, which will be held and administered by the Board of Administration in accordance with the provisions of the Resolution and applicable State laws.

Application of Revenues – On the 15th day of each month, all Revenues on deposit in the Revenue Fund will be applied only in the following manner and order of priority:

First, for the payment of any Administrative Expenses;

Second, for deposit into the Cost of Operations Account and Cost of Maintenance Account, one-twelfth of the Cost of Operations and one-twelfth of the Cost of Maintenance for such Fiscal Year as set forth in the annual budget of the Department;

Third, for deposit into the Debt Service Account in the Sinking Fund, an amount sufficient to pay one-sixth of the interest becoming due on the Bonds on the next semiannual Interest Payment Date, one-twelfth of the principal amount which will become due on Serial Bonds on the next annual maturity date, and one-twelfth of an amount sufficient in such year for the payment of the Term Bonds;

Fourth, for deposit into the Debt Service Reserve Account in the Sinking Fund, such sums as shall be sufficient to maintain an amount equal to the Debt Service Reserve Requirement established for the Bonds. For the 2019A Bonds, such amount shall be zero. In lieu of the required deposits of Net Revenues into the Debt Service Reserve Account or in replacement of any prior deposits into the Debt Service Reserve Account, the Division may cause at any time to be deposited into the Debt Service Reserve Account, one or more Reserve Account Credit Facilities for the benefit of the Registered Owners of the Bonds, in an amount which, together with sums on deposit, equals the Debt Service Reserve Requirement;

Fifth, for deposit in the Renewal and Replacement Fund, one-sixtieth of such sums as shall be determined by the Department to be sufficient for the purposes of such fund in the current Fiscal Year and succeeding four Fiscal Years but no less than one-twelfth of such sums as shall be determined by the Department to be sufficient for purposes of such fund in the current Fiscal Year; and

Sixth, for deposit into the Rebate Fund, to the extent that any liability for arbitrage rebate, as determined by the Division, is not fully funded, in an amount necessary to fund such liability.

After providing for the payments required above, the Board of Administration shall transfer the balance of the money remaining to the Department to be applied in the sole discretion of the Department or as otherwise provided by State law. State law requires such monies to be spent on transportation projects in the counties in which the Sunshine Skyway is located (Hillsborough, Pinellas, and Manatee counties). The Department uses the discretionary funds available after payment of all other deposits required by the terms of the Resolution to fund transportation projects in those counties and to reimburse the State Transportation Trust Fund for prior advances for transportation projects in those counties (see “SECURITY FOR THE 2019A BONDS – Advances from the State Transportation Trust Fund” herein for a more detailed description of these advances).

See “MISCELLANEOUS - Investment of Funds” herein for investment policies governing the various funds.

Additional Bonds

The Division of Bond Finance may issue Additional Bonds payable from Net Revenues on a parity with the 2019A Bonds, but only under the following terms, restrictions, and conditions:

- (a) The proceeds from such Additional Bonds shall be used for the purpose of financing the cost of construction or acquisition of projects relating to the Sunshine Skyway or other fixed capital outlay transportation projects as permitted by law, or to refund Outstanding Bonds;
- (b) The Department shall request the issuance of such Additional Bonds;
- (c) The Board of Administration shall approve the fiscal sufficiency of the Additional Bonds prior to the sale thereof;
- (d) The Board of Administration shall certify that sufficient Revenues shall have been collected by the Department and transferred to the Board of Administration to make all prior and current payments under the Resolution, including full payment of all principal of and interest on the Bonds which matured and became due on or prior to the date of delivery of the Additional Bonds, and the Department shall not be in default in the performance of any of the obligations, provisions or covenants contained in the Resolution on the date of the delivery of the Additional Bonds or upon the issuance of such Additional Bonds the Department will be brought into compliance with all such obligations, provisions or covenants;
- (e) A certificate shall be filed by the Department with the Board of Administration and the Division of Bond Finance setting forth the amount of Net Revenues collected during the immediately preceding Fiscal Year or any 12 consecutive months selected by the Department out of the 15 months immediately preceding the date of such certificate;
- (f) A certificate shall be filed with the Board of Administration and the Division of Bond Finance by the Traffic Engineer stating his estimate of the amount of Net Revenues to be collected during the current Fiscal Year and each Fiscal Year thereafter, to and including the third complete Fiscal Year immediately succeeding either (i) the Department’s estimated date for completion and placing in operation of project(s) relating to the Sunshine Skyway to be financed by the Additional Bonds then proposed to be issued, or (ii) the date of issuance of the Bonds, whichever is applicable, taking into account any adopted revisions, to be effective during such period, of the Tolls, fees, rates, receipts, charges, rents and other income derived from or in connection with the operation of the Sunshine Skyway and any capitalized interest funded with the Additional Bonds;
- (g) Determinations must be made by both the Board of Administration and the Division of Bond Finance as follows:
 - (1) that the amount shown by the certificate of subsection (e) shall equal or exceed 150% of the amount of the Annual Debt Service Requirement for the current Fiscal Year on account of all Bonds then Outstanding;

- (2) that the amount shown by the certificate of subsection (f) for the current Fiscal Year and for each Fiscal Year to and including the first complete Fiscal Year immediately succeeding either (i) the Department's estimated date for the completion and placing in operation of the project(s) relating to the Sunshine Skyway to be financed by the Additional Bonds then proposed to be issued, or (ii) a date three years after the date of issuance of the Bonds, whichever is applicable, shall equal or exceed 150% of the amount of the Annual Debt Service Requirement for each such Fiscal Year on account of all Bonds then Outstanding and the Additional Bonds then proposed to be issued; and
- (3) that the amount shown by the certificate of subsection (f) for each of the three complete Fiscal Years immediately succeeding either (i) the Department's estimated date for the completion and placing in operation of the project(s) relating to the Sunshine Skyway to be financed by the Additional Bonds then proposed to be issued, or (ii) the date of issuance of the Bonds, whichever is applicable, shall equal or exceed 150% of the Maximum Annual Debt Service for each such Fiscal Year on account of all Bonds then Outstanding and the Additional Bonds then proposed to be issued.

In making the determinations of subsection (g), the debt service requirement of Bonds to be refunded, and defeased, from the proceeds of the proposed Additional Bonds will not be taken into account in making such determinations. Refunding Bonds issued for a net debt service savings in each Fiscal Year are exempt from the provisions of (e), (f) and (g) above.

No Planned Additional Bonds

The Department has no current plans to issue Additional Bonds.

Advances from the State Transportation Trust Fund

Funds to be used for transportation purposes are held in the State Transportation Trust Fund (“STTF”) under the direction of the Department. The Sunshine Skyway has no independent budget authority, and the Department pays all expenses for the Sunshine Skyway using funds in the STTF and is then reimbursed from Toll revenues. The Sunshine Skyway receives advances from the STTF to pay for operation and maintenance costs of the Sunshine Skyway, to fund improvements to the Sunshine Skyway, and to fund off-system transportation projects in the counties in which the Sunshine Skyway is located (Hillsborough, Pinellas, and Manatee counties).

Advances for Costs of Operations and Maintenance – The Department pays the costs of operation and maintenance of the Sunshine Skyway using funds from the STTF and these advances are routinely reimbursed from Revenues of the Sunshine Skyway. Pursuant to the Resolution, such advances are repaid using the accumulated funds in the Costs of Operation Account and Costs of Maintenance Account and additional Toll revenues, if necessary. The reimbursement of the advances from the STTF for the costs of operation and maintenance of the Sunshine Skyway is senior to the payment of debt service on the Bonds.

Advances for Sunshine Skyway Improvements and Off-System Improvements – The Sunshine Skyway periodically receives advances from the STTF to fund improvements to the Sunshine Skyway and for off-system transportation projects in the counties in which the Sunshine Skyway is located (Hillsborough, Pinellas, and Manatee counties). The reimbursement of these advances is subordinate to all payments required under the Resolution, including debt service on the Bonds. As of December 31, 2018, the Sunshine Skyway’s advances from the STTF for Sunshine Skyway Improvements and Off-System Improvements totaled \$3.6 million, and a five-year history of the balances is provided in the table below.

Historical STTF Advances for Sunshine Skyway Improvements and Off-System Improvements¹
(in thousands of dollars)

	Balance at Fiscal Year ending June 30,				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
STTF Advances for Sunshine Skyway Improvements	\$ 1,522	\$ 12,511	\$ 9,506	\$ 9,884	\$ 7,545
STTF Advances for Off-System Improvements	<u>27,024</u>	<u>22,848</u>	<u>17,930</u>	<u>12,391</u>	<u>6,910</u>
Total STTF Advances	\$ 28,546	\$ 35,359	\$ 27,436	\$ 22,275	\$14,455

¹ Source: State of Florida Department of Transportation.

Other Subordinated Obligations

The Division of Bond Finance and Department have covenanted that until the Bonds are defeased, they will not issue any other obligations, except Additional Bonds, nor voluntarily create or cause to be created any other debt, lien, pledge, assignment, encumbrance, or other charge, having priority to or being on a parity with the lien of the Registered Owners of the Bonds upon the Net Revenues. Any such other obligations secured by the Net Revenues, other than the Bonds and Additional Bonds, will contain an express statement that such obligations are junior and subordinate to the Bonds theretofore or thereafter issued, as to lien on and source and security for payment from the Net Revenues.

The Department has also covenanted not to issue any obligations, or create, cause or permit to be created, any debt, lien, pledge, assignment, encumbrance, or any charge upon properties of the Sunshine Skyway except as otherwise provided in the Resolution.

Future Subordinated State Infrastructure Bank Loan –The Department plans to make a loan totaling \$140 million to the districts in which the Sunshine Skyway is located from the Department’s State Infrastructure Bank (“SIB”) to fund transportation projects in the counties in which the Sunshine Skyway is located (Hillsborough, Manatee, and Pinellas counties). The SIB loan will have a junior and subordinate pledge on the Net Revenues of the Sunshine Skyway, including deposits to the Renewal and Replacement Fund, with loan repayments made from the Net Revenues remaining after all deposits required under the terms of the Resolution. The Department currently anticipates executing the SIB loan agreement on July 1, 2019, with draws to finance such projects estimated to begin in Fiscal Year 2022 and continuing through Fiscal Year 2025. The SIB loan is expected to be issued for a term of 30 years at an interest rate of 0%. Annual repayments under the SIB loan are expected to range from approximately \$864,000 to \$4.7 million over the term of the financing.

SUNSHINE SKYWAY

Description

The Sunshine Skyway is a bridge located in the Tampa Bay area of Hillsborough, Pinellas and Manatee Counties. It is part of the Federal Interstate Highway System, designated as I-275, and is managed and operated by the Department.

The original Sunshine Skyway was opened in 1954 and constructed as a two-lane toll bridge crossing Lower Tampa Bay from U.S. Route 19 at Maximo Point in Pinellas County to U.S. Route 41, north of Palmetto in Manatee County. Construction of the initial bridge was accomplished through the issuance of a \$21.25 million bond issue.

Substantial growth in population and land development resulted in the need to expand the two-lane bridge. In 1966, \$23.5 million of bonds were issued to refinance the outstanding debt and to expand the Sunshine Skyway. The expansion involved the construction of two additional lanes on the existing causeways, two-lane trestle bridges and a high-level bridge parallel to the existing structure. The expanded four-lane bridge was opened in early 1970. All bonds of the 1966 bond issue were retired in 1982.

Several accidents occurred involving ships traversing the channel between Tampa Bay and the Gulf of Mexico, which were attributed, in part, to the positioning of the piers for the high-level structure of the Sunshine Skyway. On May 9, 1980, a freighter collided with one of the piers, causing a section of the center span to collapse into Tampa Bay. In order to maximize safe vehicular and maritime passage, the Department constructed the current Sunshine Skyway, a four-lane high-level structure, east of the prior bridge, providing greater horizontal clearances between the main piers. The facility opened on April 30, 1987 with one mainline toll plaza located at each end of the bridge. The cost to replace the bridge was approximately \$232 million and was funded through a combination of insurance recoveries; federal emergency relief and interstate funds; State funds; and a \$36 million bond issue in 1984. The 1984 bond issue was refunded for debt service savings in 1986, 1991, and 2001, and the bond issue was fully paid off in 2009.

The Sunshine Skyway consists of bridges, trestles, approach structures and causeways necessary to replace both the main span and approach span of the prior bridge, and is located within the right-of-way of the prior bridge. The structure connects to the prior causeways in Pinellas and Manatee Counties and provides roadways to accommodate two traffic lanes in both north and south-bound directions. Overall length of the bridge structure is approximately 4.1 miles, divided into three basic structures. The trestle structure represents the low-level approaches to the main channel crossing. The north trestle extends from the original north abutment for a distance of approximately 4,300 feet. The south trestle extends from the original south abutment for a distance of 8,739 feet. The approach structure represents the transition from the low-level trestle to the main span crossing of the navigation channel. The approach structures, north and south, are symmetrical about the main channel span and are approximately 2,430 feet in length. The main span structure is a three-span, cable-stayed structure crossing the navigation channel. The cable-stayed structure provides 175 feet of vertical clearance and 1,000 feet of horizontal clearance over a center to center pier distance between main spans of 1,200 feet.

Maximizing safe vehicular and maritime passage was a key concern in the design of the Sunshine Skyway. The two main piers were designed to withstand ship impacts of up to 12 million pounds. In addition, manmade rock islands standing 8 feet above the water built around the two main piers and four protective barriers 60 feet in diameter placed 300 feet on either side of the main piers were designed to stop a ship before it can hit the main piers. The Sunshine Skyway is 1,000 feet east of the old bridge placing it further away

from a difficult bend in the channel. The structure provides 175 feet of vertical clearance and 1,000 feet of horizontal clearance between the main piers, an additional 25 feet vertical and 200 feet horizontal more than the previous structure. The Sunshine Skyway was designed to withstand transverse winds up to 217 miles-per-hour.

Competing Facilities

The only major competing facility is Interstate 75 (“I-75”). The distance from downtown St. Petersburg to downtown Bradenton using I-75 versus the Sunshine Skyway is approximately 40 additional miles. The I-75 route is approximately 64 miles compared to approximately 24 miles using the Sunshine Skyway route. Commuters, therefore, consider the benefits of distance and time savings from using the Sunshine Skyway as compared to the cost of the Toll when making a trip such as this.

The tremendous growth in both Florida and the Tampa Bay area coupled with the low Toll rate on the Sunshine Skyway has resulted in increasing traffic volume and Toll revenues on the Sunshine Skyway. The increase in traffic volume and Toll revenues has occurred even with the alternative routes that provide toll-free access to this area.

Insurance on Sunshine Skyway

Damage to and business interruption of the Sunshine Skyway are insured under a commercial insurance policy issued by a private insurer. Such coverage is part of a policy that the Department holds for bridge, property, and business interruption, and which provides \$100 million for each occurrence, with certain accidents eligible for an additional \$200 million of coverage. The insurance is purchased through the State of Florida Department of Management Services.

Capital Maintenance Plan

The Sunshine Skyway is a large bridge of national significance. It is not only used every day for the convenience of commuters in getting to and from work, shopping, etc., but it is also used as an evacuation route during natural disasters such as hurricanes and wildfires. As such, it is of the utmost importance to maintain the Sunshine Skyway for the safety and convenience of the traveling public.

Due to the significance of the bridge, the Department has established a “Skyway Bridge Preservation Team” that meets twice per year to discuss a wide range of issues affecting the bridge. The committee consists of Department engineers from Tallahassee, Gainesville, and Tampa. Other technical experts are invited to attend the meetings as needed to discuss various specialized issues in their areas of expertise of corrosion, coatings, structures, and post-tensioning. The primary purpose of the committee is to provide the best preventive maintenance for the bridge, and to bring appropriate expertise to bear on any problems that may occur.

The Department has a nationally recognized bridge program that ensures that bridges are properly maintained for the safety of the traveling public. The Department Bridge Repair Program places primary emphasis on periodic maintenance and specified rehabilitation work activities on State Highway System bridge structures. The Department conducts bridge condition surveys using the National Bridge Inspection (“NBI”) Standards to determine condition ratings. The condition rating ranges from 0 to 9. By Department policy, a rating of 8 to 9 is excellent. A rating of 6 to 7 is good. A rating of 5 indicates fair condition. A rating of 4 or less identifies bridges in poor condition requiring major repairs or replacement per Department policy. Each bridge is inspected at least once every two years. The Sunshine Skyway was most recently inspected on September 30, 2018, and received an NBI condition rating of 7. No structural element of the Skyway has received an NBI condition rating lower than 7 since 2005. The Sunshine Skyway was built with an estimated service life of 100 years (opened in 1987), and this estimate is still considered valid based on the current condition of the Sunshine Skyway. There is no deferred maintenance on the Sunshine Skyway.

Major renovations and repairs are classified as renewal and replacement costs. These occur on an as needed and scheduled basis that is determined by national bridge standards and periodic bridge inspections. Renewal and replacement projects planned in the next ten years include low level beam sealing and strengthening, top-coating of the cable stay paint, replacement of zinc anodes on the dolphins (structures for protecting the pier of a bridge), and substructure crack sealing. Repairs are not anticipated to disrupt traffic on the Sunshine Skyway.

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Renewal and replacement costs from Fiscal Year 2009 through Fiscal Year 2018 totaled \$43.3 million, representing average annual renewal and replacement costs of approximately \$4.3 million, with a high of \$9.3 million in Fiscal Year 2016 and a low of \$484,000 in Fiscal Year 2010. A ten-year history of renewal and replacement expenditures is provided in the following table.

Historical Sunshine Skyway Renewal and Replacement Costs¹
(in thousands of dollars)

Fiscal Year	Amount
2009	\$1,898
2010	484
2011	3,986
2012	4,496
2013	3,497
2014	1,423
2015	3,635
2016	9,263
2017	8,259
2018	6,408

¹ Source: State of Florida Department of Transportation.

Renewal and replacement costs from Fiscal Year 2019 through Fiscal Year 2029 are projected to total \$67.9 million representing average annual renewal and replacement costs of \$6.2 million, with a high of \$12.9 million in Fiscal Year 2020 and a low of \$3.9 million in Fiscal Year 2023. Renewal and replacement costs through Fiscal Year 2023 are included in the Department's Adopted Work Program. Expenses beyond Fiscal Year 2023 have been projected to grow at 2.5% annually and exclude any extraordinary expenses such as major bridge repairs. The projected renewal and replacement costs for the Sunshine Skyway through Fiscal Year 2029 are provided in the table below.

Projected Sunshine Skyway Renewal and Replacement Costs¹
(in thousands of dollars)

Fiscal Year	Amount
2019	\$10,162
2020	12,882
2021	8,557
2022	7,110
2023	3,869
2024	3,965
2025	4,064
2026	4,166
2027	4,270
2028	4,377
2029	4,486

¹ Source: State of Florida Department of Transportation. Renewal and replacement costs through Fiscal Year 2023 are included in the Department's Adopted Work Program, with estimated annual growth of 2.5% thereafter. Projected future Renewal and Replacement costs are subject to change.

Budgetary Process

Operations and maintenance costs of Sunshine Skyway are budgeted through the State of Florida planning and budgeting process in accordance with Chapter 216, Florida Statutes. Annually, by September 15th, the Department submits a legislative budget request for the upcoming Fiscal Year. Additionally, the Department submits a five-year tentative work program no later than 14 days after the regular legislative session begins in accordance with Section 339.135, Florida Statutes. The capital improvement costs are budgeted through the General Appropriations Act based on the first year of the submitted five-year work program.

Historical and Projected Population Growth

Sunshine Skyway, which is an integral part of I-275, provides a north-south link for travelers between Pinellas and Manatee counties. Historically, traffic and revenue growth on the Sunshine Skyway has been linked with the population growth in Hillsborough, Manatee, Pasco, Pinellas, and Sarasota counties.

Population Growth in Tampa Bay Region

County	Historical Population (000)					Population Forecast (000)	
	2000 ¹	2010 ²	Annual % Change ³	2018 ⁴	Annual % Change ⁵	2040 ⁴	Annual % Change ⁶
Hillsborough	999	1,229	2.1%	1,409	1.7%	1,879	1.3%
Manatee	264	323	2.0	378	2.0	523	1.5
Pasco	345	465	3.0	515	1.3	683	1.3
Pinellas	921	917	(0.1)	971	0.7	1,064	0.4
Sarasota	<u>326</u>	<u>379</u>	<u>1.5</u>	<u>417</u>	<u>1.2</u>	<u>524</u>	<u>1.0</u>
Total	2,855	3,313	1.5%	3,690	1.4%	4,672	1.1%

¹ Source: 2000 Census Data.

² Source: 2010 Census Data.

³ Compound annual growth rate between 2000 and 2010.

⁴ Source: University of Florida, Bureau of Economic and Business Research Bulletin 183, April 2019. Historical population numbers for 2018 are estimates.

⁵ Compound annual growth rate from 2010 to 2018.

⁶ Projected compound annual growth rate between 2018 and 2040.

Historical Traffic and Toll Revenue Growth

Traffic on the Sunshine Skyway has grown steadily over the past ten years with transactions increasing from 17.6 million in Fiscal Year 2009 to 21.6 million in Fiscal Year 2018. In Fiscal Year 2018, approximately 42% of the total daily transactions occurred during the combined 6-hour work commute periods in the morning (6 a.m. to 9 a.m.) and evening (4 p.m. to 7 p.m.). Of total Fiscal Year 2018 transactions, approximately 97% are from two-axle vehicles accounting for 91% of Toll revenues; vehicles of three or more axles accounted for 3% of transactions and 9% of Toll revenues. The annual average daily traffic in Fiscal Year 2018 was 60,900 with a peak season from February through April. March traffic was above the average due to tourists and seasonal residents.

As a result of the effects of the Great Recession, the Sunshine Skyway experienced annual declines in transactions in Fiscal Year 2008 and 2009, and annual declines in revenue from Fiscal Year 2007 through Fiscal Year 2009. Starting in Fiscal Year 2010, both transactions and Toll revenues returned to consistent annual growth as economic conditions improved. Toll revenues increased by over 31% in Fiscal Year 2013 following the implementation of Toll rate indexing on June 24, 2012, and traffic also grew despite the increase in Toll rates. Fiscal Year 2014 Toll paying transactions and Toll revenues eclipsed the pre-recession highs from Fiscal Year 2007, and both transactions and Toll revenues have continued to see steady annual growth since that time. The average Toll on the Sunshine Skyway has increased 31.6% since Fiscal Year 2012 as a result of the Toll rate indexing, increasing from approximately \$0.91 in Fiscal Year 2012 to \$1.20 in Fiscal Year 2018. See “TOLLS – Toll Rate Adjustments and Indexing” herein for more information regarding the indexing of toll rates on the Sunshine Skyway.

Historical transactions and Toll revenues on the Sunshine Skyway over the last ten years are provided in the following table. See the “Traffic and Earnings Report for Sunshine Skyway for the Fiscal Year Ended June 30, 2018” reproduced as Appendix B herein for a detailed discussion of the traffic growth. The Traffic and Earnings Report was prepared by AECOM Technical Services, Inc. (“AECOM”) in their role as Traffic Engineer.

Historical Traffic and Toll Revenue Growth ¹

Fiscal Year	Transactions (000)				Toll Revenue (\$000)			Average Toll
	Toll Paving	Non-Revenue ²	Total	Annual % Change	Amount	Annual % Change		
2009	17,607	32	17,639	(3.1)%	\$16,212	(4.8)%	\$0.919	
2010	17,764	22	17,786	0.8	16,300	0.5	0.917	
2011	17,974	31	18,005	1.2	16,403	0.6	0.911	
2012	18,102	48	18,150	0.8	16,504	0.6	0.910	
2013 ³	18,439	63	18,502	1.9	21,663	31.3	1.171	
2014 ⁴	19,131	48	19,179	3.7	22,630	4.5	1.180	
2015 ⁵	20,233	59	20,292	5.8	23,978	6.0	1.182	
2016 ⁶	20,985	61	21,046	3.7	24,801	3.4	1.178	
2017	21,517	64	21,581	2.5	25,524	2.9	1.183	
2018 ⁷	21,568	670 ⁸	22,238	3.0	26,675	4.5	1.200	

¹ Source: State of Florida Department of Transportation Office of the Comptroller and Turnpike Enterprise Finance Office.

² The non-revenue class includes authorized vehicles that pass through a toll plaza without incurring a Toll (i.e., law enforcement, emergency vehicles) and transactions reported during Toll suspensions.

³ Toll rates increased by 25% for cash customers and 33% for SunPass customers on June 24, 2012.

⁴ Toll rates increased by 2.1% for SunPass customers on July 1, 2013 as the result of indexing.

⁵ Toll rates increased by 1.5% for SunPass customers on July 1, 2014 as the result of indexing.

⁶ Toll rates increased by 1.6% for SunPass customers on July 1, 2015 as the result of indexing.

⁷ Toll rates increased by 1.3% for SunPass customers and 20% for cash customers on October 29, 2017 as the result of indexing.

⁸ Tolls on the Sunshine Skyway were suspended for 15 days beginning on September 5, 2017 as a result of Hurricane Irma evacuation and recovery efforts, resulting in an increased number of non-revenue transactions in Fiscal Year 2018.

Projected Traffic and Toll Revenue Growth

The Sunshine Skyway's traffic and transactions are projected to increase consistently over the next ten years, with transactions projected to increase from 23 million in Fiscal Year 2019 to 27.2 million in Fiscal Year 2029. Toll revenues are also projected to climb from \$28.7 million in Fiscal Year 2019 to \$39.8 million in Fiscal Year 2029 due to the increased traffic as well as higher Tolls resulting from the indexing of Toll rates on the Sunshine Skyway. See "TOLLS – Toll Rate Adjustments and Indexing" herein for more information. The projected transactions and Toll revenues on the Sunshine Skyway are provided in the following table.

Projected Traffic and Toll Revenue Growth ¹

Fiscal Year	Transactions (000)		Toll Revenue (\$000)			Average Toll
	Amount	Annual % Change	Amount	Annual % Change		
2019	23,047	3.6%	\$28,650	7.4%	\$1.243	
2020	23,742	3.0	29,771	3.9	1.254	
2021	24,315	2.4	30,759	3.3	1.265	
2022	24,808	2.0	31,665	2.9	1.276	
2023	25,286	1.9	33,932	7.2	1.342	
2024	25,741	1.8	34,780	2.5	1.351	
2025	26,114	1.4	35,558	2.2	1.362	
2026	26,423	1.2	36,310	2.1	1.374	
2027	26,684	1.0	37,007	1.9	1.387	
2028	26,943	1.0	39,068	5.6	1.450	
2029	27,202	1.0	39,813	1.9	1.464	

¹ The projected transactions and Toll revenues are as shown in the Traffic and Earnings Report for Sunshine Skyway for the Fiscal Year ended June 30, 2018, prepared by AECOM in their role as Traffic Engineer for the Department. The Traffic and Earnings Report is included herein as Appendix B.

TOLLS

Toll Covenant

The Department has covenanted in the Resolution to fix, establish and collect Tolls for the use of the Sunshine Skyway at such rates and to revise such Tolls from time to time whenever necessary, so that Revenues shall be sufficient in each Fiscal Year to pay at least 100% of an amount equal to the Administrative Expenses, Cost of Maintenance and Cost of Operations, and so that the Net Revenues shall be sufficient in each Fiscal Year to pay at least 120% of an amount equal to the Annual Debt Service Requirement for the Bonds and at least 100% of all other payments required by the terms of the Resolution, including required deposits to the Renewal and Replacement Fund. Excess Revenues collected in any Fiscal Year will not be taken into account as a credit against the foregoing requirements for any subsequent Fiscal Year.

The Department may not reduce Toll rates, increase Toll discount plans or Toll rebates, or remove Tolls from the Sunshine Skyway except upon the certification of the Traffic Engineers that the amount of Tolls to be produced in each Fiscal Year after the reduction or removal will be sufficient to comply with the above coverage requirements. Conversion from one system of Toll collection (such as a ticket system) to another system (such as an automatic collection system or a barrier/ramp system) is not considered a reduction or removal of Tolls.

On or before each February 1, the Department must (i) review the financial condition of the Sunshine Skyway and the Bonds in order to estimate whether the Revenues for the following Fiscal Year will be sufficient to comply with the Toll covenants; (ii) make a determination with respect thereto in writing; (iii) file with the Board of Administration certified copies of such written determination, together with a certificate of the Department setting forth a reasonably detailed statement of the actual and estimated Revenues and other pertinent information for the year for which such determination was made. If the Department determines that the Revenues for the following Fiscal Year may not be sufficient, it will engage and cause the Traffic Engineers to make a study and to recommend a schedule of Tolls which will provide Revenues sufficient to comply with the Toll requirements in the following Fiscal Year and to restore any deficiency at the earliest practicable time, but not later than the next July 1.

Failure to comply with the Toll covenant set forth above will not constitute a default under the Resolution if there is not a failure to pay principal and interest on the Bonds when due and (i) the Department complies with the provisions of the preceding paragraph; or (ii) the Traffic Engineers certify that a Toll schedule which will comply with such Toll covenant is impracticable at that time, and the Department establishes a schedule of Tolls recommended by the Traffic Engineers to comply as nearly as practicable with such Toll covenant.

Toll Collection

Tolls are collected in the southbound direction at the northern plaza in Pinellas County and in the northbound direction at the southern plaza in Manatee County. The Department is responsible for the collection of Tolls and may assign or contract the operation to a third-party. Tolls have been levied on the Sunshine Skyway since the opening of the original bridge in 1954.

The Department historically collected cash Tolls on the Sunshine Skyway, but electronic tolling was added in Fiscal Year 2001 when the Department's electronic Toll collection system, SunPass, was installed on the bridge. Currently, there are two dedicated SunPass lanes and four mixed-use lanes (serving both cash and SunPass users) at each toll plaza. SunPass is operated by the Department's Florida Turnpike Enterprise and has been implemented statewide. SunPass customers can travel non-stop through toll plazas, with Tolls registered automatically through the use of a transponder after an account has been established with sufficient advance payment.

The following table provides a breakdown of SunPass and non-SunPass transactions and revenues for the Sunshine Skyway for the last 10 years. As indicated in the table, SunPass's share of transactions and revenues has consistently grown over the last decade, with SunPass representing over 64% of transactions and nearly 60% of revenues in Fiscal Year 2018. SunPass's percentage of transactions is expected to continue to grow approximately 1% annually over the next decade, plateauing in the range of 72% to 75% of total transactions on the Sunshine Skyway. The difference between SunPass's transaction percentage and revenue percentage is a result of SunPass's discounted Toll rates relative to cash Toll rates.

