

**State of Florida**  
**Division of Bond Finance**

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Copies of the printed Official Statement may be obtained from:

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Phone: (850) 488-4782  
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**Refunding Issue - Book- Entry Only**

This Official Statement has been prepared by the Division of Bond Finance to provide information about the 2017A 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.

**\$21,635,000**  
**STATE OF FLORIDA**  
**Department of Transportation**  
**Alligator Alley Revenue Refunding Bonds, Series 2017A**

**Dated:** Date of Delivery                      **Due:** July 1, as shown on the inside cover

<b>Bond Ratings</b>	A+     Fitch Ratings Aa3    Moody's Investors Service AA-    Standard & Poor's Ratings Services
<b>Tax Status</b>	In the opinion of Bond Counsel, interest on the 2017A Bonds will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the 2017A Bonds will be taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The 2017A 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 holders of the 2017A Bonds.
<b>Redemption</b>	The 2017A Bonds are not subject to redemption prior to maturity.
<b>Security</b>	The 2017A Bonds will be payable from Net Revenues of Alligator Alley which consist of the Revenues remaining after deducting the Administrative Expenses, the Cost of Operation and the Cost of Maintenance. The 2017A Bonds will also be secured by a debt service reserve account. <b>The 2017A Bonds are not a general obligation or indebtedness of the State of Florida, and the full faith and credit of the State of Florida is not pledged to payment of the 2017A Bonds.</b>
<b>Lien Priority</b>	The lien of the 2017A Bonds on the Net Revenues will be on a parity with any subsequently issued Additional Bonds. The aggregate principal amount of Bonds which will be outstanding subsequent to the issuance of the 2017A Bonds is \$21,635,000, excluding the Refunded Bonds, which are expected to be redeemed immediately after the delivery of the 2017A Bonds. The 2007A Bonds not being refunded by the 2017A Bonds will mature on July 1, 2017, prior to the issuance of the 2017A Bonds.
<b>Additional Bonds</b>	Additional bonds payable on a parity with the 2017A Bonds and the Outstanding Bonds may be issued if historical and projected Net Revenues are at least 120% of debt service. This description of the requirements for the issuance of Additional Bonds is only a summary of the complete requirements. See "ADDITIONAL BONDS" herein for more complete information.
<b>Purpose</b>	Proceeds are being used to refund all of the State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A, except for the 2007A Bonds which will mature on July 1, 2017, prior to the issuance of the 2017A Bonds, and to pay costs of issuance.
<b>Interest Payment Dates</b>	January 1 and July 1, commencing January 1, 2018.
<b>Record Dates</b>	December 15 and June 15.
<b>Form/Denomination</b>	The 2017A 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 2017A Bonds will not receive physical delivery of the 2017A Bonds.
<b>Closing/Settlement</b>	It is anticipated that the 2017A Bonds will be available for delivery through the facilities of DTC in New York, New York on July 18, 2017.
<b>Bond Registrar/ Paying Agent</b>	U.S. Bank Trust National Association, New York, New York.
<b>Bond Counsel</b>	Bryant Miller Olive P.A., Tallahassee, Florida.
<b>Issuer Contact</b>	Division of Bond Finance (850) 488-4782, bond@sbafla.com
<b>Maturity Structure</b>	The 2017A Bonds will mature on the dates and bear interest at the rates set forth on the inside front cover.

June 13, 2017

## MATURITY STRUCTURE

<b><u>Initial CUSIP®</u></b>	<b><u>Due Date</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>	<b><u>Price or Yield*</u></b>
341603CF3	July 1, 2018	\$1,765,000	5.00%	0.95%
341603CG1	July 1, 2019	1,805,000	5.00	1.04
341603CH9	July 1, 2020	1,895,000	5.00	1.16
341603CJ5	July 1, 2021	1,990,000	5.00	1.28
341603CK2	July 1, 2022	2,085,000	5.00	1.41
341603CL0	July 1, 2023	2,190,000	5.00	1.54
341603CM8	July 1, 2024	2,300,000	5.00	1.66
341603CN6	July 1, 2025	2,415,000	5.00	1.82
341603CP1	July 1, 2026	2,530,000	5.00	1.99
341603CQ9	July 1, 2027	2,660,000	5.00	2.09

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\* Price and yield information provided by the underwriter.

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**STATE OFFICIALS**

**GOVERNING BOARD OF THE DIVISION OF BOND FINANCE**

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Division of Bond Finance

**MIKE DEW**  
Secretary  
Department of Transportation

**ASHBEL C. WILLIAMS**  
Executive Director  
State Board of Administration

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**BOND COUNSEL**

Bryant Miller Olive P.A.  
Tallahassee, Florida

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## OFFICIAL STATEMENT

Relating to

**\$21,635,000**

**STATE OF FLORIDA**

**Department of Transportation**

**Alligator Alley Revenue Refunding Bonds, Series 2017A**

*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 \$21,635,000 State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2017A, dated the date of delivery thereof, (the “2017A Bonds”), by the Division of Bond Finance of the State Board of Administration of Florida (the “Division of Bond Finance”).

Proceeds of the 2017A Bonds will be used to refund all of the State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A, except for the 2007A Bonds which will mature on July 1, 2017, prior to the issuance of the 2017A Bonds, and to pay costs of issuance. The refunding is being effectuated to achieve debt service savings due to lower interest rates. See “THE REFUNDING PROGRAM” below for more detailed information.

The 2017A Bonds will be payable from Net Revenues of Alligator Alley which consist of the Revenues remaining after deducting the Administrative Expenses, the Cost of Operation and the Cost of Maintenance. The 2017A Bonds will also be secured by a debt service reserve account. The lien of the 2017A Bonds on the Net Revenues is the first lien on such revenues and will be on a parity with any subsequently issued Additional Bonds. **The 2017A 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  
E-mail: 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 2017A 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 2017A BONDS**

### **General Legal Authority**

The 2017A Bonds are being issued by the Division of Bond Finance on behalf of the 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.

### **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 may serve as an assistant secretary of the Governing Board.

### **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 the Sinking Fund and the Rebate Fund established pursuant to the Resolution as described below.

### **Department of Transportation**

The Department operates under the Florida Transportation Code (see Section 334.01, 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. Each of the District Secretaries and the Executive Director of the Turnpike Enterprise sit on the Executive Committee of the Department.

### **Administrative Approval**

The Department, by resolution adopted on February 23, 2017, requested the Division of Bond Finance to issue the 2017A Refunding Bonds. The Governing Board authorized the issuance of Bonds by a resolution adopted on December 10, 1996 (the “Original Resolution”), as amended by a resolution adopted on March 13, 2007 (the “First Supplemental Resolution”) and as supplemented by a resolution adopted on March 14, 2017, (the “Second Supplemental Resolution”) (collectively, the “Resolution”) which authorized the issuance and sale of the 2017A Bonds. The Original Resolution, the First Supplemental Resolution, and the Second Supplemental Resolution are reproduced herein as Appendices D, E and F.

The Board of Administration approved the fiscal sufficiency of the 2017A Bonds by a resolution adopted on March 14, 2017.

## **DESCRIPTION OF THE 2017A BONDS**

The 2017A 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 Alligator Alley on a parity with any subsequently issued Additional Bonds.

The 2017A Bonds are being issued as fully registered bonds in the denomination of \$1,000 or integral multiples thereof. The 2017A 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, 2018, for the period from the date of delivery thereof to January 1, 2018, and semiannually thereafter on July 1 and January 1 of each year until maturity or redemption.

The 2017A Bonds will initially be issued exclusively in “book-entry” form. Ownership of one 2017A 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 securities depository for the 2017A Bonds. Individual purchases of the 2017A Bonds will be made in book-entry form only, and the purchasers will not receive physical delivery of the 2017A Bonds or any certificate representing their beneficial ownership interest in the 2017A Bonds. See Appendix I, “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 2017A Bonds if the book-entry only system of registration is discontinued.

## **REDEMPTION PROVISIONS**

The 2017A Bonds are not subject to redemption prior to maturity.

## **THE REFUNDING PROGRAM**

A portion of the proceeds from the sale of the 2017A Bonds, together with other legally available moneys, will be used to refund the State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A (the “2007A Bonds”), maturing in the years 2018 through 2027, inclusive, in the outstanding principal amount of \$26,640,000 (the “Refunded Bonds”). This refunding is being effectuated to achieve debt service savings.

Simultaneously with the delivery of the 2017A Bonds, the Division of Bond Finance will cause to be deposited a portion of the proceeds of the 2017A Bonds, along with other legally available moneys, in an irrevocable escrow account (the “Escrow Deposit Trust Fund”), under an agreement (the “Escrow Deposit Agreement”) entered into between the Division of Bond Finance and the Board of Administration (the “Escrow Agent”). The Escrow Agent will hold those moneys uninvested. The escrow will be funded in an amount which will be sufficient to meet the redemption requirements of the Refunded Bonds.

The amount of moneys initially deposited will be sufficient to make all payments of principal and interest with respect to the Refunded Bonds.

The Refunded Bonds will be called for redemption on July 19, 2017, at a redemption price equal to the principal amount thereof with interest due thereon through the redemption date. No funds held in escrow will be available to pay debt service on the 2017A Bonds.

## **SOURCES AND USES OF FUNDS**

### Sources of Funds:

Par Amount of 2017A Bonds .....	\$21,635,000
Plus: Original Issue Premium .....	3,853,466
Excess Reserves from Debt Service Reserve Fund. ....	<u>1,315,718</u>
Total Sources. ....	<u>\$26,804,184</u>

### Uses of Funds:

Deposit to Escrow Deposit Trust Fund. ....	\$26,706,600
Cost of Issuance. ....	<u>97,584</u>
Total Uses. ....	<u>\$26,804,184</u>

## **SECURITY FOR THE 2017A BONDS**

### **Pledge of Revenues**

The 2017A 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 Alligator Alley on a parity with any subsequently issued Additional Bonds. See “ADDITIONAL BONDS” below. The aggregate outstanding principal amount of Bonds which will be outstanding subsequent to the refunding to be accomplished with the proceeds of the 2017A Bonds is \$21,635,000, excluding the Refunded Bonds. Alligator Alley is a limited access toll road approximately 78 miles in length which provides a high speed route across southern Florida. The Net Revenues are the Revenues remaining after deducting the Administrative Expenses, the Cost of Maintenance and the Cost of Operation. The Net Revenues resulting from the operation of Alligator Alley and the related debt service coverage ratios are set forth in “FINANCIAL DATA ON ALLIGATOR ALLEY - Historical Net

Revenue and Debt Service Coverage” and “Projected Net Revenue and Estimated Debt Service Coverage” herein. The 2017A Bonds are also secured by the Debt Service Reserve Account.

The 2017A 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 2017A Bonds do not constitute a general obligation or indebtedness of the State of Florida or any of its agencies or political subdivisions and will not be a debt of the State of Florida or of any agency or political subdivision thereof, 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 2017A Bonds. The issuance of the 2017A Bonds does not, directly or indirectly or contingently, obligate the State of Florida to use State funds, other than the Net Revenues of Alligator Alley, 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 2017A Bonds.**

#### **Debt Service Reserve Account**

The Original Resolution created the Debt Service Reserve Account, which is to be used for payments of debt service becoming due and payable on the Bonds when the amounts in the Sinking Fund are insufficient therefor. The Debt Service Reserve Requirement for Debt Service Reserve Account is the lesser of:

- (i) 125% of the average Annual Debt Service Requirement of the Bonds for the then current and succeeding Fiscal Years;
- (ii) Maximum Annual Debt Service on the Bonds;
- (iii) 10% of the par amount of the Bonds; or
- (iv) the maximum debt service reserve permitted with respect to tax-exempt obligations under the U.S. Internal Revenue Code, as amended,

as applicable to the Bonds. The Resolution provides that one or more Reserve Account Credit Facilities may be deposited in the Debt Service Reserve Account in lieu of funding it with cash. Upon the issuance of the 2017A Bonds, the Debt Service Reserve Account will be funded by cash in an amount equal to ten percent of the par amount of the 2017A Bonds.

#### **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.* All Revenues on deposit in the Revenue Fund will be applied only in the following manner and order of priority:

On the 15th day of each month:

First, for the payment of any Administrative Expenses;

Second, for deposit into the Cost of Operation Account and Cost of Maintenance Account, one-twelfth of the Cost of Operation and 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;

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

Fifth, 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. 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;

Sixth, for deposit in the Renewal and Replacement Fund one-twelfth of such sums as shall be determined by the Department annually to be sufficient for the purposes of such fund; and

Seventh, 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 Department shall transfer the balance of the money remaining for deposit into the State Transportation Trust Fund and such money shall be used for the reimbursement of certain outstanding contractual commitments paid with Department funds; the reimbursement of repair, renewal, reconstruction and restoration costs paid with Department funds; and the balance will be transferred to the Everglades Fund of the South Florida Water Management District and used for the purposes thereof, or as otherwise provided by law. Currently, pursuant to law, the balance of the excess toll revenues is transferred to the Everglades Fund of the South Florida Water Management District in accordance with the Memorandum of Agreement (MOA) between the Department and the District. The MOA is in effect from July 1, 2016 through June 30, 2019 with final transfer to occur by August 15, 2019, subject to and limited to the annual Legislative appropriation.

See "MISCELLANEOUS - Investment of Funds" below for policies governing the various funds.

### **Toll Covenant**

The Department has covenanted in the Resolution to fix, establish and collect Tolls for the use of Alligator Alley (except non-Toll roads) 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 Operation, 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. 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. See "ALLIGATOR ALLEY - Toll Rates" herein for a discussion of the toll setting process.

### **Additional Bonds**

The Division of Bond Finance may issue Additional Bonds payable from Net Revenues on a parity with the 2017A Bonds, for the purpose of financing the cost of construction or acquisition of projects relating to Alligator Alley, or for the purpose of refunding Outstanding Bonds, but only under the following terms, limitations and conditions:

- (a) The Board shall approve the fiscal sufficiency of the Additional Bonds prior to the sale thereof;
- (b) Sufficient Revenues shall have been collected by the Department and transferred to the Board to make all prior and current payments under the Resolution, and neither the Division of Bond Finance nor the Department shall 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;
- (c) 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 shall have been fully paid;
- (d) A certificate shall be filed by the Department with the Board 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;
- (e) A certificate shall be filed with the Board 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 (i) the Department's estimated date for completion and placing in operation of projects

relating to Alligator Alley to be financed by the Additional Bonds then proposed to be issued, or (ii) the date of issuance of the refunding 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 Alligator Alley and any capitalized interest funded with the Additional Bonds;

(f) Determinations must be made by both the Board and the Division of Bond Finance as follows:

(1) that the amount shown by the certificate of subsection (d) shall not be less than 120% of the amount of the Annual Debt Service Requirement for the current Fiscal Year on account of all Bonds then Outstanding; and

(2) that the amount shown by the certificate of subsection (e) for the current Fiscal Year and for each Fiscal Year to and including the first complete Fiscal Year immediately succeeding (i) the Department's estimated date for the completion and placing in operation of Alligator Alley project(s) 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 refunding Bonds, whichever is applicable, shall be not less than one hundred twenty percent 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 (e) for each of the three complete Fiscal Years immediately succeeding (i) the Department's estimated date for the completion and placing in operation of Alligator Alley project(s) to be financed by the Additional Bonds then proposed to be issued, or (ii) the date of issuance of the refunding Bonds, whichever is applicable, shall be not less than one hundred twenty percent 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 (f), 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.

The debt service requirement of Bonds to be refunded and defeased from the proceeds of the proposed Additional Bonds is not to 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 (d), (e) and (f) above.

## **ALLIGATOR ALLEY**

### **Description**

Alligator Alley originally was a two-lane controlled access toll facility from a point approximately six miles east of Naples, Florida, to the intersection of US 27 and State Road 84 at Andytown, Florida (approximately 18 miles west of Fort Lauderdale, Florida). Alligator Alley is approximately 78 miles in length and provides a high speed route across southern Florida, connecting the Naples-Fort Myers area with the highly developed east coast of the State.

The Highway Act of 1973 designated Alligator Alley as part of the Interstate System (I-75). Commencing in 1987, the existing toll road was reconstructed and an additional two lanes were added to bring Alligator Alley up to Interstate standards. Construction was completed in the latter part of 1990.

### **Insurance on Alligator Alley**

Bridges, buildings and business interruption of Alligator Alley are insured under a commercial insurance policy issued by a private insurer. The insurance is purchased through the State of Florida Department of Management Services.

### **Planned Alligator Alley Improvements**

Over the next five years, the Department plans to finish reconstruction of the rest areas, install guardrails along the Alligator Alley in Collier County, fencing and panther paths as well as lighting projects along the facility. The projected cost of these improvements is estimated at \$50 million. Funding will come from toll revenues.

## Toll Rates

Alligator Alley was originally constructed with a mainline plaza located at each end of the facility and two intermediate toll-free interchanges. The East mainline plaza was located in Broward County near the US 27 interchange, while the West mainline plaza was located in Collier County near the CR 951 interchange. Originally, both mainline plazas collected tolls in both directions. The two intermediate toll-free interchanges are located at SR 29, the route to Immokalee and CR 833, serving the Miccosukee Indian Reservation.