SunPass Percentage of Transactions and Revenues on the Sunshine Skyway ¹

Fiscal Year	Transactions			Revenues		
	SunPass	Non-SunPass	Total	SunPass	Non-SunPass	Total
2009	41.8%	58.2%	100.0%	37.1%	62.9%	100.0%
2010	44.1%	55.9%	100.0%	39.2%	60.8%	100.0%
2011	46.9%	53.1%	100.0%	41.6%	58.4%	100.0%
2012	48.9%	51.1%	100.0%	43.4%	56.6%	100.0%
2013	51.8%	48.2%	100.0%	48.0%	52.0%	100.0%
2014	53.7%	46.3%	100.0%	50.6%	49.4%	100.0%
2015	56.0%	44.0%	100.0%	53.6%	46.4%	100.0%
2016	58.0%	42.0%	100.0%	56.4%	43.6%	100.0%
2017	61.4%	38.6%	100.0%	59.5%	40.5%	100.0%
2018	64.3%	35.7%	100.0%	59.8%	40.2%	100.0%

¹ Source: State of Florida Department of Transportation Turnpike Enterprise.

SunPass Upgrade and Collection Impacts

In June 2018, Toll collection processing for the Department's SunPass system was transferred to a new third party vendor, Conduent State & Local Solutions, Inc. ("Conduent"). During the transition to Conduent, SunPass tolls remained in effect statewide with all transactions being recorded for subsequent processing. In connection with the transfer, the processing of SunPass toll transactions was expected to initially be delayed by approximately one week. However, Conduent experienced unexpected toll processing issues which resulted in a larger than anticipated backlog of unprocessed transactions and a longer than expected delay in processing the backlog.

To minimize financial impacts during the time it took Conduent to process the backlog of electronic toll transactions, the Department transferred the Sunshine Skyway's estimated weekly revenues from its SunPass collection account to the Sunshine Skyway. By September 2018, the backlog of unprocessed electronic toll transactions was eliminated, and the Department had distributed all collected SunPass revenues to the Sunshine Skyway.

If any Bonds had been outstanding at the time of the temporary delay in processing electronic toll transactions, there would not have been any impacts on the funding or payment of debt service.

Toll Rate Adjustments and Indexing

Both the Resolution and State law require the Department to fix, adjust, charge, and collect Tolls on the Sunshine Skyway sufficient to pay the costs of the Sunshine Skyway. The Department may increase Toll rates and may increase the number of toll gates at any time and from time to time upon the written recommendation of the Traffic Engineers, subject to the provisions outlined below. The Department may make any other adjustment or reclassification of Toll rates or establish special Toll rates, except for Toll rate reductions, provided that such action is recommended by the Traffic Engineers and will provide sufficient Revenues to permit the Department to comply with requirements of the Toll covenant.

The Department follows the public notice requirements set forth in the State of Florida Administrative Procedures Act (the "APA") when establishing or adjusting Toll rates. In order to implement a revised Toll rate schedule, including when Toll rates are indexed based on inflation (discussed further below), the Department must comply with the APA. The Department must send a notice of its intent to the Florida Department of State along with documentation regarding the purpose, intent, and economic impact of the proposed revision to the Toll rates, which is then published in the Florida Administrative Register. The published notice of the proposed action to change the current Toll rates includes the information submitted to the Florida Department of State and information directing the public how it may provide input and request a public hearing. If a hearing is requested, further notice of the time, date, and location of such hearing is also published in the Florida Administrative Register. Following the receipt of public comments and one or more public hearings on the issue, if requested, all input will be analyzed and taken into consideration by the Department. The Department's final action will then be published in the Florida Administrative Register.

Effective July 1, 2007, Section 338.165, Florida Statutes, requires Department-owned toll facilities, including the Sunshine Skyway, to index toll rates on existing toll facilities to the annual Consumer Price Index (“CPI”) or similar inflation indicator. Toll rate adjustments for inflation may be made no more frequently than once a year and must be made no less frequently than once every five years as necessary to accommodate cash toll rate schedules. Toll rates may be increased beyond these limits as directed by bond documents, covenants, or governing body authorization or pursuant to Department administrative rule. The first indexing of Tolls on the Sunshine Skyway occurred on June 24, 2012, with both the cash and SunPass Tolls increasing based on the change in CPI over the prior five-year period. For subsequent years, SunPass rates are to be adjusted annually based on the year-over-year change in CPI and rounded to the penny, while cash rates are to be adjusted every five years and rounded to the quarter.

Toll Rates

Upon the opening of the Sunshine Skyway in 1954, the basic Toll for passenger cars and other two-axle vehicles was set at \$1.75 with commensurately higher rates being charged for trucks and other three-plus axle vehicles. During the initial four-year period of operations, growth in traffic approximated 5.6% per year. On December 1, 1958, the Toll rate for two-axle vehicles was reduced to \$1.00 with appropriate reductions in three-plus axle Tolls. The effect of such reductions was a substantial increase in traffic.

On April 1, 1966, the Department further reduced two-axle Tolls from \$1.00 to \$0.50 with the reductions to three-plus axle Tolls also. This Toll rate schedule remained in effect until July 1, 1982, when the Toll rate for two-axle vehicles increased to the rate of \$1.00 for passenger cars and other two-axle vehicles.

Upon implementation of the SunPass system in Fiscal Year 2001, the Toll rate for SunPass users with two-axle vehicles was set at \$0.75, representing a \$0.25 discount to the cash Toll rate. Historically, discounts were offered to users of the Sunshine Skyway in the form of tokens which could be purchased for two-axle vehicles at a discount to the cash Toll rate. The discount program now operates through the SunPass program, with SunPass users paying a discounted rate compared to cash customers. Additionally, a 10% retroactive discount is offered to vehicles with three or more axles if they reach 40 Toll paying transactions on the Sunshine Skyway in a given month.

The indexing of Toll rates was implemented in Florida Statutes effective July 1, 2007. See “TOLLS – Toll Rate Adjustments and Indexing” herein for more information. Pursuant to the statutory requirement, on June 24, 2012, the cash Toll rates were indexed by 11.7% to reflect the change in CPI for the previous five-year period (adjusted to the next quarter for collection efficiency) with the cash Toll increasing from \$1.00 to \$1.25 for two-axle vehicles. The SunPass Toll rate for two-axle vehicles was set at \$1.00, or \$0.25 less than the cash Toll rate.

SunPass Tolls generally index annually, and accordingly, on July 1, 2013, SunPass rates were increased by 2.1% and rounded to the penny. Similarly, on July 1, 2014 and July 1, 2015, SunPass rates were indexed by 1.5% and 1.6% (rounded to the nearest penny), respectively. No adjustment was made on July 1, 2016, because the prior year change in CPI was insignificant.

The most recent Toll rate indexing was implemented on October 29, 2017, and increased the Toll rates for both cash (indexed by 6.6% rounded to the next quarter) and SunPass (indexed 1.3% rounded to the nearest penny) customers. A schedule of the current Toll rates for the Sunshine Skyway is provided below.

Current Toll Rates¹

<u>Number of Axles</u>	<u>Previous Toll Rates</u>		<u>Current Toll Rates</u>	
	<u>SunPass Rate</u>	<u>Cash Rate</u>	<u>SunPass Rate</u>	<u>Cash Rate</u>
2	\$1.06	\$1.25	\$1.07	\$1.50
3	2.12	2.50	2.14	3.00
4	3.18	3.75	3.21	4.50
5	4.24	5.00	4.28	6.00
Each Additional	1.06	1.25	1.07	1.50

¹ Source: State of Florida Department of Transportation.

Following the Toll indexing implemented on June 24, 2012, some cash customers switched to SunPass to obtain lower Toll rates. Despite the indexing implemented for SunPass customers subsequent to 2012, the Sunshine Skyway has not experienced any impact on traffic, and the increase in Toll rates resulting from indexing from 2013 through 2017 has not diverted traffic from the Sunshine Skyway.

The Toll rates for the Sunshine Skyway remain among the lowest in the State for a bridge facility and are much lower than comparable rates for large toll bridges in other areas of the country. This provides the flexibility to increase Toll rates if warranted in the future.

Toll Suspensions

The Resolution and State law permit the Governor of the State of Florida to suspend Tolls from time to time in the event of a State emergency. The Sunshine Skyway is not reimbursed for Toll revenue that is lost due to a suspension of Tolls that results from a State emergency. The Traffic Engineer's Revenue projections assume that no local, regional, or national emergency will arise which will abnormally restrict the use of motor vehicles or substantially alter economic activity or freedom of mobility.

Hurricane Irma – On September 3, 2017, the Governor declared a state of emergency in all of the State's 67 counties. On September 5, 2017, pursuant to State law, the Governor directed the Department to suspend all tolls across the State of Florida, including the Tolls on the Sunshine Skyway. The Toll suspension stayed in effect for 16 days and was lifted on September 21, 2017. The Department estimates that approximately \$1 million in Toll revenue was lost due to this suspension of Tolls.

FINANCIAL DATA ON SUNSHINE SKYWAY

Historical data in the following sections regarding Revenues and expenses of Sunshine Skyway were provided by the Department. Appendix C to this Official Statement contains unaudited financial statements of Sunshine Skyway for the Fiscal Year ended June 30, 2018. The unaudited financial information is part of the financial data of the Department that is included in the State of Florida Comprehensive Annual Financial Reports that are audited annually by the State of Florida's Auditor General.

Historical Revenue and Expenses

The following table shows historical Revenues and expenses of Sunshine Skyway. For a more complete description and understanding of the table and its various components, please refer to the Traffic and Earnings Report and the Unaudited Financial Statements of Sunshine Skyway for Fiscal Year ending June 30, 2018, included in this Official Statement as Appendices B and C, respectively. A comparison of actual Revenues for the first 6 months of Fiscal Year 2019 to the same period for Fiscal Year 2018 and the prorated Fiscal Year 2019 forecast is provided in the January 11, 2019 update letter accompanying the Traffic and Earnings Report attached hereto as Appendix B.

Historical Summary of Revenues and Expenses (Unaudited)¹
(in thousands)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Operating Revenues					
Toll Revenues	\$ 22,630	\$ 23,978	\$ 24,801	\$ 25,524	\$ 26,675
Other Revenues	49	250	563	558	555
Total Operating Revenues	\$ 22,679	\$ 24,228	\$ 25,364	\$ 26,082	\$ 27,230
Operating Expenses²					
Personal Services	\$ 498	\$ 619	\$ 545	\$ 548	\$ 562
Contractual Services	4,196	4,321	3,897	4,469	4,030
Material and Supplies	60	19	253	274	278
Total Operating Expenses	\$ 4,754	\$ 4,959	\$ 4,695	\$ 5,291	\$ 4,870
Maintenance Expenses²					
Personal Services	\$ 126	\$ 116	\$ 171	\$ 134	\$ 146
Contractual Services	1,525	2,249	2,154	3,798	2,531
Materials and Supplies	-	-	-	-	-
Total Maintenance Expenses	\$ 1,651	\$ 2,365	\$ 2,325	\$ 3,932	\$ 2,677
Total Operating & Maintenance Expenses ²	\$ 6,405	\$ 7,324	\$ 7,020	\$ 9,223	\$ 7,547
Net Revenues	\$16,274	\$16,904	\$18,344	\$16,859	\$19,683

¹ The financial information related to Revenues and expenses was provided by the Department and has not been audited.

² Routine Operation and Maintenance amounts shown include costs which are required to allow the Sunshine Skyway to continue to operate on a daily basis. Operating and Maintenance expenses do not include the Department's alternative process to record depreciation expenses for selected infrastructure assets under GASB Statement No. 34. The State expenses certain maintenance and preservation costs and does not report depreciation expense for such assets. (See Required Supplementary Information in the Financial Statements (Unaudited) of the State of Florida, Department of Transportation, Sunshine Skyway, Fiscal Year Ended June 30, 2018.)

Management Discussion and Analysis

Historical Revenue and expense information for Fiscal Years 2014 through 2018 are presented in the table above. A brief description of the history of the Revenues and expenses is provided below.

Toll Revenues – Toll revenues increased an average of 4.2% annually for Fiscal Years 2014 through 2018. In June 2012, Toll indexing was implemented with an increase of CPI on both cash and SunPass transactions. SunPass is generally indexed annually where cash will only be adjusted every five years on Sunshine Skyway, with the next cash Toll increase scheduled for July 1, 2022.

Toll Operating Expenses – Toll operating expenses have increased from \$4.7 million in Fiscal Year 2014 to \$4.8 million in Fiscal Year 2018. Toll Operating Expenses have remained relatively consistent with slight increases due to increased traffic growth on the Sunshine Skyway resulting from continuing economic improvement in Florida.

Routine Roadway Maintenance Expenses – Routine roadway maintenance activities include rest area maintenance, mowing, canal and guardrail system upkeep, litter removal and repairs due to accidents. Routine maintenance of the Sunshine Skyway has been under private contract (the “Asset Maintenance Contract”) since the beginning of Fiscal Year 2001. Maintenance expenses have increased from \$1.7 million in Fiscal Year 2014 to \$2.7 million for Fiscal Year 2018.

Historical Net Revenues and Pro Forma Debt Service Coverage

The following table shows the historical Net Revenues of the Sunshine Skyway. Pro forma calculations for maximum annual debt service coverage and Net Revenues after debt service have been provided based on the estimated maximum annual debt service for the 2019A Bonds. However, there were no Outstanding Bonds from Fiscal Year 2014 through Fiscal Year 2018, and the actual amount of Net Revenues after debt service and available for other expenses in each year was equal to the Net Revenues of the Sunshine Skyway.

Historical Net Revenues (Unaudited) and Pro Forma Debt Service Coverage¹
(in thousands)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Operating Revenues					
Toll Revenues	\$22,630	\$23,978	\$24,801	\$25,524	\$26,675
Other Revenues	<u>49</u>	<u>250</u>	<u>563</u>	<u>558</u>	<u>555</u>
Total Operating Revenues	\$22,679	\$24,228	\$25,364	\$26,082	\$27,230
Operating and Maintenance Expenses					
Operating Expenses ²	\$ 4,754	\$ 4,959	\$ 4,695	\$ 5,291	\$ 4,870
Maintenance Expenses ²	<u>1,651</u>	<u>2,365</u>	<u>2,325</u>	<u>3,932</u>	<u>2,677</u>
Total Operating & Maintenance Expenses ²	\$ 6,405	\$ 7,324	\$ 7,020	\$ 9,223	\$ 7,547
Net Revenues	\$16,274	\$16,904	\$18,344	\$16,859	\$19,683
Annual Debt Service³	-	-	-	-	-
Pro Forma Maximum Annual Debt Service³	\$ 6,874				
Debt Service Coverage Ratio					
Annual Debt Service³	-	-	-	-	-
Pro Forma Maximum Annual Debt Service³	2.37x	2.46x	2.67x	2.45x	2.86x
Net Revenues After Debt Service and Available for Other Expenses ⁴	\$ 9,400	\$ 10,030	\$11,470	\$ 9,985	\$12,809

¹ The financial information related to Revenues and expenses was provided by the Department and has not been audited.

² Routine Operation and Maintenance amounts shown include costs which are required to allow the Sunshine Skyway to continue to operate on a daily basis. Operating and Maintenance expenses do not include the Department’s alternative process to record depreciation expenses for selected infrastructure assets under GASB Statement No. 34. The State expenses certain maintenance and preservation costs and does not report depreciation expense for such assets. (See Required Supplementary Information in the Financial Statements (Unaudited) of the State of Florida, Department of Transportation, Sunshine Skyway, Fiscal Year Ended June 30, 2018.)

³ There were no Outstanding Bonds in Fiscal Year 2014 through Fiscal Year 2018 and no annual debt service payments were due. Maximum annual debt service represents maximum annual debt service on the 2019A Bonds. The pro forma maximum annual debt service coverage has been calculated to demonstrate what coverages would have been in Fiscal Year 2014 through Fiscal Year 2018 based on Net Revenues during those years.

⁴ These amounts have been calculated to show the Net Revenues that would have been available after payment of maximum annual debt service on the 2019A Bonds, however, no debt service was due in Fiscal Year 2014 through Fiscal Year 2018 and the actual amount of Net Revenues after debt service and available for other expenses was equal to the annual Net Revenues in each year.

Projected Net Revenues and Debt Service Coverage

The following table shows the projected operating revenues, operating and maintenance expenses, and Net Revenues of the Sunshine Skyway through Fiscal Year 2023. The Revenue forecast reflects continued growth in annual traffic and increased Tolls resulting from Toll rate indexing. Projected operating expenses for Fiscal Year 2019 exceeds Fiscal Year 2018 actual operating expenses by approximately \$287,000. Subsequent to Fiscal Year 2019, operating expenses are projected to grow by approximately 2.5% annually. The routine maintenance expense forecast is based on the Asset Maintenance Contract through Fiscal Year 2024.

Projected Net Revenues and Debt Service Coverage¹
(in thousands)

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Operating Revenues					
Toll Revenues	\$28,650	\$29,771	\$30,759	\$31,665	\$33,932
Other Revenues	<u>395</u>	<u>395</u>	<u>395</u>	<u>395</u>	<u>395</u>
Total Operating Revenues	\$29,045	\$30,166	\$31,154	\$32,060	\$34,327
Operating and Maintenance Expenses					
Operating Expenses	\$ 5,157	\$ 5,286	\$ 5,418	\$ 5,553	\$ 5,692
Maintenance Expenses	<u>3,018</u>	<u>2,398</u>	<u>3,062</u>	<u>2,240</u>	<u>3,138</u>
Total Operating & Maintenance Expenses	\$ 8,175	\$ 7,684	\$ 8,480	\$ 7,793	\$ 8,830
Net Revenues	\$20,870	\$22,482	\$22,674	\$24,267	\$25,497
Annual Debt Service	-	\$ 6,871	\$ 6,873	\$ 6,872	\$ 6,873
Maximum Annual Debt Service²	\$ 6,874				
Debt Service Coverage Ratio					
Annual Debt Service	n/a	3.27x	3.30x	3.53x	3.71x
Maximum Annual Debt Service	3.04x	3.27x	3.30x	3.53x	3.71x
Net Revenues After Debt Service and Available for Other Expenses	\$20,870	\$15,611	\$15,801	\$17,396	\$18,624

¹ The financial information related to projected Revenues and expenses are as shown in the Traffic and Earnings Report for Sunshine Skyway for the Fiscal Year ended June 30, 2018, prepared by AECOM in their role as Traffic Engineer for the Department. The Traffic and Earnings Report is included herein as Appendix B. Fiscal Year 2019 estimated operating expenses are provided by the Department's Florida Turnpike Enterprise to AECOM and are projected to grow 2.5% annually in subsequent years. Estimated maintenance expenses through Fiscal Year 2024 are provided by the Department to AECOM based on the Department's Adopted Work Program with estimated annual growth thereafter.

² Maximum annual debt service on the 2019A Bonds occurs in Fiscal Year 2027.

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DEBT SERVICE SCHEDULE

The table below shows the debt service on the 2019A Bonds. Payments due on July 1 are deemed to accrue in the preceding Fiscal Year.

Fiscal Year	Debt Service on 2019A Bonds		
	Principal	Interest	Debt Service
2019	-	-	-
2020	\$2,480,000	\$4,391,023	\$6,871,023
2021	3,025,000	3,847,750	6,872,750
2022	3,175,000	3,696,500	6,871,500
2023	3,335,000	3,537,750	6,872,750
2024	3,500,000	3,371,000	6,871,000
2025	3,675,000	3,196,000	6,871,000
2026	3,860,000	3,012,250	6,872,250
2027	4,055,000	2,819,250	6,874,250
2028	4,255,000	2,616,500	6,871,500
2029	4,470,000	2,403,750	6,873,750
2030	4,690,000	2,180,250	6,870,250
2031	4,925,000	1,945,750	6,870,750
2032	5,170,000	1,699,500	6,869,500
2033	5,430,000	1,441,000	6,871,000
2034	5,650,000	1,223,800	6,873,800
2035	5,875,000	997,800	6,872,800
2036	6,110,000	762,800	6,872,800
2037	6,355,000	518,400	6,873,400
2038	<u>6,605,000</u>	<u>264,200</u>	<u>6,869,200</u>
Total	<u>\$86,640,000</u>	<u>\$43,925,273</u>	<u>\$130,565,273</u>

PROVISIONS OF STATE LAW

Bonds Legal Investment for Fiduciaries

The 2019A Bonds are legal investments for state, county, municipal or other public funds, and for banks, savings banks, insurance companies, executors, administrators, trustees, and all other fiduciaries and also are securities eligible as collateral deposits for all state, county, municipal, or other public funds.

Negotiability

The 2019A Bonds will have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code - Investment Securities Law of the State.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements which must be met subsequent to the issuance and delivery of the 2019A Bonds in order that interest on the 2019A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the 2019A Bonds to be included in federal gross income retroactive to the date of issuance of the 2019A Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the 2019A Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The Department, the Division of Bond Finance and the Board of Administration have covenanted in the Resolution to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the 2019A Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing laws, regulations, judicial decisions and rulings, interest on the 2019A Bonds is excluded from gross income for purposes of federal income taxation. Interest on the 2019A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of 2019A Bonds. Prospective purchasers of 2019A Bonds should be aware that the ownership of 2019A Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry 2019A Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by fifteen percent (15%) of certain items, including interest on 2019A Bonds; (iii) the inclusion of interest on 2019A Bonds in earnings of certain foreign corporations doing business in the United States for purposes of the branch profits tax; (iv) the inclusion of interest on 2019A Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on 2019A Bonds in "modified adjusted gross income" by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinion of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the Department and the Division of Bond Finance, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the 2019A Bonds and of the property financed or refinanced thereby), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE 2019A BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Information Reporting and Backup Withholding

Interest paid on tax-exempt bonds such as the 2019A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the 2019A Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of 2019A Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the 2019A Bonds and proceeds from the sale of 2019A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of 2019A Bonds. This withholding generally applies if the owner of 2019A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the 2019A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

Other Tax Matters

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the 2019A Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the 2019A Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the 2019A Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the 2019A Bonds.

Prospective purchasers of the 2019A Bonds should consult their own tax advisors as to the tax consequences of owning the 2019A Bonds in their particular state or local jurisdiction and regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Tax Treatment of Bond Premium

The difference between the principal amount of the 2019A Bonds (the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity and, if applicable, interest rate, was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the

Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

State Taxes

The 2019A Bonds and the income therefrom are not subject to any taxation by the State or any county, municipality, political subdivision, agency, or instrumentality of the State, except estate taxes imposed by Chapter 198, Florida Statutes, as amended, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

Florida laws governing the imposition of estate taxes do not provide for an exclusion of state or local bonds from the calculation of the value of the gross estate for tax purposes. Florida's estate tax is generally calculated on the basis of the otherwise unused portion of the federal credit allowed for state estate taxes. Under Chapter 198, Florida Statutes, all values for state estate tax purposes are as finally determined for federal estate tax purposes. Since state and local bonds are included in the valuation of the gross estate for federal tax purposes, such obligations would be included in such calculation for Florida estate tax purposes. Prospective owners of the 2019A Bonds should consult their own attorneys and advisors for the treatment of the ownership of the 2019A Bonds for estate tax purposes.

The 2019A Bonds and the income therefrom are subject to the tax imposed by Chapter 220 on interest, income, or profits on debt obligations owned by corporations and other specified entities.

MISCELLANEOUS

Investment of Funds

All State funds are invested by either the State's Chief Financial Officer or the Board of Administration. The Resolution directs the manner in which funds held in the various funds and accounts may be invested. The Board of Administration manages the funds created pursuant to the Resolution, except for the Construction Fund, which is held in the State Treasury. Moneys in the funds may generally be invested and reinvested as provided by law, provided that investments in the Sinking Fund must mature not later than the dates on which moneys are needed for the authorized purposes of such fund. Income earned on the investments in the Revenue Fund is deposited in the Revenue Fund. Income from investment of the sale proceeds of the Bonds of any Series shall be deposited and used as provided in the Series Resolution for such series of Bonds.

Funds Held Pursuant to the Resolution - The Resolution directs the manner in which funds held in the various funds may be invested. Daily Revenue collections are deposited in various local depositories in the Collection Account. These funds are transferred to the Revenue Fund, where all Revenues are held by the Board of Administration. After payments for Administrative Expenses and the Cost of Operations and Cost of Maintenance, Net Revenues are deposited into the Sinking Fund held by the Board of Administration. See "Investment by the Chief Financial Officer" and "Investment by the Board of Administration" below.

Investment by the Chief Financial Officer – Funds held in the State Treasury are invested by internal and external investment managers. As of December 31, 2018, the ratio was approximately 46% internally managed funds, 44% externally managed funds, 4% Certificates of Deposit and 6% in an externally managed Security Lending program. The total portfolio market value on December 31, 2018, was \$25.198 billion.

Under State law, the Treasury is charged with investing funds of each State agency and the judicial branch. As of December 31, 2018, \$18.043 billion of the investments in the Treasury consisted of accounts held by State agencies that are required by law to maintain their investments in the Treasury; additionally, \$5.758 billion as of this date consisted of moneys held by certain boards, associations, or entities created by the State Constitution or by State law that are not required to maintain their investments with the Treasury and are permitted to withdraw these funds from the Treasury.

As provided by State law, the Treasury must be able to timely meet all disbursement needs of the State. Accordingly, the Treasury allocates its investments to provide for estimated disbursements plus a cushion for liquidity in instances of greater-than-expected disbursement demand.

To this end, a portion of Treasury's investments are managed for short-term liquidity and preservation of principal. The remainder is managed to obtain maximum yield, given the safety parameters of State law and Treasury's Comprehensive Investment Policy. Investments managed for short-term liquidity and preservation of principal are managed "internally" by Treasury personnel. The majority of investments managed for a maximum return are managed by "external" investment companies hired by the State.

The Externally Managed Investment Program provides long-term value while limiting risk appropriately and provides a backup source of liquidity. External investment strategy focuses on medium-term and long-term fixed income securities, rather than money market instruments, in order to take advantage of higher returns historically achieved by such securities. Portfolio managers are hired to actively manage funds. These funds may be invested in U.S. Treasury government agency obligations, investment grade corporate debt, municipal debt, mortgage backed securities, asset backed securities, and U.S. dollar denominated investment-grade foreign bonds that are registered with the Securities and Exchange Commission. The managers may also use leveraging techniques such as forward purchase commitments, and interest rate futures.

Investment by the Board of Administration – The Board of Administration manages investment of assets on behalf of the members of the Florida Retirement System (the “FRS”) Defined Benefit Plan. It also acts as sinking fund trustee for most State bond issues and oversees the management of FRS Investment Plan investment options, Florida Hurricane Catastrophe Fund moneys, a short-term investment pool for local governments and smaller trust accounts on behalf of third party beneficiaries.

The Board of Administration adopts specific investment policy guidelines for the management of its funds which reflect the long-term risk, yield, and diversification requirements necessary to meet its fiduciary obligations. As of December 31, 2018, the Board of Administration directed the investment/administration of 30 funds in 545 portfolios.

As of December 31, 2018 the total market value of the FRS (Defined Benefit) Trust Fund was \$ 150.630 billion. The Board of Administration pursues an investment strategy which allocates assets to different investment types. The long-term objective is to meet liability needs as determined by actuarial assumptions. Asset allocation levels are determined by the liquidity and cash flow requirements of the FRS, absolute and relative valuations of the asset class investments, and opportunities within those asset classes. Funds are invested internally and externally under a Defined Benefit Plan Investment Policy Statement.

The Board of Administration uses a variety of derivative products as part of its overall investment strategy. These products are used to manage risk or to execute strategies more efficiently or more cost effectively than could be done in the cash markets. They are not used to speculate in the expectation of earning extremely high returns. Any of the products used must be within investment policy guidelines designed to control the overall risk of the portfolio.

The Board of Administration invests assets in 29 designated funds other than the FRS (Defined Benefit) Trust Fund. As of December 31, 2018, the total market value of these funds equaled \$43.045 billion. Each fund is independently managed by the Board of Administration in accordance with the applicable documents, legal requirements and investment plan. Liquidity and preservation of capital are preeminent investment objectives for most of these funds, so investments for these are restricted to high quality money market instruments (e.g., cash, short-term treasury securities, certificates of deposit, banker's acceptances, and commercial paper). The term of these investments is generally short, but may vary depending upon the requirements of each trust and its investment plan.

Investment of bond sinking funds is controlled by the resolution authorizing issuance of a particular series of bonds. The Board of Administration’s investment policy with respect to sinking funds is that only U.S. Treasury securities, and repurchase agreements backed thereby, be used.

Bond Ratings

Fitch Ratings, Moody’s Investors Service, and S&P Global Ratings (herein referred to collectively as “Rating Agencies”), have assigned their municipal bond ratings of A+ (stable outlook), A1 (stable outlook) and A (stable outlook), respectively, to the 2019A Bonds. Such ratings reflect only the respective views of such Rating Agencies at the time such ratings were issued, and an explanation of the significance of such ratings may be obtained from any of the respective Rating Agencies.

The Department furnished to such Rating Agencies certain information and material in respect to the State and the 2019A Bonds. Generally, Rating Agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the Rating Agencies. There is no assurance that such ratings will be maintained for any given period of time or that they may not be lowered, suspended or withdrawn entirely by the Rating Agencies, or any of them, if in their or its judgment, circumstances warrant. Any such downward change in, suspension of or withdrawal of such ratings may have an adverse effect on the market price of the 2019A Bonds.

Information Technology Security

Similar to other large organizations, the State and the Department rely on electronic systems and information technologies (“IT”) to conduct operations. Protecting the State’s IT infrastructure and data is essential to delivering government services.

The State maintains a security posture designed to protect its data and deter attacks on its IT infrastructure and respond to such attacks to minimize their impact on operations. The Legislature created the Agency for State Technology (the “AST”) in 2014 to develop and promulgate policies for the management of the State’s IT resources, oversee the State’s technology projects, and manage the State Data Center. In 2016, the AST promulgated rules which serve as the Florida Cybersecurity Standards (the “FCS”), and in February 2018

set forth the State's second three-year Statewide Information Technology Security Strategic Plan (the "Plan"). The Plan focuses on protecting the confidentiality, maintaining the integrity, and ensuring the availability of the State's data. The Plan's three strategies are to (1) improve the FCS and other foundational cybersecurity resources; (2) establish tools and resources to recognize threats to the State's IT infrastructure and collect intelligence, encourage information sharing and collaboration between state agencies and among state and federal security organizations, and develop a strategic framework for analysis and distribution of such information; and (3) harden the State's IT infrastructure to minimize vulnerabilities and to develop and promote data asset tracking.