In 1997, Alligator Alley Revenue Bonds were issued to, among other things, replace the existing toll plazas in conjunction with the Department's one-stop tolling project. In May 1999, the original toll configuration (payment made at the two mainline plazas in both directions) was converted to the new one-stop toll configuration. Under the one-stop toll configuration, a toll was collected from passenger vehicles for the eastbound traffic at the West plaza. The same toll was collected for the westbound traffic at the East plaza. With one-stop tolling, transactions on Alligator Alley decreased, but the total toll incurred to travel on the facility remained the same thereby not impacting revenues. SunPass® electronic toll collection was implemented in October 1999.

The Department is responsible for fixing, establishing and collecting tolls for Alligator Alley. The first toll rate increase since the facility opened to traffic in 1969 was implemented in February 2006. Toll rates were further adjusted in June 2012 (FY 2012) as required by Section 338.165(3), Florida Statutes, which required tolls to be indexed to the annual Consumer Price Index ("CPI") or similar inflation indicator. Section 338.165, Florida Statutes, requires that toll rate adjustments for inflation may be made no more frequently than once per 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. Pursuant to this requirement, beginning on June 24, 2012, SunPass® toll rates are to be adjusted annually based on the year-over-year change in CPI and rounded to the penny, while cash rates will be adjusted every five years and rounded to the next quarter for collection efficiency. Both SunPass® and cash rates are scheduled to be adjusted on July 1, 2017.

### Current Toll Rates\*

<u>Axles</u>	<u>Previous SunPass Rate</u>	<u>Previous Cash Rate</u>	<u>Current SunPass Rate</u>	<u>Current Cash Rate</u>
2	\$2.85	\$3.00	\$2.90	\$3.00
3	5.70	6.00	5.80	6.00
4	8.55	9.00	8.70	9.00
5	11.40	12.00	11.60	12.00
Additional Axles	2.85	3.00	2.90	3.00

\*Tolls are collected as vehicles enter the facility.

In order to implement a revised toll rate schedule, the Department must comply with the provisions of Chapter 120, Florida Statutes, known as the Administrative Procedure Act. The Department must send a notice of its intent to the Florida Department of State along with documentation regarding purpose, intent and the economic impact of the proposed revision.

Notice of the proposed action to change the current toll rates will be published in the Florida Administrative Register. Following one or more public hearings on the issue, 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. This does not apply to the adjustments for inflation.

## Historical and Projected Population Growth

Alligator Alley, which is an integral part of I-75, provides South Florida with an east-west link for travelers. For regional traffic, it connects the southwestern coastal areas and the southeastern coastal areas of the State. On the west, it serves Naples, Fort Myers, Sarasota, St. Petersburg and Tampa, but primarily the counties of Collier and Lee. On the east, it serves Fort Lauderdale, Miami and other communities in the heavily developed coastal areas. The primary counties served in the east are Broward and Dade. Traffic from Collier, Lee, Broward and Dade Counties is considered to have the greatest regional influence on Alligator Alley traffic.

<b>County</b>	<b>Historical Population (000)</b>					<b>Population Forecasts (000)</b>	
	<b>2000<sup>1</sup></b>	<b>2010<sup>2</sup></b>	<b>Annual % Change<sup>3</sup></b>	<b>2015<sup>4</sup></b>	<b>Annual % Change<sup>5</sup></b>	<b>2020<sup>4</sup></b>	<b>Annual % Change<sup>6</sup></b>
Broward	1,623	1,748	0.7%	1,827	0.9%	1,915	0.9%
Collier	251	322	2.5%	344	1.3%	379	1.6%
Lee	441	619	3.4%	666	1.5%	755	2.0%
Miami-Dade	<u>2,254</u>	<u>2,496</u>	<u>1.0%</u>	<u>2,654</u>	<u>1.2%</u>	<u>2,832</u>	<u>1.3%</u>
Total	4,569	5,185	1.3%	5,491	1.2%	5,881	1.3%

<sup>1</sup> 2000 Census Data.

<sup>2</sup> 2010 Census Data.

<sup>3</sup> Compounded annual growth between 2000 and 2010.

<sup>4</sup> University of Florida, Bureau of Economic and Business Research Bulletin 174, January 2016.

<sup>5</sup> Annual growth from 2010 to 2015.

<sup>6</sup> Projected compounded annual growth between 2015 and 2020.

## Historical Traffic and Toll Revenue Growth

Alligator Alley annual traffic and toll revenue from Fiscal Year 2007 through Fiscal Year 2016 are presented in the following table. As shown, the traffic and revenue were affected by the Great Recession and the toll rate adjustments. As economic conditions improved, traffic and revenue increased consistently beginning in Fiscal Year 2013. See the “Traffic and Earnings Report” reproduced as Appendix B herein for a detailed discussion of the traffic growth.

### Traffic Growth for Fiscal Years 2007 through 2016

<b>Fiscal Year</b>	<b>Transactions (000)</b>				<b>Toll Revenue (\$000)</b>		
	<b>Toll Paying</b>	<b>Non Revenue</b>	<b>Total</b>	<b>Percent Change</b>	<b>Amount</b>	<b>Percent Change</b>	<b>Average Toll</b>
2007	8,321	45	8,366	0.2% <sup>1</sup>	\$23,538	24.1% <sup>2</sup>	\$2.814
2008	7,919	14	7,933	-5.2%	21,962	-6.7%	2.768
2009	7,193	76	7,269	-8.4%	19,384	-11.7%	2.667
2010	7,530	24	7,554	3.9%	19,962	3.0%	2.643
2011	7,449	22	7,471	-1.1%	19,737	-1.1%	2.642
2012 <sup>3</sup>	7,492	32	7,524	0.7%	19,647	-0.5%	2.611
2013	7,529	37	7,566	0.6%	25,115	27.8%	3.319
2014 <sup>4</sup>	7,962	38	8,000	5.7%	26,755	6.5%	3.344
2015 <sup>5</sup>	8,471	39	8,510	6.4%	28,549	6.7%	3.355
2016 <sup>6</sup>	9,134	35	9,169	7.7%	30,533	6.9%	3.330

<sup>1</sup> Based on a comparison with the 2006 total of \$8,348,000.

<sup>2</sup> Based on a comparison with the 2006 total amount of \$18,968,000.

<sup>3</sup> Toll rates increased by 20% for cash customers and 37.5% for SunPass® customers on June 24, 2012.

<sup>4</sup> Toll rates increased by 2.2% for SunPass® customers on July 1, 2013 as the result of indexing.

<sup>5</sup> Toll rates increased by 1.4% for SunPass® customers on July 1, 2014 as the result of indexing.

<sup>6</sup> Toll rates increased by 1.8% for SunPass® customers on July 1, 2015 as the result of indexing.

Source: Florida Department of Transportation 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.

## Competing Facilities

There are currently no major highway improvements planned for the corridor served by Alligator Alley. US 41 parallels Alligator Alley approximately 20 miles to the south. From Naples, US 41 continues southeast as a four-lane facility to approximately 3.5 miles southeast of County Road 951, where it narrows to two lanes and continues as a two-lane road in a southeasterly direction through a wilderness area of the Big Cypress National Preserve and the Everglades National Park until it reaches western Dade County. State Road 80 parallels Alligator Alley approximately 40 miles to the north. State Road 80 crosses the State from Fort Myers to West Palm Beach, passing through several small towns. Neither route is considered a materially competitive facility and there are no other limited access, high speed facilities traveling east-west across Florida south of Lake Okeechobee.

## **Environmental Impact**

Alligator Alley, as it now exists, has contributed to the alteration of water flows in the Everglades and affected ecological patterns of the historical southern Everglades. Pursuant to Section 338.26, Florida Statutes, excess tolls from Alligator Alley, after providing for operation and maintenance, reimbursement of outstanding contractual obligations, and payments required for the Bonds, may be transferred to the Everglades Fund of the South Florida Water Management District ("SFWMD") for environmental projects to restore the natural values of the Everglades, subject to compliance with any applicable federal laws and regulations.

In keeping with the intent of Section 338.26, Florida Statutes, on June 30, 1997, the Department signed a Memorandum of Agreement with the SFWMD regarding the transfer of the excess toll revenues to the SFWMD. This agreement provided the transfer to be made annually and limits the transfer amount to the annual Legislative appropriation. Furthermore, the agreement provides for the total transfers made by the Department not to exceed \$63.6 million. The agreement also requires that prior to its expiration, the agreement will be renegotiated. The Department completed the total transfer in accordance with the Memorandum in Fiscal Year 2016 with transfers totaling \$63.6 million.

On June 30, 2016, the Department and SFWMD entered into a new Memorandum of Agreement regarding transfers of excess revenues to the District through June 30, 2019. This agreement provides the transfer to be made annually by August 15 representing the excess revenues from the previous state fiscal year and shall be subject to and limited to the annual Legislative appropriation.

## **Budgetary Process**

Operations and maintenance costs of Alligator Alley are budgeted through the State of Florida planning and budgeting process in accordance with Chapter 216, Florida Statutes. Annually, by September 15, 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.

## **FINANCIAL DATA ON ALLIGATOR ALLEY**

Historical data in the following sections regarding revenues and expenses of Alligator Alley were provided by the Department. Appendix C to this Official Statement contains unaudited financial statements of Everglades Parkway (Alligator Alley) for the Fiscal Year ended June 30, 2016 and the seven month period ended January 31, 2017. The unaudited financial information is part of the financial data of the Department that is included in the State of Florida Financial Statements, that are audited annually by the State of Florida, Auditor General.

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## Historical Revenue and Expenses

The following table shows historical revenues and expenses of Alligator Alley. 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 Everglades Parkway for Fiscal Year ending June 30, 2016, included in this Official Statement as Appendices B and C, respectively. A comparison of actual revenues for the first 6 months of Fiscal Year 2017 to the same period for Fiscal Year 2016 and the 2017 forecast is provided in the February 28, 2017 update letter accompanying the Traffic and Earnings Report attached hereto as Appendix B.

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

	Fiscal Years ended June 30					As of Jan. 31
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Operating Revenues:</b>						
Toll Revenues	\$19,598	\$25,059	\$26,711	\$28,535	\$30,523	\$18,075
Other Revenues	<u>49</u>	<u>56</u>	<u>44</u>	<u>66</u>	<u>133</u>	<u>22</u>
Total Operating Revenues	\$19,647	\$25,115	\$26,755	\$28,601	\$30,656	\$18,097
<b>Operations Expenses:</b>						
Personal Services	\$402	\$245	\$281	\$403	\$451	\$192
Contractual Services	3,416	3,413	3,702	3,932	3,955	2,046
Materials and Supplies	<u>16</u>	<u>32</u>	<u>37</u>	<u>16</u>	<u>126</u>	<u>59</u>
Subtotal	\$3,834	\$3,690	\$4,020	\$4,351	\$4,532	\$2,297
<b>Maintenance Expenses:</b>						
Personal Services	-	\$1	\$6	\$17	\$17	\$7
Contractual Services	\$3,408	3,718	4,246	4,157	4,204	2,030
Materials and Supplies	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>
Subtotal	\$3,409	\$3,719	\$4,252	\$4,174	\$4,225	\$2,037
Total Expenses	\$7,243	\$7,409	\$8,272	\$8,525	\$8,757	\$4,334
<b>Net Revenues</b>	\$12,404	\$17,706	\$18,483	\$20,076	\$21,899	\$13,763

## Management Discussion and Analysis

*Historical Revenues and Expenses* -- Historical revenue and expense information for Fiscal Years 2012 through 2016 and for part of Fiscal Year 2017 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 12 percent annually for Fiscal Years 2012 through 2016. In June 2012, toll indexing was implemented with an increase of CPI on both cash and SunPass® transactions. SunPass® is indexed annually where cash will only be adjusted every five years on Alligator Alley, with the next cash toll increase on July 1, 2017.

*Toll Operations and Maintenance Expenses* -- Toll operating and maintenance expenses have increased from \$3.8 million for Fiscal Year 2012 to \$4.5 million for Fiscal Year 2016. This represents an average annual increase of 4.6 percent, primarily due to increased traffic growth on the Alligator Alley resulting from continuing economic improvement in Florida.

*Routine Roadway Maintenance Expenses* -- Routine roadway maintenance activities include rest area preservation, mowing, canal and guardrail system upkeep, litter removal and repairs due to accidents. Routine maintenance of the Alligator Alley has been under private contract (the "Asset Maintenance Contract") since the beginning of Fiscal Year 2001. Maintenance expenses have increased from \$3.4 million for Fiscal Year 2012 to \$4.2 million for Fiscal Year 2016, this representing an average annual increase of 5.7 percent.

**Historical Net Revenue and Debt Service Coverage<sup>1</sup>**  
(In Thousands)

	<b>Fiscal Years Ended June 30</b>				
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Operating Revenue	\$19,647	\$25,115	\$26,755	\$28,601	\$30,656
Less: Total Operating & Maintenance <sup>2</sup>	<u>7,243</u>	<u>7,409</u>	<u>8,272</u>	<u>8,525</u>	<u>8,757</u>
Net Revenue	\$12,404	\$17,706	\$18,483	\$20,076	\$21,899
Less: Annual Debt Service	<u>3,448</u>	<u>3,450</u>	<u>3,447</u>	<u>3,450</u>	<u>3,449</u>
Available for Other Expenses	<u>\$8,956</u>	<u>\$14,256</u>	<u>\$15,036</u>	<u>\$16,626</u>	<u>\$18,450</u>
Maximum Debt Service	\$3,453	\$3,453	\$3,453	\$3,453	\$3,453
Debt Service Coverage Ratios					
Annual Coverage	3.60x	5.13x	5.36x	5.82x	6.35x
Maximum Coverage	3.59x	5.13x	5.35x	5.82x	6.34x

<sup>1</sup> The financial information related to revenues and expenses was provided by the Department of Transportation and has not been audited.

<sup>2</sup> Routine Operation and Maintenance amounts shown include costs which are required to allow the Alligator Alley 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 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 Everglades Parkway Toll Road, Fiscal Year Ended June 30, 2016.)

**Projected Operations and Maintenance Expenses**

The Fiscal Year 2017 revenue forecast reflects increased traffic growth. Projected operating expenses for Fiscal Year 2017 exceeds Fiscal Year 2016 actual expenses by approximately \$1.3 million. Subsequent to Fiscal Year 2017, operating expenses are projected to grow by 2 percent annually. The routine maintenance expense forecast is based on the Asset Maintenance Contract through Fiscal Year 2022. Subsequent to Fiscal Year 2022, routine maintenance expenses are projected to increase by 2 percent annually. Periodic maintenance expenses are based on information provided by the Project Finance Office based on the 5-year Work Program.

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**Projected Net Revenue and Estimated Debt Service Coverage<sup>1, 2</sup>**  
**(In Thousands)**

	<b>Fiscal Year Ending June 30</b>				
	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
Toll Revenue	\$31,473	\$33,488	\$34,650	\$35,794	\$36,950
Less:					
Operating Expenses	\$4,639	\$4,732	\$4,827	\$4,924	\$5,022
Maintenance Expenses	<u>4,137</u>	<u>4,044</u>	<u>4,044</u>	<u>4,044</u>	<u>4,044</u>
Net Revenue	\$22,697	\$24,712	\$25,779	\$26,826	\$27,884
Less Annual Debt Service	\$3,448	\$2,796	\$2,799	\$2,798	\$2,799
Available for Other Expenses	\$19,249	\$21,916	\$22,981	\$24,028	\$25,086
Maximum Debt Service <sup>3</sup>	\$3,448	\$2,799	\$2,799	\$2,799	\$2,799
Debt Service Coverage Ratios					
Annual Debt Service Coverage	6.58x	8.84x	9.21x	9.59x	9.96x
Maximum Debt Service Coverage <sup>3</sup>	6.58x	8.83x	9.21x	9.59x	9.96x

<sup>1</sup> The financial information related to revenues and expenses was provided by the Department of Transportation. Numbers may not add due to rounding.

<sup>2</sup> The projections are as shown in the Traffic and Earnings Report, included herein as Appendix B.

<sup>3</sup> Maximum annual debt service of \$2,798,500 on the 2017A Bonds will occur in Fiscal Years 2019 and 2021.

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## SCHEDULE OF DEBT SERVICE

The table below shows the debt service on the Outstanding Bonds subsequent to the refunding to be accomplished with the proceeds of the 2017A Bonds, the debt service on the 2017A Bonds and the total debt service. Payments due on July 1 are deemed to accrue in the preceding fiscal year.

<b>Fiscal Year Ending June 30</b>	<b>Outstanding Bonds Debt Service<sup>1</sup></b>	<b>2017A Bonds Debt Service</b>			<b>Total Debt Service</b>
		<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2017	\$3,447,750	-	-	-	\$3,447,750
2018	-	\$1,765,000	\$1,030,691	\$2,795,691	2,795,691
2019	-	1,805,000	993,500	2,798,500	2,798,500
2020	-	1,895,000	903,250	2,798,250	2,798,250
2021	-	1,990,000	808,500	2,798,500	2,798,500
2022	-	2,085,000	709,000	2,794,000	2,794,000
2023	-	2,190,000	604,750	2,794,750	2,794,750
2024	-	2,300,000	495,250	2,795,250	2,795,250
2025	-	2,415,000	380,250	2,795,250	2,795,250
2026	-	2,530,000	259,500	2,789,500	2,789,500
2027	-	2,660,000	133,000	2,793,000	2,793,000
	<u>\$3,447,750</u>	<u>\$21,635,000</u>	<u>\$6,317,691</u>	<u>\$27,952,691</u>	<u>\$31,400,441</u>

<sup>1</sup> Outstanding debt service for the outstanding previously issued 2007A Bonds, excluding debt service on the Refunded Bonds.

Note: Numbers may not add due to rounding.

## PROVISIONS OF STATE LAW

### Bonds Legal Investment for Fiduciaries

The State Bond Act provides that all bonds issued by the Division of Bond Finance 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 2017A 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 2017A Bonds in order that interest on the 2017A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the 2017A Bonds to be included in federal gross income retroactive to the date of issuance of the 2017A 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 2017A 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 2017A Bonds.

In the opinion of Bond Counsel, assuming compliance with the aforementioned covenants, under existing laws, regulations, judicial decisions and rulings, interest on the 2017A Bonds is excluded from gross income of the holders thereof for purposes of federal income taxation. Interest on the 2017A Bonds is not an item of tax preference for purposes of the

federal alternative minimum tax imposed on individuals or corporations; however, interest on the 2017A Bonds may be subject to the federal alternative minimum tax when any 2017A Bond is held by a corporation. The federal alternative minimum taxable income of a corporation must be increased by seventy-five percent (75%) of the excess of such corporation's adjusted current earnings over its alternative minimum taxable income (before this adjustment and the alternative tax net operating loss deduction). "Adjusted Current Earnings" will include interest on the 2017A Bonds. The 2017A Bonds and the income thereon are not subject to any tax under the laws of the State of Florida 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.

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 2017A Bonds. Prospective purchasers of 2017A Bonds should be aware that the ownership of 2017A 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 2017A 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 2017A Bonds; (iii) the inclusion of interest on 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds, under certain circumstances, to "backup withholding" at the rate specified in the Code with respect to payments on the 2017A Bonds and proceeds from the sale of 2017A Bonds. Any amount so withheld would be refunded or allowed as a credit against the federal income tax of such owner of 2017A Bonds. This withholding generally applies if the owner of 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 2017A Bonds. For example, in connection with federal deficit reduction, job creation and tax law reform efforts, proposals have been and others are likely to be made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the 2017A Bonds. There can be no assurance that any such legislation or proposal will be enacted, and if enacted, what form it may take. The

introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the 2017A Bonds.

Prospective purchasers of the 2017A Bonds should consult their own tax advisors as to the tax consequences of owning the 2017A 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 all of the 2017A 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 2017A 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 2017A Bonds should consult their own attorneys and advisors for the treatment of the ownership of the 2017A Bonds for estate tax purposes.

The 2017A 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 Chief Financial Officer or the Board of Administration. At closing, the 2017A Bond proceeds (net of issuance costs) will be deposited as described under the heading “THE REFUNDING PROGRAM”.

*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 an account called 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 Operation 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, 2016, the ratio was approximately 49% internally managed funds, 42% externally managed funds, 4% Certificates of Deposit and 5% in an externally managed Security Lending program. The total portfolio market value on December 31, 2016, was \$25,528,434,117.04.

Under State law, the Treasury is charged with investing funds of each State agency and the judicial branch. As of December 31, 2016, \$16.409 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, \$7.905 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 managers not employed 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, 2016, the Board of Administration directed the investment/administration of 30 funds in 542 portfolios.

As of December 31, 2016 the total market value of the FRS (Defined Benefit) Trust Fund was \$144,431,235,712.24. 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, 2016, the total market value of these funds equaled \$40,168,754,820.60. 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**

Standard & Poor's Ratings Services, Moody's Investors Service and Fitch Ratings (herein referred to collectively as "Rating Agencies"), have assigned their municipal bond ratings of AA-, Aa3 and A+, respectively, to the 2017A 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 Division of Bond Finance and the Department furnished to such Rating Agencies certain information and material in respect to the State and the 2017A 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 2017A Bonds.

## **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 2017A Bonds or questioning or affecting the validity of the 2017A Bonds or the proceedings and authority under which the 2017A 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 2017A Bonds.

## **Legal Opinion and Closing Certificates**

The approving legal opinion of Bryant Miller Olive P.A., Tallahassee, Florida, will be provided on the date of delivery of the 2017A 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 2017A 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 H.

## **Continuing Disclosure**

The Department will undertake, for the benefit of the beneficial owners and the Registered Owners of the 2017A 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 G, "Form of Continuing Disclosure Agreement". This undertaking is being made in order to assist the underwriters in complying with Rule 15c2-12 of the Securities and Exchange Commission.

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**

Wells Fargo Bank, National Association, Municipal Products Group (the "Underwriter") has agreed to purchase the 2017A Bonds at an aggregate purchase price of \$25,488,465.77 (which represents the par amount of the 2017A Bonds plus an original issue premium of \$3,869,190.95 and minus the Underwriter's discount of \$15,725.18). The Underwriter may offer and sell the 2017A Bonds to certain dealers (including dealers depositing bonds into investment trusts, including trusts managed by the Underwriter) at prices lower than the offering prices. The offering prices or yields on the 2017A Bonds set forth on the inside front cover may be changed after the initial offering by the Underwriter.



**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.

FLORIDA DEPARTMENT OF TRANSPORTATION  
MIKE DEW  
Secretary

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

RICK SCOTT  
Governor, as Chairman of the Governing Board

J. BEN WATKINS III  
Director  
Division of Bond Finance

## DEFINITIONS

**“2007A Bonds”** shall mean the \$43,175,000 State of Florida Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A.

**“2017A Bonds”** shall mean the \$21,635,000 State of Florida Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2017A.

**“Additional Bonds”** shall mean 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. Such Additional Bonds shall be deemed to have been issued pursuant to the Resolution the same as the Bonds originally authorized and issued pursuant to the Resolution, and all of the applicable covenants and other provisions of the Resolution (except as to details of such Additional Bonds inconsistent therewith), shall be for the equal benefit, protection and security of the Registered Owners of the Bonds originally authorized and issued pursuant to the Resolution, and the Registered Owners of any Additional Bonds evidencing additional obligations subsequently issued within the limitations of and in compliance with 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”** shall mean, 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 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.

**“Alligator Alley”** shall mean a toll road approximately 78 miles in length connecting the Naples-Fort Myers area with the east coast of the State of Florida. Alligator Alley is part of the Interstate System (I-75), and includes any additional roads and facilities as are designated as part of Alligator Alley by the Department or as are included by the Department in the work program for projects relating to Alligator Alley. Alligator Alley is also known as “Everglades Parkway”.

**“Annual Debt Service Requirement”** shall mean, at any time, the 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 the then current Fiscal Year into the Debt Service Account for the payment of interest, maturing principal and the scheduled redemption of Term Bonds and, if the Division has elected to fund all or a portion of the Debt Service Reserve Requirement from the Net Revenues, the required deposit to the Debt Service Reserve Account, as provided in the Resolution; provided that in computing such Annual Debt Service Requirement any Variable Rate Bonds shall be deemed to bear interest at all times to the maturity thereof at a constant rate of interest equal to the highest of (i) the rate borne by such Variable Rate Bonds on the date they were issued plus one-half (or such greater amount as shall be determined pursuant to a subsequent resolution of the Division) of the difference between such rate and the Maximum Interest Rate, (ii) the actual rate of interest borne by such Variable Rate Bonds on such date of calculation, or (iii) in the event there is a Qualified Interest Rate Agreement, the maximum effective rate of such Variable Rate Bonds adjusted to reflect such Qualified Interest Rate Agreement.

**“Authorized Officer”** shall mean any officer or employee authorized to perform specific acts or duties.

**“Board”** or **“Board of Administration”** shall mean the State Board of Administration of Florida.

**“Bond Counsel”** shall mean 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”** shall mean U.S. Bank Trust, National Association, New York, New York, or its successor bond registrar or paying agent, as applicable.

**“Bond Year”** shall mean, 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 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”** shall mean the 2007A Bonds, the 2017A Bonds, and any Additional Bonds.

**“Bond Insurance Policy”** shall mean 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.

**“Code”** shall mean the Internal Revenue Code of 1986, the Treasury Regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, references to a Section means that Section of the Code, including such applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

**“Collection Account”** shall mean the Collection Account created in Section 4.02 of the Resolution.

**“Cost of Issuance”** shall mean all costs and expenses of the Division, the Department and the Board incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees, financial advisory fees, municipal bond insurance premiums, fiscal or escrow agent fees, printing fees and travel expenses, rating agency fees and credit enhancement fees, and a charge for the services of the Division.

**“Cost of Maintenance”** shall mean all reasonable and necessary costs and expenses incurred in connection with keeping Alligator Alley open to public travel, excluding all costs included in Cost of Operations.

**“Cost of Maintenance Account”** shall mean the Cost of Maintenance Account created in Section 4.01 of the Resolution.

**“Cost of Operations”** shall mean all reasonable and necessary costs and expenses incurred in connection with operating Alligator Alley 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”** shall mean the Cost of Operations Account created in Section 4.01 of the Resolution.

**“Debt Service Account”** shall mean the Debt Service Account created in Section 4.01 of the Resolution.

**“Debt Service Reserve Account”** shall mean the Debt Service Reserve Account created in Section 4.01 of the Resolution.

**“Debt Service Reserve Requirement”** shall mean as of any date of calculation, with respect to all Bonds issued under the Resolution, the lesser of:

- (i) 125% of the average Annual Debt Service Requirement of the Bonds for the then current and succeeding Fiscal Years;
- (ii) Maximum Annual Debt Service on the Bonds;
- (iii) 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.

**“Defeasance Obligations”** shall mean, 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 advance refunded tax-exempt bonds fully secured by non-callable direct obligations of the United States of America, non-callable

obligations guaranteed by the United States of America, or “stripped” interest payment obligations of debt obligations of the Resolution Funding Corporation.

**“Department”** shall mean the State of Florida Department of Transportation.

**“Division”** or **“Division of Bond Finance”** shall mean the Division of Bond Finance of the State Board of Administration of Florida.

**“First Supplemental Resolution”** shall mean the resolution adopted by the Governor and Cabinet as the Governing Board of the Division on March 13, 2007, amending the Original Resolution.

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

**“Governing Board”** shall mean the Governor and Cabinet of the State as the governing board of the Division of Bond Finance of the State Board of Administration of Florida.

**“Interest Payment Date”** shall mean, 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”** shall mean, at any time, the maximum amount of Net Revenues required to be deposited in the Debt Service Account during the then current or any succeeding Fiscal Year for the payment of interest, maturing principal, and the scheduled redemption of Term Bonds and, if the Division has elected to fund all or a portion of the Debt Service Reserve Requirement from the Net Revenues, the required deposit to the Debt Service Reserve Account, as provided in the Resolution. Term Bonds in the year of maturity shall be included only in the amount of the final scheduled redemption in determining the Maximum Annual Debt Service. For the purpose of Section 6.01, governing the issuance of Additional Bonds, in computing Maximum Annual Debt Service any Variable Rate Bonds or bank reimbursement agreements payable on a parity with the Outstanding Bonds shall be deemed to bear interest at the Maximum Interest Rate.

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

**“Operation and Maintenance Fund”** shall mean the Alligator Alley Operation and Maintenance Fund created in Section 4.01 of the Resolution.

**“Original Resolution”** shall mean the resolution adopted by the Governor and Cabinet as the Governing Board of the Division on December 10, 1996, authorizing the issuance of the 1997 Bonds.

**“Outstanding”**, when used with reference to the Bonds, shall mean, 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, deemed paid, or 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 of the Resolution 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”** shall mean, for each Series of Bonds, such dates of each Fiscal Year on which principal and/or Accreted Value of Outstanding Bonds of such Series is payable, as determined pursuant to a subsequent resolution of the Division.

**“Rating Agency”** shall mean a nationally recognized bond rating agency.

**“Rebate Amount”** shall have the meaning ascribed to that term in Section 5.15 of the Resolution.

**“Rebate Fund”** shall be the Rebate Fund created in Section 5.15 of the Resolution.

**“Rebate Year”** shall mean, with respect to each Series of Bonds issued under the Resolution, (I) the annual period relevant to the application of Section 148(f) of the Internal Revenue Code to the issue, except that the first and last Rebate Years may be less than 12 months long, or (ii) such other period as regulations promulgated or to be promulgated by the United States Department of Treasury may prescribe. The last day of a Rebate Year shall be the close of business on the day preceding the anniversary of the issuance date of the issue unless the Department selects another date on which to end a Rebate Year in the manner permitted by the Internal Revenue Code.

**“Record Date”** shall mean with respect to each Series of Bonds, except Variable Rate Bonds, the 15th day of the calendar month immediately preceding the month of an Interest Payment Date. The Record Date for Variable Rate Bonds shall be as determined pursuant to a subsequent resolution of the Division.

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

**“Renewal and Replacement Fund”** shall mean the Renewal and Replacement Fund created in Section 4.01 of the Resolution.

**“Reserve Account Credit Facility”** shall mean 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 two highest full rating categories of a Rating Agency.

**“Reserve Account Insurance Policy”** shall mean 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 provider of such Reserve Account Insurance Policy shall be assigned one of the two highest policyholder ratings accorded insurers by A.M. Best & Company or any comparable service.

**“Reserve Account Letter of Credit”** shall mean 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. The provider of such letter of credit shall be a banking association, bank or trust company or branch thereof whose letter of credit results in a rating of municipal obligations secured by such letter of credit being in one of the two highest full rating categories of a Rating Agency.

**“Resolution”** shall mean the Original Resolution as amended by the First Supplemental Resolution, and as supplemented by the Second Supplemental Resolution.

**“Revenue Fund”** shall mean the Revenue Fund created in Section 4.01 of the Resolution.

**“Revenues”** shall mean all Tolls, revenues, rates, fees, charges, receipts, rents and other income derived from or in connection with the operation or leasing of Alligator Alley. “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 Alligator Alley. 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 Alligator Alley.

**“Second Supplemental Resolution”** shall mean the resolution adopted by the Governor and Cabinet as the Governing Board of the Division on March 14, 2007.

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

**“Series”** shall mean 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 of the Resolution, regardless of variations in maturity, interest rate or other provisions.

**“Sinking Fund”** shall mean the Sinking Fund created and established pursuant to Section 4.01 of the Resolution.

**“State”** shall mean the State of Florida.

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

**“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 in the Resolution, as may be determined pursuant to a subsequent resolution of the Division.

**“Toll”** or **“Tolls”** shall mean the charge or charges for using Alligator Alley. A “Toll road” or “Toll facility” shall generally mean a limited access highway, road, bridge, or other facility of the Alligator Alley for which use a charge is required of persons not exempt from payment of such Tolls. A “non-Toll road” or “non-Toll facility” shall generally mean a highway, road, bridge or other facility of the Alligator Alley for use of which a charge is not required.

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**TRAFFIC AND EARNINGS REPORT  
FOR  
ALLIGATOR ALLEY**

In Connection With The  
**SERIES 2017A  
REVENUE REFUNDING BONDS**

**February 28, 2017**

Prepared for the  
**Florida Department of Transportation**  
By  
**AECOM Technical Services, Inc.**



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February 28, 2017 Update Letter

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February 28, 2017

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, 2016. The Department-owned facilities included in the FY 2016 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 2016, along with a detailed analysis of actual traffic, revenue, SunPass® participation and operating and maintenance expenses for FY 2016. 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 2027.

At your request, we have prepared this letter to update the Alligator Alley chapter of the TEAR for the first six months of FY 2017. (A copy of the Alligator Alley chapter of the TEAR is included herein. While the FY 2016 TEAR is currently in development, an electronic copy of the FY 2015 TEAR is available at <http://floridasturnpike.com/about.html>).

The table on the following page provides a comparison of actual revenues for the first six months of FY 2017 to the same period in FY 2016. Additionally, actual revenues for the current six-month period are compared to our forecast for FY 2017.

Alligator Alley toll revenues for the six-month period ended December 31, 2016 (FY 2017), exceed the prior year by over five percent. Further, this growth is net of the revenue loss of approximately \$355 thousand in October 2016 (FY 2017) from a toll suspension caused by Hurricane Matthew. The actual revenue was slightly less than forecast in August due to the uncertainty of the path of Hurricane Hermine, which struck the Tampa Bay area in the first days

of September. Overall, actual revenues for the current period exceed the forecast by nearly three percent. For conservative purposes, the Alligator Alley forecast shown in the FY 2016 TEAR remains unchanged.