The Department has policies and procedures in place to protect its data, IT infrastructure, and electronic systems; such policies and procedures incorporate protections for toll operations, including the collection and disbursement of Toll revenues. The Security Risk and Compliance Office at the Department's Florida Turnpike Enterprise is designed to protect data, information, and critical resources related to the Florida Turnpike Enterprise's toll operations and systems, including SunPass, from a wide range of threats in order to ensure business continuity and minimize business risk to toll operations and related systems. The Department protects such toll operations and related systems through the establishment and implementation of a suitable set of controls, including policies, processes, procedures, organizational structures, and software and hardware functions. This set of controls includes measures which govern the privacy, security, and confidentiality of data, especially highly sensitive data, and the responsibilities of offices and individuals for such data to protect data and information, and IT infrastructure, electronic systems, and assets, and to preserve privacy. This set of controls is monitored, reviewed, and improved, where necessary, to ensure that the specific security and business objectives of the Florida Turnpike Enterprise's toll operations activities are met.

The Board of Administration acts as the fiscal agent for the bonds that the Division of Bond Finance issues on behalf of the State and its agencies. As trustee for the Division of Bond Finance's bond programs, the Board of Administration protects its data and IT infrastructure, including data and information related to bond programs, through a multifaceted cybersecurity strategy. The Board of Administration's cybersecurity strategy includes a comprehensive set of security policies and procedures, which are designed to guide staff in their cybersecurity responsibilities; a security awareness program, which educates staff on active cybersecurity threats and security best practices; and a risk-based threat and vulnerability management program, which is internally monitored. Additionally, the Board of Administration has implemented access and authentication protocols, which includes multi-factor authentication, and industry standard encryption to protect data in transit and at rest. As a further precaution, the Board of Administration's cybersecurity program is subjected to routine internal audits to evaluate the effectiveness of the program, as well as annual external audits and penetration testing to identify opportunities to improve its security posture. The Board of Administration's cybersecurity strategy is supported by administrative and technical controls, which assist in identifying potential threats and preventing attacks that may target the Board of Administration's data and IT systems. Although the State does not have a state-wide "cyber-insurance" policy, the Board of Administration has purchased "cyber-insurance" for expenses incurred as result of cyber incidents or network extortion threats. In the event a cybersecurity issue arises, the Board of Administration has an incident response capability to quickly address such issues.

Despite the State's, the Department's, and the Board of Administration's robust cybersecurity policies and procedures designed to protect their data and IT infrastructure, no assurance is given that such security measures will prevent cyber-attacks, nor can any assurance be given that any cyber-attacks, if successful, will not have a material impact on State operations.

Environmental Risk Factors

With more than 2,000 linear miles of coastline, Florida's weather and natural resources affect its economy in a variety of ways. Economic activity attributable to in-migration and tourism represents a significant part of the State's economy, and the State's warm weather and beaches are responsible for attracting seasonal and permanent residents and tourists to the State. Because of the State's reliance on its natural resources to generate business and sustain in-migration, its economy and financial condition may be vulnerable to the impacts of environmental events.

The State has effectively responded to past environmental events, such as multiple hurricanes and the 2010 oil spill in the Gulf of Mexico from the Deepwater Horizon oil drilling rig, and has a variety of resources available to respond to damage caused by such events. The State has sufficient financial reserves to cover response-related expenditures, and, in most cases, the State can request reimbursement from federal relief funds to pay for a portion of such expenditures. In addition, upon a declaration of a state of emergency, Florida law provides the Governor broad spending authority to meet financial needs resulting from a disaster. The Division of Emergency Management ("DEM") was established as part of the State's structure to plan for and respond to both natural and manmade disasters. In addition to coordinating disaster response activities, DEM prepares and implements a statewide Comprehensive Emergency Management Plan and routinely conducts extensive exercises to test state and county emergency response capabilities.

The magnitude of the impact on the State's operations, economy, or financial condition from environmental risks is indeterminate and is unpredictable for future natural disasters like hurricanes, tropical storms, and naturally-occurring phenomena like red tide. There can be no assurance that the State will not encounter such risks in the future or that such risks will not have an adverse effect on the operations, economy, or financial condition of the State.

Litigation

There is no litigation pending or, to the knowledge of the Department or the Division of Bond Finance, threatened, which if successful would have the effect of restraining or enjoining the issuance or delivery of the 2019A Bonds or questioning or affecting the validity of the 2019A Bonds or the proceedings and authority under which the 2019A Bonds are to be issued. The Department and the Division of Bond Finance from time to time engage in certain routine litigation, the outcome of which would not be expected to have any material adverse effect on the issuance and delivery of the 2019A Bonds.

Legal Matters

The approving legal opinion of Bryant Miller Olive P.A., Tallahassee, Florida, will be provided on the date of delivery of the 2019A Bonds, as well as a certificate, executed by appropriate State officials, to the effect that to the best of their knowledge the Official Statement, as of its date and as of the date of delivery of the 2019A Bonds, does not contain an untrue statement of a material fact or omit to state a material fact which should be included herein for the purpose for which the Official Statement is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading. A proposed form of the legal opinion of Bond Counsel is attached hereto as Appendix E.

Continuing Disclosure

The Department will undertake, for the benefit of the beneficial owners and the Registered Owners of the 2019A Bonds, to provide, or cause to be provided, certain financial information and operating data and to provide notices of certain material events. Such financial information and operating data will be transmitted to the Municipal Securities Rulemaking Board (the “MSRB”) using its Electronic Municipal Market Access System (“EMMA”). Any notice of material events will also be transmitted to the MSRB using EMMA. The form of the undertaking is set forth in Appendix F, “Form of Continuing Disclosure Agreement” (the “CDA”). This undertaking is being made in order to assist the underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). Additionally, the Division of Bond Finance has policies and procedures in place to assist the Department in complying with disclosure undertakings. The form CDA and the Division’s policies and procedures were amended in response to the two new material events that were added, effective February 27, 2019, to the list of events for which notice is required under the Rule.

Neither the Department nor the Division of Bond Finance has failed, in the previous five years, to comply in all material respects with any prior disclosure undertakings.

Underwriting

Goldman Sachs & Co. LLC (the “Underwriter”) has agreed to purchase the 2019A Bonds at an aggregate purchase price of \$100,200,371.52 (which represents the par amount of the 2019A Bonds plus an original issue premium of \$13,641,869.00, less the Underwriter’s discount of \$81,497.48). The Underwriter may offer and sell the 2019A Bonds to certain dealers (including dealers depositing bonds into investment trusts) and others at prices lower than the offering price stated on the inside front cover.

Execution of Official Statement

The execution and delivery of this Official Statement have been duly authorized by the Department and the Division of Bond Finance.

STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION

KEVIN J. THIBAULT
Secretary

DIVISION OF BOND FINANCE OF THE STATE BOARD OF
ADMINISTRATION OF FLORIDA on behalf of the STATE OF
FLORIDA DEPARTMENT OF TRANSPORTATION

J. BEN WATKINS III
Director, Division of Bond Finance

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DEFINITIONS

“2019A Bonds” means the \$86,640,000 State of Florida, Department of Transportation, Sunshine Skyway Revenue Bonds, Series 2019A.

“Additional Bonds” means any obligations hereafter issued pursuant to the terms and conditions of the Resolution and payable from the Net Revenues on a parity with the Bonds originally issued under the Resolution. All of such Additional Bonds, regardless of the time or times of their issuance shall rank equally with other Bonds with respect to their lien on and source and security for payment from the Net Revenues without preference or priority of any Bond over any other.

“Administrative Expenses” means, with respect to the Bonds or the administration of any funds under the Resolution, to the extent applicable: (i) fees or charges, or both, of the Board of Administration and the Division; and (ii) such other fees or charges, or both, as may be approved by the Board or the Division, including, but not limited to, those relating to tax law compliance, disclosure of information, paying agents, rating agencies, and providers of credit enhancement; all as may be determined from time to time as necessary.

“Adopted Work Program” means the five-year work program adopted by the Department as provided in Section 339.135, Florida Statutes.

“Amortization Installment” means an amount so designated which is established for the redemption of Term Bonds; provided that each such Amortization Installment shall be deemed due in an amount and upon a date determined by the Director of the Division and the aggregate of such Amortization Installments shall equal the aggregate principal of the Term Bonds of such Series.

“Annual Debt Service Requirement” means, at any time during the Fiscal Year, the remaining amount of Net Revenues (with respect to the particular Series of Bonds, or all Bonds, as the case may be) required to be deposited in such Fiscal Year into the Debt Service Account to pay the interest, principal, and Amortization Installment in such Fiscal Year. Provided that, in the case of any Term Bonds for which Amortization Installments have been established, the stated principal which is scheduled to be due at their stated date of maturity shall be disregarded and the Amortization Installments applicable to such Term Bonds which are payable in such Bond Year shall be deemed to be due in such Bond Year. In the calculation of the Annual Debt Service Requirement, any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year.

“Board of Administration” means the State Board of Administration of Florida, as created pursuant to the provisions of Article IV, Section 4, Florida Constitution and Chapter 215, Florida Statutes.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income of interest on bonds for federal income tax purposes issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Registrar/Paying Agent” means U.S. Bank Trust National Association, New York, New York, or its successor bond registrar or paying agent, as applicable, unless a different Bond Registrar/Paying Agent is provided for by the Division.

“Bond Year” means, with respect to a particular Series of Bonds issued under the Resolution, the annual period relevant to the application of Section 148(f) of the Code to the Series of Bonds, except that the first and last Bond Years may be less than twelve (12) months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the date of issuance of the Series of Bonds unless the Department selects another date on which to end a Bond Year in the manner permitted by the Code.

“Bonds” means the 2019A Bonds and any Additional Bonds issued pursuant to the Resolution.

“Code” means the Internal Revenue Code of 1986, as amended, and temporary, proposed or permanent implementing regulations promulgated thereunder.

“Collection Account” means the Collection Account created in Section 4.04 of the Resolution.

“Construction Fund” means the Construction Fund created in Section 3.03 of the Resolution.

“Cost of Maintenance” means all reasonable and necessary costs and expenses incurred in connection with keeping Sunshine Skyway open to public travel, excluding all costs included in Cost of Operations.

“Cost of Maintenance Account” means the Cost of Maintenance Account created in Section 4.03 of the Resolution.

“Cost of Operations” means all reasonable and necessary costs and expenses incurred in connection with operating Sunshine Skyway as a Toll facility including, but not limited to, the cost of collecting and accounting for Tolls, insurance, employee bond premiums, and fees of consulting engineers, other consultants, and professional advisors. Cost of Operations shall not include costs included in Cost of Maintenance.

“Cost of Operations Account” means the Cost of Operations Account created in Section 4.03 of the Resolution.

“Debt Service Account” means the Debt Service Account within the Sinking Fund created in Section 4.03 of the Resolution.

“Debt Service Reserve Account” means the Debt Service Reserve Account within the Sinking Fund created in Section 4.03 of the Resolution.

“Debt Service Reserve Requirement” means, as of any date of calculation, with respect to all Bonds secured by a particular sub-account within the Debt Service Reserve Account issued pursuant to the Resolution, an amount, which may be zero, determined by the Director of the Division, and which shall not exceed the lesser of:

- (i) One hundred twenty-five percent (125%) of the Average Annual Debt Service Requirement of the Bonds for the then current and succeeding Fiscal Years;
- (ii) The Maximum Annual Debt Service Requirement on the Bonds;
- (iii) Ten percent (10%) of the par amount of the Bonds; or
- (iv) The maximum debt service reserve permitted with respect to tax-exempt obligations under the Code as applicable to the Bonds.

With respect to the 2019A Bonds, as determined by the Director of the Division, pursuant to the resolution of the Governing Board authorizing the sale of such Bonds, the amount is zero.

“Department” means the State of Florida Department of Transportation.

“Director” means the Director of the Division and shall include any Authorized Officer to whom the Director delegates authority.

“Division” or “Division of Bond Finance” means the Division of Bond Finance of the State Board of Administration of Florida.

“Fiscal Year” means the period beginning with July 1 of each year and ending with and including the next June 30.

“Governing Board” means the Governor and Cabinet of the State as the governing board of the Division.

“Interest Payment Date” means, for each Series of Bonds, such dates of each Fiscal Year on which interest on Outstanding Bonds of such Series is payable, as determined by the Director of the Division.

“Maximum Annual Debt Service Requirement” means, at any time, the maximum amount (with respect to the particular Series of Bonds, or all Bonds, as the case may be), required to be deposited into the Debt Service Account for the then current Fiscal Year or any succeeding Fiscal Year, whichever is greater. For the purpose of calculating the deposits to be made into a sub-account in the Debt Service Reserve Account, the Maximum Annual Debt Service Requirement shall mean the maximum amount, if any, required to be deposited into such sub-account for the then current Fiscal Year or any succeeding Fiscal Year, whichever is greater, to pay the interest, principal, and Amortization Installment in such Fiscal Year with respect to the Bonds for which such sub-account has been established. Provided that, in the case of any Term Bonds for which Amortization Installments have been established, the stated principal which is scheduled to be due at their stated date of maturity shall be disregarded and the Amortization Installments applicable to such Term Bonds which are payable in such

Bond Year shall be deemed to be due in such Bond Year. In the calculation of the Maximum Annual Debt Service Requirement, any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year.

“Net Revenues” means the Revenues remaining after the deduction of Administrative Expenses, the Cost of Operations, and the Cost of Maintenance.

“Operation and Maintenance Fund” means the Operation and Maintenance Fund created in Section 4.03 of the Resolution.

“Outstanding” means, as of any date of determination, all Bonds theretofore authenticated and delivered except:

- (i) Bonds theretofore canceled by the Bond Registrar/Paying Agent or delivered to the Bond Registrar/Paying Agent for cancellation;
- (ii) Bonds which are paid and defeased, and are no longer Outstanding as provided in the Resolution;
- (iii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, stolen, or lost, unless evidence satisfactory to the Bond Registrar/Paying Agent has been received that any such Bond is held by a bona fide purchaser;
- (iv) For purposes of any consent or other action to be taken under the Resolution by the Registered Owners of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Division or the Department; and
- (v) Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount of such payment has been reimbursed to the issuer of such Bond Insurance Policy (or monies have been deposited to defease such payment).

“Principal Payment Date” means, for each Series of Bonds, the dates during each Fiscal Year on which principal of the Outstanding Bonds of such Series is payable, as determined by the Director of the Division.

“Rating Agency” means a nationally recognized bond rating agency.

“Rebate Amount” means the amount described in Section 6.13 of the Resolution.

“Rebate Fund” means the Rebate Fund created in Section 6.13 of the Resolution.

“Record Date” means with respect to each Series of Bonds, the 15th day of the calendar month immediately preceding the month of an Interest Payment Date or Principal Payment Date. With respect to redemption of Bonds prior to maturity, the Record Date shall be the date 45 days prior to the date fixed for redemption.

“Registered Owner” means the owner of any Bond or Bonds as shown on the registration books kept by the Bond Registrar/Paying Agent.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund created in Section 4.03 of the Resolution.

“Reserve Account Credit Facility” means a Reserve Account Insurance Policy, Reserve Account Letter of Credit, or other comparable insurance or financial product, if any, deposited in the Debt Service Reserve Account in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein. The provider of such Reserve Account Credit Facility shall be rated in one of the three highest full rating categories of a Rating Agency.

“Reserve Account Insurance Policy” means the insurance policy, surety bond, or other acceptable evidence of insurance, if any, deposited in the Debt Service Reserve Account, in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein. The issuer providing such Reserve Account Insurance Policy shall be an insurer rated in one of the three highest full rating categories of a Rating Agency.

“Reserve Account Letter of Credit” means the irrevocable, transferable letter of credit, if any, deposited in the Debt Service Reserve Account, in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein.

“Resolution” means the resolution authorizing the issuance of the Bonds, as adopted by the Governor and Cabinet as the Governing Board of the Division on December 4, 2018, and as amended and supplemented from time to time.

“Revenues” means all Tolls, revenues, rates, fees, charges, receipts, rents and other income derived from or in connection with the operation or leasing of the Sunshine Skyway. Revenues shall also include, unless otherwise indicated by the Resolution, income from investments of funds and accounts created by the Resolution and the proceeds of any use and occupancy insurance relating to the Sunshine Skyway. Revenues shall not include the proceeds of any gifts, grants, or other payments to the Department from the United States of America, the State of Florida, or any public or private instrumentality, individual or entity that are not in the nature of an operating, concession or rental payment with respect to the use and operation of the Sunshine Skyway.

“Revenue Fund” means the Revenue Fund created in Section 4.03 of the Resolution.

“Securities Depository” means The Depository Trust Company (“DTC”), New York, New York, or its nominees, successors, and assigns.

“Serial Bonds” means the Bonds of a Series which shall be stated to mature in periodic installments.

“Series” or “Series of Bonds” means all of the Bonds authenticated and delivered on original issuance and pursuant to the Resolution or any supplemental resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II thereof, regardless of variations in maturity, interest rate, or other provisions.

“Sinking Fund” means the Sinking Fund created and established pursuant to Section 4.03 of the Resolution.

“State” means the State of Florida.

“State Bond Act” or “Act” means Sections 215.57 through 215.83, Florida Statutes, as amended from time to time.

“Sunshine Skyway” means that road and bridge facility which is part of the Federal Interstate Highway System, I-275, located in Pinellas, Hillsborough, and Manatee Counties, and which provides roadways to accommodate two traffic lanes in both the north- and south-bound directions. The overall length of the facility is approximately 22,500 feet and is divided into three basic structures: (i) the trestle structure, representing the low-level approaches; (ii) the approach structure, representing the transition from low-level approaches to the main span; and (iii) the main span structure, consisting of a three-span, cable-styled, structure crossing the navigation channel in Tampa Bay.

“Sunshine Skyway Project” means those fixed capital improvements to Sunshine Skyway and other fixed capital outlay transportation projects located within any of the counties in which the Sunshine Skyway is located (Pinellas, Hillsborough, and Manatee Counties), which are contained in the Adopted Work Program of the Department and permissible pursuant to Section 338.165, Florida Statutes.

“Term Bonds” shall mean the Bonds of a Series which shall be subject to mandatory redemption prior to maturity and shall be stated to mature on one date and for the scheduled redemption of which payments are required to be made into the Debt Service Account in the Sinking Fund, created pursuant to the Resolution, as may be determined by the Director of the Division.

“Toll” or “Tolls” means the charge or charges for the privilege of using the Sunshine Skyway.

“Traffic Engineers” means the engineer or engineering firm or corporation retained by the Department pursuant to Section 6.12 of the Resolution.

Where the context so requires, words importing singular number shall include the plural number, and vice versa, and words importing persons shall include firms and corporations, wherever the text so requires. Unless the context otherwise clearly requires, the words “include”, “includes”, and “including” shall mean including without limitation.

TRAFFIC AND EARNINGS REPORT FOR SUNSHINE SKYWAY BRIDGE

In Connection With The

SERIES 2019A REVENUE BONDS

January 11, 2019

Prepared for the

Florida Department of Transportation

By

AECOM Technical Services, Inc.

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JANUARY 11, 2019 UPDATE LETTER

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January 11, 2019

Mr. Bren Dietrich, C.P.A.
Chief Financial Officer, Florida's Turnpike Enterprise
Florida Department of Transportation
Florida's Turnpike, Milepost 263
Building 5315, Turkey Lake Service Plaza
Ocoee, Florida 34761

Dear Mr. Dietrich:

AECOM, in accordance with our role as the Traffic Engineering Consultant for Florida's Turnpike Enterprise, is currently completing a Traffic Engineers' Annual Report (TEAR) for six of the toll facilities owned and/or operated by the Department for the fiscal year (FY) ended June 30, 2018. The Department-owned facilities included in the FY 2018 TEAR are Alligator Alley (Everglades Parkway), Pinellas Bayway System, Sunshine Skyway Bridge and Wekiva Parkway. The Department-operated facilities include the Garcon Point Bridge and Mid-Bay Bridge Authority System (Mid-Bay Bridge and Spence Parkway).

For each of the six facilities, the TEAR provides a summary of the historical trends in traffic and revenue through FY 2018, along with a detailed analysis of actual traffic, revenue, SunPass® participation and operating and maintenance expenses for FY 2018. Each section also provides an overview of debt service payments, long-term liabilities and net revenues available for other obligations. Additionally, each section (excluding Wekiva Parkway, Garcon Point Bridge and Mid-Bay Bridge Authority System), includes a forecast of traffic, revenue and operating and maintenance expenses through FY 2029.

At your request, we have prepared this letter to update the Sunshine Skyway Bridge chapter of the TEAR for the first six months of FY 2019. (A copy of the Skyway Bridge chapter of the TEAR is included herein. The FY 2018 TEAR is currently under development. An electronic copy of this report will be posted at <http://floridasturnpike.com/about.html> upon completion).

The table on the following page provides a comparison of actual revenues for the first six months of FY 2019 to the same period in FY 2018. Additionally, actual revenues for the current six-month period are compared to our prorated forecast for FY 2019.

The Sunshine Skyway Bridge toll revenues for the six-month period ended December 31, 2018 (FY 2019), exceed the comparable period of the prior year by \$765 thousand or approximately six percent. This is largely attributed to \$1.0 million revenue reduction in FY 2018 prompted by the 15-day toll suspension beginning on September 5, 2017, due to Hurricane Irma evacuation and recovery efforts. Additionally, the toll rate indexing for SunPass® and cash payment methods implemented on October 29, 2017 impacted revenue for the entire 6-month period in FY 2019, compared to 2-month (November and December) revenue impact in the preceding year.

Overall, actual revenues for the current period exceed the forecast by \$97 thousand or 0.8 percent. For conservative purposes, the Sunshine Skyway Bridge forecast shown in the FY 2018 TEAR remains unchanged.

Sunshine Skyway Bridge
Comparison of Cumulative Revenues for the Six Months Ended December 31
FY 2019 Actual vs. FY 2018 Actual and FY 2019 Estimated Revenue

Month	Actual Revenue Six Months Ended December 31		Change in Actual Revenue Six Months Ended December 31, 2018 & 2017		Estimated Revenue Six Months Ended FY 2019	Comparison of FY 2019 Actual to FY 2019 Estimated Revenue Six Months Ended December 31	
	FY 2019 ⁽¹⁾ (\$000)	FY 2018 (\$000)	Amount (\$000)	Percent Change	Amount (\$000)	Amount (\$000)	Percent Change
Total Toll Revenue	\$12,818	\$12,053	\$765	6.3%	\$12,721	\$97	0.8%

⁽¹⁾ Unaudited.

Should you have any questions, please do not hesitate to contact me.

Respectfully,



William A. Nelsen, C.P.A.
Vice President
AECOM Technical Services, Inc.

SUNSHINE SKYWAY BRIDGE

4.1 BACKGROUND

The original Sunshine Skyway Bridge opened in 1954 and was constructed as a two-lane toll facility crossing Tampa Bay from US 19 at Maximo Point in Pinellas County to US 41, north of Palmetto in Manatee County. The facility was 15.1 miles in length and consisted of 10.2 miles of embankment and five bridges having a combined length of 4.9 miles. The facility underwent an expansion project to add two additional lanes on the existing causeways, an additional two-lane trestle bridge and a high-level bridge parallel to the existing main bridge span that opened in 1970.

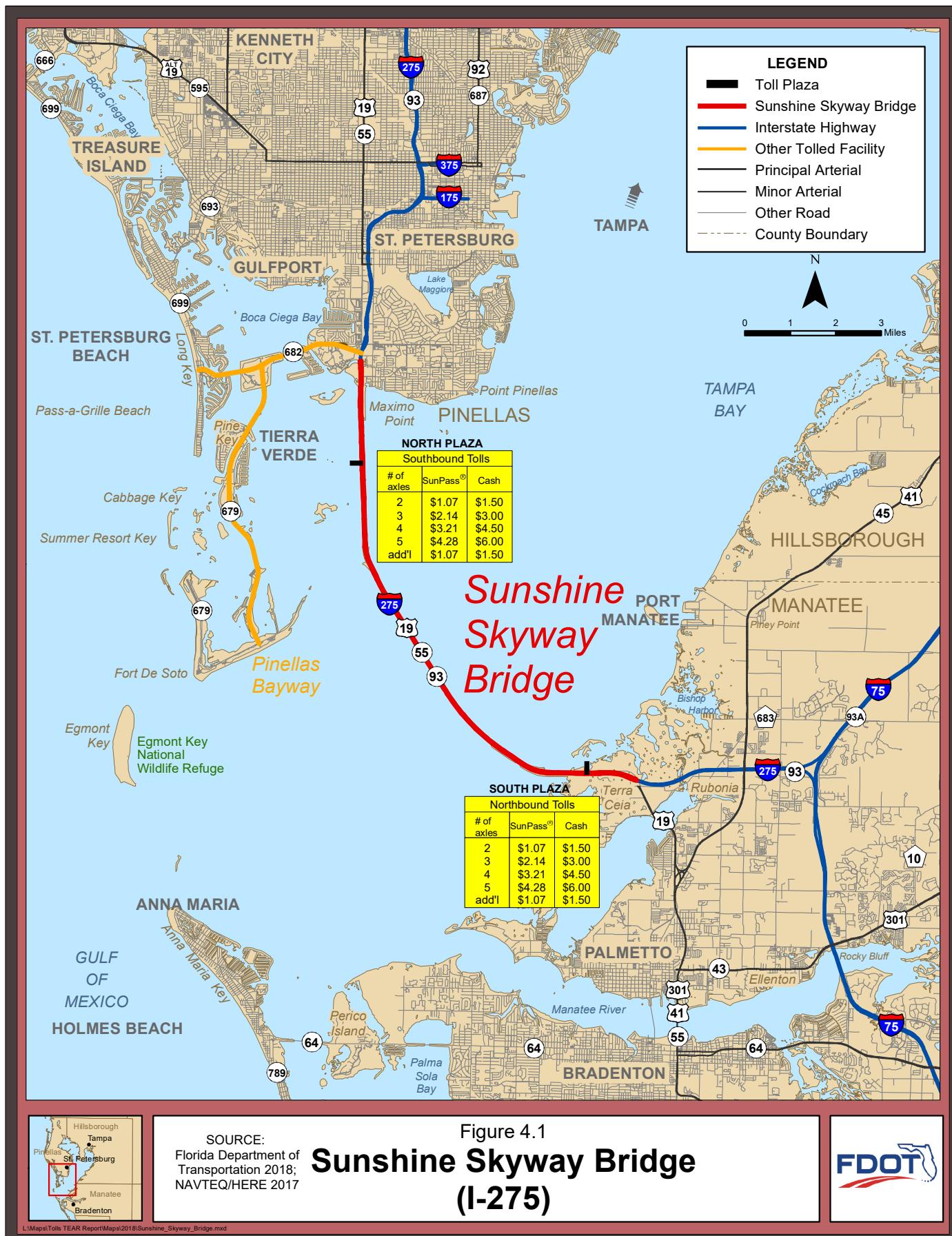
Over the years, several accidents occurred, involving maritime shipping freighters traversing the channel between Tampa Bay and the Gulf of Mexico. These accidents were attributed, in part, to the positioning of the piers of the high-level structure over the navigation channel. On May 9, 1980, a freighter collided with one of the piers of the main span structure carrying the southbound roadway, causing a section of the center span to collapse into Tampa Bay. In order to maximize safe vehicular and maritime passage in the area, the Department constructed the new Sunshine Skyway Bridge as a single four-lane high-level structure, east of the original bridge, providing greater horizontal clearances between the main piers and an increased vertical height. The new 17.4-mile bridge opened to traffic in 1987 with one mainline plaza located at each end of the facility. The new bridge consists of 13.3 miles of embankment and causeway, which makes the actual bridge approximately 4.1 miles in length. In honor of former Florida Governor Bob Graham, who spearheaded the state-of-the-art design of the new bridge, the Sunshine Skyway Bridge was designated the Bob Graham Sunshine Skyway Bridge effective July 1, 2005 (FY 2006) with the signing of House Bill 385.



The bridge is part of the Strategic Intermodal System (SIS), designated as I-275, and is managed and operated by the Department. The Department provides for toll collection and maintenance of the facility, but may assign or contract these operations to a third party. **Figure 4.1** shows a detailed map of the facility, with the most recent toll rates.

Tolls at the northern plaza in Pinellas County are collected in the southbound direction only, while tolls at the southern plaza in Manatee County are collected in the northbound direction. In June 2012 (FY 2012) toll rate indexing was implemented for all customers on the Sunshine Skyway Bridge, as mandated by the Florida Legislature. At the same time, the method used to calculate toll rates for three or more axle vehicles was changed from a per-axle basis to "N minus 1" to be consistent with the methodology used on other Department facilities and the Turnpike System. SunPass® customers with three or more axle vehicles continue to receive a 10 percent discount after a threshold of 40 monthly transactions is reached.

Historically, traffic and revenue on the Sunshine Skyway Bridge have increased gradually over the years. In FY 2018, total transactions increased to 22.2 million, while toll revenues increased to approximately \$26.7 million. Annual transactions and revenue for the facility from FY 2008 through FY 2018 are presented in **Table 4.1**. As with other



**TABLE 4.1 - SUNSHINE SKYWAY BRIDGE
HISTORICAL TRANSACTIONS AND REVENUE GROWTH
FY 2008 THROUGH FY 2018**

Fiscal Year	Transactions (000)				Toll Revenue ⁽¹⁾ (\$000)		Average Toll
	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change	
2008	18,192	15	18,207	-	\$17,025	-	\$0.935
2009	17,607	32	17,639	(3.1%)	16,212	(4.8%)	0.919
2010	17,764	22	17,786	0.8	16,310	0.6	0.917
2011	17,974	31	18,005	1.2	16,427	0.7	0.912
2012	18,102	48	18,150	0.8	16,555	0.8	0.912
2013	18,439	63	18,502	1.9	21,722	31.2	1.174
2014	19,131	48	19,179	3.7	22,630	4.2	1.180
2015	20,233	59	20,292	5.8	23,978	6.0	1.182
2016	20,985	61	21,046	3.7	24,801	3.4	1.178
2017	21,517	64	21,581	2.5	25,524	2.9	1.183
2018 ⁽²⁾	21,568	670	22,238	3.0	26,675	4.5	1.200

Source: FDOT Office of the Comptroller and Turnpike Enterprise Finance Office.

Note: The non-revenue class includes authorized vehicles that pass through a toll plaza without incurring a toll (i.e., law enforcement, emergency vehicles) and transactions reported during toll suspensions attributable to hurricanes.

(1) Toll revenue reported net of the SunPass discount. Per new revenue reporting methodology, starting FY 2014 toll revenue excludes violation and miscellaneous revenues.

(2) Higher non-revenue transactions due to toll suspension during Hurricane Irma.

facilities in the state, traffic and revenue declined during the economic recession but have since rebounded as the economy has recovered. Revenues have also increased as a result of the start of toll rate indexing in June 2012 (FY 2012). Compared to FY 2017, FY 2018 transactions and revenue increased by 3.0 percent and 4.5 percent, respectively. This growth in traffic can be attributed to the continuing decline in the unemployment rate in Florida, as well as a record number of Florida visitors in 2017.

Historical operating and routine maintenance expenses from FY 2008 through FY 2018 are presented in **Table 4.2**. Annual operating expenses have approximated \$5 million during the 10-year period. FY 2018 operating expenses decreased by \$421 thousand from FY 2017. During the same period, routine maintenance expenses decreased \$1.3 million to \$2.7 million primarily due to the prior year, FY 2017, requiring the biennial bridge inspection.

**TABLE 4.2 - SUNSHINE SKYWAY BRIDGE
HISTORICAL OPERATING AND ROUTINE
MAINTENANCE EXPENSES
FY 2008 THROUGH FY 2018**

Fiscal Year	Operating Expense (\$000)	Routine Maintenance Expense ⁽¹⁾ (\$000)	Total O&M Expenses (\$000)
2008	\$5,185	\$1,582	\$6,767
2009	5,129	2,165	7,294
2010	4,793	1,575	6,368
2011	5,074	2,475	7,549
2012	4,930	1,770	6,700
2013	4,672	2,325	6,997
2014	4,754	1,651	6,405
2015	4,959	2,365	7,324
2016	4,695	2,325	7,020
2017	5,291	3,932	9,223
2018	4,870	2,677	7,547

Source: FDOT Office of the Comptroller.

⁽¹⁾ Operating expense restated from FY 2014 through FY 2017

Inspection and maintenance of the Sunshine Skyway Bridge is performed under a private Asset Maintenance Contract with the Department providing oversight through its Asset Management Coordinator. In addition to operating and routine maintenance expenses, \$11.1 million for renewal and replacement, toll system improvements, lighting and bridge repairs were incurred during FY 2018.

4.2 FY 2018 TRANSACTIONS AND TOLL REVENUES

Monthly transactions and toll revenue on the Sunshine Skyway Bridge during FY 2018 are presented in **Table 4.3** for the north and south mainline plazas. There were approximately 11.3 million transactions at the north plaza and 10.9 million transactions at the south plaza, for a total of over 22 million transactions during FY 2018. The corresponding annual revenue was \$13.7 million at the north plaza and \$13.0 million at the south plaza, for a total of approximately \$26.7 million during FY 2018. The third quarter

ENTERPRISE TOLL OPERATIONS

**TABLE 4.3 - SUNSHINE SKYWAY BRIDGE
MONTHLY TRANSACTIONS AND TOLL REVENUE
FY 2018**

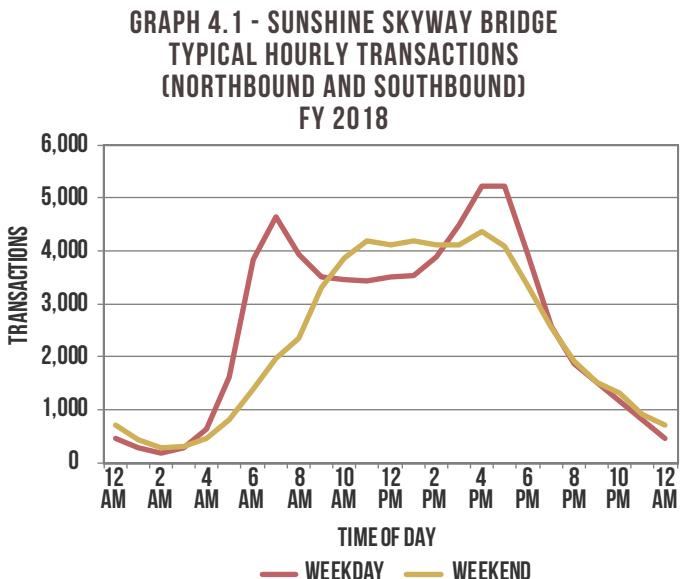
Month	Transactions (000)			Toll Revenue (\$000)		
	North Plaza	South Plaza	Total	North Plaza	South Plaza	Total
July 2017	907	882	1,789	\$1,074	\$1,034	\$2,108
August	907	879	1,786	1,072	1,041	2,113
September	730	711	1,441	492	460	952
1st Quarter Total	2,544	2,472	5,016	2,638	2,535	5,173
October	933	896	1,829	1,121	986	2,107
November	943	907	1,850	1,204	1,147	2,351
December	968	929	1,897	1,237	1,185	2,422
2nd Quarter Total	2,844	2,732	5,576	3,562	3,318	6,880
January 2018	955	927	1,882	1,215	1,179	2,394
February	968	925	1,893	1,237	1,178	2,415
March	1,114	1,059	2,173	1,412	1,340	2,752
3rd Quarter Total	3,037	2,911	5,948	3,864	3,697	7,561
April	1,002	968	1,970	1,252	1,218	2,470
May	951	917	1,868	1,191	1,148	2,339
June	947	913	1,860	1,146	1,106	2,252
4th Quarter Total	2,900	2,798	5,698	3,589	3,472	7,061
Annual Total	11,325	10,913	22,238	\$13,653	\$13,022	\$26,675

Source: FDOT Office of the Comptroller (Annual Toll Revenue) and Turnpike Enterprise Finance Office.

Note: Transactions represent toll-paying and non-revenue traffic at mainline plazas.

experienced the largest amount of transactions in FY 2018, with March being the busiest month.

Graph 4.1 shows the number of hourly weekday and weekend transactions of a typical



Source: Data obtained from Turnpike Enterprise Finance Office for the 7-day period beginning Monday, November 6, 2017

week during FY 2018 for both northbound and southbound traffic combined. The weekday traffic on the facility has a morning peak from 6:00 a.m. to 9:00 a.m. and an evening peak from 3:00 p.m. to 6:00 p.m., reflecting the presence of commuters on the facility. During weekends from 11:00 a.m. to 5:00 p.m. traffic levels are approximately 4 thousand vehicles per hour. On weekends, there is no clear morning or evening peak periods indicating that a large number of non-commuters use the facility (e.g. interstate travel influence).

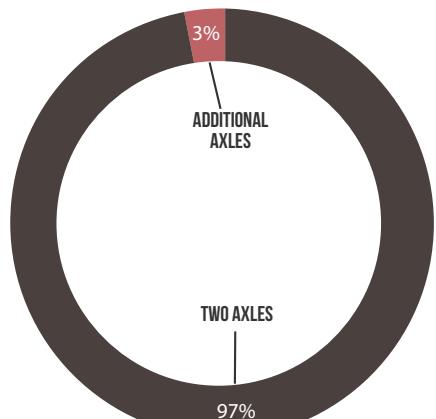
The FY 2018 monthly transaction variation is analyzed in **Table 4.4**. Annual average daily transactions (AADT) on the Sunshine Skyway Bridge for FY 2018 was 60,900. The peak season occurred from February through April, with March being the highest month at 15 percent above average for the facility. This is due to tourists and seasonal residents. Historically, the month of September has the fewest transactions.

**TABLE 4.4 - SUNSHINE SKYWAY BRIDGE
SEASONAL TRANSACTION VARIATION
FY 2018**

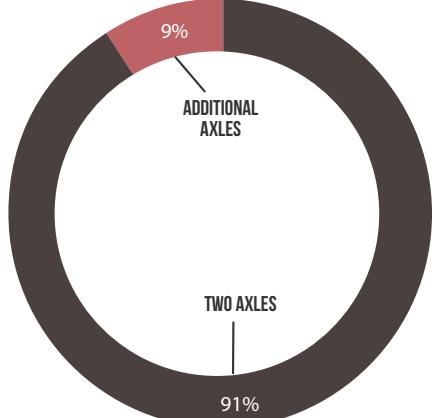
Month	Average Daily Transactions			Seasonal Factor
	North Plaza	South Plaza	Total	
July 2017	29,300	28,400	57,700	0.95
August	29,200	28,400	57,600	0.95
September	24,300	23,700	48,000	0.79
October	30,100	28,900	59,000	0.97
November	31,400	30,200	61,600	1.01
December	31,200	30,000	61,200	1.00
January 2018	30,800	29,900	60,700	1.00
February	34,600	33,000	67,600	1.11
March	35,900	34,200	70,100	1.15
April	33,400	32,300	65,700	1.08
May	30,700	29,600	60,300	0.99
June	31,600	30,400	62,000	1.02
AADT	31,000	29,900	60,900	1.00

The traffic and revenue contributions from trucks on the Sunshine Skyway Bridge are shown in **Graph 4.2**. For FY 2018, trucks accounted for 3 percent of the traffic on the facility but accounted for 9 percent of the total revenue. In terms of actual revenue contributions, vehicles with three or more axles provided approximately

GRAPH 4.2 - SUNSHINE SKYWAY BRIDGE TRANSACTIONS BY AXLE CLASS FY 2018



REVENUE CONTRIBUTION BY AXLE CLASS FY 2018



\$2.4 million, while two-axle vehicles comprised the remaining \$24.3 million.

4.3 SUNPASS®

There are two dedicated SunPass® lanes and four mixed-use lanes at each toll plaza, serving both cash and SunPass® users. Drivers of two-axle vehicles with a SunPass®

transponder pay \$0.43 less than cash drivers. As stated before, SunPass® customers with three or more axle vehicles receive a 10 percent retroactive discount when they reach a threshold of 40 monthly toll payments. The nearby Pinellas Bayway System also participates in the discount program. SunPass® discounts on the Sunshine Skyway Bridge totaled \$22 thousand in FY 2018.

Table 4.5 shows the percentage of transactions by payment method on the Sunshine Skyway Bridge. Non-SunPass® transactions amounted to approximately 7.9 million, or 36 percent of all transactions; whereas, SunPass® transactions totaled 14.3 million, or 64 percent of all transactions on the facility. Over the course

TABLE 4.5 - SUNSHINE SKYWAY BRIDGE TRANSACTIONS BY PAYMENT METHOD FY 2018

Month	Transactions (000)			Percent SunPass®
	SunPass®	Non-SunPass®	Total	
July 2017	1,121	668	1,789	62.7%
August	1,178	608	1,786	66.0
September	888	553	1,441	61.6
October	1,150	679	1,829	62.9
November	1,188	662	1,850	64.2
December	1,201	696	1,897	63.3
January 2018	1,219	663	1,882	64.8
February	1,203	690	1,893	63.5
March	1,366	807	2,173	62.9
April	1,286	684	1,970	65.3
May	1,251	617	1,868	67.0
June	1,247	613	1,860	67.0
Total	14,298	7,940	22,238	
Percentage	64.3%	35.7%	100.0%	

Source: Turnpike Enterprise Finance Office.

Note: Non-SunPass® transactions represent cash and non-revenue transactions

of FY 2018, the monthly SunPass® transaction percentage ranged from approximately 62 to 67 percent.

Table 4.6 shows the gross toll revenue by payment

**TABLE 4.6 - SUNSHINE SKYWAY BRIDGE
GROSS TOLL REVENUE BY PAYMENT METHOD
FY 2018**

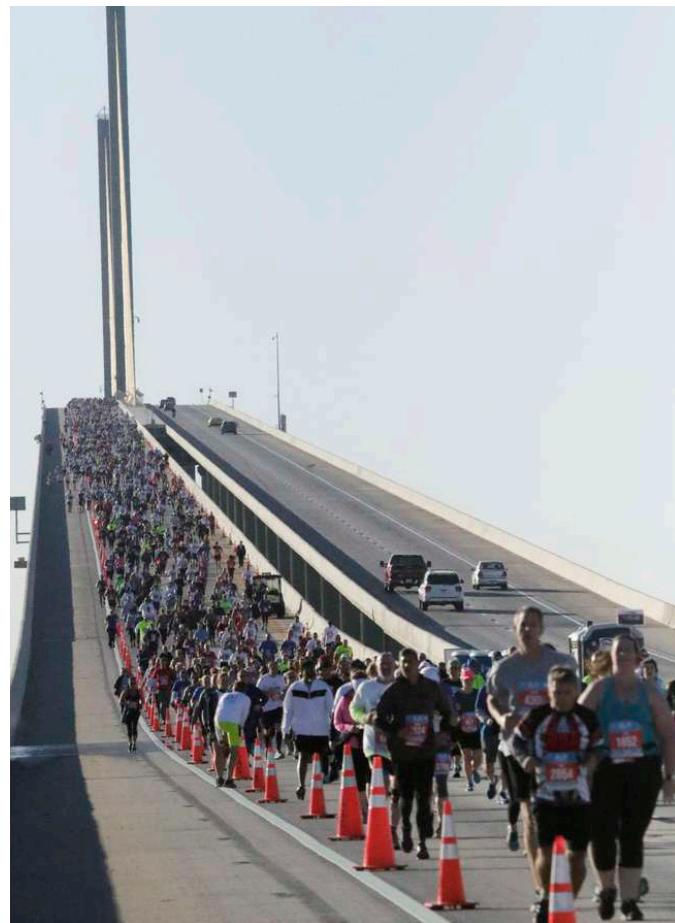
Month	Gross Toll Revenue (\$000)			Percent SunPass®
	SunPass®	Non-SunPass®	Total	
July 2017	\$1,281	\$827	\$2,108	60.8%
August	1,347	766	2,113	63.7
September	597	355	952	62.7
October	1,319	788	2,107	62.6
November	1,370	981	2,351	58.3
December	1,383	1,039	2,422	57.1
January 2018	1,405	989	2,394	58.7
February	1,386	1,029	2,415	57.4
March	1,568	1,184	2,752	57.0
April	1,476	994	2,470	59.8
May	1,428	911	2,339	61.1
June	1,387	865	2,252	61.6
Total	15,947	10,728	26,675	
Percentage	59.8%	40.2%	100.0%	

Source: FDOT Office of the Comptroller (Annual Toll Revenue) and Turnpike Enterprise Finance Office.

method. Revenue attributable to SunPass® was approximately \$16.0 million, representing approximately 60 percent of the total system revenue in FY 2018. Toll revenue is reported net of the SunPass® discount. Non SunPass® constituted the remaining 40 percent of revenue. Monthly SunPass® revenue percentages ranged from 57 to approximately 64 percent during the year.

4.4 NOTEWORTHY EVENTS

In 2007, the Legislature amended Section 338.165, Florida Statutes, to require the Turnpike System and other FDOT-owned facilities to index toll rates on existing toll facilities to the annual Consumer Price Index (CPI) from the prior calendar year. Toll rate adjustments for inflation may be made no more frequently than once a year (i.e., SunPass® toll rates) and must be made no less frequently than once every five years (i.e., cash toll rates) as necessary to accommodate cash toll rate schedules. Toll rates may be adjusted beyond these limits as directed by bond documents,



The first annual Skyway 10K run organized by the Armed Forces Families Foundation was held on Sunday, March 4, 2018. To ensure safety, the northbound lanes were closed from 6:00 AM to 10:00 AM, resulting in approximately \$8 thousand revenue loss.

covenants, or governing body authorization or pursuant to Department administrative rule.

For the prior calendar year, CPI of 1.3 percent prompts a \$0.01 increase at the north and south toll plazas for two-axle toll rates for SunPass® customers. Furthermore, cash toll rates, last increased in 2012, experience the fifth-year CPI increase (6.6 percent for prior 5-year period rounded to the quarter) of \$0.25 for two-axle vehicles. This most recent indexing is effective as of October 29, 2017 (FY 2018).

4.5 FY 2018 EXPENSES AND LIABILITIES

A comparison between actual and budgeted

TABLE 4.7 - SUNSHINE SKYWAY BRIDGE OPERATING AND ROUTINE MAINTENANCE EXPENSE FY 2018

Type of Expense	Budget (\$000)	Actual (\$000)	Over/ (Under) (\$000)	Variance
Operating	\$4,880	\$4,870	(\$10)	(0.2%)
Routine Maintenance	2,473	2,677	204	8.2
Total	\$7,353	\$7,547	\$194	2.6%

Source: FDOT Office of the Comptroller, Turnpike Enterprise Finance Office and the FY 2017 Enterprise Toll Operations Traffic Engineer's Annual Report.

operating and routine maintenance expenses for FY 2018 is shown in **Table 4.7**.

Actual FY 2018 operating expenses were \$10 thousand, lower than the FY 2018 operating budget. Routine maintenance expenses were 8.2 percent, or \$204 thousand, higher than the FY 2018 budget amount primarily due to timing differences of FY 2017 budgeted expenses paid in FY 2018. Overall, actual FY 2018 operating and routine maintenance expenses were 2.6 percent higher than the budget.

The Sunshine Skyway Bridge has two liabilities due to the Department. First are expenditures for improvements or new projects on the Sunshine Skyway Bridge. An analysis of the FY 2018 liability

TABLE 4.8 - SUNSHINE SKYWAY BRIDGE STTF ADVANCES FOR FACILITY COSTS FY 2018

Transaction	Amount (\$000)
Balance, beginning of year	\$9,884
Additions ⁽¹⁾	8,561
Reductions ⁽²⁾	(9,884)
Reclassification	(1,016)
Balance, end of year	\$7,545

Source: FDOT Office of the Comptroller.

(1) Additions represent costs incurred in the FY being reported.

(2) Reductions represent costs from prior FY that were reimbursed in the FY being reported.

for facility costs is presented in **Table 4.8**, which shows the State Transportation Trust Fund (STTF)

TABLE 4.9 - SUNSHINE SKYWAY BRIDGE DEFERRED STTF ADVANCES FOR OFF-SYSTEM IMPROVEMENTS FY 2018

Transaction	Amount (\$000)
Balance, beginning of year	\$12,391
Additions	2,505
Reductions	(9,002)
Reclassification	1,016
Balance, end of year	\$6,910

Source: FDOT Office of the Comptroller.

advances for facility costs.

The second liability is for off-system improvements and is presented in **Table 4.9**. Off-system capital projects include the Right-of-Way purchases related to the Gateway Expressway, SR 70, Howard Frankland Bridge and reconstruction of the Skyway rest areas. These costs are initially funded by the STTF and are being reimbursed by excess revenue after operating and maintenance (O&M) expenses and facility costs and future revenue bonds. Pursuant to Section 338.165 (4), Florida Statutes, the Department is authorized to issue bonds backed by Sunshine Skyway Bridge toll revenues to help fund these needed transportation projects located in Manatee, Hillsborough and Pinellas Counties. Subject to change, the Department plans to issue bonds in FY 2019 backed by Sunshine Skyway Bridge revenue to fund those projects.

4.6 TRAFFIC, REVENUE AND EXPENSE FORECASTS

The ratio between historical traffic growth and population growth was used along with projected population growth to estimate future traffic on the Sunshine Skyway Bridge. Population growth in Hillsborough, Manatee, Pasco, Pinellas and Sarasota counties has had a significant impact on the facility. Since

ENTERPRISE TOLL OPERATIONS

the facility is part of the Strategic Intermodal System, the statewide growth in population was also considered.

From FY 2008 to FY 2018, the annual compounded traffic growth rate on the Sunshine Skyway Bridge was approximately 2.0 percent. The historical annual compounded population growth rate for the same period for the five counties was 1.2 percent. Future population estimates have been calculated based on medium projections from the most recent publication by the Bureau of Economic and Business Research (BEBR), College of Business Administration at the University of Florida. The corresponding estimated annual population growth rate through 2030 for the five counties is 1.6 percent. As a guideline, the historical ratio of traffic growth to population growth was applied to projected population growth rates to estimate future annual traffic growth on the Sunshine Skyway Bridge. For the ten-year forecast period, traffic is estimated to grow at

approximately 1.7 percent per year.

The traffic and gross toll revenue forecasts for FY 2018 through FY 2029 are shown in **Table 4.10**. The gross toll revenue during the forecast period is slightly higher than the forecast presented in the 2017 Annual Report due in large part to FY 2018 actual revenues exceeding last year's projection despite a \$1.0 million revenue reduction prompted by the 15-day toll suspension beginning on September 5, 2017, due to Hurricane Irma evacuation and recovery efforts.

The forecasts assume toll rate indexing every year beginning in FY 2020 for SunPass customers and every five years (FY 2023 and FY 2028) for cash customers.

The projected operating and maintenance expenses for FY 2019 through FY 2029 are shown in **Table 4.11**. The operating expenses in FY 2019 represent the budget amount for that fiscal

**TABLE 4.10 - SUNSHINE SKYWAY BRIDGE
TRAFFIC AND GROSS TOLL REVENUE FORECASTS
FY 2019 THROUGH FY 2029**

Fiscal Year	Total Traffic (000)	Toll Revenue (\$000)				Toll Revenue Comparisons (\$000)		
		Revenue with Constant Tolls ⁽¹⁾	Indexing Impact	SunPass® Discount Impact (\$000)	Gross Toll Revenue	2017 Annual Report Forecast	Variance	
		Amount	Percent				Amount	Percent
2019	23,047	\$28,676	0	(\$26)	\$28,650	\$28,629	\$21	0.1%
2020	23,742	29,600	\$198	(27)	29,771	29,425	346	1.2
2021	24,315	30,311	477	(29)	30,759	30,222	537	1.8
2022	24,808	30,917	778	(30)	31,665	30,989	676	2.2
2023	25,286	31,474	2,489	(31)	33,932	32,476	1,456	4.5
2024	25,741	31,978	2,834	(32)	34,780	33,190	1,590	4.8
2025	26,114	32,426	3,166	(34)	35,558	33,909	1,649	4.9
2026	26,423	32,815	3,529	(34)	36,310	34,645	1,665	4.8
2027	26,684	33,143	3,899	(35)	37,007	35,324	1,683	4.8
2028	26,943	33,475	5,629	(36)	39,068	36,760	2,308	6.3
2029	27,202	33,810	6,040	(37)	39,813	N/A	N/A	N/A

Note: Total traffic corresponds to the adjusted gross toll revenue.

N/A: The FY 2017 Traffic Engineer's Annual Report forecast went through FY 2028.

(1) Toll revenue forecast without indexing.

**TABLE 4.11 - SUNSHINE SKYWAY BRIDGE
PROJECTED OPERATING AND MAINTENANCE EXPENSES
FY 2019 THROUGH FY 2029**

Fiscal Year	Operating Expense (\$000)	Routine Maintenance Expense (\$000)	Total Operating & Routine Maintenance Expenses (\$000)	Periodic Maintenance Expense ⁽¹⁾ (\$000)	Total O&M Expenses (\$000)
2019	\$5,157	\$3,018	\$8,175	\$10,162	\$18,337
2020	5,286	2,398	7,684	12,882	20,566
2021	5,418	3,062	8,480	8,557	17,037
2022	5,553	2,240	7,793	7,110	14,903
2023	5,692	3,138	8,830	3,869	12,699
2024	5,834	2,296	8,130	3,965	12,095
2025	5,980	3,217	9,197	4,064	13,261
2026	6,130	2,354	8,484	4,166	12,650
2027	6,283	3,297	9,580	4,270	13,850
2028	6,440	2,412	8,852	4,377	13,229
2029	6,601	3,380	9,981	4,486	14,467

Note: Operating expenses are based on the budget developed by Turnpike Enterprise Finance Office for FY 2019.

(1) Periodic maintenance expenses include bridge repairs, bridge painting, Florida Highway Patrol services and other Department-funded improvements included in the 5-year Work Program and are reported on a cash basis. Periodic maintenance expenses beyond FY 2023 have not been fully programmed. However, a minimal level of preservation (excluding extraordinary expenses such as major bridge repairs) has been estimated based on FY 2023 expenses increased at 2.5 percent annually.

year. Subsequent to FY 2019, operating expenses are projected to grow at 2.5 percent annually to account for inflation.

The routine maintenance expense forecast is provided by the Department's Office of Project Finance through FY 2024. Subsequent to FY 2024, routine maintenance expenses have been increased 2.5 percent annually.

Periodic maintenance expenses were provided by the Department's Office of Project Finance and are based on estimated expenditures for projects included in the Work Program and include bridge repairs, bridge painting and fishing pier repairs.

Net revenues are currently being used to reimburse the Department, first for system related costs, and then non-system related costs (long term debt).

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**Sunshine Skyway Bridge
Florida Department of Transportation
State of Florida**

Financial Statements (Unaudited)

Fiscal Year Ended June 30, 2018

Prepared by:
Office of the Comptroller
Florida Department of Transportation

Management's Discussion and Analysis

Management's Discussion and Analysis

This section of the Florida Sunshine Skyway Bridge's (Skyway) annual financial report presents our discussion and analysis of the Skyway's financial performance during the fiscal year ended June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Skyway's financial statements. The financial statements of the Skyway report short and long-term information using accounting methods similar to those used by private sector companies. The Skyway's financial statements consist of:

Statement of Net Position – This statement presents information on all Skyway assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position are useful indicators of whether the Skyway's financial position is improving or deteriorating.

Statement of Revenues, Expenses, and Changes in Net Position – This statement presents information on revenues and expenses and how the Skyway's net position changed during the fiscal year.

Statement of Cash Flows – This statement presents information on the Skyway's cash receipts and cash payments, or, in other words, the sources and uses of the Skyway's cash, and the change in cash balance during the fiscal year.

Notes to the Financial Statements – The notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other – Required Supplementary Information discloses data on the infrastructure condition of the Florida State Highway System maintained by the Florida Department of Transportation (Department). The Skyway is a component of the Florida State Highway System.

FINANCIAL ANALYSIS

Net Position - As noted above, net position may serve over time as a useful indicator of a government's financial position. In the case of the Skyway, assets exceeded liabilities by \$280.5 million as of June 30, 2018, and \$272.6 million as of June 30, 2017.

Management's Discussion and Analysis

	Net Position (in thousands)	
	2018	2017
Current and other assets	2,571	2,174
Capital assets	294,058	294,815
Total assets	<u>296,629</u>	<u>296,989</u>
Deferred outflows of resources	-	-
Total assets and deferred outflows of resources	<u>\$ 296,629</u>	<u>\$ 296,989</u>
Current liabilities	16,177	17,006
Long-term liabilities	-	7,391
Total liabilities	<u>16,177</u>	<u>24,397</u>
Investment in capital assets	280,452	272,592
Restricted for debt service	-	-
Total net position	<u>280,452</u>	<u>272,592</u>
Total liabilities and net position	<u>\$ 296,629</u>	<u>\$ 296,989</u>

Current and Other Assets – The Skyway's current and other assets increased by \$397,000 from fiscal year 2017 to 2018, due to changes in cash on hand, fees receivable, and amounts due from other governments, primarily related to toll revenues received subsequent to fiscal year end.

Capital Assets – As of June 30, 2018, the Skyway had invested \$294.1 million in capital assets (net of accumulated depreciation).

	Capital Assets (in thousands)	
	2018	2017
Infrastructure	287,968	287,968
Buildings	4,029	4,474
Depreciable capital assets	2,061	2,373
Total capital assets	<u>\$ 294,058</u>	<u>\$ 294,815</u>

Governmental accounting and reporting standards permit an alternative to reporting depreciation for infrastructure capital assets, known as the modified approach. For its highway system and improvements, the Skyway maintains and preserves these assets at condition level ratings established by the Department. As a result, the Skyway does not report depreciation expense for its highway system and improvements; rather, costs for both maintenance and preservation of infrastructure capital assets are expensed in the period incurred.

As detailed in the Required Supplementary Information included after the Notes to the Financial Statements, the Florida State Highway System, which includes the Skyway, has exceeded its targeted infrastructure condition level ratings for the last several years.

Management's Discussion and Analysis

Current Liabilities – Current liabilities decreased by \$829,000 from fiscal year 2017 to 2018 due to decreased amounts owed to the Department for operations, maintenance and preservation expenses.

Long-term Liabilities – As of June 30, 2018, the Skyway had no long-term amounts due to the Department. Amounts previously included in long-term liabilities were reclassified to short-term in anticipation of a bond sale in fiscal year 2019.

Net Position – The Skyway's net position as of June 30, 2018, reflects investments in capital assets of \$280.5 million (infrastructure, buildings, etc.), net of any related outstanding debt issued to acquire the assets. The Skyway uses these capital assets to provide services to its customers. Consequently, these assets are not available for future spending.

Changes in Net Position

(in thousands)

	2018	2017
Toll revenues	26,675	25,524
Fines, forfeits, judgments and settlements	1	1
Fees	554	557
Total operating revenues	27,230	26,082
 Routine operations and maintenance	 7,547	 9,222
Preservation	8,561	9,577
Depreciation	756	452
Total operating expenses	16,864	19,251
 Interest income	 -	 -
Transfers in (Out)	(2,505)	481
Gain/(loss) on disposal of property	(1)	(108)
Total non-operating revenues/expenses	(2,506)	373
 Increase/(decrease) in net position	 7,860	 7,204
Net position - beginning of period	272,592	265,388
Net position - ending of period	\$ 280,452	\$ 272,592

Operating Revenues – Operating revenues increased \$1.2 million from fiscal year 2017 to 2018. The increase is primarily due to an increase in toll revenues. Effective July 1, 2015, toll rate inflation adjustments can be implemented annually for SunPass customers, while cash toll rates are adjusted no less frequently than once every five years as necessary.

Operating Expenses – Operating expenses decreased \$2.4 million from fiscal year 2017 to 2018, primarily in maintenance and preservation expenses. Preservation expenses typically include costs for bridge repair and rehabilitation, lighting, and other safety features.