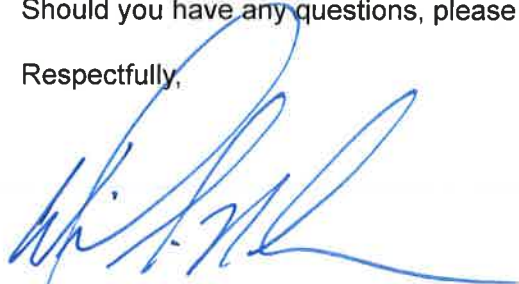
**Alligator Alley**  
**Comparison of Cumulative Revenues for the Six Months Ended December 31**  
**FY 2017 Actual vs. FY 2016 Actual and FY 2017 Estimated Revenue**

Month	Actual Revenue Six Months Ended December 31		Change in Actual Revenue Six Months Ended December 31, 2016 & 2017		Estimated Revenue Six Months Ended FY 2017 <sup>(1)</sup>	Comparison of FY 2017 Actual to FY 2017 Estimated Revenue Six Months Ended December 31	
	FY 2016 (\$000)	FY 2017 (\$000)	Amount (\$000)	Percent Change	Amount (\$000)	Amount (\$000)	Percent Change
July	\$2,537	\$2,769	\$232	9.1%	\$2,578	\$191	7.4%
August	2,392	2,490	98	4.1	2,505	(15)	(0.6)
September	2,141	2,350	209	9.8	2,180	170	7.8
October	2,328	2,245	(83)	(3.6)	2,388	(143)	(6.0)
November	2,565	2,740	175	6.8	2,637	103	3.9
December	2,699	2,853	154	5.7	2,774	79	2.8
<b>Total Toll Revenue</b>	<b>\$14,662</b>	<b>\$15,447</b>	<b>\$785</b>	<b>5.4%</b>	<b>\$15,062</b>	<b>\$385</b>	<b>2.6%</b>

(1) Prorated from the FY 2017 revenue forecast that will be contained in the FY 2016 TEAR.

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

Respectfully,



William A. Nelsen, C.P.A.  
Vice President  
AECOM

# ALLIGATOR ALLEY

## 2.1 BACKGROUND

Alligator Alley (Everglades Parkway in the original bond documents) was originally constructed as a two-lane, controlled access, 78-mile toll facility connecting the southwestern coastal areas of Collier and Lee Counties (Naples and Fort Myers) to the southeastern coastal areas of Broward and Miami-Dade Counties (Fort Lauderdale and Miami).

During the late 1970's and early 1980's, the Department completed construction of the I-75 corridor on the west coast between Tampa and Naples. Additionally, from 1986 to 1992, the Department widened Alligator Alley to four lanes and made it a limited-access, tolled, interstate facility (I-75) that is part of the Strategic Intermodal System (SIS). The facility was constructed with a mainline plaza located at each end of the facility, and two intermediate toll-free interchanges. The East mainline plaza is located in Broward County near the US 27 interchange, while the West mainline plaza is located in Collier County near the CR 951 interchange. Originally, both mainline plazas had six lanes, and collected tolls in both directions. The two intermediate toll-free interchanges are located at SR 29, the route to Immokalee; and CR 833, serving the Miccosukee Indian Reservation.

At the east end of Alligator Alley the facility is connected to I-595, which is approximately 9.5 miles long and serves primarily commuter traffic traveling to and from work. Construction on I-595 to add three new ground-level reversible express lanes in the median to help alleviate traffic congestion was completed in late March 2014 (FY 2014).

The original toll configuration on Alligator Alley (payment made at the two mainline plazas in both directions) was converted to the one-stop toll configuration in May 1999. Under the one-stop toll

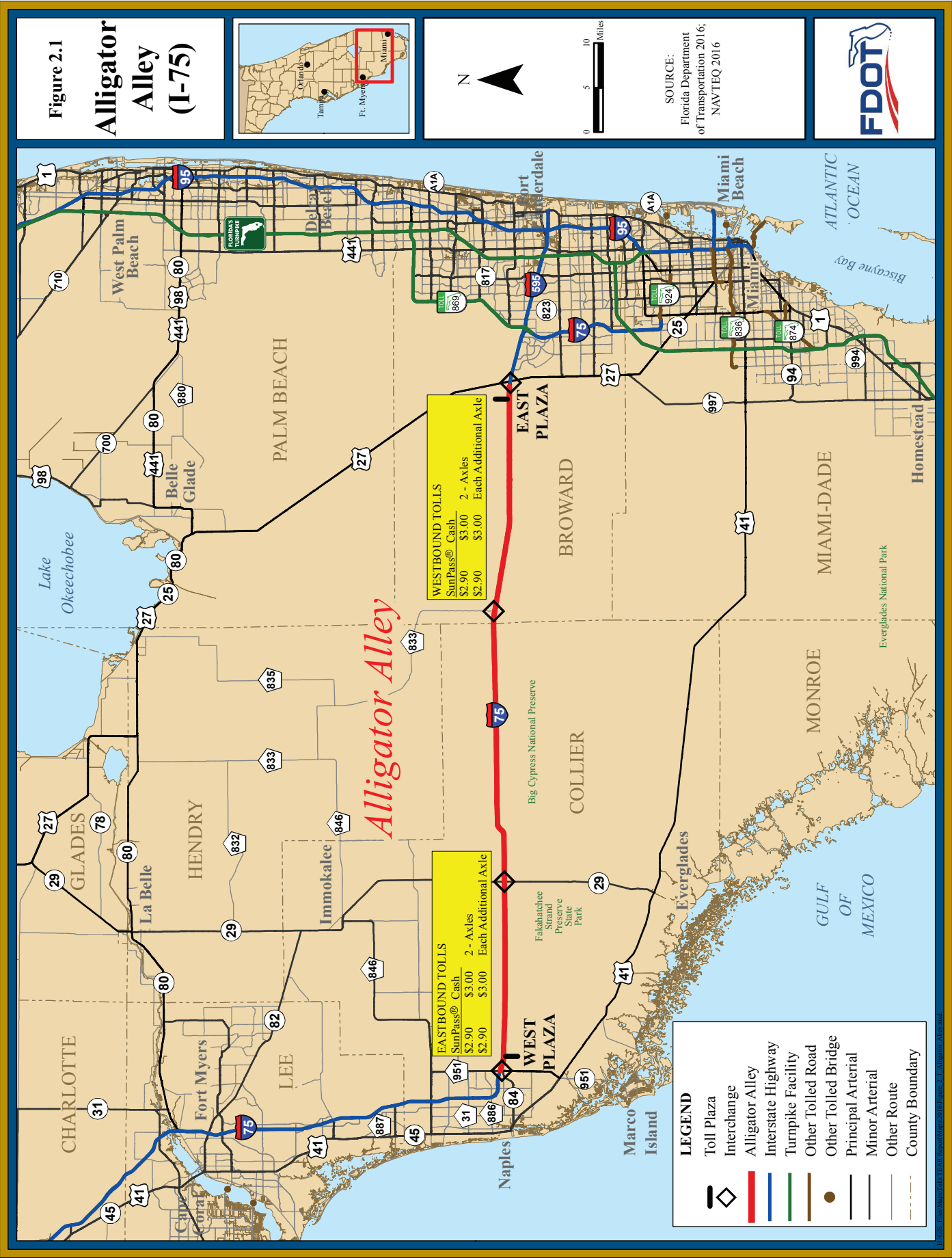
configuration, a toll is collected at the West Plaza from vehicles traveling eastbound. The same toll is collected for the westbound traffic at the East plaza. With one-stop tolling, transactions on Alligator Alley decrease, but the total toll incurred to travel on the facility remains the same, thereby not impacting revenues.

The first toll rate increase since the facility opened to traffic in 1969 was implemented in February 2006. Toll rates were further adjusted in June 2012 (FY 2012) as toll indexing was implemented with SunPass®, toll rates are further indexed on each successive July 1. Cash rates have remained unchanged since June 2012 and are scheduled to be adjusted on July 1, 2017 (FY 2018). **Figure 2.1** shows a detailed map of the facility with the most recent toll rates effective July 1, 2016 (FY 2017).

Alligator Alley annual traffic and toll revenue from FY 2006 through FY 2016 are presented in **Table 2.1**. As a result of the toll rate increases from FY 2006 through FY 2016, revenues have increased by 61.0 percent overall while transactions grew by 9.8 percent overall. This equates to an annual average growth rate of 4.9 percent for revenue and 0.9 percent for traffic. During the 10-year period, traffic and revenue were affected by both the toll



ENTERPRISE TOLL OPERATIONS





**Table 2.1**  
**Alligator Alley**  
**Historical Transactions and Revenue Growth**  
**FY 2006 through FY 2016**

Fiscal Year	Transactions (000)				Toll Revenue <sup>(1)</sup> (\$000)		Average Toll
	Toll Paying	Non Revenue	Total	Percent Change	Amount	Percent Change	
2006 <sup>(2)</sup>	8,095	253	8,348	-	\$18,968	-	\$2.272
2007	8,321	45	8,366	0.2%	23,538	24.1%	2.814
2008	7,919	14	7,933	(5.2)	21,962	(6.7)	2.768
2009	7,193	76	7,269	(8.4)	19,384	(11.7)	2.667
2010	7,530	24	7,554	3.9	19,962	3.0	2.643
2011	7,449	22	7,471	(1.1)	19,737	(1.1)	2.642
2012 <sup>(3)</sup>	7,492	32	7,524	0.7	19,647	(0.5)	2.611
2013	7,529	37	7,566	0.6	25,115	27.8	3.319
2014 <sup>(4)</sup>	7,962	38	8,000	5.7	26,755	6.5	3.344
2015 <sup>(5)</sup>	8,471	39	8,510	6.4	28,549	6.7	3.355
2016 <sup>(6)</sup>	9,134	35	9,169	7.7	30,533	6.9	3.330

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 from FY 2002 through FY 2006.

(2) Toll rate increase for cash and SunPass® customers was implemented on February 5, 2006.

(3) Toll rate indexing for both cash and SunPass® customers on June 24, 2012.

(4) Toll rate indexing for SunPass® customers on July 1, 2013.

(5) Toll rate indexing for SunPass® customers on July 1, 2014.

(6) Toll rate indexing for SunPass® customers on July 1, 2015.

**Table 2.2**  
**Alligator Alley**  
**Historical Operating and Routine**  
**Maintenance Expenses (\$000)**  
**FY 2006 through FY 2016**

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total O&M Expenses
2006	\$2,099	\$2,796	\$4,895
2007	2,953	3,192	6,145
2008	3,460	2,089	5,549
2009	3,696	3,265	6,961
2010	3,085	3,262	6,347
2011	3,690	3,369	7,059
2012	3,781	3,409	7,190
2013	3,644	3,719	7,363
2014	4,007	4,252	8,259
2015	4,245	4,173	8,418
2016	4,507	4,225	8,732

Source: FDOT Office of the Comptroller.

rate adjustments and the downturn in the economy that was caused by the Great Recession. Transactions and revenues on Alligator Alley increased consistently starting in FY 2013 as economic conditions improved and annual toll rate adjustments were put into effect.

Historical operating and routine maintenance expenses from FY 2006 through FY 2016 are shown in **Table 2.2**. Operating expenses have increased from \$2.1 million in FY 2006 to approximately \$4.5 million in FY 2016. It should be noted that during the same ten year period, inflation increased at an average annual rate of 1.8 percent. FY 2016 operating expenses increased 6.2 percent (\$262 thousand) over FY 2015 operating expenses due to increased toll collection costs resulting from increased traffic growth.

During the same period, routine maintenance expenses increased from \$2.8 million to \$4.2 million, an average of 4.2 percent per year.

Combined, total O&M expenses increased from \$4.9 million in FY 2006 to \$8.7 million in FY 2016.

FY 2016 routine maintenance expenses increased approximately 1.2 percent from FY 2015 levels. In addition to routine maintenance expenses, renewal and replacement and capital improvement periodic costs totaling \$14.9 million were incurred primarily for a guardrail installation project, a fencing project and a rest area project.

Maintenance of Alligator Alley, along with other portions of I-75, has been under private contract since the beginning of FY 2001, with the Department providing oversight through its Asset Management Coordinator. Maintenance activities include rest area preservation, mowing, canal and guardrail system upkeep, litter removal and repairs due to accidents. Road Ranger service is included under



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a separate contract, providing roadside assistance to stranded motorists as well as roadway debris removal.

## 2.2 FY 2016 TRANSACTIONS, REVENUES AND EXPENSES

Monthly transactions and toll revenue on Alligator Alley during FY 2016 are presented in **Table 2.3** and show the East and West mainline plazas, as well as system totals. Total transactions at the East plaza were just over 4.8 million for the year compared to 4.4 million at the West plaza, totaling approximately 9.2 million transactions on the facility for FY 2016. The corresponding revenues were approximately \$16.0 million and \$14.5 million at the East and West plazas, respectively, for a system-wide total of \$30.5 million. The third quarter of FY 2016 (i.e., January through March) was the peak period for travel on the facility. Transactions of 2.5 million and revenues

of \$8.2 million were realized during that period.

Transactions on Alligator Alley vary by time of day. **Graph 2.1** shows the number of hourly weekday and weekend transactions of a typical week at the mainline plazas during FY 2016. Travel demand on the facility increases during the early morning hours and remains relatively high throughout the midday period, tapering off during the evening hours. For Alligator Alley, there is no clear morning or evening peak periods typical of commuter facilities. Instead, Alligator Alley serves long-distance trips between the southeastern and southwestern coasts of Florida. Due to recreational travel, weekend transactions tend to exceed weekday transactions.

The monthly transaction variation in FY 2016 is analyzed in **Table 2.4**. On average, 25,100 vehicles traveled through the East and West toll plazas each day. The seasonal transaction analysis identifies periods of the year when traffic exceeds or falls below the normal pattern observed on the facility under average conditions. Based on average daily transactions at the East and West plazas, March was the highest month at 13 percent above the

**Table 2.3**  
**Alligator Alley**  
**Monthly Transactions and Toll Revenue**  
**FY 2016**

Month	Transactions(000)			Toll Revenue(\$000)		
	East Plaza	West Plaza	Total	East Plaza	West Plaza	Total
July 2015	397	359	756	\$1,329	\$1,207	\$2,537
August	376	339	715	1,259	1,134	2,392
September	332	300	632	1,130	1,011	2,141
1st Quarter Total	1,105	998	2,103	3,718	3,352	7,070
October	365	327	692	1,231	1,098	2,328
November	402	367	769	1,349	1,216	2,565
December	423	384	807	1,417	1,282	2,699
2nd Quarter Total	1,190	1,078	2,268	3,997	3,596	7,592
January 2016	418	377	795	1,390	1,249	2,639
February	410	374	784	1,368	1,251	2,619
March	460	420	880	1,536	1,394	2,930
3rd Quarter Total	1,288	1,171	2,459	4,294	3,894	8,187
April	410	367	777	1,377	1,222	2,598
May	433	385	818	1,405	1,248	2,653
June	391	353	744	1,287	1,145	2,432
4th Quarter Total	1,234	1,105	2,339	4,068	3,615	7,684
<b>Annual Total</b>	<b>4,817</b>	<b>4,352</b>	<b>9,169</b>	<b>\$16,076</b>	<b>\$14,457</b>	<b>\$30,533</b>

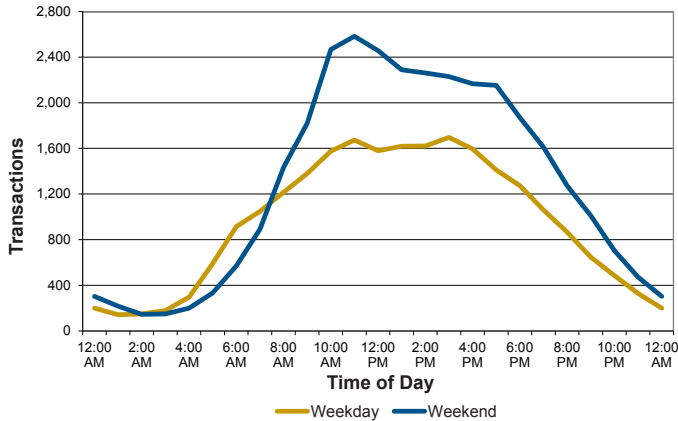
Source: FDOT Office of the Comptroller (Annual Toll Revenue) and Turnpike Enterprise Finance Office.