Basic Financial Statements

**FLORIDA SUNSHINE SKYWAY BRIDGE
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**Statement of Net Position
Years Ended June 30, 2018 and 2017**

	Note	2018		2017	
ASSETS					
Cash and Cash Equivalents	4	\$	265,657	\$	207,392
Receivables:					
Toll Fees Receivable			-		80,568
Due From Other Governments			2,305,060		1,886,245
Infrastructure	6		287,968,353		287,968,353
Depreciable Capital Assets Net of Depreciation	6		<u>6,089,703</u>		<u>6,846,156</u>
TOTAL ASSETS		\$	<u>296,628,773</u>	\$	<u>296,988,714</u>
LIABILITIES					
Current Liabilities:					
Due to Other Governments	5	\$	15,329,881	\$	15,562,743
Unearned Revenue			846,462		1,442,987
Noncurrent Liabilities:					
Due to Other Governments			-		<u>7,390,753</u>
Total Liabilities		\$	<u>16,176,343</u>	\$	<u>24,396,483</u>
NET POSITION					
Net Invested in Capital Assets		\$	280,452,430	\$	272,592,231
Restricted for Debt Service			<u>-</u>		<u>-</u>
Total Net Position		\$	<u>280,452,430</u>	\$	<u>272,592,231</u>
TOTAL LIABILITIES AND NET POSITION		\$	<u>296,628,773</u>	\$	<u>296,988,714</u>

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**Statement of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2018 and 2017**

	Note	2018	2017
OPERATING REVENUES			
Toll Revenues		\$ 26,675,287	\$ 25,523,577
Fines, Forfeits, Judgments and Settlements		1,337	1,180
Fees		<u>553,611</u>	<u>557,140</u>
Total Operating Revenues		\$ 27,230,235	\$ 26,081,897
OPERATING EXPENSES			
Operating Expenses	7	\$ 4,869,543	\$ 5,290,046
Maintenance Expenses	7	2,677,183	3,931,892
Preservation	7	8,561,089	9,577,531
Depreciation	6	<u>756,328</u>	<u>451,574</u>
Total Operating Expenses		\$ 16,864,143	\$ 19,251,043
Net Operating Income		\$ 10,366,092	\$ 6,830,854
NONOPERATING REVENUES/EXPENSES:			
Interest Income		\$ -	\$ -
Transfers In (Out)	8	(2,505,767)	480,846
Gain/(Loss) on Disposal of Property		<u>(126)</u>	<u>(107,781)</u>
Total Non Operating Revenues/Expenses		\$ (2,505,893)	\$ 373,065
Increase/(Decrease) in Net Position		\$ 7,860,199	\$ 7,203,919
Net Position - Beginning of the Year		\$ 272,592,231	\$ 265,388,312
Net Position - End of the Year		<u>\$ 280,452,430</u>	<u>\$ 272,592,231</u>

**FLORIDA SUNSHINE SKYWAY BRIDGE
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**Statement of Cash Flows
Years Ended June 30, 2018 and 2017**

	Note	2018	2017
OPERATING ACTIVITIES			
Cash Received From Customers		\$ 26,891,988	\$ 24,643,929
Cash Paid to Vendors		(23,646,117)	(21,967,578)
Cash Paid to Employees		(681,839)	(675,123)
Net cash provided/(used) by operating activities		\$ 2,564,032	\$ 2,001,228
NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	8	\$ (2,505,767)	\$ (1,989,060)
Net cash provided by noncapital financing activities		\$ (2,505,767)	\$ (1,989,060)
CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of Bond Principal		\$ -	\$ -
Payment of Bond Interest		-	-
Purchase or Construction of Capital Assets		-	-
Net cash used in capital and related financing activities		\$ -	\$ -
INVESTING ACTIVITIES			
Proceeds From Sale or Maturity of Investments		\$ -	\$ -
Purchase of Investments		-	-
Interest Received/(Paid)		-	-
Net cash provided by investing activities		\$ -	\$ -
Net Increase (Decrease) in Cash and Cash Equivalents		\$ 58,265	\$ 12,168
Cash and Cash Equivalents, Beginning of Year		\$ 207,392	\$ 195,224
Cash and Cash Equivalents, End of Year		<u>\$ 265,657</u>	<u>\$ 207,392</u>

Notes to the Financial Statements

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**NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2018 AND 2017**

1. REPORTING ENTITY

The Sunshine Skyway Bridge (Skyway) is a four-lane, 17.4-mile toll facility operated by the State of Florida, Department of Transportation (Department). The bridge consists of 13.3 miles of embankment and causeway and 4.1 miles of actual bridge length. The Skyway is an integral part of the Federal Interstate Highway system carrying I-275 and U.S. 19 across Tampa Bay, connecting Palmetto with St. Petersburg. The Department is responsible for its operation, maintenance, cash management, and other financial matters. The 2018 and 2017 financial statements contained herein include only the accounts of the Skyway and do not include any other accounts of the Department or of the State of Florida.

The Department has adopted Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, for the purpose of defining and reporting on the Skyway as a financial reporting entity. Based on the criteria in Statement No. 14, the Department has determined that there are no other units that meet the criteria for inclusion in the Skyway's financial statements.

2. LEGISLATION

Section 338.165(1), Florida Statutes (F.S.), which applies to all toll facilities in the State, allows for the continuation of tolls after debt service has been retired. Section 338.165(4), F.S., provides the Department with the ability to sell revenue bonds to fund projects included in the adopted work program that specifically relate to the Skyway.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Fund Accounting - The accounting systems of the Department are organized on the basis of funds, each of which is considered an accounting entity having a self-balancing set of accounts for recording its assets, liabilities, fund equity, revenues and expenditures or expenses. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations or other restrictions. The Skyway is an enterprise fund within the Department; specifically a proprietary fund.

The focus of proprietary fund measurement is the determination of operating income, changes in financial position, and cash flows. The generally accepted accounting principles applicable to proprietary funds are similar to those applicable to businesses in the private sector.

Enterprise Fund - Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are *required* to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's *principal revenue sources*.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge

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of net revenues from fees and charges *and* the full faith and credit of the related primary government or component unit, even if that government is not expected to make any payments, is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity).

- b. Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Basis of Accounting - Basis of accounting refers to the timing of recognition of revenues and expenses in the accounts and reporting in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds utilize the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Cash and Cash Equivalents - Cash includes cash on hand and deposits in banks. The deposits are held by financial institutions qualified as public depositories under Florida law.

Capital Assets - Capital assets are recorded at historical cost. Disbursements for maintenance and repairs are expensed as incurred. For depreciable assets, depreciation, on a straight-line basis, is charged over useful lives ranging from 15 to 30 years for buildings and 3 to 15 years for machinery and equipment. Infrastructure capital assets are recorded as highway system and improvements and are not depreciated. Property costs represent a historical accumulation of costs expended to construct, improve, and place in operation the various projects and related facilities. Costs are not reduced for subsequent replacements, as replacements are considered to be period costs and are included in renewals and replacements, or preservation costs. These policies are consistent with practices followed by similar entities within the toll bridge, turnpike and tunnel industry and with the modified approach for reporting infrastructure assets as provided by GASB Statement No. 34.

Modified Approach for Reporting Infrastructure – The modified approach is an alternative to reporting infrastructure capital asset depreciation, if two requirements are met. First, the assets should be managed using an asset management system that meets certain criteria. Second, the Department should document that the infrastructure is being preserved at or above a condition level established and disclosed by management. A significant aspect of the Department’s modified approach policy is the commitment to preserve and maintain its infrastructure assets at levels equal to or greater than those established by the Department. Depreciation expense is not reported for infrastructure assets, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service capacity or

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efficiency. Costs for both maintenance and preservation of infrastructure capital assets are expensed in the period incurred. The Skyway relies on the Department to maintain an asset management system that has an up-to-date inventory of system infrastructure assets and to perform condition assessments of those assets, summarizing the results using a measurement scale. Using these results, management estimates the annual amount to maintain and preserve its infrastructure at a condition level established and disclosed by the Department. The disclosures required by GASB Statement No. 34 are presented in the Required Supplementary Information included after the Notes to the Financial Statements.

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds payable, if applicable, that are attributable to the acquisition, construction, or improvement of those assets.

Risk Management - The Skyway participates in various insurance programs established by the State of Florida for property and casualty losses and employee health insurance. Coverage includes, but is not limited to property, general liability, automobile liability, worker's compensation, crime, and federal civil rights actions.

New Accounting Standards — In November 2016, GASB issued Statement No. 83, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement clarifies certain issues related to pension reporting. The requirements of this Statement are effective for financial reporting periods beginning after June 15, 2018. Management believes GASB Statement No. 83 will not have a material effect on the financial position, changes in net position, or cash flows of the Skyway.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement improves guidance regarding the identification of fiduciary activities and how those activities should be reported. The requirements of this Statement are effective for financial reporting periods beginning after December 15, 2018. Management believes GASB Statement No. 84 will not have a material effect on the financial position, changes in net position, or cash flows of the Skyway.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses issues identified during implementation and application of certain GASB Statements. This Statement is effective for financial reporting periods beginning after June 15, 2017. GASB Statement No. 85 did not have a material effect on the financial position, changes in net position, or cash flows of the Skyway.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement primarily improves consistency in reporting in-substance defeasance of debt. This Statement is effective for financial reporting periods beginning after June 15, 2017. GASB Statement No. 86 did not have a material effect on the financial position, changes in net position, or cash flows of the Skyway.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement improves

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accounting and reporting of leases by governments. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2019. Management believes GASB Statement No. 87 will not have a material effect on the financial position, changes in net position, or cash flows of the Skyway.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement improves information disclosed in notes to government financial statements related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management believes GASB Statement No. 88 will not have a material effect on the financial position, changes in net position, or cash flows of the Skyway.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement establishes accounting requirements for interest costs incurred before the end of a construction period. The requirements of this Statement are effective for financial reporting periods beginning after December 15, 2019. Management believes GASB Statement No. 89 will not have a material effect on the financial position, changes in net position, or cash flows of the Skyway.

In August 2018, the GASB issues Statement No. 90, *Majority Equity Interests-An Amendment of GASB Statements No. 14 and No. 61*. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. The requirements of this Statement are effective for financial reporting periods beginning after December 15, 2018. Management believes that GASB Statement No. 90 will not have a material effect on the financial position, changes in net position, or cash flows of the Skyway.

4. CASH AND CASH EQUIVALENTS

A. Deposits

The Skyway's deposit and investment practices are governed by Chapter 280, F.S. At June 30, 2018 and 2017, the Skyway's cash on deposit in its bank accounts was \$265,657 and \$207,392, respectively, an increase of \$58,265. Deposits are insured by federal deposit insurance or collateralized pursuant to Chapter 280, F.S. All collateralized deposits are considered insured.

Chapter 280, F.S., generally requires public funds to be deposited in a bank or savings association that is designated by the State Chief Financial Officer as authorized to receive deposits in the State and that meets the collateral requirements. The Chief Financial Officer determines the collateral requirements and collateral pledging level for each Qualified Public Depository (QPD) following guidelines outlined in Chapter 69C-2, Florida Administrative Code (FAC), and Section 280.04, F.S. The Chief Financial Officer is directed by FAC to review the "Public Depository Monthly Reports" and continually monitor the collateral pledging level(s) and required collateral of each QPD. If the Chief Financial Officer determines that a QPD has violated the law and rule and has not pledged adequate

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collateral and/or has not used the proper collateral pledging level or levels, the QPD is immediately notified of the fact and directed to immediately comply with the Chief Financial Officer's collateral requirements.

Eligible collateral includes federal, federally guaranteed, state and local government obligations, corporate bonds, letters of credit issued by a Federal Home Loan Bank, and with the Chief Financial Officer's permission, collateralized mortgage obligations, real estate mortgage investment conduits and securities, or other interests in any open-end management investment company registered under the Investment Company Act of 1940, provided the portfolio of such investment company is limited to direct obligations of the United States (US) government and to repurchase agreements fully collateralized by such direct obligations of the US government, and provided such investment company takes delivery of such collateral either directly or through an authorized custodian. Statutes provide that if a loss to public depositors is not covered by deposit insurance, demanding payment under letters of credit, and the proceeds from the sale of collateral pledged or deposited by the defaulting depository, the difference will be provided by an assessment levied against other QPDs.

B. Cash and Cash Equivalents

At June 30, 2018, and 2017, the Skyway's cash and cash equivalents consist of the following amounts in the Statement of Net Position:

	<u>2018</u>	<u>2017</u>
Cash		
Cash on Deposit	265,657	207,392
Cash Equivalents	-	-
Total Cash and Cash Equivalents	<u>\$ 265,657</u>	<u>\$ 207,392</u>

5. DUE TO OTHER GOVERNMENTS

At June 30, 2018, due to other governments included operations and maintenance expenses, renewal and replacement costs, and capital project costs in the amount of \$15,392,881 due to the Department.

6. CAPITAL ASSETS

Changes in the capital assets of the Skyway for the fiscal year ended June 30, 2018, are shown below:

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	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Highway System & Improvements	287,968,353	-	-	287,968,353
Buildings and Improvements	12,360,512	-	-	12,360,512
Furniture and Equipment	2,508,580	10,462	(11,644)	2,507,398
Sub-total	302,837,445	10,462	(11,644)	302,836,263
Accumulated Depreciation	(8,022,936)	(766,789)	11,517	(8,778,208)
Totals	\$ 294,814,509	\$ (756,327)	\$ (127)	\$ 294,058,055

7. OPERATIONS, MAINTENANCE AND PRESERVATION

Routine operations and maintenance costs allow an asset to continue to be used during its originally established useful life. Typical daily costs include, for example, toll booth operations, SunPass operations, and minor maintenance. Preservation costs extend the useful life of an asset beyond its previously established useful life, and maintains the Skyway at a condition level established by the Department. The largest component of preservation is repair and rehabilitation of the Skyway facility.

Operations

Personal Services	\$ 562,067
Contractual Services	4,029,694
Materials and Supplies	<u>277,782</u>
Total Operations Expenses	\$ 4,869,543

Routine Maintenance

Personal Services	145,977
Contractual Services	<u>2,531,206</u>
Total Maintenance Expenses	\$ 2,677,183
Preservation	<u>\$ 8,561,089</u>
Total Operations, Maintenance, and Preservation	<u>\$ 16,107,815</u>

8. TRANSFERS IN (OUT)

Transfers in (out) represent amounts transferred to the Department for off-system projects.

9. EMPLOYEE BENEFITS

A. Retirement Plan

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The Department participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer public employee retirement system administered by the State of Florida, Department of Management Services, and Division of Retirement, to provide retirement and survivor benefits to participating public employees. Chapter 121, F.S., establishes the authority for participant eligibility, contribution requirements, vesting eligibility, and benefit provisions. The contributions and total payroll for the Department for the fiscal years ended June 30, 2018 and 2017, were a portion of the amount reported in the State of Florida financial statements.

The State of Florida implemented the provisions of GASB 68 – *Accounting and Financial Reporting for Pensions*, which were effective for financial statements beginning July 1, 2014. An actuarial valuation has been performed for the FRS. The Skyway's employees were included in the actuarial analysis and are part of the total pension liability, the net pension liability, and the plan net position disclosed in the footnotes and other required supplementary information of the Comprehensive Annual Financial Report of the State of Florida, which may be obtained from the Department of Financial Services. FRS also issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the State of Florida, Department of Management Services, Division of Retirement, Research, Education and Policy Section, P.O. Box 9000, Tallahassee, Florida 32315-9000 or by calling (850) 488-5706.

The cost of pension benefits for current employees is charged to the Skyway through an overhead rate assessed by the Department in the period the benefits are earned.

B. Retiree Health Insurance Subsidy

In 1987, the Florida Legislature established through Section 112.363, F.S., the Retiree Health Insurance Subsidy (HIS) to assist retirees of all State-administered retirement systems in paying health insurance costs. The HIS is a cost-sharing multiple-employer defined benefit pension plan. Eligible retirees or beneficiaries received a monthly retiree health insurance subsidy payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments to individual retirees or beneficiaries were at least \$30, but not more than \$150 per month during each of the fiscal years. To be eligible to receive the HIS, a retiree under any State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

The cost of pension benefits, which includes the HIS, for current employees is charged to the Skyway through an overhead rate assessed by the Department in the period the benefits are earned.

C. Deferred Compensation Plan

The Department, through the State of Florida, offers its employees a deferred

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compensation plan created in accordance with Section 457 of the Internal Revenue Code. The plan, available to all regular payroll state employees, permits them to defer a portion of their salaries until future years. The deferred compensation funds are not available to employees until termination, retirement, death or unforeseeable emergency.

All moneys, pensions, annuities, or other benefits accrued or accruing under and pursuant to Section 457 of the Internal Revenue Code and the deferred compensation plan provided for therein and adopted by the State of Florida; and all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries. The State has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary and prudent investor.

The Department nor Skyway contribute to the deferred compensation plan. Participation under the plan is solely at the discretion of the employee.

D. Compensated Absences

Employees earn the right to be compensated during absences for vacation and illness. Within the limits established by law or rule, the value of unused leave benefits will be paid to employees by the Department upon separation from state service.

The cost of vacation and vested sick leave benefits is charged to the Skyway through an overhead rate assessed by the Department in the period the benefits are paid. The liability for accrued leave is recorded by the Department which is responsible for paying accrued leave when it is taken.

10. COMMITMENTS AND CONTINGENCIES

A. Commitments

Commitments on outstanding construction contracts for improvements and maintenance of the Skyway totaled approximately \$107 million at June 30, 2018.

B. Pending Litigation

There is currently no pending or threatened litigation involving the Skyway.

Required Supplementary Information

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**REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2018 AND 2017**

**INFORMATION ABOUT INFRASTRUCTURE ASSETS
REPORTED USING THE MODIFIED APPROACH**

Pursuant to GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, the state has adopted a modified approach to recording depreciation expense on selected infrastructure assets. Under this modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include approximately 12,106 centerline miles of roads and 6,979 bridges that the state is responsible for maintaining.

In order to utilize the modified approach, the state is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the state.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Condition and Maintenance Programs

Resurfacing Program: Road pavements require periodic resurfacing. The frequency of resurfacing depends on the volume of traffic, type of traffic, pavement material variability, and weather conditions. Resurfacing preserves the structural integrity of highway pavements and includes pavement resurfacing, pavement rehabilitation, and minor reconstruction.

The Department conducts an annual Pavement Condition Survey. Pavements are rated on a scale of 0 to 10 (with 10 being the best) in each of three criteria: ride smoothness, pavement cracking, and wheel path rutting. Ride smoothness is what the motorist experiences. It directly affects motor vehicle operation costs. Pavement cracking refers to the structural deterioration of the pavement, which leads to loss of smoothness and deterioration of the road base by water seepage if not corrected. Wheel path rutting refers to depressions in pavement caused by heavy use. Ride smoothness and wheel path rutting are measured mechanically using lasers. Pavement cracking is determined through visual observation by experienced survey crews.

The condition rating scales were set by a statewide committee of pavement engineers, so that a pavement segment receiving a rating of six or less in any of the three rating criteria is designated a deficient pavement segment. In low-speed areas, the ride rating must drop to five or less before a pavement segment is considered deficient due to ride.

The Department standard is to ensure that 80% of the pavement on the State Highway System remains non-deficient.

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**REQUIRED SUPPLEMENTARY INFORMATION
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Bridge Repair/Replacement Program: The Department Bridge Repair Program places primary emphasis on periodic maintenance and specified rehabilitation work activities on State Highway System bridge structures. The Department Bridge Replacement Program's primary focus is on the replacement of structurally deficient or weight restricted bridges on the State Highway System. In addition, the Bridge Replacement Program addresses bridges that require structural repair but which are more cost effective to replace.

The Department conducts bridge condition surveys using the National Bridge Inspection (NBI) Standards to determine condition ratings. Each bridge is inspected at least once every two years. During the inspection process, the major components such as deck, superstructure, and substructure are assigned a condition rating. The condition rating ranges from 0 to 9. By Department policy, a rating of 8 to 9 is excellent. A rating of 6 to 7 is good. A rating of 5 indicates fair condition. A rating of 4 or less identifies bridges in poor condition requiring major repairs or replacement per Department policy. A rating of 2 indicates a critical bridge condition, and a rating of 1 indicates imminent bridge failure and is used for a bridge that is closed, but with corrective action may be put back into light service. A rating of 0 indicates that the bridge is out of service and beyond corrective action. Per Department policy, bridges rated fair or poor do not meet performance standards.

The Department standard is to ensure that 90% of all Department maintained bridges do not need major repairs or replacement.

Routine Maintenance Program: The Department is responsible for managing and performing routine maintenance on the State Highway System to help preserve the condition of the highway system. Routine maintenance includes many activities, such as highway repair, roadside upkeep, emergency response, maintaining signs, roadway striping, and keeping storm drains clear and structurally sound.

The quality and effectiveness of the routine maintenance program is monitored by periodic surveys, using the Maintenance Rating Program (MRP), which results in an annual assessment. The MRP has been used since 1985 to evaluate routine maintenance of the transportation system in five broad categories or elements. The five rating elements are roadway, roadside, vegetation/aesthetics, traffic services, and drainage. The MRP provides a maintenance rating of 1 to 100 for each category and overall.

The Department standard is to achieve and maintain an overall maintenance rating of 80.

Condition Rating for the State Highway System

Percentage of pavement meeting Department standards

<u>2018</u>	<u>2017</u>	<u>2016</u>
91%	92%	92%

**SUNSHINE SKYWAY BRIDGE
DEPARTMENT OF TRANSPORTATION
STATE OF FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2018 AND 2017**

Percentage of bridges meeting Department standards

<u>2018</u>	<u>2017</u>	<u>2016</u>
95%	96%	96%

Maintenance Rating

<u>2018</u>	<u>2017</u>	<u>2016</u>
85	86	86

Comparison of Needed-to-Actual Maintenance/Preservation (in millions)

Resurfacing Program

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Needed	\$ 590.4	\$ 530.8	\$ 619.5	\$ 571.6	\$ 467.6
Actual	\$ 522.6	\$ 541.5	\$ 610.1	\$ 570.6	\$ 455.6

Bridge Repair/Replacement Program

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Needed	\$ 239.6	\$ 642.5	\$ 191.4	\$ 110.4	\$ 239.4
Actual	\$ 240.3	\$ 567.2	\$ 199.3	\$ 111.6	\$ 182.6

Routine Maintenance Program

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Needed	\$ 655.0	\$ 661.3	\$ 627.4	\$ 599.9	\$ 592.2
Actual	\$ 756.1	\$ 741.7	\$ 723.3	\$ 694.6	\$ 641.2

The Department determines its program needs based on a five-year plan. The needed amounts provided above are for estimated expenses and commitments relating to projects within the plan at the time of the budget request. The nature of a long-term plan is that it is continually changing. Projects are added, deleted, adjusted, or postponed. The differences between the needed and actual amounts above reflect these changes.

DIVISION OF BOND FINANCE
OF THE
STATE BOARD OF ADMINISTRATION OF FLORIDA

A RESOLUTION
AUTHORIZING THE ISSUANCE OF
STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION
SUNSHINE SKYWAY REVENUE BONDS
SERIES 2019A

December 4, 2018

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RESOLUTION AUTHORIZING THE ISSUANCE OF STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION SUNSHINE SKYWAY REVENUE BONDS, SERIES 2019A, TO PROVIDE FOR THE FINANCING OF CERTAIN IMPROVEMENTS TO THE SUNSHINE SKYWAY OR TRANSPORTATION PROJECTS AS PROVIDED BY LAW; PROVIDING FOR COVENANTS IN CONNECTION THEREWITH; AND PROVIDING FOR AN EFFECTIVE DATE.

BE IT RESOLVED BY THE GOVERNOR AND CABINET OF THE STATE OF FLORIDA AS THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION, ON BEHALF OF THE STATE OF FLORIDA DEPARTMENT OF TRANSPORTATION:

**ARTICLE I
AUTHORITY, DEFINITIONS**

SECTION 1.01. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the provisions of Article VII, Section 11(d), of the Florida Constitution; the State Bond Act, being Sections 215.57-215.83, Florida Statutes; Chapter 338, Florida Statutes; and other applicable provisions of law.

SECTION 1.02. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Department and the Division and such Registered Owners; and the covenants and agreements herein set forth to be performed by the Department and the Division shall be for the equal benefit, protection, and security of the Registered Owners of any and all of the Bonds, all of which shall be of equal rank and without preference, priority, or distinction as to any of the Bonds over any other thereof, except as expressly provided in or permitted by this Resolution.

SECTION 1.03. DEFINITIONS. When used in this Resolution, the following terms shall have the following meanings, unless the context clearly otherwise requires:

“2019A Bonds” means the not exceeding \$110,000,000 State of Florida, Department of Transportation, Sunshine Skyway Revenue Bonds, Series 2019A, or other such designation as may be determined by the Director of the Division.

“Additional Bonds” means any obligations hereafter issued pursuant to the terms and conditions of this Resolution and payable from the Net Revenues on a parity with the Bonds originally issued hereunder. Such Additional Bonds shall be deemed to have been issued pursuant to this Resolution the same as the Bonds originally authorized and issued pursuant to this Resolution, and all of the applicable covenants and other provisions of this Resolution (except as to details of such Additional Bonds inconsistent herewith), shall be for the equal benefit, protection and security of the Registered Owners of the Bonds originally authorized and issued pursuant to this Resolution, and the Registered Owners of any Additional Bonds evidencing additional obligations subsequently issued within the limitations of and in compliance with this Resolution. All of such Additional Bonds, regardless of the time or times of their issuance shall rank equally with other Bonds with respect to their lien on and source and security for payment from the Net Revenues without preference or priority of any Bond over any other.

“Administrative Expenses” means, with respect to the Bonds or the administration of any funds under this Resolution, to the extent applicable: (i) fees or charges, or both, of the Board and the Division; and (ii) such other fees or charges, or both, as may be approved by the Board or the Division, including, but not limited to, those relating to tax law compliance, disclosure of information, paying agents, rating agencies and providers of credit enhancement; all as may be determined from time to time as necessary.

“Adopted Work Program” means the five-year work program adopted by the Department as provided in Section 339.135, Florida Statutes.

“Amortization Installment” means an amount so designated which is established for the redemption of Term Bonds; provided that each such Amortization Installment shall be deemed due in an amount and upon a date determined pursuant to a subsequent resolution of the Division and the aggregate of such Amortization Installments shall equal the aggregate principal of the Term Bonds of such Series.

“Annual Debt Service Requirement” means, for any Fiscal Year, the remaining amount (with respect to the particular Series of Bonds, or all Bonds, as the case may be) required to be deposited in such Fiscal Year into the Debt Service Account to pay the interest, principal and Amortization Installment in such Fiscal Year. Provided that, in the case of any Term Bonds for which Amortization Installments have been established, the stated principal which is scheduled to be due at their stated date of maturity shall be disregarded and the Amortization Installments applicable to such Term Bonds which are payable in such Bond Year shall be deemed to be due in such Bond Year. In the calculation of the Annual Debt Service Requirement, any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year.

“Authorized Officer” means any officer or employee authorized to perform specific acts or duties.

“Board” means the State Board of Administration of Florida, as created pursuant to the provisions of Article IV, Section 4, Florida Constitution and Chapter 215, Florida Statutes.

“Bond Counsel” means any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the exclusion from gross income of interest on bonds for federal

income tax purposes issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America or the District of Columbia.

“Bond Insurance Policy” means an insurance policy issued for the benefit of the Registered Owners of any Bond, pursuant to which the issuer of such insurance policy shall be obligated to pay when due the principal of and interest on such Bond to the extent of any deficiency in the amounts in the funds and accounts held under the Resolution, in the manner and in accordance with the terms provided in such Bond Insurance Policy.

“Bond Registrar/Paying Agent” means U.S. Bank Trust National Association, New York, New York, or its successor bond registrar or paying agent, unless a different Bond Registrar/Paying Agent is provided for by subsequent resolution of the Division.

“Bond Year” means, with respect to a particular Series of Bonds issued hereunder, the annual period relevant to the application of Section 148(f) of the Code to the Series of Bonds, except that the first and last Bond Years may be less than twelve (12) months long. The last day of a Bond Year shall be the close of business on the day preceding the anniversary of the date of issuance of the Series unless the Department selects another date on which to end a Bond Year in the manner permitted by the Code.

“Bonds” means the 2019A Bonds and any Additional Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and temporary, proposed or permanent implementing regulations promulgated thereunder.

“Collection Account” means the Collection Account created in Section 4.04 of this Resolution.

“Construction Fund” means the Construction Fund created in Section 3.03 of this Resolution.

“Consulting Engineer” means a firm of nationally known and recognized engineers retained by the Department pursuant to Section 6.11 of this Resolution.

“Cost of Maintenance” means all reasonable and necessary costs and expenses incurred in connection with keeping Sunshine Skyway open to public travel, excluding all costs included in Cost of Operations.

“Cost of Maintenance Account” means the Cost of Maintenance Account created in Section 4.03 of this Resolution.

“Cost of Operations” means all reasonable and necessary costs and expenses incurred in connection with operating Sunshine Skyway as a Toll facility including, but not limited to, the cost of collecting and accounting for Tolls, insurance, employee bond premiums, and fees of consulting engineers, other consultants and professional advisors. Cost of Operations shall not include costs included in Cost of Maintenance.

“Cost of Operations Account” means the Cost of Operations Account created in Section 4.03 of this Resolution.

“Debt Service Account” means the Debt Service Account within the Sinking Fund created in Section 4.03 of this Resolution.

“Debt Service Reserve Account” means the Debt Service Reserve Account within the Sinking Fund created in Section 4.03 of this Resolution.

“Debt Service Reserve Requirement” means, as of any date of calculation, with respect to all Bonds secured by a particular sub-account within the Debt Service Reserve Account issued hereunder, an amount, which may be zero, determined pursuant to resolution of the Governing Board which shall not exceed the lesser of:

(a) One hundred twenty-five percent (125%) of the average Annual Debt Service Requirement of the Bonds for the then current and succeeding Fiscal Years;

(b) The Maximum Annual Debt Service Requirement on the Bonds;

(c) Ten percent (10%) of the par amount of the Bonds; or

(d) The maximum debt service reserve permitted with respect to tax-exempt obligations under the Code as applicable to the Bonds.

“Defeasance Obligations” means, to the extent permitted by law, direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States and including non-callable obligations guaranteed by the United States of America, or “stripped” interest payment obligations of debt obligations of the Resolution Funding Corporation.

“Department” means the State of Florida Department of Transportation.

“Director” means the Director of the Division and shall include any Authorized Officer to whom the Director delegates authority.

“Division” means the Division of Bond Finance of the State Board of Administration of Florida.

“Fiscal Year” means the period beginning with July 1 of each year and ending with and including the next June 30.

“Governing Board” means the Governor and Cabinet of the State as the governing board of the Division.

“Interest Payment Date” means, for each Series of Bonds, such dates of each Fiscal Year on which interest on Outstanding Bonds of such Series is payable, as determined pursuant to a subsequent resolution of the Division.

“Maximum Annual Debt Service Requirement” means, at any time, the maximum amount (with respect to the particular Series of Bonds, or all Bonds, as the case may be), required to be deposited into the Debt Service Account for the then current Fiscal Year or any succeeding Fiscal Year, whichever is greater. For the purpose of calculating the deposits to be made into a sub-account in the Debt Service Reserve Account, the Maximum Annual Debt Service Requirement shall mean the maximum amount, if any, required to be deposited into such sub-account for the then current Fiscal Year or any succeeding Fiscal Year, whichever is greater, to pay the interest, principal and Amortization Installment in such Fiscal Year with respect to the Bonds for which such sub-account has been established. Provided that, in the case of any Term Bonds for which Amortization Installments have been established, the stated principal which is scheduled to be due at their stated date of maturity shall be disregarded and the Amortization Installments applicable to such Term Bonds which are payable in such Bond Year shall be deemed to be due in such Bond Year. In the calculation of the Maximum Annual Debt Service Requirement, any interest, principal, or Amortization Installment payable on July 1 of any Fiscal Year shall be deemed payable in the prior Fiscal Year.