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

**Table 2.4**  
**Alligator Alley**  
**Seasonal Transaction Variation**  
**FY 2016**

Month	Average Daily Transactions			Seasonal Factor
	East Plaza	West Plaza	Total	
July 2015	12,800	11,600	24,400	0.97
August	12,100	10,900	23,000	0.92
September	11,100	10,000	21,100	0.84
October	11,800	10,600	22,400	0.89
November	13,400	12,200	25,600	1.02
December	13,600	12,400	26,000	1.04
January 2016	13,500	12,200	25,700	1.02
February	14,100	12,900	27,000	1.08
March	14,800	13,500	28,300	1.13
April	13,700	12,200	25,900	1.03
May	14,000	12,400	26,400	1.05
June	13,000	11,800	24,800	0.99
<b>AADT</b>	<b>13,200</b>	<b>11,900</b>	<b>25,100</b>	<b>1.00</b>

**Graph 2.1**  
**Alligator Alley**  
**Typical Hourly Transactions**  
**FY 2016**

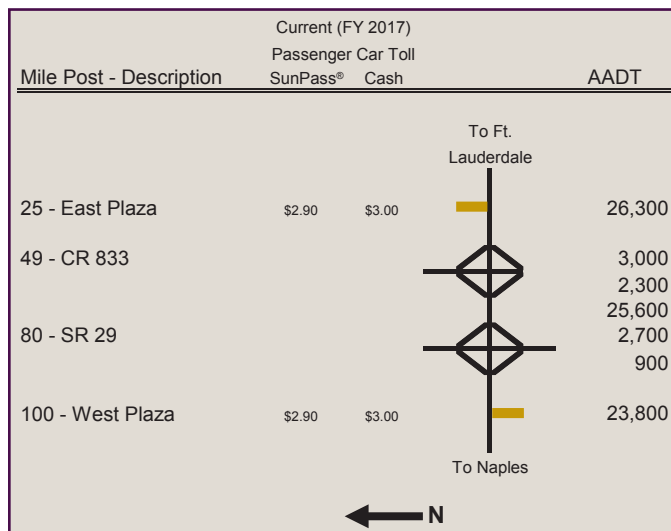


Source: Data obtained from Turnpike Enterprise Finance Office for the 7-day period beginning Monday, June 13, 2016.

average for the facility, while September was the lowest month at 16 percent below the average. September is typically the lowest month in south Florida due to fewer seasonal residents and tourists at that time of year.

The FY 2016 two-way annual average daily traffic (AADT) profile for the facility is presented in **Figure 2.2**. Total two-way traffic volumes at the East mainline

**Figure 2.2**  
**Alligator Alley**  
**Two-way AADT Profile**  
**FY 2016**

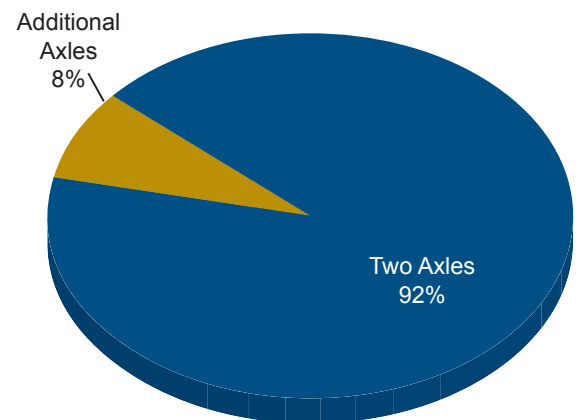


location averaged approximately 26,300 vehicles per day. Corresponding volumes at the West plaza averaged 23,800 vehicles per day, with total two-way traffic transactions totaling 50,100 vehicles per day. The East mainline location had approximately 1,250 more transactions per day due to the CR 833 and SR 29 ramps to and from the east having higher volumes than the respective ramps to and from the west.

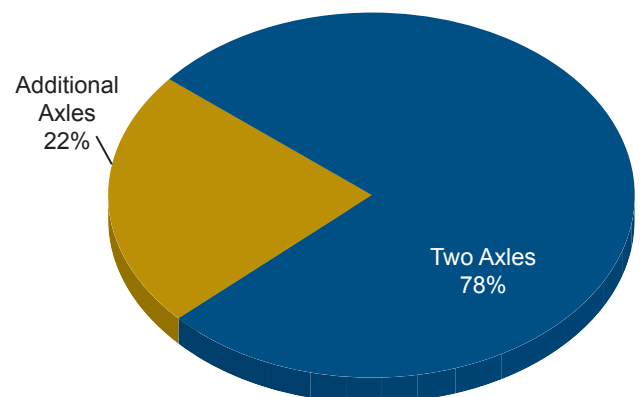
The “N minus 1” method of toll collection was implemented on Alligator Alley concurrent with one-stop tolling. This method results in a more equitable toll structure for passenger cars relative to trucks.

**Graph 2.2** shows the truck transactions and

**Graph 2.2**  
**Alligator Alley**  
**Transactions by Axle Class**  
**FY 2016**



**Revenue Contribution by Axle Class**  
**FY 2016**



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revenue contributions for FY 2016. Since Alligator Alley is part of the interstate highway system, the truck percentages are the greatest of the eight Department-owned and Department-operated toll facilities. Trucks accounted for eight percent of traffic on the facility and 22 percent of the revenue. In terms of actual revenue contributions, two-axle vehicles provided approximately \$23.8 million while vehicles with three or more axles provided \$6.7 million in revenue for FY 2016.

The Department monitors the cost associated with the collection of tolls from customers by comparing the annual operating expense budget for the facility to the actual performance for the year. **Table 2.5** provides a comparison between the FY 2016 actual and budgeted operating and routine maintenance expenses. Actual operating expenses were 2.2 percent more than the FY 2016 budget primarily due to higher costs associated with increased traffic growth. Actual routine maintenance expenses were approximately 1.3 percent higher than the FY 2016 budget amount.

### 2.3 SUNPASS®

SunPass® technology was implemented on Alligator Alley beginning in October 1999. The project included the installation of new electronic toll collection equipment at the East and West plazas and allows for future installation of SunPass® equipment and conversion to mixed-use or dedicated lanes, if needed (see **Appendix A** for current lane configurations).

**Table 2.6** shows transactions by payment method on Alligator Alley for FY 2016. SunPass® accounted for 60.4 percent of the total transactions in FY 2016, an increase from the 59.6 percent realized in FY 2015. Non-SunPass® transactions constituted the remaining 39.6 percent. Monthly SunPass® percentages ranged from approximately 57 percent to nearly 63 percent during the year. SunPass® participation on Alligator Alley is lower

**Table 2.5**  
**Alligator Alley**  
**Operating and Routine Maintenance**  
**Expenses (\$000)**  
**FY 2016**

Type of Expense	Budget	Actual	Over/ (Under)	Variance
Operating	\$4,411	\$4,507	\$96	2.2%
Routine Maintenance	4,172	4,225	53	1.3
<b>Total</b>	<b>\$8,583</b>	<b>\$8,732</b>	<b>\$149</b>	<b>1.7%</b>

Source: FDOT Office of the Comptroller, Turnpike Enterprise Finance Office and the FY 2015 Enterprise Toll Operations Traffic Engineer's Annual Report.

than most other Florida toll facilities due to fewer commuters using the facility.

**Table 2.7** shows gross toll revenue by payment method. Revenue attributable to SunPass® was approximately \$19.8 million, representing 64.7 percent of the total revenue in FY 2016. Monthly SunPass® revenue percentages ranged from 62 to 67 percent during the year.

**Table 2.6**  
**Alligator Alley**  
**Transactions by Payment Method**  
**FY 2016**

Month	Transactions (000)			Percent SunPass®
	SunPass®	Non-SunPass®	Total	
July 2015	471	285	756	62.3%
August	445	270	715	62.2
September	395	237	632	62.5
October	426	266	692	61.6
November	470	299	769	61.1
December	478	329	807	59.2
January 2016	463	332	795	58.2
February	449	335	784	57.3
March	512	368	880	58.2
April	469	308	777	60.4
May	500	318	818	61.1
June	457	287	744	61.4
<b>Total</b>	<b>5,535</b>	<b>3,634</b>	<b>9,169</b>	
<b>Percentage</b>	<b>60.4%</b>	<b>39.6%</b>	<b>100.0%</b>	

Source: Turnpike Enterprise Finance Office.

**Table 2.7**  
**Alligator Alley**  
**Gross Toll Revenue by Payment Method**  
**FY 2016**

Month	Gross Toll Revenue (\$000)			Percent SunPass®
	SunPass®	Non-SunPass®	Total	
July 2015	\$1,667	\$870	\$2,537	65.7%
August	1,576	816	2,392	65.9
September	1,423	718	2,141	66.5
October	1,531	797	2,328	65.8
November	1,665	900	2,565	64.9
December	1,709	990	2,699	63.3
January 2016	1,654	985	2,639	62.7
February	1,617	1,002	2,619	61.8
March	1,837	1,093	2,930	62.7
April	1,678	920	2,598	64.6
May	1,768	885	2,653	66.6
June	1,630	802	2,432	67.0
<b>Total</b>	<b>\$19,755</b>	<b>\$10,778</b>	<b>\$30,533</b>	
<b>Percentage</b>	<b>64.7%</b>	<b>35.3%</b>	<b>100.0%</b>	

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

## 2.4 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) or similar inflation indicator effective as of July 1, 2007. 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 adjusted beyond these limits as directed by bond documents, covenants, or governing body authorization or pursuant to Department administrative rule. The Department-operated facilities are not required to index tolls as part of the Statute.

Since the CPI for calendar year 2015 of 0.1 percent did not prompt a minimum of \$0.01 increase in the two-axle toll rate, toll rates for SunPass® were not indexed on July 1, 2016 (FY 2017).

A new Memorandum of Agreement (MOA) with the SFWMD was signed on June 30, 2016. The annual excess (after all costs have been paid) is sent to the SFWMD by August 15 of the following fiscal year. The new agreement goes through June 30, 2019 (with the final payment due on August 15, 2019).

## 2.5 TRAFFIC, REVENUE AND EXPENSE FORECASTS

The ratio between historical traffic growth and population growth was used along with projected population growth as a guideline to estimate future traffic on Alligator Alley. Historical population growth focused on the four counties that have a significant regional impact on Alligator Alley traffic. These counties are Broward, Collier, Lee and Miami-Dade. Since Alligator Alley is part of the interstate system, the statewide population growth was also considered.

From FY 2010 (i.e. post-recession) through FY 2016, the annual compounded traffic growth rate on the Alligator Alley was approximately 3.3 percent, whereas, the historical annual compounded population growth rate for the same period for the four counties was 1.2 percent. According to the latest economic outlook prepared by the Florida Legislature Office of Economic and Demographic Research in July 2016, Florida's population growth is forecast to increase at a compounded growth rate of 1.5 percent over the next five-year period.

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 2020 for the four counties is 1.4 percent, as previously shown in **Table 1.4**. The historical ratio of traffic growth to population growth for the period FY 2010 to FY 2016 was estimated at 2.8 percent. This ratio was applied to projected population growth rates

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to obtain a general guideline to estimate future annual traffic growth on the Alligator Alley. Traffic profiles are provided in **Appendix B**.

The traffic and gross toll revenue forecasts for FY 2017 through FY 2027 are shown in **Table 2.8**. The forecast table includes the impact that indexing will have on revenue. Overall, the gross toll revenue forecast in the initial years for this of the eleven-year period is slightly above the forecast presented in the 2015 Annual Report due in large part to FY 2016 actual revenues exceeding last year's projection. However, the reverse is true in the latter years due to a lower annual CPI projection than last year.

**Table 2.8**  
**Alligator Alley**  
**Traffic and Gross Toll Revenue Forecasts**  
**FY 2017 through FY 2027**

Fiscal Year	Total Traffic	Toll Revenue (\$000)			Toll Revenue Comparisons (\$000)		
		Revenue with Constant Tolls <sup>(1)</sup>	Indexing Impact	Gross Toll Revenue	2015 Annual Report Forecast	Variance	
						Amount	Percent
2017	9,460	\$31,473	\$0	\$31,473	\$30,539	\$934	3.1%
2018	9,737	32,386	1,102	33,488	33,260	228	0.7
2019	10,036	33,260	1,390	34,650	34,462	188	0.5
2020	10,333	34,092	1,702	35,794	35,729	65	0.2
2021	10,604	34,910	2,040	36,950	37,050	(100)	(0.3)
2022	10,866	35,713	2,405	38,118	38,435	(317)	(0.8)
2023	11,095	36,535	3,638	40,173	40,777	(604)	(1.5)
2024	11,352	37,338	4,054	41,392	41,829	(437)	(1.0)
2025	11,610	38,085	4,493	42,578	42,929	(351)	(0.8)
2026	11,869	38,809	4,948	43,757	44,066	(309)	(0.7)
2027	12,097	39,468	5,438	44,906	N/A	N/A	N/A

Note: Total traffic corresponds to the gross toll revenue.

N/A The FY 2015 Traffic Engineer's Annual Report forecast went through FY 2026.

(1) Toll revenue forecast without indexing.

Additionally, there was no impact on traffic as a result of the July 1, 2015 (FY 2016) toll rate indexing. As discussed earlier, there was no indexing of SunPass<sup>®</sup> toll rates on July 1, 2016 (FY 2017). Transactions in FY 2018 and thereafter are not expected to be impacted by the annual indexing of SunPass<sup>®</sup> toll rates. Further, the cash toll rate indexing that occurs every five years (FY 2018 and FY 2023) is expected to have minimal impact on traffic. A summary of the economic factors affecting traffic and revenue is included in the Overview chapter of this report. In addition, **Appendix A** includes all the indexed toll rate schedules.

Projected operating and maintenance expenses during the same forecast period are shown in **Table 2.9**. The operating expenses for FY 2017 presented in this table represent the budgeted amount for that fiscal year (see **Appendix C** for a detailed description of the FY 2017 operating expense budget). Subsequent to FY 2017, operating expenses are projected to grow at 2.0 percent annually. The routine maintenance expense forecast is provided by the Office of Project Finance through FY 2022. Subsequent to FY 2022, routine maintenance expenses were increased at 2.0 percent annually.

Periodic maintenance expenses are based on information provided by the Office of Project Finance based on the five-year Work Program and include rest area improvements, fire station operations grant and interchange lighting projects. Total operating and maintenance expenses are projected to decrease from \$29.2 million in FY 2017 to \$11.6 million in FY 2027 due to the year in which the commitments are programmed and how the commitments are paid out over time.

## 2.6 REVENUE SUFFICIENCY

A timeline of Alligator Alley bond issues



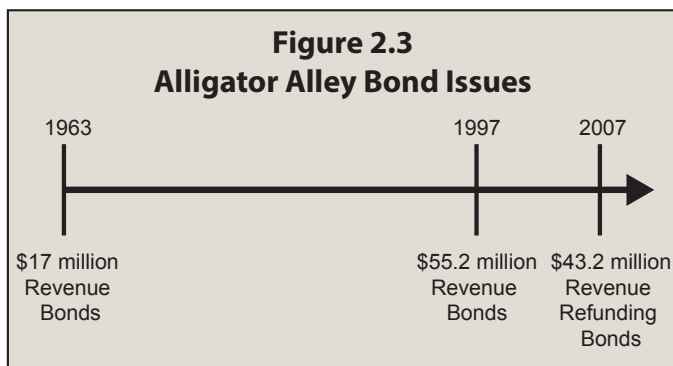
**Table 2.9**  
**Alligator Alley**  
**Projected Operating and Maintenance Expenses**  
**(\$000)**  
**FY 2017 through FY 2027**

Fiscal Year	Operating Expense	Routine Maintenance Expense	Total Operating & Routine Maintenance Expenses	Periodic Maintenance Expense <sup>(1)</sup>	Total O&M Expenses
2017	\$4,639	\$4,137	\$8,776	\$20,425	\$29,201
2018	4,732	4,044	8,776	17,071	25,847
2019	4,827	4,044	8,871	7,450	16,321
2020	4,924	4,044	8,968	3,673	12,641
2021	5,022	4,044	9,066	1,955	11,021
2022	5,122	3,424	8,546	1,994	10,540
2023	5,224	3,492	8,716	2,034	10,750
2024	5,328	3,562	8,890	2,075	10,965
2025	5,435	3,634	9,069	2,116	11,185
2026	5,544	3,706	9,250	2,158	11,409
2027	5,655	3,780	9,435	2,202	11,637

Note: Operating expenses are based on the budget developed by Turnpike Enterprise Finance Office for FY 2017.

(1) Periodic maintenance expenses include installation of guardrails and cable barrier, rest area construction and other Department-funded R&R and improvements in the 5-year Work Program and are reported on a cash basis. Periodic maintenance expenses beyond FY 2021 have not been fully programmed. However, a minimal level of preservation (excluding extraordinary expenses) has been estimated based on FY 2021 expenses increased at 2.0 percent annually.

is shown in **Figure 2.3**. As of June 30, 2016, bonds in the principal amount of \$28.7 million remain outstanding from the 2007 Series. Each year, an amount of principal and accrued interest (annual debt service) on the outstanding bonds becomes due and payable. As a test of the ability of a facility to repay the annual debt service, a “coverage” calculation is performed. In accordance with the 2007 Series Bond Resolution, gross revenues



Note: A list of projects funded by each bond issue is included in **Table 1.5** of this report.

are first required to provide 100 percent of the administrative, operating and routine maintenance expenses. The amount of revenues remaining (net revenues) is then available for the payment of debt service. Both renewal and replacement and other expenses funded by the Department (including rest area, recreational access and Collier County Fire Station grant) are not included in the operating and routine maintenance expenses for debt service calculations. The Bond Resolution requires that net revenues be at least 120 percent (1.2 times) of the annual debt service.

**Table 2.10** provides a forecast of the sufficiency of Alligator Alley to meet annual debt service requirements through FY 2026. Generally, revenues used for debt service analysis on the facility include gross toll revenue and other income derived from (or in connection with) the operation of Alligator Alley. However, a conservative approach was taken for this analysis and only gross toll revenue was used

in the calculation of net revenue (i.e., gross toll revenue less operating and routine maintenance expenses). As shown in the table, Alligator Alley significantly exceeds the 1.2 minimum debt service coverage requirement.

As indicated in **Figure 2.4**, revenues remaining after the fulfillment of the annual debt service requirement are used next to fund renewal and replacements.

The excess revenues remaining after all of these obligations have been determined and met are transferred to the South Florida Water Management District (SFWMD) to fund environmental projects designed to restore the Florida Everglades from the effects of the construction of Alligator Alley in accordance with Section 338.26, Florida Statutes.

In keeping with the intent of the statute, on June 30,

## ENTERPRISE TOLL OPERATIONS

**Table 2.10**  
**Alligator Alley**  
**Net Toll Revenue Forecast and Debt**  
**Service Coverage (\$000)**  
**FY 2016 through FY 2027**

Fiscal Year	Gross Toll Revenue	Operating & Routine Maintenance Expenses <sup>(1)</sup>	Net Toll Revenue <sup>(2)</sup>	Debt Service <sup>(3)</sup>	
				Payment	Coverage Ratio
2016	\$30,533	\$8,732	\$21,801	\$3,449	6.3
2017	31,473	8,776	22,697	3,448	6.6
2018	33,488	8,776	24,712	3,452	7.2
2019	34,650	8,871	25,779	3,451	7.5
2020	35,794	8,968	26,826	3,450	7.8
2021	36,950	9,066	27,884	3,453	8.1
2022	38,118	8,546	29,572	3,450	8.6
2023	40,173	8,716	31,457	3,452	9.1
2024	41,392	8,890	32,502	3,446	9.4
2025	42,578	9,069	33,509	3,450	9.7
2026	43,757	9,250	34,507	3,446	10.0
2027	44,906	9,435	35,471	3,449	10.3

(1) Periodic maintenance includes rest area improvements, fire station operations grant and interchange lighting projects; however, these expenses are not included in the operating and routine maintenance expenses as bond resolutions exclude these expenses when calculating net revenue.

(2) Does not include investment income and operating revenues available for debt service.

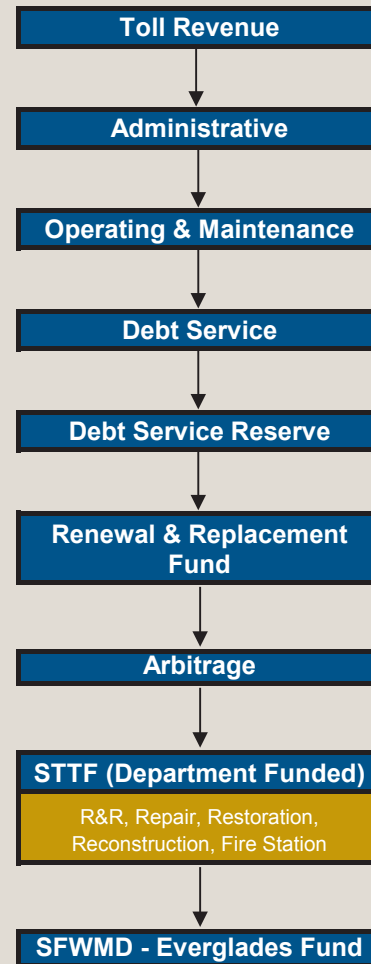
(3) Annual debt service is obtained from the State Board of Administration Annual Report for the year ended June 30, 2016.

In 1997, the Department signed a MOA with the SFWMD regarding the transfer of the excess toll revenues to the SFWMD. This agreement provides the transfer to be made annually and limits the transfer amount to the annual Legislative appropriation. Furthermore, the agreement provides for the total transfers made by the Department not to exceed \$63.6 million by FY 2016. The agreement also requires that prior to its expiration, the agreement shall be renegotiated.

In FY 2016, \$7.1 million of excess revenue was transferred to the SFWMD. The Department transferred \$63.6 million to the SFWMD in accordance with the 1997 MOA.

A new MOA with SFWMD was signed in June 2016 and goes through June 2019.

**Figure 2.4**  
**Flow of Funds**  
**Series 2007**  
**Alligator Alley Revenue Bonds**



**Financial Statements (Unaudited)**  
**of the**  
**State of Florida**  
**Department of Transportation**  
**Everglades Parkway “Alligator Alley”**  
**Toll Road**  
**For the Seven-Months Ended January 31, 2017**



**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
STATE OF FLORIDA**

**Statement of Net Position  
Seven Months Through January 31, 2017  
Years Ended June 30, 2016 and 2015**

	2017 - Partial	2016	2015
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,820,004	\$ 4,884,492	\$ 26,509,387
Investments	27,676,784	30,339,883	3,450,617
Receivables:			
Interest receivable		30,811	18,240
Toll fees receivable	376,844	127,610	109,724
Due from other funds		497,963	324,561
Deferred charges		-	-
Construction work in progress	23,021,255	14,466,837	1,787,289
Land	10,089,680	10,089,680	10,089,680
Infrastructure	64,589,376	64,589,376	64,589,376
Depreciable Capital Assets Net of Depreciation	<u>12,890,771</u>	<u>13,193,281</u>	<u>13,398,220</u>
<b>Total Assets</b>	<b>\$ 144,464,714</b>	<b>\$ 138,219,933</b>	<b>\$ 120,277,094</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 399,513</b>	<b>\$ 399,513</b>	<b>\$ 475,736</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 144,864,227</u></b>	<b><u>\$ 138,619,446</u></b>	<b><u>\$ 120,752,830</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Due to other governments	\$ 11,570,295	\$ 15,846,702	\$ 7,026,445
Due within one year	2,015,000	2,015,000	1,920,000
Noncurrent liabilities:			
Due in more than one year	<u>27,563,812</u>	<u>27,563,812</u>	<u>29,742,724</u>
<b>Total Liabilities</b>	<b>\$ 41,149,107</b>	<b>\$ 45,425,514</b>	<b>\$ 38,689,169</b>
<b>NET POSITION</b>			
Net Invested in Capital Assets	\$ 81,411,784	\$ 73,159,876	\$ 58,677,577
Restricted for Debt Service	<u>22,303,336</u>	<u>20,034,056</u>	<u>23,386,084</u>
<b>Total Net Position</b>	<b><u>\$ 103,715,120</u></b>	<b><u>\$ 93,193,932</u></b>	<b><u>\$ 82,063,661</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 144,864,227</u></b>	<b><u>\$ 138,619,446</u></b>	<b><u>\$ 120,752,830</u></b>

**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
STATE OF FLORIDA**

**Statement of Revenues, Expenses, and Changes in Net Position  
Seven Months Through January 31, 2017  
Years Ended June 30, 2016 and 2015**

	<b>2017 - Partial</b>	<b>2016</b>	<b>2015</b>
<b>OPERATING REVENUES</b>			
Toll revenues	\$ 18,074,576	\$ 30,522,835	\$ 28,535,347
Fines, forfeits, judgments and settlements		5,685	11,114
Fees	<u>21,717</u>	<u>127,636</u>	<u>54,592</u>
<b>Total Operating Revenues</b>	<b>\$ 18,096,293</b>	<b>\$ 30,656,156</b>	<b>\$ 28,601,053</b>
<b>OPERATING EXPENSES</b>			
Operations and maintenance	\$ 4,326,663	\$ 8,757,045	\$ 8,525,347
Preservation	1,664,969	747,811	183,877
Depreciation	<u>253,681</u>	<u>448,324</u>	<u>181,604</u>
<b>Total Operating Expenses</b>	<b>\$ 6,245,313</b>	<b>\$ 9,953,180</b>	<b>\$ 8,890,828</b>
<b>Net Operating Income</b>	<b>\$ 11,850,980</b>	<b>\$ 20,702,976</b>	<b>\$ 19,710,225</b>
<b>NONOPERATING REVENUES/EXPENSES:</b>			
Interest income	\$ 83,676	\$ 127,518	\$ 100,916
Amortization and interest expense	(718,047)	(1,444,118)	(1,530,883)
Grants	(646,591)	(8,286,734)	(11,351,221)
Gain/(loss) on disposal of property	<u>(759)</u>	<u>30,629</u>	<u>(7,000,513)</u>
<b>Total Non Operating Revenues/Expenses</b>	<b>\$ (1,281,721)</b>	<b>\$ (9,572,705)</b>	<b>\$ (19,781,701)</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ 10,569,259</b>	<b>\$ 11,130,271</b>	<b>\$ (71,476)</b>
<b>Net Position - Beginning of the Year</b>	<b>\$ 93,193,932</b>	<b>\$ 82,063,661</b>	<b>\$ 82,135,137</b>
<b>Adjustment to Beginning Net Position</b>	<b>(48,071)</b>		
<b>Net Position - End of the Year</b>	<b><u>\$ 103,715,120</u></b>	<b><u>\$ 93,193,932</u></b>	<b><u>\$ 82,063,661</u></b>

**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
STATE OF FLORIDA**

**Statement of Cash Flows  
Seven Months Through January 31, 2017  
Years Ended June 30, 2016 and 2015**

	<b>2017 - Partial</b>	<b>2016</b>	<b>2015</b>
<b>OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 17,303,524	\$ 30,464,868	\$ 28,588,723
Cash paid to vendors	(5,420,399)	(9,036,783)	(11,713,412)
Cash paid to employees	(184,626)	(468,073)	(419,416)
<b>Net cash provided/(used) by operating activities</b>	<b>\$ 11,698,499</b>	<b>\$ 20,960,012</b>	<b>\$ 16,455,895</b>
<b>NONCAPITAL FINANCING ACTIVITIES</b>			
Grants (to) from others	\$ -	\$ (8,286,733)	\$ (11,351,222)
<b>Net cash provided by noncapital financing activities</b>	<b>\$ -</b>	<b>\$ (8,286,733)</b>	<b>\$ (11,351,222)</b>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payment of bond principal	\$ -	\$ (1,920,000)	\$ (1,830,000)
Payment of bond interest	(716,375)	(1,528,750)	(1,620,250)
Purchase or construction of capital assets	(12,784,434)	(4,072,047)	(3,436,704)
<b>Net cash used in capital and related financing activities</b>	<b>\$ (13,500,809)</b>	<b>\$ (7,520,797)</b>	<b>\$ (6,886,954)</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale or maturity of investments	\$ 155,128,909	\$ 221,917,428	\$ 249,923,873
Purchase of investments	(152,459,529)	(248,802,397)	(227,050,778)
Interest received/(paid)	68,442	107,592	97,712
<b>Net cash provided by investing activities</b>	<b>\$ 2,737,822</b>	<b>\$ (26,777,377)</b>	<b>\$ 22,970,807</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>\$ 935,512</b>	<b>\$ (21,624,895)</b>	<b>\$ 21,188,526</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>\$ 4,884,492</b>	<b>\$ 26,509,387</b>	<b>\$ 5,320,861</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 5,820,004</b>	<b>\$ 4,884,492</b>	<b>\$ 26,509,387</b>

**Financial Statements (Unaudited)  
of the  
State of Florida  
Department of Transportation  
Everglades Parkway “Alligator Alley” Toll  
Road  
Fiscal Year Ended June 30, 2016**

Prepared by:  
The Florida Department of Transportation  
Office of the Comptroller

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## **Management's Discussion and Analysis**

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# Management's Discussion and Analysis

This section of the Florida Everglades Parkway's (Parkway) annual financial report presents our discussion and analysis of the Parkway's financial performance during the fiscal year ended June 30, 2016.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Statement of Net Position** – This statement presents information on all Parkway 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 Parkway's financial position is improving or deteriorating.

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

**Statement of Cash Flows** – This statement presents information about the Parkway's cash receipts and cash payments, or, in other words, the sources and uses of the Parkway'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 Florida Legislature has designated the Parkway as 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 Parkway, assets and deferred outflows exceeded liabilities by \$93.2 million as of June 30, 2016, and \$82.1 million as of June 30, 2015.

# Management's Discussion and Analysis

## Net Position

(in thousands)

	2016	2015
Current and other assets	35,881	30,412
Capital assets	102,339	89,865
Total assets	138,220	120,277
Deferred outflows of resources	400	476
Total assets and deferred outflows of resources	\$ 138,620	\$ 120,753
Current liabilities	17,862	8,947
Long-term liabilities	27,564	29,743
Total liabilities	45,426	38,690
Investment in capital assets	73,160	58,678
Restricted for debt service	20,034	23,385
Total net position	93,194	82,063
Total liabilities and net position	\$ 138,620	\$ 120,753

**Current and Other Assets** – The Parkway's current and other assets increased by \$5.5 million from \$30.4 million in fiscal year 2015 to \$35.9 million in fiscal year 2016.

**Capital Assets** – As of June 30, 2016, the Parkway had invested \$102.3 million in capital assets (net of accumulated depreciation).

## Capital Assets

(in thousands)

	2016	2015
Infrastructure	64,589	64,589
Land	10,090	10,090
Construction work in progress	14,467	1,788
Depreciable capital assets	13,193	13,398
Total capital assets	\$ 102,339	\$ 89,865

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 Parkway maintains and preserves these assets at condition level ratings established by the Department. As a result, the Parkway 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.

## Management's Discussion and Analysis

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

**Current Liabilities** – Current liabilities increased by \$9 million from \$8.9 million in fiscal year 2015 to \$17.9 million in fiscal year 2016. This was primarily due to the guardrail and cabling safety project and fencing.

**Long-term Liabilities** – As of June 30, 2016, the Parkway had long-term revenue bonds outstanding in the amount of \$26.6 million. In addition, \$2.02 million is due within the next 12 months. See Note 8 to the Financial Statements for additional information on the Parkway's long-term bonds.

**Net Position** – The largest portion of the Parkway's net position as of June 30, 2016, reflects investments in capital assets of \$73.2 million (land, infrastructure, buildings, etc.), net of any related outstanding debt issued to acquire the assets. The Parkway uses these capital assets to provide services to its customers. Consequently, these assets are not available for future spending. Net position also includes \$20 million, which is restricted for debt service.

### Changes in Net Position

(in thousands)

	2016	2015
Toll revenues	30,523	28,535
Fines, forfeits, judgments and settlements	6	11
Fees	127	55
Total operating revenues	30,656	28,601
 Routine operations and maintenance	 8,757	 8,525
Preservation	748	184
Depreciation	448	182
Total operating expenses	9,953	8,891
 Interest income	 128	 101
Amortization and interest	(1,444)	(1,531)
Grants	(8,287)	(11,351)
Gain/(loss) on disposal of property	31	(7,001)
Total non-operating revenues/expenses	(9,572)	(19,782)
 Increase/(decrease) in net position	 11,131	 (72)
Net position - beginning of period	82,063	82,135
Net position - ending of period	<u>\$ 93,194</u>	<u>\$ 82,063</u>



## **Management's Discussion and Analysis**

**Operating Revenues** – Operating revenues increased \$1.9 million from \$28.6 million in fiscal year 2015 to \$30.5 million in fiscal year 2016. The increase is primarily due to an increase in toll rates mandated by the Florida Legislature. Effective July 1, 2015, toll rate inflation adjustments increased tolls to \$2.90 for SunPass customers, and cash customers continue to remain at \$3.00 (cash toll rates are adjusted no less frequently than once every five years as necessary).

**Operating Expenses** – Preservation expenses increased \$563,934 from \$183,877 in fiscal year 2015 to \$747,811 in fiscal year 2016. Preservation expenses include costs for resurfacing, installing guardrails, paving shoulders, and other safety features.

**Non-Operating Expenses** - Grants represent excess toll revenues transferred to the South Florida Water Management District, and funding of the fire station at mile marker 63.

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## **Basic Financial Statements**

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**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
STATE OF FLORIDA**

**Statement of Net Position  
Years Ended June 30, 2016 and 2015**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>			
Cash and cash equivalents	4	\$ 4,884,492	\$ 26,509,387
Investments	4	30,339,883	3,450,617
Receivables:			
Interest receivable		30,811	18,240
Toll fees receivable		127,610	109,724
Due from other funds		497,963	324,561
Deferred charges		-	-
Construction work in progress	12	14,466,837	1,787,289
Land	6	10,089,680	10,089,680
Infrastructure	6	64,589,376	64,589,376
Depreciable Capital Assets Net of Depreciation	6, 12	<u>13,193,281</u>	<u>13,398,220</u>
<b>Total Assets</b>		<b>\$ 138,219,933</b>	<b>\$ 120,277,094</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	7	<u>\$ 399,513</u>	<u>\$ 475,736</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		<b><u>\$ 138,619,446</u></b>	<b><u>\$ 120,752,830</u></b>
<b>LIABILITIES</b>			
Current liabilities:			
Due to other governments	5	\$ 15,846,702	\$ 7,026,445
Due within one year	8	2,015,000	1,920,000
Noncurrent liabilities:			
Due in more than one year	8	<u>27,563,812</u>	<u>29,742,724</u>
<b>Total Liabilities</b>		<b>\$ 45,425,514</b>	<b>\$ 38,689,169</b>
<b>NET POSITION</b>			
Net Invested in Capital Assets	12	\$ 73,159,876	\$ 58,677,577
Restricted for Debt Service		<u>20,034,056</u>	<u>23,386,084</u>
<b>Total Net Position</b>		<b><u>\$ 93,193,932</u></b>	<b><u>\$ 82,063,661</u></b>
<b>TOTAL LIABILITIES AND NET POSITION</b>		<b><u>\$ 138,619,446</u></b>	<b><u>\$ 120,752,830</u></b>

The accompanying notes to the financial statements are an integral part of this statement.