“Net Revenues” means the Revenues remaining after the deduction of Administrative Expenses, the Cost of Operation and the Cost of Maintenance.

“Operation and Maintenance Fund” means the Operation and Maintenance Fund created in Section 4.03 of this Resolution.

“Outstanding” means, as of any date of determination, all Bonds theretofore authenticated and delivered except:

- (a) Bonds theretofore canceled by the Bond Registrar/Paying Agent or delivered to the Bond Registrar/Paying Agent for cancellation;
- (b) Bonds which are paid and defeased, and are no longer Outstanding as provided herein;
- (c) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Bond Registrar/Paying Agent has been received that any such Bond is held by a bona fide purchaser;
- (d) For purposes of any consent or other action to be taken hereunder by the Registered Owners of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Division or the Department; and
- (e) Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount of such payment has been reimbursed to the issuer of such Bond Insurance Policy (or monies have been deposited to defease such payment).

“Principal Payment Date” means, for each Series of Bonds, the dates during each Fiscal Year on which principal of the Outstanding Bonds of such Series is payable, as provided for pursuant to a subsequent resolution of the Division.

“Rating Agency” means a nationally recognized bond rating agency.

“Rebate Amount” means the amount described in Section 6.13 of this Resolution.

“Rebate Fund” means the Rebate Fund created in Section 6.13 of this Resolution.

“Record Date” means with respect to each Series of Bonds, the 15th day of the calendar month immediately preceding the month of an Interest Payment Date or Principal Payment Date.

With respect to redemption of Bonds prior to maturity, the Record Date shall be the date 45 days prior to the date fixed for redemption.

“Renewal and Replacement Fund” means the Renewal and Replacement Fund created in Section 4.03 of this Resolution.

“Registered Owner” means the owner of any Bond or Bonds as shown on the registration books kept by the Bond Registrar/Paying Agent.

“Reserve Account Credit Facility” means a Reserve Account Insurance Policy, Reserve Account Letter of Credit or other comparable insurance or financial product, if any, deposited in the Debt Service Reserve Account in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein. The provider of such Reserve Account Credit Facility shall be rated in one of the three highest full rating categories of a Rating Agency.

“Reserve Account Insurance Policy” means the insurance policy, surety bond or other acceptable evidence of insurance, if any, deposited in the Debt Service Reserve Account, in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein. The issuer providing such Reserve Account Insurance Policy shall be an insurer rated in one of the three highest full rating categories of a Rating Agency.

“Reserve Account Letter of Credit” means the irrevocable, transferable letter of credit, if any, deposited in the Debt Service Reserve Account, in lieu of or in partial substitution for cash or securities otherwise required to be on deposit therein.

“Revenues” means all Tolls, revenues, rates, fees, charges, receipts, rents and other income derived from or in connection with the operation or leasing of the Sunshine Skyway. Revenues shall also include, unless otherwise indicated by this Resolution, income from investments of funds and accounts created by this Resolution and the proceeds of any use and occupancy insurance

relating to the Sunshine Skyway. Revenues shall not include the proceeds of any gifts, grants, or other payments to the Department from the United States of America, the State of Florida, or any public or private instrumentality, individual or entity that are not in the nature of an operating, concession or rental payment with respect to the use and operation of the Sunshine Skyway.

“Resolution” means this resolution, as adopted by the Governor and Cabinet as the Governing Board of the Division, and as amended and supplemented from time to time.

“Revenue Fund” means the Revenue Fund created in Section 4.03 of this Resolution.

“Securities Depository” means The Depository Trust Company, New York, New York, or its nominees, successors and assigns.

“Serial Bonds” shall mean the Bonds of a Series which shall be stated to mature in periodic installments.

“Series” or **“Series of Bonds”** shall mean all of the Bonds authenticated and delivered on original issuance and pursuant to this Resolution or any supplemental resolution authorizing such Bonds as a separate Series of Bonds, or any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to Article II hereof, regardless of variations in maturity, interest rate or other provisions.

“Sinking Fund” means the Sinking Fund created and established pursuant to Section 4.03 of this Resolution.

“State” means the State of Florida.

“State Bond Act” means Sections 215.57 through 215.83, Florida Statutes, as amended from time to time.

“Sunshine Skyway” means that road and bridge facility which is part of the Federal Interstate Highway System, I-275, located in Pinellas, Hillsborough, and Manatee Counties, and

which provides roadways to accommodate two traffic lanes in both the north- and south-bound directions. The overall length of the facility is approximately 22,500 feet and is divided into three basic structures: (i) the trestle structure, representing the low-level approaches; (ii) the approach structure, representing the transition from low-level approaches to the main span; and (iii) the main span structure, consisting of a three-span, cable-styled, structure crossing the navigation channel in Tampa Bay.

“Sunshine Skyway Project” means those fixed capital improvements to Sunshine Skyway and other fixed capital outlay transportation projects located within any of the counties in which the Sunshine Skyway is located (Pinellas, Hillsborough, and Manatee Counties), which are contained in the Adopted Work Program of the Department and permissible pursuant to Section 338.165, Florida Statutes.

“Taxable Bonds” shall mean bonds the interest on which is not, in any manner, exempt from federal income taxation or excludable from gross income for federal income tax purposes.

“Term Bonds” shall mean the Bonds of a Series which shall be subject to mandatory redemption prior to maturity and shall be stated to mature on one date and for the scheduled redemption of which payments are required to be made into the Debt Service Account in the Sinking Fund, hereinafter created, as may be determined pursuant to a subsequent resolution of the Division.

“Toll” or **“Tolls”** means the charge or charges for the privilege of using the Sunshine Skyway.

“Traffic Engineers” means the engineer or engineering firm or corporation retained by the Department pursuant to Section 6.12 of this Resolution.

Where the context so requires, words importing singular number shall include the plural number, and vice versa, and words importing persons shall include firms and corporations, wherever the text so requires. Unless the context otherwise clearly requires, the words “include”, “includes” and “including” shall mean including without limitation.

SECTION 1.04. FINDINGS. It is hereby found, determined, and declared as follows, that:

- (a) The Department is empowered to acquire, hold, construct, improve, maintain, operate, and own the Sunshine Skyway.
- (b) The Department, pursuant to the State Bond Act, has requested the Division to issue the Bonds hereinafter referred to.
- (c) Pursuant to Section 338.165(4), Florida Statutes, the Division is permitted to issue bonds secured by toll revenues collected on the Sunshine Skyway to fund transportation projects located within the counties in which the Sunshine Skyway Project is located and contained in the Adopted Work Program of the Department.
- (d) The Bonds shall not be or constitute an indebtedness of the State, or any political subdivision thereof or any instrumentality thereof, but shall be payable solely from the Net Revenues, as provided herein. No Registered Owner or Registered Owners of the Bonds shall ever have the right to compel the exercise of the taxing power of the State, or any political subdivision thereof, to pay such Bonds or the interest thereon, or be entitled to payment of such principal and interest from any other funds except such payments consisting of the Net Revenues, in the manner provided herein.
- (e) Net Revenues are not pledged, encumbered, or committed in any manner and are available for pledge and application in the manner provided herein.

ARTICLE II
AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION, TRANSFER AND ISSUANCE OF BONDS

SECTION 2.01. AUTHORIZATION OF THE BONDS. Subject and pursuant to the provisions of this Resolution, fully registered revenue bonds to be designated as "State of Florida, Department of Transportation, Sunshine Skyway Revenue Bonds, Series 2019A" (or such other designation as may be determined by the Director), are hereby authorized to be issued by the Division in the aggregate principal amount of not exceeding \$110,000,000 for the purpose of financing the Sunshine Skyway Project. The limitation on the amount of Bonds which may be issued does not apply to refunding Bonds or to Additional Bonds authorized by subsequent resolution of the Governing Board. Such Bonds may be sold and issued in one or more series, and in combination with other Sunshine Skyway Revenue Bonds; provided that the actual designation of any series of such Bonds, whether sold in one or more than one series (including a change of year designation, if desirable), and whether such bonds or any portion thereof are to be taxable or tax-exempt, shall be determined by the Director.

SECTION 2.02. DESCRIPTION OF THE BONDS; PAYMENT OF PRINCIPAL AND INTEREST. The Bonds shall be issued in fully-registered form, without coupons; shall be dated as determined pursuant to a subsequent resolution of the Division; shall be numbered consecutively from one upward within each Series and shall be in the denomination of \$1,000 each or any integral multiples thereof; shall bear interest at not exceeding the maximum rate permitted by law, payable on each Interest Payment Date, and shall mature on such dates in such years and amounts as shall be determined pursuant to a subsequent resolution adopted by the Division on or prior to the sale of the Bonds.

The principal amount of the Bonds shall be paid to the Registered Owner on the maturity date of the Bonds, unless redeemed prior thereto, as determined pursuant to a subsequent resolution of the Division, upon presentation and surrender of the Bonds at the corporate trust office of the Bond Registrar/Paying Agent.

Interest shall be paid on the Interest Payment Dates to the Registered Owner whose name appears on the books of the Bond Registrar/Paying Agent as of 5:00 p.m. (local time, New York, New York) on the Record Date next preceding such Interest Payment Date; provided, however, that if the Record Date is a Saturday, Sunday or holiday, then to the Registered Owner and at the address shown on the registration books at the close of business on the day next preceding such Record Date which is not a Saturday, Sunday or holiday. Interest on the Bonds shall be paid by check or draft mailed (or transferred by a mode at least equally as rapid as mailing) on each Interest Payment Date from the Bond Registrar/Paying Agent to the Registered Owner, or by wire transfer.

SECTION 2.03. BONDS MAY BE ISSUED AS SERIAL BONDS, TERM BONDS, ETC. The Bonds issued hereunder may be Serial Bonds or Term Bonds, and may be Taxable Bonds, or any other types of Bonds, as determined pursuant to subsequent resolution of the Division. All of such Bonds, when issued, will rank equally as to source and security for payment.

SECTION 2.04. PRIOR REDEMPTION OF THE BONDS. The Bonds of each Series may be made redeemable in such manner and upon such terms and conditions as determined pursuant to subsequent resolution adopted by the Governing Board prior to the sale of such Series of Bonds.

Unless waived by any Registered Owner of Bonds to be redeemed, a notice of the redemption prior to maturity of any of the Bonds shall be mailed to each Registered Owner of

record as of the Record Date, of Bonds to be redeemed, by first class mail (postage prepaid), or other method at least as fast as first class mail, at least thirty days prior to the date of redemption. In lieu of mailing the notice of redemption, the Bond Registrar/Paying Agent may elect to provide such notice by electronic means to any Registered Owner who has consented to such method of receiving notices. Such notice of redemption shall specify any conditions to such redemption, the CUSIP number and the serial or other distinctive numbers or letters of the Bonds to be redeemed, if less than all, the date fixed for redemption, the redemption price thereof, and, in the case of Bonds to be redeemed in part only, the principal amount thereof to be redeemed. Failure to give any such notice by mailing (or other approved method) to any Registered Owner of Bonds, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided above shall be conclusively presumed to have been given, whether or not the Registered Owner of such Bond receives such notice.

The Bond Registrar/Paying Agent shall not be required to issue, transfer or exchange any Bonds selected for redemption during a period beginning at the opening of business on the Record Date applicable to such redemption and ending on the date fixed for redemption.

Notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions of Bonds so called for redemption shall, on the redemption date designated in such notice, be due and payable at the redemption price provided for redemption of such Bonds or portions of Bonds on such date. On the date so designated for redemption, notice having been given and moneys for payment of the redemption price being held in separate accounts by an escrow agent, the Board, or the Bond Registrar/Paying Agent, in trust for the Registered Owners of the Bonds or portions thereof to be redeemed, all as provided in this Resolution, interest on the

Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be Outstanding under the provisions of this Resolution and shall not be entitled to any lien, benefit or security under this Resolution, and the Registered Owners of such Bonds or portions of Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof from the moneys held in trust for such purpose and, to the extent provided herein to receive Bonds for any unredeemed portion of the Bonds. Bonds redeemed prior to maturity shall be duly canceled by the Bond Registrar/Paying Agent and shall not be reissued.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying the Bonds redeemed with the proceeds of such check or other transfer.

In case part but not all of an Outstanding Bond shall be selected for redemption, the Registered Owner thereof shall present and surrender such Bond to the Bond Registrar/Paying Agent for payment of the principal amount thereof so called for redemption, and the Bond Registrar/Paying Agent shall execute and deliver to or upon the order of such Registered Owner, without charge therefor, for the unredeemed balance of the principal amount of the Bond so surrendered, a Bond or Bonds fully registered as to principal and interest.

SECTION 2.05. EXECUTION OF BONDS. The Bonds shall be executed by the Governor, as Chairman of the Division, and attested to by the Secretary or an Assistant Secretary of the Governing Board, or such other Authorized Officers as may be designated by subsequent resolution of the Division, and the corporate seal of the Division shall be affixed thereto or reproduced thereon. The Bond Registrar/Paying Agent's certificate of authentication shall appear on the Bonds, signed by an authorized signatory of said Bond Registrar/Paying Agent. Any of the

above signatures may be a facsimile signature imprinted or reproduced on the Bonds, provided that at least one signature required shall be manually subscribed. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Division before the Bonds so signed and sealed shall have been actually sold and delivered, the Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Division by such person as to the actual time of the execution of such Bond shall hold the proper office, although at the date of such Bond, such person may not have held such office or may not have been so authorized.

A certificate as to the approval of the issuance of the Bonds pursuant to the provisions of the State Bond Act, shall be executed by a signature or facsimile signature of the Secretary or an Assistant Secretary of the Governing Board.

SECTION 2.06. NEGOTIABILITY. The Bonds shall have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code - Investment Securities Law of the State of Florida. The original Registered Owner and each successive Registered Owner of any of the Bonds shall be conclusively deemed by the acceptance thereof to have agreed that the Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code – Investment Securities Law of the State of Florida.

SECTION 2.07. REGISTRATION AND TRANSFER. The Bonds shall be issued only as fully registered bonds without coupons. The Bond Registrar/Paying Agent shall be responsible for maintaining the books for the registration of and for the transfer of the Bonds in compliance with its agreement with the State.

Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any Bond, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney duly authorized in writing, the Bond Registrar/Paying Agent shall deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of authorized denominations of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive. The Bond Registrar/Paying Agent shall not be required to issue, transfer, or exchange any Bonds on a Record Date.

All Bonds presented for transfer, exchange, redemption or payment (if so required by the Division or the Bond Registrar/Paying Agent) shall be accompanied by a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the Division or the Bond Registrar/Paying Agent, as the case may be, duly executed by the Registered Owner or by the Registered Owner's duly authorized attorney.

Neither the Division nor the Bond Registrar/Paying Agent may charge the Registered Owner or the Registered Owner's transferee for any expenses incurred in making any exchange or transfer of the Bonds. However, the Division or the Bond Registrar/Paying Agent as the case may be, may require payment from the Registered Owner of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses shall be paid before any such new Bond shall be delivered.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the Department, evidencing the same debt as the Bonds surrendered, shall be secured by this Resolution, and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The Division and the Bond Registrar/Paying Agent may treat the Registered Owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.

Notwithstanding the foregoing provisions of this section, the Division reserves the right, on or prior to the delivery of any Series of Bonds, to amend or modify the foregoing provisions relating to registration of the Bonds issued subsequent to such amendment, in order to comply with all applicable laws, rules, and regulations of the United States Government and the State of Florida relating thereto.

SECTION 2.08. AUTHENTICATION. Unless otherwise provided by subsequent resolution, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until a certificate of authentication on such Bond shall have been duly executed by the manual signature of the Bond Registrar/Paying Agent, and such executed certificate of the Bond Registrar/Paying Agent upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Resolution. The Bond Registrar/Paying Agent's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an Authorized Officer or signatory of the Bond Registrar/Paying Agent, but it shall not be necessary that the same officer or signatory sign the certificate of authentication on all of the Bonds issued hereinafter.

SECTION 2.09. DISPOSITION OF BONDS PAID OR EXCHANGED.

Whenever any Bond shall be delivered to the Bond Registrar/Paying Agent for cancellation, upon payment of the principal amount thereof or for replacement or transfer or exchange, such Bond shall either be retained by the Bond Registrar/Paying Agent for a period of time specified in writing by the Division or the Board or, at the option of the Division or the Board, shall be cancelled and

destroyed by the Bond Registrar/Paying Agent and counterparts of a certificate of destruction evidencing such destruction shall be furnished to the Division or the Board.

SECTION 2.10. BONDS MUTILATED, DESTROYED, STOLEN OR LOST. In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Division may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen, or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Registered Owner furnishing the Division proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Division may prescribe and paying such expense as the Division may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar/Paying Agent. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Division may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof. Any such duplicate Bond issued pursuant to this section shall constitute original, additional, contractual obligations on the part of the Division, whether or not the lost, stolen or destroyed Bond be at any time found by anyone and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien, source and security for payment, pursuant to this Resolution from the Net Revenues.

SECTION 2.11. FORM OF BONDS. The Bonds will be in such form as determined by the Director.

Notwithstanding anything to the contrary in this Resolution, the Bonds may be issued in book-entry only form utilizing the services of a Securities Depository. So long as a book-entry only system of evidence of transfer of ownership of all the Bonds is maintained in accordance

herewith, any provision of this Resolution relating to the delivery of physical bond certificates shall be inapplicable, and this Resolution shall be deemed to give full effect to such book-entry system.

If the Bonds are issued in book-entry only form:

- (a) The Bonds shall be issued in the name designated by the Securities Depository as Registered Owner of the Bonds, and held in the custody of the Securities Depository or its designee.
- (b) Transfers of beneficial ownership of the Bonds will be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository (“Participants” include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, as well other organizations that clear through or maintain a custodial relationship with such organizations, either directly or indirectly).
- (c) Each Participant shall be credited in the records of the Securities Depository with the amount of such Participant’s interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through Participants. The holders of these beneficial ownership interests are hereinafter referred to as the “Beneficial Owners.” The Beneficial Owners shall not receive Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by the Securities Depository and, in turn, by Participants acting on behalf of Beneficial Owners.

(d) Unless otherwise provided herein, the Division, the Department, the Board, and the Bond Registrar/Paying Agent (as used in this section, the “State and its agents”) shall treat the Securities Depository as the sole and exclusive owner of the Bonds registered in its name for the purposes of: (i) payment of the principal of, premium, if any, and interest on the Bonds or portion thereof to be redeemed or purchased. Payments made to the Securities Depository of principal, premium, and interest shall be valid and effective to fully satisfy and discharge the Department’s obligations to the extent of the sums so paid; (ii) giving any notice permitted or required to be given to Registered Owners under this Resolution; and (iii) the giving of any direction or consent or the making of any request by the Registered Owners hereunder.

(e) The State and its agents may rely conclusively upon (i) a certificate of the Securities Depository as to the identity of the Participants with respect to the Bonds; and (ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Bonds beneficially owned by, the Beneficial Owners.

(f) The State and its agents shall have no responsibility or obligations to the Securities Depository, any Participant, any Beneficial Owner or any other person which is not shown on the Bond Register, with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Bond; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Participants or the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or any other action taken by the Securities Depository or any Participant.

The requirements in this Resolution of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry Bonds to produce the same effect. Any provision hereof permitting or requiring delivery of the Bonds shall, while the Bonds are in book-entry only form, be satisfied by the notation thereof on the books of the Securities Depository in accordance with applicable state law.

The Division may discontinue the book-entry system with the then-current Securities Depository, subject to the terms of its agreement with such Securities Depository. In this event, the Division shall either identify another qualified Securities Depository or prepare and deliver replacement Bonds in the form of fully registered bonds to each Beneficial Owner.

ARTICLE III
CONSTRUCTION OF THE SUNSHINE SKYWAY PROJECT;
APPLICATION OF BOND PROCEEDS

SECTION 3.01. AUTHORITY TO CONSTRUCT THE SUNSHINE SKYWAY PROJECT. Pursuant to applicable laws, the Department shall construct or cause to be constructed the Sunshine Skyway Project financed in whole or in part with proceeds of the Bonds, subject to the provisions contained in this Resolution.

SECTION 3.02. APPLICATION OF BOND PROCEEDS. Upon receipt of the proceeds of the sale of the Bonds, the Division shall transfer and apply such proceeds as follows:

(a) The amount necessary to pay all costs and expenses of the Division (to the extent permitted by the Code) in connection with the preparation, issuance, and sale of the Bonds, including a reasonable charge for the services of the Division for its fiscal services and for arbitrage rebate compliance program set-up, shall be transferred to the Division.

(b) Any accrued interest and capitalized interest on the Bonds shall be transferred to the Board and deposited in the Sinking Fund, and used for the payment of interest on the Bonds.

(c) An amount which, together with other moneys which may be available therefor is necessary to fund the Debt Service Reserve Requirement, if any, shall be transferred to the appropriate sub-account within the Debt Service Reserve Account in the Sinking Fund to be used solely for the purpose of the Debt Service Reserve Account, if any. Alternatively, the Division or the Department, as provided in Section 4.05, may elect at any time to provide in lieu of such funds a Reserve Account Credit Facility in an amount equal to the difference between the Debt Service Reserve Requirement and the sums then on deposit in the Debt Service Reserve Account.

(d) After making the transfers provided for in subsections (a), (b), and (c) above, the balance of the proceeds of the Bonds sold shall be transferred to and deposited in the Construction Fund and used for the purposes of said fund.

(e) In the case of refunding Bonds issued pursuant to Section 5.02, an amount which, together with any other available funds, is sufficient for purposes of such refunding including the payment of the amount of fees and expenses estimated to be due in connection with such refunding, is to be deposited into a separate trust fund created pursuant to an escrow deposit agreement.

SECTION 3.03. CONSTRUCTION FUND. There is hereby created a fund in the Treasury of the State of Florida to be known as the Construction Fund. The Construction Fund shall be administered by the Department and shall be used only for the payment of all or a portion of the costs of the Sunshine Skyway Project. If the Bonds are issued in Series, separate accounts within the Construction Fund may be established from the proceeds of the sale of each Series of Bonds to pay all or a portion of the cost of implementing those portions of the Sunshine Skyway

Project to be financed by that Series of Bonds which portions shall be identified by subsequent resolution adopted by the Division prior to the sale of the Bonds issued in the Series.

Requests for withdrawal of monies from the Construction Fund shall be made by the Department. Withdrawals from the Construction Fund shall be made upon written request to the State Treasury, or any other method provided by law. The request shall be accompanied by a certificate of the Department to the effect that such withdrawal is a proper expenditure for the cost of the Sunshine Skyway Project and, in the event the withdrawal is to reimburse the costs of the Sunshine Skyway Project the liability which was incurred prior to the date of the delivery and issuance of the Bonds, certification that such payment will not adversely affect the exemption from Federal and State income taxation of interest on any of the Bonds.

If any unexpended balance of funds shall remain in any account of the Construction Fund after the completion of the Sunshine Skyway Project for which the Bonds were issued, such unexpended balance shall be deposited in the Sinking Fund to be used to pay debt service or to purchase or redeem Bonds, unless otherwise requested by the Department, provided that such application will not adversely affect the exemption from federal and State income taxation of interest on any of the Bonds.

SECTION 3.04. INVESTMENT OF CONSTRUCTION FUNDS. Any moneys in the Construction Fund not immediately needed for the purposes of said fund, may be temporarily invested and reinvested, but only in the securities authorized in Section 17.57, Florida Statutes. Any and all income and interest received upon any investment or reinvestment of moneys in the Construction Fund shall be deposited in said fund and all investments or reinvestments shall be liquidated whenever necessary to provide moneys needed for the purposes of said fund.

SECTION 3.05. LIEN OF REGISTERED OWNERS ON CONSTRUCTION

FUND MONEYS. The Registered Owners of each Series of Bonds shall have a lien on all the proceeds of such Series of Bonds deposited in the Construction Fund, and interest earnings thereon, until such moneys are applied as provided herein, except to the extent such moneys are required for the payment of any Rebate Amount.

The Registered Owners shall not acquire a lien upon any property acquired or constructed with bond proceeds and shall not have any authority over, or responsibility for, the application or use of any of the proceeds derived from the sale of Bonds.

ARTICLE IV SECURITY FOR THE BONDS; APPLICATION AND ADMINISTRATION OF NET REVENUES

SECTION 4.01. SECURITY FOR THE BONDS. The payment of principal of and interest on the Bonds shall be secured forthwith equally and ratably by a valid and enforceable first lien upon the Net Revenues to be received under this Resolution as provided for in Section 6.01 of this Resolution, and such Net Revenues, except as may be required for payment of Rebate Amounts, are hereby irrevocably pledged to the payment of the principal and interest on the Bonds, as the same become due.

SECTION 4.02. NO PLEDGE OF FULL FAITH AND CREDIT OF STATE OF FLORIDA. The Bonds shall not be or constitute an indebtedness of the State, or any political subdivision thereof or any instrumentality thereof, but shall be payable solely from the Net Revenues, as provided herein. No Registered Owner or Registered Owners of the Bonds shall ever have the right to compel the exercise of the taxing power of the State, or any political subdivision thereof, to pay such Bonds or the interest thereon, or be entitled to payment of such principal and

interest from any other funds except such payments consisting of the Net Revenues, in the manner provided herein.

SECTION 4.03. CREATION OF FUNDS AND ACCOUNTS. The following funds and accounts are hereby created and established:

(a) The **“Revenue Fund”**.
(b) The **“Operation and Maintenance Fund”**. There are hereby created separate accounts in the Operation and Maintenance Fund to be known as the “Cost of Operations Account”, and the “Cost of Maintenance Account”.

(c) The **“Sinking Fund”**. There are hereby created separate accounts within the Sinking Fund to be known as the “Debt Service Account”, and the “Debt Service Reserve Account”. The Sinking Fund shall be administered and maintained by the Board, which shall receive a fee therefor.

(d) The **“Renewal and Replacement Fund”**.

The funds and accounts created and established by this Article IV constitute trust funds for the purposes provided in this Resolution, and shall be used only for the purposes and in the manner provided in this Resolution. All of such funds shall be continuously secured in the same manner as deposits of State funds are required to be secured by the laws of the State.

SECTION 4.04. COLLECTION OF REVENUES. The Department shall, at least daily, deposit Revenues into a special account or accounts, designated the “Collection Account”, in a bank or banks approved by the Department and the State Treasurer. Such Revenues shall be transferred on a weekly basis from the Collection Account to the Revenue Fund. The Revenue Fund shall be held and administered by the Board.

SECTION 4.05. APPLICATION OF REVENUES.

(a) In each year while any of the Bonds remain Outstanding and unpaid, the Revenues in the Revenue Fund shall be applied only in the following manner and only for the following purposes:

(1) **Administrative Expenses.** Revenues shall first be used, to the extent necessary, on the 15th day of each month, beginning with the 15th day of the first calendar month following the date on which any of the Bonds are delivered to the purchaser thereof, for the payment of any Administrative Expenses.

(2) **Operation and Maintenance Expenses.** Revenues shall next be used, to the extent necessary, on the 15th day of each month, beginning with the 15th day of the first calendar month following the date on which any of the Bonds are delivered to the purchaser thereof, for deposit into:

(i) The Cost of Operation Account such sums as shall be sufficient to pay one-twelfth of the Cost of Operation for such Fiscal Year as set forth in the annual budget of the Department; and

(ii) The Cost of Maintenance Account such sums as shall be sufficient to pay one-twelfth of the Cost of Maintenance for such Fiscal Year as set forth in the annual budget of the Department.

As determined by the Board, such deposits may be reduced by any balance remaining in such account at the end of a Fiscal Year. Money shall be transferred by the Board to the Department to pay the Cost of Operations or the Cost of Maintenance of the Sunshine Skyway upon the submission of a written request certifying the amount of actual

expenditures. Transfers shall be made from time to time as agreed to by the Department and the Board, provided that transfers shall be made at least annually.

No distinction shall exist in the use of the moneys on deposit in the Revenue Fund for payment into the Cost of Operation Account and the Cost of Maintenance Account, such accounts being on a parity with each other as to payment from the Revenue Fund.

References to the annual budget of the Department shall be deemed to include any amendment thereto made in accordance with the Resolution with the monthly payments increased or decreased, as appropriate, to reflect such amendment.

(3) **Annual Debt Service.** The Net Revenues shall first be used, to the extent necessary, for deposit into the Debt Service Account in the Sinking Fund, on the 15th day of each month, beginning with the 15th day of the first full calendar month following the date on which any of the Bonds are delivered to the purchaser thereof, or on such date as determined pursuant to subsequent resolution of the Division, such sums as shall be sufficient to pay:

(i) One sixth of the interest becoming due on the Bonds on the next semiannual interest payment date, provided, however, that such monthly deposits for interest shall not be required to be made into the Debt Service Account to the extent that money on deposit therein is sufficient for such purpose.

In the event that the period to elapse between the date of delivery of the Bonds and the first Interest Payment Date or between Interest Payment Dates will be other than six months, then such monthly payments shall be increased or decreased as appropriate, in sufficient amounts to provide the required interest amount due on the next Interest Payment Date. Any monthly payment out of Net

Revenues to be deposited as set forth above, for the purpose of meeting interest payments for any Series of Bonds, shall be adjusted, as appropriate, to reflect the frequency of Interest Payment Dates applicable to such Series.

(ii) One sixth of the principal amount of the Serial Bonds which will mature and become due on such semiannual maturity dates, and one twelfth of the principal amount of the Serial Bonds which will mature and become due on such annual maturity dates, provided, however, that such monthly deposits for principal shall not be required to be made into the Debt Service Account to the extent that money on deposit therein is sufficient for such purpose.

In the event the period to elapse between the date of delivery of the Bonds and the next Principal Payment Date will be other than six months, in the case of Serial Bonds which mature semiannually, or 12 months, in the case of Serial Bonds which mature annually, then such monthly payments shall be increased or decreased, as appropriate, in sufficient amounts to provide the required principal amount maturing on the next Principal Payment Date. Any monthly payment of Net Revenues to be deposited as set forth above for the purpose of meeting payments of principal of the Bonds, shall be adjusted, as appropriate, to reflect the frequency of principal payments applicable to such Series of Bonds.