**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
STATE OF FLORIDA**

**Statement of Revenues, Expenses, and Changes in Net Position  
Years Ended June 30, 2016 and 2015**

	Note	2016	2015
<b>OPERATING REVENUES</b>			
Toll revenues		\$ 30,522,835	\$ 28,535,347
Fines, forfeits, judgments and settlements		5,685	11,114
Fees		<u>127,636</u>	<u>54,592</u>
<b>Total Operating Revenues</b>		<b>\$ 30,656,156</b>	<b>\$ 28,601,053</b>
<b>OPERATING EXPENSES</b>			
Operations and maintenance	9	\$ 8,757,045	\$ 8,525,347
Preservation	9, 12	747,811	183,877
Depreciation	6	<u>448,324</u>	<u>181,604</u>
<b>Total Operating Expenses</b>		<b>\$ 9,953,180</b>	<b>\$ 8,890,828</b>
<b>Net Operating Income</b>		<b>\$ 20,702,976</b>	<b>\$ 19,710,225</b>
<b>NONOPERATING REVENUES/EXPENSES:</b>			
Interest income		\$ 127,518	\$ 100,916
Amortization and interest expense		(1,444,118)	(1,530,883)
Grants	2	(8,286,734)	(11,351,221)
Gain/(loss) on disposal of property		<u>30,629</u>	<u>(7,000,513)</u>
<b>Total Non Operating Revenues/Expenses</b>		<b>\$ (9,572,705)</b>	<b>\$ (19,781,701)</b>
<b>Increase/(Decrease) in Net Position</b>		<b>\$ 11,130,271</b>	<b>\$ (71,476)</b>
<b>Net Position - Beginning of the Year</b>		<b>\$ 82,063,661</b>	<b>\$ 82,135,137</b>
<b>Net Position - End of the Year</b>		<b>\$ 93,193,932</b>	<b>\$ 82,063,661</b>

The accompanying notes to the financial statements are an Integral part of this statement.

**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
STATE OF FLORIDA**

**Statement of Cash Flows  
Years Ended June 30, 2016 and 2015**

	<b>Note</b>	<b>2016</b>	<b>2015</b>
<b>OPERATING ACTIVITIES</b>			
Cash received from customers		\$ 30,464,868	\$ 28,588,723
Cash paid to vendors	12	(9,036,783)	(11,713,412)
Cash paid to employees		<u>(468,073)</u>	<u>(419,416)</u>
<b>Net cash provided/(used) by operating activities</b>		\$ 20,960,012	\$ 16,455,895
<b>NONCAPITAL FINANCING ACTIVITIES</b>			
Grants (to) from others		<u>\$ (8,286,733)</u>	<u>\$ (11,351,222)</u>
<b>Net cash provided by noncapital financing activities</b>		\$ (8,286,733)	\$ (11,351,222)
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Payment of bond principal		\$ (1,920,000)	\$ (1,830,000)
Payment of bond interest		(1,528,750)	(1,620,250)
Purchase or construction of capital assets	12	<u>(4,072,047)</u>	<u>(3,436,704)</u>
<b>Net cash used in capital and related financing activities</b>		\$ (7,520,797)	\$ (6,886,954)
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale or maturity of investments		\$ 221,917,428	\$ 249,923,873
Purchase of investments		(248,802,397)	(227,050,778)
Interest received/(paid)		<u>107,592</u>	<u>97,712</u>
<b>Net cash provided by investing activities</b>		\$ (26,777,377)	\$ 22,970,807
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>		\$ (21,624,895)	\$ 21,188,526
<b>Cash and Cash Equivalents, Beginning of Year</b>		<u>\$ 26,509,387</u>	<u>\$ 5,320,861</u>
<b>Cash and Cash Equivalents, End of Year</b>		<u><u>\$ 4,884,492</u></u>	<u><u>\$ 26,509,387</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

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## **Notes to the Financial Statements**

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# **FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA**

## **NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015**

### **1. REPORTING ENTITY**

The Florida Everglades Parkway (Parkway), also known as “Alligator Alley,” is a four-lane, controlled access, 78-mile toll facility in the southern portion of the State operated by the State of Florida, Department of Transportation (Department). The Parkway is an integral part of Federal Interstate Highway I-75, connecting Naples on the Gulf of Mexico to Ft. Lauderdale on the Atlantic Ocean. The Department is responsible for its operation, maintenance, cash management and other financial matters. The 2016 and 2015 financial statements contained herein include only the accounts of the Parkway 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 Parkway 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 Parkway's financial statements.

### **2. LEGISLATION**

Section 338.165, 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. Subsection 4 provides the Department with the ability to sell revenue bonds to fund projects included in the adopted work program that specifically relate to the Parkway.

In 1994, the Florida Legislature passed landmark legislation addressing the environmental concerns of the Everglades. Section 338.26, F.S., entitled “Alligator Alley toll road,” provides for the continuation of Parkway tolls to be used as a funding source to help restore the Everglades. The construction of the Parkway contributed to the alteration of water flows in the Everglades and affected the ecological patterns of the historical southern Everglades.

Per Section 338.26(3), F.S., excess revenues (after operations and maintenance expenses, annual debt service, system improvements, other contractual obligations, and the costs to develop and operate a fire station at mile marker 63) may be transferred to the Everglades Fund of the South Florida Water Management District (SFWMD) for environmental projects to restore the natural values of the Everglades. Section 338.26(4), F.S., authorizes SFWMD to issue revenue bonds and pledge the excess toll revenues from the Parkway as security for such bonds. In accordance with a 1997 agreement between the Department and SFWMD, the Department was to transfer a total of \$63.6 million to SFWMD by June 30, 2016, and as of June 30, 2016, \$63.6 million had been transferred, which included \$7 million transferred during fiscal year 2016.

In June 2016, the Department and SFWMD entered into a new agreement. The agreement established that any amount of tolls generated annually in excess of specified obligations would be transferred annually to SFWMD by August 15<sup>th</sup>, with the first transfer to be made by August 15, 2017.

Pursuant to Section 338.26(3)(a), F.S., the Department is required to fund operations of the fire station located at mile marker 63. Fiscal year 2016 fire station operations were \$1,222,734.

# FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

### 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 Parkway 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 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, deposits in banks, and held at the State Board of Administration. The deposits are held by financial institutions qualified as public depositories under Florida law.

**Investments** - Investments are valued at fair market value.



# FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

**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. 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. Significant aspects of the Department's modified approach policy are: the Parkway has made 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 potential. Rather, costs for both maintenance and preservation of infrastructure capital assets are expensed in the period incurred. The Parkway 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.

**Restricted Assets** - Certain assets are required to be segregated from other assets due to various bond indenture agreements. These assets are legally restricted for specific purposes such as debt service, construction, and renewals and replacements.

**Deferred Inflows and Outflows of Resources** — Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that time. Likewise, deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Due to the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, beginning in fiscal year 2014, bond refunding losses were reclassified to deferred outflows of resources.

**Restricted Net Position** – Restricted net position is comprised of amounts restricted for debt service. It is the Parkway's policy to first use restricted assets when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

**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 that are

# FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

attributable to the acquisition, construction, or improvement of those assets.

**Risk Management** - The Parkway 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 February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Management believes GASB Statement No. 72 will not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The requirements of this Statement are effective for financial statements for fiscal years ending June 15, 2015, or June 15, 2016, depending on the pension plan. Management believes GASB Statement No. 73 will not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Management believes GASB Statement No. 74 will not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In June, 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This Statement is effective for fiscal years beginning after June 15, 2017. Management believes GASB Statement No. 75 will not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted. This Statement did not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax

# FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The Parkway does not enter into tax abatement agreements; therefore, management believes GASB Statement No. 77 will not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of GASB Statement No. 68 to exclude certain pension plans that meet specific requirements, outlined in the Statement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Management believes GASB Statement No. 78 will not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In December, 2015, the GASB issues Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement is to address for certain external investment pools and their participants, the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015. GASB Statement No. 79 did not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements of Certain Component Units* – an amendment of GASB Statement No. 14. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The Parkway is not a component unit and does not have any component units to report on. Therefore, management believes GASB Statement No. 80 will not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In March, 2016, the GASB issues Statement No. 81, *Irrevocable Split-Interest Agreements*. This Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. Management believes GASB Statement No. 81 will not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

In March, 2016, the GASB issued Statement No. 82, *Pension Issues*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Management believes GASB Statement No. 82 will not have a material effect on the financial position, changes in net position, or cash flows of the Parkway.

# **FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA**

## **NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015**

### **4. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

#### **A. Deposits**

The Parkway's deposit and investment practices are governed by Chapter 280, F.S., and various legal covenants related to the outstanding bond issues. At June 30, 2016 and 2015, the Parkway's cash on deposit in its bank accounts was \$210,270 and \$138,432, respectively, an increase of \$71,838. 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 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. Investments**

The Parkway deposits monies in the State's general investment pool. Under Section 17.57, F.S., the State CFO is provided with the powers and duties concerning the investment of certain funds and specifies acceptable investments. The State CFO pools deposited monies from all departments in the State Treasury to maximize interest earnings.

The Parkway also invests in US Treasury securities through the State Board of Administration (SBA). Further information may be obtained from the Chief Operating Officer—Finance and Accounting, State Board of Administration of Florida, 1801 Hermitage Boulevard, Suite 100, Tallahassee, Florida 32308, (850) 488-4406.

# FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

At June 30, 2016 and 2015, the Parkway's cash, cash equivalents and investments consist of the following amounts stated at fair value in the Statement of Net Position:

	2016	2015
<b>Cash</b>		
Cash on deposit	210,270	138,432
Cash equivalents	4,665,644	2,696,449
Cash held by the State Board of Administration	8,578	23,674,506
Total cash	4,884,492	26,509,387
<b>Investments</b>		
US Government Securities held by the State Board of Administration	30,339,883	3,450,617
<b>Total cash, cash equivalents, and investments</b>	<u>\$ 35,224,375</u>	<u>\$ 29,960,004</u>

### C. Deposit and Investment Risks

**Credit Risk**—Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. GASB Statement No. 40, *Deposit and Investment Risk Disclosures—an Amendment of GASB Statement No. 3*, requires the disclosure of nationally recognized credit quality ratings of investments in debt securities, as well as investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities existing at year-end, such as Standard & Poor's, Moody's, or Fitch ratings of AA, AAA, etc.

The Parkway invests in US Treasury obligations through the SBA. US government obligations and obligations explicitly guaranteed by the US government and repurchase agreements are deemed to have no exposure to credit risk and are therefore excluded from the credit risk requirements of GASB Statement No. 40.

**Custodial Credit Risk**—Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside party. Custodial credit risk for investments exists when, in the event of the failure of the counterparty to a transaction, a government may be unable to recover the value of investment or collateral securities that are in the possession of an outside party.

GASB Statement No. 40 requires disclosure of custodial credit risk for deposits if the deposit is not covered by depository insurance and the deposits are uncollateralized or collateralized with securities held by the pledging financial institution or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The Parkway had no deposits that meet the criteria.

GASB Statement No. 40 requires disclosure of custodial credit risk for investment securities if the

# FLORIDA EVERGLADES PARKWAY

## DEPARTMENT OF TRANSPORTATION

### STATE OF FLORIDA

#### NOTES TO THE FINANCIAL STATEMENTS

##### YEARS ENDED JUNE 30, 2016 AND 2015

security is uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the government's name. The Parkway had no investment securities that meet the criteria.

***Concentration of Credit Risk***—An increased risk of loss occurs as more investments are acquired from one issuer (i.e., lack of diversification). This results in a concentration of credit risk. GASB Statement No. 40 requires disclosures of investments by amount and issuer for any issuer that represents 5% or more of total investments. This requirement does not apply to investments issued or explicitly guaranteed by the US government nor to investments in external investment pools, such as those that the Parkway makes through the SBA or the State's general pool of investments. Therefore, the Parkway had no investments that require disclosure.

***Foreign Currency Risk***—Foreign currency risk exists when there is a possibility that changes in exchange rates could adversely affect an investment's or deposit's fair value. GASB Statement No. 40 requires disclosures of value in US dollars by foreign currency denomination and by investment type for investments denominated in foreign currencies. The Parkway does not have a policy to address the foreign currency risk that may exist for its investments in the State's uncategorized general pool. Instead, it relies on the controls and safeguards provided by Section 17.57, F.S. The Parkway has no investments or deposits that are subject to foreign currency risk.

***Interest Rate Risk***—Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. GASB Statement No. 40 requires that interest rate risk be disclosed using one of five approved methods.

Interest rate risk disclosures are required for all debt investments, as well as investments in external investment pools and other pooled investments that do not meet the definition of a 2a7-like pool. Also, disclosures are required for any assumptions regarding cash flow timing, interest rate changes, and other factors, as well as contract terms, such as coupon multipliers, benchmark indexes, reset dates, and embedded options that cause the fair value of investments to be highly sensitive to interest rate changes. The Parkway does not have a policy to address the interest rate risk that may exist for its investments held with the SBA. Instead, it relies on the controls and safeguards provided by Sections 17.57 and 215.47, F.S.

The Parkway's investments reported on its Statement of Net Position that are subject to interest rate risk consist of US Treasury bills held by the SBA. At June 30, 2016 and 2015, the maturity dates of these securities and their fair values are presented below using the specific identification method as provided by GASB Statement No. 40:

	<u>2016</u>	<u>2015</u>
December 31, 2015		3,451,617
July 14, 2016	26,880,786	
December 29, 2016	3,459,097	
Total	<u>\$ 30,339,883</u>	<u>\$ 3,451,617</u>

# FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA

## NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015

### 5. DUE TO OTHER GOVERNMENTS

At June 30, 2016, due to other governments included operations and maintenance expenses, renewal and replacement costs, and capital project costs in the amount of \$15,846,067.

### 6. CAPITAL ASSETS

Changes in the capital assets of the Parkway for the fiscal year ended June 30, 2016, are shown below:

	<b>Balance June 30, 2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2016</b>
Highway System & Improvements	64,589,376			64,589,376
Right of Way Land	10,089,680			10,089,680
Construction Work In Progress	1,787,289	12,679,549		14,466,838
Buildings and Improvements	14,510,677	212,755		14,723,432
Furniture and Equipment	1,754,362		(40,804)	1,713,558
Sub-total	92,731,384	12,892,304	(40,804)	105,582,884
Accumulated Depreciation	(2,866,819)	(376,891)		(3,243,710)
<b>Totals</b>	<b>\$ 89,864,565</b>	<b>\$ 12,515,413</b>	<b>\$ (40,804)</b>	<b>\$ 102,339,174</b>

In fiscal year 2016, additions to construction work in progress of \$12.7 million consisted of work on the parking facility, the north rest area at mile marker 63, fencing, and guardrail and cabling safety project.

### 7. DEFERRED OUTFLOWS OF RESOURCES

Due to the implementation of GASB Statement No. 65, refunding losses on bond refunding (the difference between the reacquisition price of the new debt and the carrying value of the refunded debt) totaling \$559,954 were reclassified to deferred outflows of resources. The deferred outflows of resources are amortized and recognized as interest expense in a systematic and rational manner over the shorter of remaining term of the refunded debt or the new debt, and in fiscal year 2016 \$76,222 was recognized as interest expense.

### 8. BONDS PAYABLE

On July 30, 1997, the Division of Bond Finance of the State Board of Administration issued and delivered \$98,405,000 in Revenue Bonds on behalf of the Parkway. The proceeds derived from the sale of the 1997 bonds were used to finance a portion of replacing the east toll collection facility in Broward County; the west toll collection facility in Collier County; recreational access, fencing, lighting, and a comfort station; installation of new electronic toll collection equipment, and the reconstruction of approximately 19 miles of State Road 29, which intersects with the Parkway. Alligator Alley Revenue Bonds, Series 2007, were issued March 2007 to refund the outstanding Series 1997 bonds. Series 2007 bonds had \$28.7 million outstanding as of June 30, 2016. Payment

**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

of principal and interest on these bonds are secured by a lien on the net revenues derived from operations of the Parkway.