(iii) One twelfth of such amount as may be required in each year for the payment of the Term Bonds payable from the Debt Service Account, as shall hereafter be determined pursuant to subsequent resolution of the Division.

Such moneys shall be used solely for the purchase or redemption of the Term Bonds payable therefrom at prices not greater than the then redemption price

of said Term Bonds, provided such purchase does not adversely affect the ability to pay principal or interest on the applicable due dates of Bonds not purchased. If the Term Bonds are not then redeemable prior to maturity, the Board may purchase said Term Bonds at prices not greater than the redemption price of such Term Bonds on the next ensuing redemption date. The Board is obligated use any moneys deposited in the Debt Service Account for the redemption prior to maturity of such Term Bonds in such manner and at such times as shall be determined pursuant to subsequent resolution of the Division. If the Board shall purchase or call for redemption in any year Term Bonds in excess of the installment requirement for such year, such excess of Term Bonds so purchased or redeemed shall be credited in such manner to the remaining amortization installments for the Term Bonds of the same Series and maturity as the Term Bonds so purchased or redeemed as the Board shall determine.

No distinction or preference shall exist in the use of the moneys on deposit in the Sinking Fund for the payment of interest, the payment of principal, and the scheduled redemption of Term Bonds, such uses being on a parity with each other as to payment from the Sinking Fund. Any deficiencies for prior payment into the Debt Service Account for the payment of interest, the payment of principal, and the scheduled redemption of Term Bonds shall be restored from the first Net Revenues available to the Board.

(4) **Debt Service Reserve.** Net Revenues shall next be used, to the extent necessary, for deposit into the Debt Service Reserve Account in the Sinking Fund, on the 15th day of each month, beginning with the 15th day of the first full calendar month following the date on which any of the Bonds issued hereunder are delivered to the

purchaser thereof, or on such date as determined pursuant to subsequent resolution of the Division, such sums as shall be sufficient to maintain an amount equal to the Debt Service Reserve Requirement established for the Bonds.

The moneys in the Debt Service Reserve Account shall be used for the payments provided for in subsection (3) above when the other moneys in the Sinking Fund are insufficient therefor, and any withdrawals from the Debt Service Reserve Account shall be restored from the first moneys available therefor in the Sinking Fund after the required payments under subsection (3) above have been made or provided for. Any unused portion of the Debt Service Reserve Account may be used by the Board to reduce the final two semi-annual installments of the Annual Debt Service Requirement becoming due.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Debt Service Reserve Account, the Department may at any time cause to be deposited into one or more sub-accounts in the Debt Service Reserve Account, one or more Reserve Account Credit Facilities for the benefit of the Registered Owners for which each sub-account has been established, in an amount which, together with sums on deposit, equals the Debt Service Reserve Requirement. In no event shall the use of such Reserve Account Credit Facilities be permitted if such use would cause, at the time of acquisition of such Reserve Account Credit Facility, an impairment in any existing rating on the Bonds or any Series of Bonds. The Reserve Account Credit Facilities shall be payable or available to be drawn upon, as the case may be, on or before any Interest Payment Date or Principal Payment Date on which a deficiency exists which cannot be cured by funds in any other account held for such Bonds pursuant to this Resolution and available for such purpose. If more than one Reserve Account Credit Facility is deposited into a sub-account in the Debt

Service Reserve Account, each Reserve Account Credit Facility shall be drawn upon in a proportion equal to its relative share of the amounts in such sub-account in the Debt Service Reserve Account. If a disbursement is made under the Reserve Account Credit Facility, the Department shall be obligated, from the first Net Revenues available, to either reinstate such Reserve Account Credit Facility immediately following such disbursement to the amount required to be maintained in the applicable sub-account in the Debt Service Reserve Account or to deposit into the applicable sub-account in the Debt Service Reserve Account from the Net Revenues, as herein provided, funds in the amount of the disbursement made under such Reserve Account Credit Facility plus any amounts required to reimburse the Reserve Account Credit Facility provider for previous disbursements made pursuant to such Reserve Account Credit Facility, or a combination of such alternatives as shall equal the amount required to be maintained. To the extent that the Department reinstates a Reserve Account Credit Facility or reimburses a Reserve Account Credit Facility provider, such reinstatement or reimbursement shall be in proportion to the amounts drawn from the various Reserve Account Credit Facilities.

The Division shall cause to be established and the Board shall establish one or more specific sub-accounts in the Debt Service Reserve Account. Each sub-account may be established for one or more Series of Bonds. Each sub-account shall be available only to cure deficiencies in the accounts in the Sinking Fund with respect to the Series of Bonds for which such sub-account has been established, and no amounts in the other sub-accounts in the Debt Service Reserve Account shall be available for such purpose. Such separate sub-account shall be established and designated in the resolution authorizing such Series

of Bonds. Such resolution may also specify the method of valuation of the amounts held in such separate sub-account.

Any moneys in a sub-account in the Debt Service Reserve Account in excess of the amount required to be maintained therein shall, to the extent permitted by the Code, be used for the purposes and in the priority established by this section

(5) **Renewal and Replacement.** Net Revenues shall next be used, to the extent necessary, for deposit into the Renewal and Replacement Fund, on the 15th day of each month, beginning with the 15th day of the first full calendar month following the date on which any of the Bonds issued hereunder are delivered to the purchaser thereof, or on such date as determined pursuant to subsequent resolution of the Division, such sums as shall be sufficient to pay one-sixtieth of the amount certified by the Department for such Fiscal Year and the next four Fiscal Years as necessary for the purposes of the Renewal and Replacement Fund as provided for in the Adopted Work Program of the Department but no less than one-twelfth of the amount certified by the Department for such Fiscal Year as necessary for the purposes of the Renewal and Replacement Fund provided, however, that (i) such required amounts for deposit may be increased or decreased as the Department shall certify is necessary for the purposes of the Renewal and Replacement Fund, and (ii) in the event that the Department shall certify that the amounts on deposit are not necessary for the purposes of the Renewal and Replacement Fund such excess amount may be withdrawn from the Renewal and Replacement Fund by the Department and transferred to any other fund and used as provided herein for said fund.

Monies in the Renewal and Replacement Fund shall be used, to the extent necessary, for the purpose of paying the cost of renewals or replacement of, or

extraordinary repairs to, facilities which are part of or related to the operation of the Sunshine Skyway. The moneys in the Renewal and Replacement Fund shall be used for payment into the Debt Service Account only when the moneys in the Revenue Fund and the Debt Service Reserve Account (including the Reserve Account Credit Facility, if any) are insufficient therefor. The Renewal and Replacement Fund shall be held by the Board.

Requests for withdrawal of moneys from the Renewal and Replacement Fund shall be made by written request of the Department. The written request shall be accompanied by a certificate of the Department to the effect that such withdrawal is a proper expenditure, in accordance with this Resolution, for the cost of renewals or replacement of, or extraordinary repairs to, facilities which are part of or related to the operation of the Sunshine Skyway, other similar costs not included in Cost of Maintenance or Cost of Operations, or other purposes permitted herein.

(6) **Rebate.** Net Revenues shall next be deposited to the Rebate Fund, to the extent that any liability for arbitrage rebate, as determined by the Division, is not fully funded, in an amount necessary to fund such liability.

(7) **Discretionary.** Thereafter the balance of any money remaining in the Revenue Fund not needed for the payments provided above, shall be transferred to the Department to be applied in the sole discretion of the Department as otherwise provided by State law.

(b) If on any payment date Revenues are insufficient to place the required amounts in any of the funds, accounts, or sub-accounts as above provided, the deficiency shall be made up in subsequent payments in addition to the payments which would otherwise be required to be made into such funds, accounts, or sub-accounts on the subsequent payment dates.

SECTION 4.06. INVESTMENT OF FUNDS. Except insofar as such funds may be needed for any payment required to be made by the terms of this Resolution or the Bonds, and except as otherwise provided herein, moneys in any of the funds authorized or required by this Resolution may be invested and reinvested at any time as provided by Section 17.57 or 215.47, Florida Statutes, where applicable. When so invested or reinvested, the proceeds derived from the investment or reinvestment of such obligations shall be held for and credited to the fund, account, or sub-account for which said obligations were purchased, except as otherwise provided in this Resolution. However, any such obligations purchased as investments for moneys in the Sinking Fund shall mature not later than the dates upon which such moneys will be needed for the payment of maturing principal and interest to be paid from said fund.

SECTION 4.07. MAINTENANCE OF FUNDS AND ACCOUNTS. The designation and establishment of the various funds and accounts in and by the Resolution and the various subsequent resolutions shall not be construed to require the establishment of any completely independent, self-balancing segregated funds or accounts, as such terms are commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of funds for certain purposes and to establish certain priorities for application of such funds as provided herein. Cash and investments required to be accounted for in each of the funds and accounts established by or pursuant to the Resolution may be deposited in a single bank account, provided that accounting records are maintained to reflect the moneys and investments therein and the receipts of and disbursements from such funds and accounts and the investment income earned thereon.

The foregoing provisions notwithstanding, the funds and accounts created and established pursuant to the Resolution shall constitute trust funds for the purposes provided herein and shall

be maintained on the accounting records of the Department and the Board as separate and distinct funds and accounts in the manner provided in the Resolution. All moneys in such funds and accounts deposited in any depository or in the custody of the Board shall be continuously secured in the same manner provided herein.

SECTION 4.08. BOARD FISCAL AGENT FOR SINKING FUND. Pursuant to Section 215.69, Florida Statutes, and other applicable statutes, from and after the date of the Bonds, the Board will administer the Sinking Fund pursuant to this Resolution.

Pursuant to the provisions of Section 215.69, Florida Statutes, after the Division receives the proceeds of the Bonds, pays its costs, and transfers the remainder of such proceeds as provided herein, the Board shall succeed to the powers, authority, duties, and discretions of the Division with regard to said Bonds.

SECTION 4.09. VALUATION OF FUNDS. Except as otherwise specifically provided in this Resolution, in computing the amount in any fund or account created under provisions of the Resolution for any purpose provided in the Resolution, obligations purchased as an investment of moneys therein shall be valued at the "cost" thereof, exclusive of accrued interest.

ARTICLE V **ADDITIONAL BONDS, REFUNDING BONDS AND** **ISSUANCE OF OTHER OBLIGATIONS**

SECTION 5.01. ISSUANCE OF ADDITIONAL BONDS. The Division is authorized to issue Additional Bonds, but only upon the following terms, restrictions and conditions:

- (a) The proceeds from such Additional Bonds shall be used to finance the cost of construction or acquisition of projects relating to Sunshine Skyway or other fixed capital outlay transportation projects as permitted by law, or to refund Outstanding Bonds.
- (b) The Department shall request the issuance of such Additional Bonds.

(c) The Board shall approve the fiscal sufficiency of such Additional Bonds prior to the sale thereof.

(d) The Board shall certify that the Department is current in all deposits into the various funds and accounts and all payments theretofore required to have been deposited or made under the provisions of this Resolution, and the Department is currently in compliance with the covenants and provisions of this Resolution and any supplemental resolution hereafter adopted for the issuance of Additional Bonds, or upon the issuance of such Additional Bonds the Department will be brought into compliance with all such financial requirements, covenants and provisions.

(e) The Department shall file a certificate with the Board and the Division setting forth the amount of Net Revenues (which amount may be unaudited) collected during the immediately preceding Fiscal Year or any twelve (12) consecutive months selected by the Department out of the fifteen (15) months immediately preceding the date of such certificate.

(f) The Traffic Engineer shall file a certificate with the Board and the Division estimating the amount of Net Revenues to be collected during the current Fiscal Year and in each Fiscal Year thereafter to and including the third complete Fiscal Year immediately succeeding either: (i) the Department's estimated date for the completion and placing in operation of the project(s) relating to the Sunshine Skyway to be financed by the Additional Bonds then proposed to be issued, or (ii) the date of issuance of the Bonds, whichever is applicable, taking into account any adopted revisions, to be effective during such period, of the Tolls, fees, rates, receipts, charges, rents and other income derived from or in connection with the operation of Sunshine Skyway and any capitalized interest funded with the Additional Bonds.

(g) The Board and the Division must determine that:

(1) The amount shown by the certificate of subsection (e) shall equal or exceed one hundred fifty percent (150%) of the amount of the Annual Debt Service Requirement for the current Fiscal Year on account of all Bonds then Outstanding; and

(2) The amount shown by the certificate of subsection (f) for the current Fiscal Year and for each Fiscal year to and including the first complete Fiscal Year immediately succeeding either: (i) the Department's estimated date for the completion and placing in operation of the project(s) relating to the Sunshine Skyway to be financed by the Additional Bonds then proposed to be issued, or (ii) a date three years after the issuance of the Bonds, whichever is applicable, shall equal or exceed one hundred fifty percent (150%) of the amount of the Annual Debt Service Requirement for each such Fiscal Year on account of all Bonds then Outstanding and the Additional Bonds then proposed to be issued; and

(3) The amount shown by the certificate of subsection (f) for each of the three complete Fiscal Years immediately succeeding either: (i) the Department's estimated date for the completion and placing in operation of the project(s) relating to the Sunshine Skyway to be financed by the Additional Bonds then proposed to be issued, or (ii) a date three years after the issuance of the Bonds, whichever is applicable, shall equal or exceed one hundred fifty percent (150%) of the Maximum Annual Debt Service Requirement for each such Fiscal Year on account of all Bonds then Outstanding and the Additional Bonds then proposed to be issued.

In making the determinations of subsection (g), the debt service requirement of Bonds to be refunded, and defeased, from the proceeds of the Additional Bonds proposed to be issued will not be counted in addition to the debt service requirement of the Additional Bonds issued to refund such Bonds.

SECTION 5.02. REFUNDING BONDS. The Bonds originally issued pursuant to this Resolution then Outstanding, together with all Additional Bonds issued and then Outstanding, may be refunded as a whole or in part. If the Annual Debt Service Requirement of the refunding Bonds in each Fiscal Year is equal to or less than the corresponding Annual Debt Service Requirement of the refunded Bonds, then the provisions of Subsections 5.01(e), (f), and (g), of this Resolution shall not apply to the issuance of the refunding Bonds.

SECTION 5.03. ISSUANCE OF OTHER OBLIGATIONS OR CREATION OF ENCUMBRANCES. The Division and the Department covenant they will not issue any other obligations, except Additional Bonds provided for in Section 5.01 hereof, and refunding Bonds provided for in Section 5.02 hereof, payable from the Net Revenues nor voluntarily create or cause to be created any other debt, lien, pledge, assignment, encumbrance or other charge, having priority to or being on a parity with the lien of the Bonds, upon the Net Revenues securing the Bonds provided for in this Resolution. Any such other obligations hereafter issued by the Department, other than the Bonds and the Additional Bonds and parity refunding Bonds provided for in Sections 5.01 and 5.02 hereof, shall contain an express statement that such obligations are junior and subordinate to the Bonds, as to lien on and source and security for payment from such Net Revenues.

The Department further covenants that it will not issue any obligations, or create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance, or any charge upon any of the properties of Sunshine Skyway except as provided in this Resolution.

SECTION 5.04. NO ACCELERATION. The Bonds shall not be accelerated on account of any default on any payments required under the Resolution.

ARTICLE VI COVENANTS

SECTION 6.01. PLEDGE OF NET REVENUES. So long as any of the Bonds or interest thereon are Outstanding and unpaid, all of the Net Revenues, shall be and are hereby pledged to the payment of the principal of and interest on the Bonds in the manner provided in this Resolution. The Registered Owners of the Bonds shall have a valid and enforceable first lien on the Net Revenues until paid out and applied in the manner provided herein.

SECTION 6.02. OPERATION BY DEPARTMENT. The Department shall be in full and complete charge of the operation of Sunshine Skyway and shall comply fully with the provisions of this Resolution relating to such operation. Nothing herein shall preclude the Department from assigning or contracting the operation of Sunshine Skyway to a third party, so long as such operation by a third party does not adversely affect the exclusion from gross income of interest on the Bonds.

SECTION 6.03. MAINTENANCE BY DEPARTMENT. The Sunshine Skyway shall be maintained by the Department or as otherwise may be provided by law. Nothing herein shall preclude the Department from assigning or contracting the maintenance of the Sunshine Skyway to a third party.

SECTION 6.04. PROMPT CONSTRUCTION OF SUNSHINE SKYWAY PROJECT. Upon receipt of the proceeds of any Series of the Bonds, the Department shall promptly proceed with the construction of the Sunshine Skyway Project to be financed, in whole or in part, by the proceeds of such Series of Bonds in accordance with the plans and specifications prepared therefore and approved by the Department; the Department shall complete such construction with reasonable expedition in accordance with such plans and specifications, or such modifications or alterations thereof, including changes in design, alignment or location, which in

the judgment of the Department will not substantially increase the cost of the Sunshine Skyway Project and in the judgment of the Traffic Engineers will not materially adversely affect the Tolls.

SECTION 6.05. TOLL COVENANTS.

(a) As long as any of the Bonds are Outstanding, the Department shall fix, establish and collect Tolls for the use of the Sunshine Skyway and, in fixing and determining the rates of such Tolls, the Department shall take into consideration the amounts needed for the payment of the principal of and interest on the Bonds and the other payments required to be made under this Resolution.

(b) The Tolls shall at all times be fixed and established at such rates, and revised from time to time whenever necessary, so that the Revenues shall be sufficient in each Fiscal Year to pay at least one hundred percent (100%) of an amount equal to the Administrative Expenses, Cost of Maintenance and Cost of Operation, and so that the Net Revenues shall be sufficient in each Fiscal Year to pay at least one hundred twenty percent (120%) of an amount equal to the Annual Debt Service Requirement for the Bonds and at least one hundred percent (100%) of all other payments required by the terms of this Resolution.

(c) The collection of the Revenues in any Fiscal Year in an amount in excess of the estimated Toll revenues specified above for such Fiscal Year shall not be taken into account as a credit against the requirement specified above for any subsequent Fiscal Year or Years. The Toll rates shall be established in the manner provided by law.

(d) The Department shall be without power to reduce Toll rates or remove Tolls from all or a portion of the Sunshine Skyway except in the manner provided herein, until all the Bonds and interest thereon have been fully paid and discharged, or such payment has been fully provided for. For purposes of this section, conversion from one system of Toll collection (such as a ticket

system) to another system of Toll collection (such as an automatic collection system or a barrier/ramp system) shall not be considered a reduction or removal of Tolls.

(e) Any reduction of the Toll rates, any increase in Toll discount plans or rebates, or the removal of Tolls from all or a portion of the Sunshine Skyway shall be based upon a survey and recommendation of the Traffic Engineers who shall certify that in their opinion the amount of Tolls to be produced by said reduced rates, increased discount plans or rebates, or Toll removal in each Fiscal Year thereafter will be sufficient to comply with (b) above.

(f) On or before February 1st in each Fiscal Year the Department will review the financial condition of the Sunshine Skyway and the Bonds in order to estimate whether the Revenues for the following Fiscal Year will be sufficient to comply with the provisions of (b) above and shall make a written determination with respect thereto. Copies of such written determination, together with a reasonably detailed statement of the actual and estimated Revenues and other pertinent information for the year upon which determination was made, shall be filed with the Board on or before said February 1st. If the Department determines that the Revenues for the following Fiscal Year may not be sufficient for such purpose, the Department will forthwith engage and cause the Traffic Engineers to make a study and to recommend a schedule of Tolls which will provide Revenues sufficient to comply with the provisions of (b) above in the following Fiscal Year and to restore any deficiency at the earliest practicable time; and, if there shall be such a deficiency indicated, the Department shall place such schedule of Tolls in effect as soon as practicable but not later than the next July 1st.

(g) Provided there is not a failure to pay the interest on or principal of the Bonds, or to make payments to the Debt Service Account for scheduled redemption of Term Bonds as the same become due or mature, failure to comply with the Toll covenant contained in (b) above will not

constitute a default if (i) the Department complies with the provisions of (e) above, or (ii) the Traffic Engineers are of the opinion that a Toll schedule which will comply with such Toll covenant is impracticable at that time, and so certifies, and the Department establishes a schedule of Tolls which is recommended by the Traffic Engineers to comply as nearly as practicable with such Toll covenant.

(h) The Department may increase Toll rates and may increase the number of toll gates at any time and from time to time upon the written recommendation of the Traffic Engineers. The Department may make any other adjustment or reclassification of Toll rates or establish special Toll rates, except for Toll rate reduction, provided that such action is recommended by the Traffic Engineers and will provide sufficient revenue to permit the Department to comply with the provisions of (b) above for the then current or any future Fiscal Year, as evidenced by a certificate of the Traffic Engineers setting forth estimated Revenues and of the Department setting forth estimated payments for the Cost of Operation and the Cost of Maintenance. Toll rate reduction can be accomplished only as provided in (d), above.

(i) The Department covenants that forthwith upon the adoption of any schedule of Tolls or revision thereof, certified copies thereof will be filed with the Board.

(j) Nothing in this Resolution shall prevent the Department from continuing to collect Tolls if no Bonds remain Outstanding, provided the Department is authorized to do so pursuant to the provisions of law and any applicable agreement with the federal government.

SECTION 6.06. NO FREE USE OF SUNSHINE SKYWAY. The Department shall not allow or permit any free use of the Toll roads of Sunshine Skyway, except to officials or employees of the Department whose official duties in connection with Sunshine Skyway require them to travel over Sunshine Skyway, or to emergency vehicles in their official capacity or in cases

of emergencies declared by the Governor or other appropriate State officials, or as may otherwise be provided by State law. Nothing in this section shall restrict the power of the Department to promulgate reasonable rules for the use of Sunshine Skyway or to provide for one-way Toll roads, nor affect the provisions of any Department rule in effect on the date of the adoption of this Resolution.

SECTION 6.07. ANNUAL BUDGETS. The Department shall annually, at least forty-five (45) days preceding the beginning of the Fiscal Year, or at any other time as requested by the Board, prepare a detailed budget providing reasonable estimates of the estimated expenditures, including the Cost of Operation and Cost of Maintenance of the Sunshine Skyway during the succeeding fiscal year. The budget shall be adopted by the Department and shall not be changed during the Fiscal Year except by the same procedure by which it was adopted. Copies of the annual budget and any changes therein shall be filed with the Board and, upon request, mailed or e-mailed to any Registered Owner.

SECTION 6.08. INSURANCE. The Department covenants that it will at all times cause to be maintained, to the extent reasonably obtainable, either through self-insurance with the State or through other means, the following kinds and the following amounts of insurance, with such variations as shall reasonably be required to conform to applicable standard or customary insurance practice and subject to such exceptions and permissible deductions as are ordinarily required:

(a) Multi-risk insurance on the facilities of the Sunshine Skyway which are of an insurable nature and of the character usually insured by those operating similar facilities, covering direct physical loss or damage thereto from causes customarily insured against, in such amounts

as the Department shall certify to be necessary or advisable to provide against such loss or damage and to protect the interest of the Department and the Registered Owners;

(b) Use and occupancy insurance covering loss of Revenues by reason of necessary interruption, total or partial, in the use of facilities of the Sunshine Skyway, due to loss or damage to any such facility on which multi-risk insurance is maintained as provided in this section, in such amount as the Department shall certify will provide income during the period of interruption, but in no event less than twelve (12) months, in the event of the occurrence of any such loss or damage, equal to the amount of the loss of Revenues, computed on the basis of Revenues for the corresponding period during the preceding calendar year, or if such facility was not in operation during the preceding calendar year, then computed on the basis of the Department's estimate, attributable to such loss or damage;

(c) War risk insurance, if obtainable from the United States Government or any agency thereof, covering direct physical loss or damage, and loss of Revenue attributable thereto, on the facilities of the Sunshine Skyway which are insurable thereunder, in each case in the respective amount, as nearly as practicable, provided under clauses (a) and (b) above;

(d) During the period of construction or reconstruction of any portion of the facilities of the Sunshine Skyway, the Department shall require contractors constructing any such portion of the facilities of the Sunshine Skyway to file bonds or undertakings for the full performance of such contracts, and under which all risks from any cause whatsoever, without any exceptions, during the period of such construction, shall be assumed by such contractors; and

(e) Any additional or other insurance covering loss or damage for which the Department is or may become liable.

The proceeds of the insurance policies referred to above, except use and occupancy insurance, shall be paid to the Department and used only for the purpose of restoring or replacing the damaged portions of the Sunshine Skyway, redeeming the Outstanding Bonds, as hereinafter provided, or reimbursing the Department when the Department has advanced its funds for such restoration or replacement. If such proceeds are more than sufficient for the purpose of restoration or replacement, the balance remaining shall be used to redeem Bonds, unless otherwise requested by the Department, provided that, prior to any such other application, the Department receive an opinion of Bond Counsel that such application will not adversely affect the exemption from federal income taxation of interest on any of the Bonds. If such proceeds shall be insufficient to restore or replace the damaged portions of the Sunshine Skyway, the deficiency shall be supplied by the Department to the extent permitted by law from available funds; provided, however, that if such insurance proceeds shall be sufficient to provide for the redemption of all Bonds then Outstanding and provide for the payment of all interest thereon, the Department may, in its discretion, direct the Board to provide for the redemption of all Bonds then Outstanding, and provide for the payment of all interest thereon, instead of restoring the Sunshine Skyway, or parts thereof, as provided herein. In such event, such proceeds shall be deposited in the Debt Service Account and redemption made therefrom in the manner provided herein. Any restoration or replacement of the Sunshine Skyway shall be promptly commenced and diligently prosecuted and completed according to plans approved by the Department. The proceeds of the use and occupancy insurance shall be deposited in the Revenue Fund.

Notwithstanding the foregoing, the Department may elect not to restore or replace part or all of the damaged portions of the Sunshine Skyway if: (i) the Department furnishes a certificate to the Division stating, in the opinion of the Department, either that (A) the failure to restore or

replace such damaged portion will not impair the Department's ability to comply with the Toll covenants set forth in Section 6.05 hereof, or (B) the restoration or repair of such damaged portion is not economically feasible; and (ii) the insurance proceeds shall be used to purchase or call Bonds as provided herein.

All policies of insurance on Sunshine Skyway, or any parts thereof, shall be taken in the name of the Department, and shall be filed with the Department.

SECTION 6.09. BOOKS AND RECORDS. The Department shall keep books and records of the operation of the Sunshine Skyway, which shall be separate and apart from all other books, records and accounts of the Department, in which complete and correct entries shall be made of the daily Tolls and other Revenues collected and of all transactions relating to the Sunshine Skyway. Any Registered Owner shall have the right at all reasonable times to inspect all records, accounts and data of the Department relating to the Sunshine Skyway.

The Board shall keep books and records of the operation of the Reserve Fund provided for in this Resolution. Any Registered Owner will have the right at all reasonable times to inspect all records, accounts and data of the Board relating to such fund.

Annually, within one hundred twenty (120) days after the end of the Fiscal Year, the Department will prepare a financial statement of the Sunshine Skyway for the preceding Fiscal Year, reflecting in reasonable detail the financial condition and record of operation of the Sunshine Skyway.

SECTION 6.10. BONDING OF OFFICIALS OR EMPLOYEES OF DEPARTMENT. All officials, employees, or agents of the Department engaged in the operation of the Sunshine Skyway and handling in any way any of the Tolls or Revenues derived from the

Sunshine Skyway shall be required by the Department to furnish adequate bonds for the faithful accounting of all moneys likely to come into their hands.

SECTION 6.11. CONSULTING ENGINEER. The Department will periodically inspect Sunshine Skyway as part of its ongoing maintenance program, and at least once every five years, the Department will retain a Consulting Engineer to make an independent inspection of the Sunshine Skyway and to prepare a report concerning the condition thereof. Such reports, or reasonable summaries thereof, shall be mailed to the Board and to any Registered Owner requesting the same and filing his or her name and address with the Department.

SECTION 6.12. TRAFFIC ENGINEERS. The Department shall retain a firm of nationally known and recognized Traffic Engineers whenever necessary to advise the Department with reference to Tolls and methods of collection of the same and for the performance of any acts or duties provided for such Traffic Engineers in this Resolution.

**SECTION 6.13 COMPLIANCE WITH TAX REQUIREMENTS;
REBATE FUND.**

(a) In addition to any other requirement contained in this Resolution, the Division, the Board, and the Department hereby covenant and agree, for the benefit of the Registered Owners from time to time of the Bonds that each will comply with the requirements contained in Section 103 and Part IV of Subchapter B of Chapter 1 of the Code as shall be set forth in the non-arbitrage certificate of the Department dated and delivered on the date of original issuance and delivery of each such Series of Bonds. Specifically, without intending to limit in any way the generality of the foregoing, the Division and the Department covenant and agree to:

(i) Pay or cause to be paid by the Board to the United States of America from the Net Revenues and any other legally available funds, at the times required pursuant to

Section 148(f) of the Code, the excess of the amount earned on all non-purpose investments (as defined in Section 148(f)(6) of the Code) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on the Bonds, plus any income attributable to such excess (the “Rebate Amount”);

(ii) Maintain and retain or cause to be maintained and retained all records pertaining to and to be responsible for making or causing to be made all determinations and calculations of the Rebate Amount and required payments of the Rebate Amount as shall be necessary to comply with the Code;

(iii) Refrain from using proceeds from the Bonds in a manner that might cause any of the Bonds to be classified as private activity bonds under Section 141(a) of the Code; and

(iv) Refrain from taking any action that would cause any of the Bonds to become arbitrage bonds under Section 148 of the Code.

The forgoing is not applicable to Taxable Bonds. The Department, the Division, and the Board understand that the foregoing covenants impose continuing obligations that will exist throughout the term of the Bonds to comply with the requirements of the Code.

(b) The Division and Department covenant and agree that they shall maintain and retain or cause to be maintained and retained all records pertaining to and they shall be responsible for making and having made all determinations and calculations of the Rebate Amount for each Series of Bonds issued hereunder for each Bond Year within 60 days after the end of such Bond Year and within 60 days after the final maturity of each such Series of Bonds. On or before the expiration of each such 60 day period, the Department shall deposit or direct the Board to deposit into the Rebate Fund, which is hereby created and established in the accounts of the Board, from

investment earnings or moneys deposited into the other funds and accounts created hereunder, or from any other legally available funds of the Department, an amount equal to the Rebate Amount for such Bond Year. The Board shall use such moneys deposited in the Rebate Fund only for the payment of the Rebate Amount to the United States as required by subsection (a) of this section, and as directed by the Department, which payments shall be made in installments, commencing not more than 60 days after the end of the fifth Bond Year and with subsequent payments to be made not later than five years after the preceding payment was due except that the final payment shall be made within 60 days after the final maturity of the last obligation of the Series of Bonds issued hereunder. In complying with the foregoing, the Division and the Department may rely upon any instructions or opinions from a nationally recognized Bond Counsel.

Notwithstanding anything in this Resolution to the contrary, to the extent moneys on deposit in the Rebate Fund are insufficient for the purpose of paying the Rebate Amount and other funds of the Department are not available to pay the Rebate Amount, then the Board shall pay the Rebate Amount first from Net Revenues and, to the extent the Revenues are insufficient to pay the Rebate Amount, then from moneys on deposit in any of the funds and accounts created hereunder. If at any time the Division or the Department determines that the amount of money on deposit in the Rebate Fund is in excess of the Rebate Amount, the Division or the Department may direct the Board to transfer the amount of money in excess of the Rebate Amount to the Department, for deposit as directed by the Department or the Division.

If any amount shall remain in the Rebate Fund after payment in full of all Bonds issued hereunder and after payment in full to the United States in accordance with the terms hereof, such amounts shall be paid over to the Department and may be used for other purposes authorized by law.

The Rebate Fund shall be held separate and apart from all other funds and accounts of the Board and shall be subject to a lien in favor of the Registered Owners, but only to secure payment of the Rebate Amount, and the moneys in the Rebate Fund shall be available for use only as herein provided.

The Division, the Board, and the Department shall not be required to continue to comply with the requirements of this section in the event that the Department receives an opinion of Bond Counsel that (i) such compliance is no longer required in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, or (ii) compliance with some other requirement will comply with the provisions of the Code in respect of arbitrage rebate, or in the event that any other agency is subsequently designated by proper authority to comply with the requirements of this section.

SECTION 6.14. CONTINUING DISCLOSURE.

(a) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Department hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(b) The Secretary or Authorized Officer of the Department, in conjunction with the appropriate Authorized Officer of the Division, is authorized and directed to execute and deliver any documents or agreements which are necessary to comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission, or applicable successor rule.

SECTION 6.15. FURTHER ASSURANCE. The Department shall, at any and all times so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and

confirming all and singular the rights and Revenues and other moneys, securities and funds pledged or assigned under this Resolution, or intended so to be, or which the Department may hereafter become bound to pledge or assign.

SECTION 6.16. SALE AND LEASE OF PROPERTY.

(a) The Department covenants that, except as otherwise permitted in this Resolution, it will not sell, lease or otherwise dispose of or encumber the Sunshine Skyway, any interest therein, or any part thereof, or properties or facilities thereof; provided, however, that, to the extent permitted by law, the Department may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Sunshine Skyway, including but not limited to service stations, garages, stores, hotels, restaurants, recreational areas or facilities, telecommunications providers, or other concessions, only if such lease, contract, license or right does not, in the opinion of the Department, impede or restrict the operation by the Department of the Sunshine Skyway, and does not, in the opinion of Bond Counsel, adversely affect the exemption from federal and state taxation of interest on any of the Bonds, except Taxable Bonds.

(b) The Department may, however, to the extent permitted by law, from time-to-time sell any real property, or interest therein, machinery, fixtures, apparatus, tools, instruments, or other movable property acquired by it in connection with the Sunshine Skyway, or any materials used in connection therewith, if the Department shall determine that such articles are no longer essential in connection with the Sunshine Skyway and the proceeds thereof shall be deposited into the Sinking Fund, or used to replace such items sold.

(c) Notwithstanding subsection (a) of this section the Department may from time-to-time, to the extent permitted by law, sell, trade or lease such other property forming part of the

Sunshine Skyway as serves no useful purpose in connection with the Sunshine Skyway and the proceeds of any such disposition shall be deposited into the Sinking Fund.

(d) Notwithstanding subsection (a) of this section, the Department may from time-to-time, to the extent permitted by law, permanently abandon, sell, trade or lease any property forming a part of the Sunshine Skyway, but only if: (i) prior to such abandonment, sale, trade or lease, a the Department files a certificate with the Board, signed by the Secretary of the Department, stating: (A) that the Department is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution; and (B) that in the opinion of the Traffic Engineers the Department is in full compliance with all toll covenants contained herein, and will continue to be in compliance after giving effect to such abandonment, trade, sale or lease; and (ii) the proceeds of the sale of any property forming part of the Sunshine Skyway under subsection (d) of this section shall be deposited in the Debt Service Account and shall be used to pay debt service on or to defease Bonds that are Outstanding.

SECTION 6.17. GENERAL COVENANT. The Division and the Department covenant that upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution or statutes of the State of Florida or by this Resolution to exist, to have happened and to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed. The covenants herein made shall be in effect so long as any of the Bonds are Outstanding.

ARTICLE VII REMEDIES

SECTION 7.01. ENFORCEABILITY BY REGISTERED OWNERS. This Resolution, including the pledge of the Net Revenues, as provided herein, shall be deemed to have been made for the benefit of, and shall be a contract with, the Registered Owners, and such pledge

and all the provisions of this Resolution shall be enforceable in any court of competent jurisdiction by any Registered Owner, against either the Department or the Board, or any other Agency of the State, or instrumentality thereof having any duties concerning collection, administration and disposition of the Net Revenues. The Division, on behalf of the Department, does hereby consent to the bringing of any proceedings in any court of competent jurisdiction by any Registered Owner or Registered Owners of the Bonds for the enforcement of all provisions of this Resolution and does hereby waive, to the extent permitted by law, any privilege or immunity from suit which the Department may now or hereafter have as an agency of the State. However, no covenant or agreement contained in this Resolution or any Bond issued pursuant thereto shall be deemed to be the covenant or agreement of any officer or employee of the State of Florida, in his or her individual capacity and neither the officers nor employees of the State of Florida nor any official executing any of the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Any Registered Owner of the Bonds, or any trustee acting for the Registered Owner of such Bonds, may by civil action in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution, and by any applicable Statutes, to be performed by the Division, the Department, or the Board, or by any officer thereof, including the payment of the Net Revenues payable under this Resolution. Other than as specifically provided herein, nothing herein shall be construed to grant to any Registered Owner of the Bonds any lien on any facility or funds of the Department, the Board, or the Division.

For purposes of exercising remedies pursuant to this section, the issuer of a Bond Insurance Policy shall be deemed the sole Registered Owner of Bonds it has insured, provided that the issuer of such Bond Insurance Policy has not failed to comply with its payment obligations under the Bond Insurance Policy and the ratings on the insured Bonds, based on the Bond Insurance Policy, are no lower than the “A” category by each Rating Agency which has rated such Bonds, including any rating modifiers.

ARTICLE VIII **MISCELLANEOUS**

SECTION 8.01. MODIFICATION OR AMENDMENT. Except as otherwise provided in the second and third paragraphs of this section, no materially adverse modification or amendment of this Resolution, or of any resolution amendatory thereof or supplemental thereto, may be made without the consent in writing of (i) the Registered Owners of more than fifty percent in aggregate principal amount of the Bonds then Outstanding or (ii) in case less than all of the Registered Owners of Bonds then Outstanding will suffer a material adverse effect on account of such modification or amendment, the Registered Owners of more than fifty percent in aggregate principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that no modification or amendment shall permit a change in the maturity of such Bonds or a reduction in the rate of interest thereon, or affecting the promise to pay the interest on and principal of the Bonds, as the same mature or become due, from the Net Revenues of Sunshine Skyway, or reduce the percentage of Registered Owners of Bonds required above for such modification or amendments, without the consent of the Registered Owners of all the Bonds.

For purposes of this section, except where the consent of all Registered Owners of a Series of Bonds is required, to the extent any Series of Bonds is insured by a Bond Insurance Policy and such Series of Bonds is then rated in as high a rating category as the rating category in which such

Series of Bonds was rated at the time of initial delivery thereof by a Rating Agency, then the consent of the issuer of the Bond Insurance Policy shall constitute the consent of the Registered Owners of such Series.

Notwithstanding the foregoing, this Resolution may be amended, changed, modified and altered without the consent of the Registered Owners of Bonds, to:

- (a) Cure any defect, omission, conflict, or ambiguity in this Resolution or between the terms and provisions hereof and any other document executed or delivered herewith;
- (b) Provide other changes including such changes as may be necessary in order to adjust the terms hereof so as to facilitate the issuance of various types of Bonds including, but not limited to, Taxable Bonds, and any other Bonds which may be issued hereunder, which will not materially adversely affect the interest of such Registered Owner of Bonds;
- (c) Provide for the issuance of Bonds in coupon form if, in the opinion of Bond Counsel, such issuance will not affect the exemption from federal income taxation of interest on the Bonds, except Taxable Bonds;
- (d) Obtain credit enhancements or a higher rating in one of the three highest full rating categories of a Rating Agency;
- (e) Add to the covenants and agreements of the Division, the Department, or the Board in this Resolution, other covenants and agreements to be observed by the Division, the Department, or the Board which are not contrary to or inconsistent with this Resolution as theretofore in effect;
- (f) Add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the Division, the Department, or the Board which are not contrary to or inconsistent with this Resolution as theretofore in effect;

- (g) Permit the qualification hereof and thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;
- (h) Achieve compliance with any applicable federal securities or tax law;
- (i) Specify and determine any matters and things relative to the Bonds which are not contrary to or inconsistent with this Resolution and which shall not materially adversely affect the interests of the Registered Owners;
- (j) Grant to or confer upon any and all of the Registered Owners any additional security that may lawfully be conferred upon such Registered Owners; and
- (k) Amend or modify any provisions of this Resolution so long as such amendment or modification does not materially adversely affect the interests of the Registered Owners.

SECTION 8.02. NONPRESENTMENT OF BONDS: FUNDS HELD FOR BONDS AFTER DUE DATE OF BONDS. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or otherwise, if funds sufficient to pay such Bond shall have been made available to the Board for the benefit of the Registered Owner thereof, all liability of the Department to the Registered Owner thereof for the payment of such Bond shall forthwith cease, terminate, and be completely discharged, and thereupon it shall be the duty of the Board to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds, for any claim of whatever nature on his part under this Resolution or on, or with respect to, said Bond. Any such funds held by the Board for the Registered Owners of such Bonds after the principal of the respective Bonds for which such funds have been so set aside has become due and payable and remaining (whether at maturity or upon redemption or otherwise) shall be

subject to the laws of the State of Florida relating to disposition of unclaimed property, and unless demand for the payment of such Bonds shall have been made, the obligation thereon shall be extinguished.

SECTION 8.03. DEFEASANCE. The covenants, liens and pledges entered into, created or imposed pursuant to this Resolution may be fully discharged and satisfied with respect to any of the Bonds in any one or more of the following ways:

- (a) By paying the principal of and interest on Bonds when the same shall become due and payable; or
- (b) By depositing with the Board, certain moneys which are irrevocably pledged to the payment of such Bonds and which, together with other moneys lawfully available therefor, shall be sufficient at the time of such deposit to pay when due the principal of, redemption premium, if any, and interest due and to become due on such Bonds on or prior to the redemption date or maturity date thereof; or
- (c) By depositing with the Board, moneys which are irrevocably pledged to the payment of such Bonds and which, together with other moneys lawfully available therefor when invested in Defeasance Obligations, will provide moneys (principal and interest thereof at maturity) which shall be sufficient to pay the principal of, redemption premium, if any, and interest due and to become due on such Bonds on or prior to a date fixed for redemption or the maturity date thereof.

Upon such payment or deposit in the amount and manner provided in this section, the Bonds with respect to which payments or deposit have been made shall be deemed to be paid and shall no longer be deemed to be Outstanding for the purposes of this Resolution and all liability of the Department or Division with respect to such Bonds shall cease, terminate and be completely

discharged and extinguished, and the Registered Owners thereof shall be entitled for payment solely out of the moneys or securities so deposited.

If any portion of the moneys deposited for the payment of the principal of, redemption premium, if any, and interest on any portion of Bonds is not required for such purpose, the Department or the Board may use the amount of such excess free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Resolution.

Notwithstanding the foregoing, all references to the discharge and satisfaction of Bonds shall include the discharge and satisfaction of any Series of Bonds, any portion of any Series of Bonds, any maturity or maturities of any Series of Bonds, any portion of a maturity of any Series of Bonds or any combination thereof.

Notwithstanding the foregoing, the covenants, liens and pledges entered into, created or imposed pursuant to this Resolution shall not be discharged and satisfied with respect to any of the Bonds with respect to which debt service has been paid pursuant to a Bond Insurance Policy, to the extent that the amount so paid has not been reimbursed to the issuer of such Bond Insurance Policy (or monies have not been deposited as set forth above to provide for payment of such amounts). The bond insurer shall be subrogated to the rights of the Registered Owners of Bonds with respect to which it has made payments pursuant to a Bond Insurance Policy.

Nothing herein shall be deemed to require the Department or Division to call any of the Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Department or Division in determining whether to exercise any such option for early redemption.

SECTION 8.04. COMPLIANCE WITH THE RESERVE ACCOUNT CREDIT FACILITY AND THE BOND INSURANCE POLICY. As long as the Department shall have a Reserve Account Credit Facility on deposit in the Reserve Account, the Department covenants that it will comply with the provisions of the Reserve Account Credit Facility.

As long as any Series of Bonds are insured by a Bond Insurance Policy the Department covenants to comply with the requirements and conditions of the Bond Insurance Policy.

SECTION 8.05. USE OF ADDITIONAL FUNDS FOR DEBT PAYMENT.

Nothing herein contained shall preclude the Department, the Division or the Board from using any legally available funds, in addition to the Net Revenues, which may come into their possession, including the proceeds of sale of refunding Bonds, contributions, or grants, for the purpose of payment of principal of and interest on the Bonds, or the purchase or redemption of such Bonds in accordance with the provisions of this Resolution.

SECTION 8.06. BOND ANTICIPATION NOTES. Notwithstanding any other provision of this Resolution, if the Division shall deem it advisable, short-term obligations (hereinafter "Notes") are hereby authorized to be issued by the Division on behalf of the Department in anticipation of the sale and delivery of Bonds. The Notes shall be payable from the proceeds received from the sale of the Bonds and, in the interim, from the Net Revenues. The Notes may be issued in such denomination or denominations, in the aggregate principal amount not exceeding the amount authorized by the Resolution, in the form, may bear interest at the lawful rate or rates payable on such dates (not to exceed five (5) years from the date of issue) and may be subject to such conditions and terms as the Division shall deem necessary or desirable in connection with such Notes, all as shall be provided by resolution of the Division adopted at or before sale of the Notes, in accordance with Section 215.68(7), Florida Statutes.

SECTION 8.07. DEPARTMENT TO REPURCHASE OBLIGATIONS. The Department and the Board shall have the power to purchase Bonds and other obligations out of any funds available therefor. The Department and the Board may buy and cancel such Bonds and other obligations subject to and in accordance with the proceedings of the Division.

SECTION 8.08. SUBSTITUTE FOR MAILING. If, because of the temporary or permanent suspension of postal service, any person shall be unable to mail any notice required to be given by the provisions of this Resolution, such person shall give notice in such other manner as in its judgement shall most effectively approximate such mailing; and the giving of such notice in such manner shall for all purposes of this Resolution be deemed to be in compliance with the requirement for the mailing thereof.

SECTION 8.09. INSTRUMENTS OF REGISTERED OWNERS. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under the Resolution to be executed by any Registered Owner may be in any number of concurrent writings of similar tenor and may be executed by that Registered Owner in person or by an attorney-in-fact appointed in writing. Proof of the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document; the execution of any writing appointing any attorney-in-fact; and the ownership of Bonds, shall be sufficient for any of the purposes of the Resolution, if made in the following manner, and if so made, shall be conclusive in favor of the Department, the Division, and the Board with regard to any action taken thereunder, namely:

(a) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has the power by law to take

acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(b) The fact of ownership of Bonds of any Series shall be proved by the Registrar/Paying Agent for such Series.

SECTION 8.10. SURVIVAL OF CERTAIN PROVISIONS. Notwithstanding the foregoing, any provisions of the Resolution which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, credit against mandatory redemption requirements, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of moneys in trust, the calculation of the Rebate Amount and the paying of the Rebate Amount to the United States, shall remain in effect and be binding upon the Department, the Division, the Board, the Bond Registrar/Paying Agent and the Registered Owners notwithstanding the release and discharge of the lien and pledge of the Resolution or any subsequent resolution. The provisions of this Article shall survive the release, discharge and satisfaction of the Resolution or any subsequent resolution.

SECTION 8.11. VALIDATION AUTHORIZED. The attorneys for the Division are hereby authorized to institute proceedings to validate the Bonds or any Series thereof.

SECTION 8.12. GOVERNING LAW. The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

SECTION 8.13. SEVERABILITY OF INVALID PROVISION. If any one or more of the covenants, agreements, or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants,

agreements, or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements, or provisions, and shall in no way affect the validity of all the other provisions of this Resolution or of the Bonds issued hereunder.

SECTION 8.14. REPEAL OF INCONSISTENT RESOLUTIONS. All resolutions and parts of resolutions heretofore adopted pertaining to the subject matter of this Resolution, to the extent that they are inconsistent with this Resolution, are hereby repealed, revoked, and rescinded.

SECTION 8.15 EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED on December 4, 2018.

APPENDIX E

Attorneys at Law
101 North Monroe Street
Suite 900
Tallahassee, FL 32301
Tel 850.222.8611
Fax 850.222.8969

[FORM OF BOND COUNSEL OPINION]

[DATED DATE OF DELIVERY]

Division of Bond Finance
of the State Board of
Administration of Florida
Tallahassee, Florida

Ladies and Gentlemen:

We have served as Bond Counsel to the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance") in connection with the issuance and sale of:

\$86,640,000
STATE OF FLORIDA
DEPARTMENT OF TRANSPORTATION
SUNSHINE SKYWAY REVENUE BONDS, SERIES 2019A
Dated May 23, 2019
(the "Bonds")

In such capacity examined certified copies of the proceedings of the Florida Department of Transportation (the "Department"), the Division of Bond Finance, the State Board of Administration of the State of Florida, applicable provisions of the Constitution and laws of the State of Florida, and other proofs submitted to us relative to the issuance and sale of the Bonds.

The Bonds are being issued by the Division of Bond Finance in the name of and on behalf of the Department, for the purpose of financing a portion of the cost of construction of the 2019A Project, and paying costs of issuance under the authority of and in full compliance with the Constitution and statutes of the State of Florida, including particularly Sections 215.57-215.83, Florida Statutes, Section 338.165(4), Florida Statutes, and other applicable provisions of law. The principal of, premium, if any, and interest on the Bonds will be secured by and payable from the Net Revenues (as defined in the hereinafter defined Resolution) on a parity with any hereinafter issued Additional Bonds issued in accordance with the requirements of the Resolution.

The Bonds do not constitute a general obligation of the State of Florida or any political subdivision thereof within the meaning of any constitutional, statutory or other limitation of indebtedness and the owners thereof shall never have the right to compel the exercise of any ad valorem taxing power or taxation in any form for the payment of the principal of or interest on the Bonds.

Based on our examination, we are of the opinion, as of the date hereof, under existing law, as follows:

1. That such proceedings and proofs show lawful authority for issuance and sale of the Bonds pursuant to the Constitution and statutes of the State of Florida and pursuant to a resolution authorizing the issuance and sale of the Bonds duly adopted by the Governing Board of the Division of Bond Finance on December 4, 2018 (the "Resolution").

2. The Resolution has been duly authorized and adopted by the Governing Board of the Division of Bond Finance. The provisions of the Resolution, together with all documents authorized thereby to be executed on behalf of

the Division of Bond Finance, are valid and enforceable in accordance with their terms, and create a valid lien on the Net Revenues for the security of the Bonds.

3. The Bonds (i) have been duly authorized by the Division of Bond Finance and the Department and executed and delivered by the Division of Bond Finance and (ii) are valid and binding special obligations of the Department enforceable in accordance with their terms, payable solely from the sources provided therefor in the Resolution.

4. The Bonds and the income thereon are not subject to any State tax except estate taxes imposed by Chapter 198, Florida Statutes, as amended and net income and franchise taxes imposed by Chapter 220, Florida Statutes, as amended.

5. The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Bonds to be included in federal gross income retroactive to the date of issuance of the Bonds, regardless of the date on which such non-compliance occurs or is ascertained. The Division of Bond Finance and the Department have covenanted in the Resolution to comply with such requirements in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

Subject to compliance by the Division of Bond Finance and the Department with the aforementioned covenants, (a) interest on the Bonds is excluded from gross income for purposes of federal income taxation, and (b) interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. We express no opinion regarding other federal tax consequences caused by the ownership of or the receipt of interest on or the disposition of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

In rendering the foregoing opinions, we have assumed the accuracy and truthfulness of all public records and of all certifications, documents and other proceedings examined by us that have been executed or certified by public officials acting within the scope of their official capacities and have not independently verified the accuracy or truthfulness thereof and the genuineness of the signatures appearing upon such public records, certifications, documents and proceedings.

We have not been engaged to and, therefore, express no opinion as to compliance by the Division of Bond Finance or the underwriter or underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Bonds or regarding the perfection or priority of the lien on the Net Revenues created by the Resolution.

Our opinions expressed herein are predicated upon present law, facts and circumstances as of the date of issuance and delivery of the Bonds, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after such date.

As Bond Counsel, we have not been engaged nor have we, in such capacity, undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion herein relating thereto.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the State of Florida Department of Transportation (the “Department”) and the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) in connection with the issuance of \$86,640,000 State of Florida, Department of Transportation, Sunshine Skyway Revenue Bonds, Series 2019A (the “Bonds”). This Disclosure Agreement is being executed and delivered pursuant to Section 6.14 of the Resolution adopted by the Governor and Cabinet, as the Governing Board of the Division, on December 4, 2018, providing for the issuance of the Bonds. The Department and the Division covenant and agree as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by the Department and the Division for the benefit of the Registered Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”). It shall inure solely to the benefit of the Department, the Division, the Registered Owners, the Beneficial Owners and the Participating Underwriters.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the resolution of the Governing Board of the Division adopted on December 4, 2018 (the “Resolution”), which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Financial Obligation” shall mean a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b). The term financial obligation does not include municipal securities as to which a final official statement has been otherwise provided to the Municipal Securities Rulemaking Board (the “MSRB”) under the Rule.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

SECTION 3. CONTINUING DISCLOSURE. (A) **Information To Be Provided.** The Department assumes all responsibilities for any continuing disclosure as described below. In order to comply with the Rule, the Department hereby agrees to provide or cause to be provided the information set forth below, or such information as may be required to be provided, from time to time, under the Rule.

- (1) Financial Information and Operating Data. For fiscal years ending on June 30, 2019 and thereafter, annual financial information and operating data shall be provided within nine months after the end of the Department’s fiscal year. Such information shall include:
 - (a) Traffic Growth and Toll Revenues;
 - (b) Toll Rates;
 - (c) Summary of Revenues and Expenses;
 - (d) Debt Service Coverage;
 - (e) Investment of Funds; and
 - (f) Sunshine Skyway Unaudited Financial Statements.
- (2) Audited Financial Statements. If not submitted as part of the annual financial information, a copy of the State’s audited financial statements, prepared in accordance with generally accepted accounting principles, will be provided when and if available.
- (3) Material Events Notices. Notice of the following events, as enumerated in the Rule, relating to the Bonds will be provided in a timely manner not in excess of ten business days after the occurrence of the event:
 - (1) principal and interest payment delinquencies;

- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt-service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(4) Failure to Provide Annual Financial Information; Remedies.

- (a) Notice of the failure of the Department to provide the information required by paragraphs (A)(1) or (A)(2) of this Section will be provided in a timely manner.
- (b) The Department acknowledges that its undertaking pursuant to the Rule set forth in this Section is for the benefit of the Beneficial Owners and Registered Owners of the Bonds and shall be enforceable only by such Beneficial Owners and Registered Owners; provided that the right to enforce the provisions of such undertaking shall be conditioned upon the same enforcement restrictions as are applicable to the information undertakings in the Resolution and shall be limited to a right to obtain specific enforcement of the Department's obligations hereunder.

(B) Method of Providing Information.

- (1) (a) Annual financial information and operating data described in paragraph 3(A)(1) and the audited financial statements described in paragraph 3(A)(2) shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.
- (b) Material event notices described in paragraph 3(A)(3) and notices described in paragraph 3(A)(4) shall also be transmitted to the MSRB using EMMA or by such other method as may be subsequently determined by the MSRB.
- (2) (a) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated agent.
- (b) All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(C) If this Disclosure Agreement is amended to change the operating data or financial information to be disclosed, the annual financial information containing amended operating data or financial information will explain, in narrative form, the

reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(D) The Department's obligations hereunder shall continue until such time as the Bonds are no longer Outstanding or until the Department shall otherwise no longer remain obligated on the Bonds.

(E) This Disclosure Agreement may be amended or modified so long as:

- (1) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body;
- (2) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted;
- (3) this Disclosure Agreement, as amended, would have complied with the requirements of Rule 15c2-12 of the SEC at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and
- (4) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the issuer or obligated person (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

SECTION 4. ADDITIONAL INFORMATION. If, when submitting any information required by this Disclosure Agreement, the Department chooses to include additional information not specifically required by this Disclosure Agreement, the Department shall have no obligation to update such information or include it in any such future submission.

Dated this 23rd day of May, 2019.

STATE OF FLORIDA
DEPARTMENT OF TRANSPORTATION

DIVISION OF BOND FINANCE OF THE
STATE BOARD OF ADMINISTRATION
OF FLORIDA

By _____
Authorized Officer

By _____
Assistant Secretary

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PROVISIONS FOR BOOK-ENTRY ONLY SYSTEM OR REGISTERED BONDS

The Depository Trust Company and Book-Entry Only System

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA (the "Division") BELIEVES TO BE RELIABLE; HOWEVER, THE DIVISION TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company ("DTC") New York, NY, will act as securities depository for the State of Florida, Department of Transportation, Sunshine Skyway Revenue Bonds, Series 2019A (the "Series 2019A Bonds"). The Series 2019A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2019A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities and Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and together with Direct Participants, the "Participants"). DTC has an S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019A Bond (a "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019A Bonds, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all Series 2019A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2019A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2019A Bond documents. For example, Beneficial Owners of Series 2019A Bonds may wish to

ascertain that the nominee holding the Series 2019A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Series 2019A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co., nor any other DTC nominee, will consent or vote with respect to the Series 2019A Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Division as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Series 2019A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Bond Registrar/Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, the Bond Registrar/Paying Agent, the Division, or the State of Florida Department of Transportation (the "Department"), subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC, is the responsibility of the Bond Registrar/Paying Agent; disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services with respect to the Series 2019A Bonds at any time by giving reasonable notice to the Division or Bond Registrar/Paying Agent and discharging its responsibilities with respect thereto under applicable law. The Division may decide to discontinue use of the system of book-entry transfers for the Series 2019A Bonds through DTC, or a successor securities depository. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Series 2019A Bonds will be printed and delivered as provided in the documents authorizing the issuance and sale of the Series 2019A Bonds.

For every transfer and exchange of beneficial interests in the Series 2019A Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other government charge that may be imposed in relation thereto.

So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2019A Bonds, references herein to the Registered Owners or Holders of the Series 2019A Bonds shall mean Cede & Co., and not mean the Beneficial Owners of the Series 2019A Bonds, unless the context requires otherwise.

The Division, the Department and the Bond Registrar/Paying Agent will not have any responsibility or obligation with respect to:

- (i) the accuracy of the records of DTC, its nominee or any DTC Participant or any successor securities depository, participants thereof or nominee thereof with respect to any beneficial ownership interest in the Series 2019A Bonds;
- (ii) the delivery to any DTC Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in the Bond Register, of any notice with respect to any Series 2019A Bond, including, without limitation, any notice of redemption;
- (iii) the payment to any DTC Participant or participant of any successor securities depository or any other person, other than a registered owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on the Series 2019A Bonds, or the purchase price of, any Series 2019A Bond;
- (iv) any consent given by DTC or any successor securities depository as registered owner; or
- (v) the selection by DTC or any DTC Participant or by any successor depository or its participants of the beneficial ownership interests in the Series 2019A Bonds for partial redemption.

So long as the Series 2019A Bonds are held in book-entry only form, the Division, the Department and the Bond Registrar/Paying Agent may treat DTC and any successor Securities Depository as, and deem DTC and any successor Securities Depository to be, the absolute owner of the Series 2019A Bonds for all purposes whatsoever, including, without limitation:

- (i) the payment of the principal of, premium, if any, and interest on the Series 2019A Bonds;
- (ii) giving notices of redemption and other matters with respect to the Series 2019A Bonds;
- (iii) registering transfers with respect to the Series 2019A Bonds; and
- (iv) the selection of the beneficial ownership interests in the Series 2019A Bonds for partial redemption.

Payment, Registration, Transfer and Exchange

The following provisions shall only be applicable if the book-entry-only system of registration is discontinued; for provisions which are applicable while the book-entry only system of registration is in effect, see "Book-Entry Only System" above.

The Division, the Department, and the Bond Registrar/Paying Agent may treat the Registered Owner of any Series 2019A Bond as the absolute owner for all purposes, whether or not such Series 2019A Bond is overdue, and will not be bound by any notice to the contrary.

Principal of and premium, if any, on the Series 2019A Bonds will be payable upon presentation and surrender of the Series 2019A Bonds when due at the corporate trust office of U.S. Bank Trust National Association, New York, New York, as Bond Registrar/Paying Agent.

Each Series 2019A Bond will be transferable or exchangeable only upon the registration books by the Registered Owner or an attorney duly authorized in writing, upon surrender of such Series 2019A Bond to the Bond Registrar/Paying Agent together with a written instrument of transfer (if so required) satisfactory in form to the Division and the Bond Registrar/Paying Agent, duly executed by the Registered Owner or a duly authorized attorney. Upon surrender to the Bond Registrar/Paying Agent for transfer or exchange of any Series 2019A Bond, duly endorsed for transfer or accompanied by an assignment in accordance with the Resolution, the Bond Registrar/Paying Agent will deliver in the name of the transferee(s) a fully registered Series 2019A Bond of authorized denomination of the same maturity for the aggregate principal amount which the Registered Owner is entitled to receive.

Neither the Division nor the Bond Registrar/Paying Agent may charge the Registered Owner or transferee for any expenses incurred in making any exchange or transfer of the Series 2019A Bonds. However, the Division and the Bond Registrar/Paying Agent may require payment from the Registered Owner of a sum sufficient to cover any tax, fee, or other governmental charge that may be imposed in relation thereto. Such governmental charges and expenses must be paid before any such new Series 2019A Bond is delivered.

The Bond Registrar/Paying Agent will not be required to issue, transfer or exchange any Series 2019A Bonds on the Record Date.

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