Bonds payable at June 30, 2016, are as follows:

Serial bonds, due in annual installments ranging from \$2,015,000 to \$3,285,000, with interest rates of 5%, maturing in 2027	\$ 28,655,000
Unamortized premiums on bonds payable	923,812
Deferred outflows on refunding bonds	(399,514)
<b>Bonds payable and deferred outflows as of June 30, 2016</b>	<b><u>\$ 29,179,298</u></b>

Debt service requirements to maturity as of June 30, 2016, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017	2,015,000	1,432,750	3,447,750
2018	2,120,000	1,332,000	3,452,000
2019	2,225,000	1,226,000	3,451,000
2020	2,335,000	1,114,750	3,449,750
2021	2,455,000	998,000	3,453,000
2022	2,575,000	875,250	3,450,250
2023	2,705,000	746,500	3,451,500
2024	2,835,000	611,250	3,446,250
2025	2,980,000	469,500	3,449,500
2026	3,125,000	320,500	3,445,500
2027	3,285,000	164,250	3,449,250
<b>Total</b>	<b><u>\$ 28,655,000</u></b>	<b><u>\$ 9,290,750</u></b>	<b><u>\$ 37,945,750</u></b>

**9. 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 Parkway at a condition level established by the Department. The largest component of preservation is resurfacing.



**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
STATE OF FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2016 AND 2015**

Operations	\$ 4,531,932
Routine Maintenance	4,225,113
Preservation	747,811
<b>Total</b>	<b>\$ 9,504,856</b>

**10. EMPLOYEE BENEFITS**

**A. Retirement Plan**

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, 2016 and 2015, 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 Parkway'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 Parkway 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

# **FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA**

## **NOTES TO THE FINANCIAL STATEMENTS YEARS ENDED JUNE 30, 2016 AND 2015**

Parkway 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 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 Parkway 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 System 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.

## **11. COMMITMENTS AND CONTINGENCIES**

### **A. Commitments**

Commitments on outstanding construction contracts for improvements and maintenance of the Parkway totaled approximately \$24,931,449 at June 30, 2016.

### **B. Pending Litigation**

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

**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
STATE OF FLORIDA**

**NOTES TO THE FINANCIAL STATEMENTS**  
YEARS ENDED JUNE 30, 2016 AND 2015

**12. PRIOR PERIOD ADJUSTMENTS**

The *Statement of Net Position*; *Statement of Revenues, Expenses, and Changes in Net Position*; and the *Statement of Cash Flows* for fiscal year 2016 were restated to account for prior period adjustments in the amount of \$2.8 million. This adjustment reclassified construction work in progress costs for the rest area project that were expensed in 2015 and prior years. The accounts affected were capital assets, preservation operating expense, beginning net position, cash paid to vendors, and purchase or construction of capital assets.

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## **Required Supplementary Information**

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# FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION YEARS ENDED JUNE 30, 2016 AND 2015

### 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 an alternative process to recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the 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 12,110 centerline miles of roads and 6,855 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.

# FLORIDA EVERGLADES PARKWAY DEPARTMENT OF TRANSPORTATION STATE OF FLORIDA

## REQUIRED SUPPLEMENTARY INFORMATION YEARS ENDED JUNE 30, 2016 AND 2015

**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>2016</u>	<u>2015</u>	<u>2014</u>
92%	92%	93%

### Percentage of bridges meeting Department standards

<u>2016</u>	<u>2015</u>	<u>2014</u>
96%	95%	95%

**FLORIDA EVERGLADES PARKWAY  
DEPARTMENT OF TRANSPORTATION  
STATE OF FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION  
YEARS ENDED JUNE 30, 2016 AND 2015**

**Maintenance Rating**

<u>2016</u>	<u>2015</u>	<u>2014</u>
86	86	86

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

**Resurfacing Program**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Needed	\$ 619.5	\$ 571.6	\$ 467.6	\$ 514.4	\$ 628.4
Actual	\$ 610.1	\$ 570.6	\$ 455.6	\$ 521.8	\$ 521.4

**Bridge Repair/Replacement Program**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Needed	\$ 191.4	\$ 110.4	\$ 239.4	\$ 332.8	\$ 319.0
Actual	\$ 199.3	\$ 111.6	\$ 182.6	\$ 323.5	\$ 340.5

**Routine Maintenance Program**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Needed	\$ 627.4	\$ 599.9	\$ 592.2	\$ 574.4	\$ 609.4
Actual	\$ 723.3	\$ 694.6	\$ 641.2	\$ 636.4	\$ 627.3

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.

A RESOLUTION OF THE DIVISION OF BOND FINANCE OF THE STATE  
BOARD OF ADMINISTRATION OF FLORIDA AUTHORIZING THE  
ISSUANCE BY THE DIVISION ON BEHALF OF THE STATE OF FLORIDA  
DEPARTMENT OF TRANSPORTATION OF NOT EXCEEDING \$65,000,000  
STATE OF FLORIDA, ALLIGATOR ALLEY REVENUE BONDS, SERIES  
1997, TO PROVIDE FOR THE FINANCING OF CERTAIN IMPROVEMENTS  
TO ALLIGATOR ALLEY

**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; Sections 338.165 and 338.26, Florida Statutes; and other applicable provisions of law.

**Section 1.02. DEFINITIONS.** The following terms shall have the following meanings in this Resolution unless the text otherwise requires:

**“Accreted Value”** shall mean, as of any date of computation with respect to any Capital Appreciation Bonds, an amount equal to the principal amount of such Capital Appreciation Bond at its initial offering plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Interest Payment Date next preceding the date of computation or the date of computation if such date is an Interest Payment Date, such interest to accrue at a rate per annum determined pursuant to a subsequent resolution of the Division (not to exceed the maximum rate permitted by law), compounded periodically, plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bonds, if such date of computation shall not be an Interest Payment Date, the ratable portion of the difference between the Accreted Value as of the immediately preceding Interest Payment Date (or the date of delivery of the Bonds to the original purchasers thereof if the date of computation is prior to the first Interest Payment Date succeeding the date of delivery) and the Accreted Value as of the immediately succeeding Interest Payment Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of twelve 30-day months.

**“Additional Bonds”** shall mean 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”** shall mean, 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.

**“Alligator Alley”** shall mean a toll road approximately 78 miles in length connecting the Naples-Fort Myers area with the east coast of the State of Florida. Alligator Alley is part of Interstate System (I-75), and includes any additional roads and facilities as are designated as part of Alligator Alley by the Department or as are included by the Department in the work program for projects relating to Alligator Alley. Alligator Alley is also known as “Everglades Parkway”.

**“Annual Debt Service Requirement”** shall mean, at any time, the 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 the then current Fiscal Year into the Debt Service Account for the payment of interest, maturing principal and the scheduled redemption of Term Bonds and, if the Division has elected to fund all or a portion of the Debt Service Reserve Requirement from the Net Revenues, the required deposit to the Debt Service Reserve Account, as provided in the Resolution; provided that in computing such Annual Debt Service Requirement any Variable Rate Bonds shall be deemed to bear interest at all times to the maturity thereof at a constant rate of interest equal



to the highest of (i) the rate borne by such Variable Rate Bonds on the date they were issued plus one-half (or such greater amount as shall be determined pursuant to a subsequent resolution of the Division) of the difference between such rate and the Maximum Interest Rate, (ii) the actual rate of interest borne by such Variable Rate Bonds on such date of calculation, or (iii) in the event there is a Qualified Interest Rate Agreement, the maximum effective rate of such Variable Rate Bonds adjusted to reflect such Qualified Interest Rate Agreement.

**“Authorized Officer”** shall mean any officer or employee authorized to perform specific acts or duties.

**“Board”** shall mean the State Board of Administration of Florida.

**“Bond Counsel”** shall mean 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”** shall mean State Street Bank and Trust Company, N.A., New York, New York, or its successor bond registrar or paying agent, as applicable.

**“Bond Year”** shall mean, 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 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”** shall mean the 1997 Bonds and any Additional Bonds.

**“Bond Insurance Policy”** shall mean 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.

**“Capital Appreciation Bonds”** shall mean those Bonds issued under the Resolution as to which interest is compounded periodically on each of the applicable periodic dates designated for compounding and is payable in an amount equal to the then current Accreted Value at the maturity, earlier redemption or other payment date thereof, and which may be either Serial Bonds or Term Bonds, all as determined pursuant to subsequent resolution of the Division.

**“Code”** shall mean the Internal Revenue Code of 1986, the Treasury Regulations (whether proposed, temporary or final) under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to, the foregoing and any official rulings, announcements, notices, procedures and judicial determinations regarding any of the foregoing, all as and to the extent applicable. Unless otherwise indicated, references to a Section means that Section of the Code, including such applicable Treasury Regulations, rulings, announcements, notices, procedures and determinations pertinent to that Section.

**“Collection Account”** shall mean the Collection Account created in Section 4.02 herein.

**“Completion Bonds”** shall mean Additional Bonds issued for the purpose of completing any Alligator Alley Project being financed by a Series of Bonds and meeting the requirements of Section 6.04 hereof.

**“Consulting Engineer”** shall mean a firm of nationally known and recognized engineers retained by the Department pursuant to Section 5.13 of this Resolution.

**“Cost of Issuance”** shall mean all costs and expenses of the Division, the Department and the Board incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees, financial advisory fees, municipal bond insurance premiums, fiscal or escrow agent fees, printing fees and travel expenses, rating agency fees and credit enhancement fees, and a charge for the services of the Division.

**“Cost of Maintenance”** shall mean all reasonable and necessary costs and expenses incurred in connection with keeping Alligator Alley open to public travel, excluding all costs included in Cost of Operations.

**“Cost of Maintenance Account”** shall mean the Cost of Maintenance Account created in Section 4.01 herein.

**“Cost of Operations”** shall mean all reasonable and necessary costs and expenses incurred in connection with operating Alligator Alley 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”** shall mean the Cost of Operations Account created in Section 4.01 herein.

**“Debt Service Account”** shall mean the Debt Service Account created in Section 4.01 herein.

**“Debt Service Reserve Account”** shall mean the Debt Service Reserve Account created in Section 4.01 herein.

**“Debt Service Reserve Requirement”** shall mean as of any date of calculation, with respect to all Bonds issued hereunder, the lesser of:

- (i) 125% of the average Annual Debt Service Requirement of the Bonds for the then current and succeeding Fiscal Years;
- (ii) Maximum Annual Debt Service on the Bonds;
- (iii) 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.

**“Defeasance Obligations”** shall mean, 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 advance refunded tax-exempt bonds fully secured by non-callable direct obligations of the United States of America, non-callable obligations guaranteed by the United States of America, or “stripped” interest payment obligations of debt obligations of the Resolution Funding Corporation.

**“Department”** shall mean the State of Florida Department of Transportation.

**“Division”** shall mean the Division of Bond Finance of the State Board of Administration of Florida.

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

**“Governing Board”** shall mean the Governor and Cabinet of the State as the governing board of the Division of Bond Finance of the State Board of Administration of Florida.

**“Interest Payment Date”** shall mean, 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”** shall mean, at any time, the maximum amount of Net Revenues required to be deposited in the Debt Service Account during the then current or any succeeding Fiscal Year for the payment of interest, maturing principal, and the scheduled redemption of Term Bonds and, if the Division has elected to fund all or a portion of the Debt Service Reserve Requirement from the Net Revenues, the required deposit to the Debt Service Reserve Account, as provided in the Resolution. Term Bonds in the year of maturity shall be included only in the amount of the final scheduled redemption in determining the Maximum Annual Debt Service. For the purpose of Section 6.01, governing the issuance of Additional Bonds, in computing Maximum Annual Debt Service any Variable Rate Bonds or bank reimbursement agreements payable on a parity with the Outstanding Bonds shall be deemed to bear interest at the Maximum Interest Rate.

**“Maximum Interest Rate”** shall mean, with respect to any particular series of Variable Rate Bonds, a numerical rate of interest that shall be the maximum rate of interest that such Variable Rate Bonds may at any particular time bear, including the maximum effective rate of such Variable Rate Bonds adjusted to reflect a Qualified Interest Rate Agreement, if any, not to exceed the maximum rate of interest allowed under State law, as determined pursuant to a subsequent resolution of the Division.

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

**“1997 Bonds”** shall mean the not to exceed \$65,000,000 Alligator Alley Revenue Bonds, Series 1997.

**“1997 Project Construction Fund”** shall mean the Alligator Alley Construction Fund created in Section 3.03 hereof.

**“1997 Project”** shall mean those capital improvements to Alligator Alley as approved by the Legislature in the 1993/1994 Adopted Work Program or in any subsequent adopted work program of the Department and referenced in Sections 338.165 and 338.26, Florida Statutes.

**“Operation and Maintenance Fund”** shall mean the Alligator Alley Operation and Maintenance Fund created in Section 4.01 herein.

**“Outstanding”**, when used with reference to the Bonds, shall mean, 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, deemed paid, or defeased, and are no longer Outstanding as provided herein;

(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; and

(iv) 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.

**“Principal Payment Date”** shall mean, for each Series of Bonds, such dates of each Fiscal Year on which principal and/or Accreted Value of Outstanding Bonds of such Series is payable, as determined pursuant to a subsequent resolution of the Division.

**“Project Construction Fund”** shall mean a fund in which shall be deposited the net proceeds of the Bonds and other available moneys for the construction of the Project.

**“Qualified Interest Rate Agreement”** shall mean an insurance policy, surety bond, interest rate cap agreement or exchange agreement, provided with respect to Variable Rate Bonds issued from time to time, that either places a limit on the required annual payments related to such Variable Rate Bonds or results in a fixed annual payment requirement. Such Qualified Interest Rate Agreement shall be provided by an insurer which does not result in such Qualified Interest Rate Agreement adversely affecting the rating on Outstanding Bonds or the Bonds to be issued.

**“Rating Agency”** shall mean a nationally recognized bond rating agency.

**“Rebate Amount”** shall have the meaning ascribed to that term in Section 5.15 of this Resolution.

**“Rebate Fund”** shall be the Rebate Fund created in Section 5.15 herein.

**“Rebate Year”** shall mean, with respect to each Series of Bonds issued hereunder, (i) the annual period relevant to the application of Section 148(f) of the Internal Revenue Code to the issue, except that the first and last Rebate Years may be less than 12 months long, or (ii) such other period as regulations promulgated or to be promulgated by the United States Department of Treasury may prescribe. The last day of a Rebate Year shall be the close of business on the day preceding the anniversary of the issuance date of the issue unless the Department selects another date on which to end a Rebate Year in the manner permitted by the Internal Revenue Code.

**“Record Date”** shall mean with respect to each Series of Bonds, except Variable Rate Bonds, the 15th day of the calendar month immediately preceding the month of an Interest Payment Date. The Record Date for Variable Rate Bonds shall be as determined pursuant to a subsequent resolution of the Division.

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

**“Renewal and Replacement Fund”** shall mean the Renewal and Replacement Fund created in Section 4.01 herein.

**“Reserve Account Credit Facility”** shall mean 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 two highest full rating categories of a Rating Agency.

**“Reserve Account Insurance Policy”** shall mean 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 provider of such Reserve Account Insurance Policy shall be assigned one of the two highest policyholder ratings accorded insurers by A.M. Best & Company or any comparable service.

**“Reserve Account Letter of Credit”** shall mean 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. The provider of such letter of credit shall be a banking association, bank or trust company or branch thereof whose letter of credit results in a rating of municipal obligations secured by such letter of credit being in one of the two highest full rating categories of a Rating Agency.

**“Resolution”** shall mean this resolution as amended and supplemented from time to time.

**“Revenue Fund”** shall mean the Revenue Fund created in Section 4.01 hereof.

**“Revenues”** shall mean all Tolls, revenues, rates, fees, charges, receipts, rents and other income derived from or in connection with the operation or leasing of Alligator Alley. “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 Alligator Alley. 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 Alligator Alley.

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

**“Series”** 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”** shall mean the Sinking Fund created and established pursuant to Section 4.01 of this Resolution.

**“State”** shall mean the State of Florida.

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

**“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”** shall mean the charge or charges for using Alligator Alley. A “Toll road” or “Toll facility” shall generally mean a limited access highway, road, bridge, or other facility of the Alligator Alley for which use a charge is required of persons not exempt from payment of such Tolls. A “non-Toll road” or “non-Toll facility” shall generally mean a highway, road, bridge or other facility of the Alligator Alley for use of which a charge is not required.

**“Traffic Engineers”** shall mean the engineer or engineering firm or corporation retained by the Department pursuant to Section 5.14 of this Resolution.

**“Variable Rate Bonds”** shall mean Bonds, which may be either Serial Bonds or Term Bonds, issued with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire term of such Bonds at the date of issue.

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 1.03. 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.

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

**Section 2.01. AUTHORIZATION OF THE BONDS.** Subject and pursuant to the provisions of this Resolution, Bonds to be known as State of Florida, Alligator Alley Revenue Bonds, Series 1997 (the “Series 1997 Bonds”) (or such other designation as may be provided by the Director of the Division) are hereby initially authorized to be issued by the Division on behalf of the Department in the aggregate principal amount of not exceeding Sixty-five Million Dollars (\$65,000,000) for the purpose of financing all or a portion of the cost of the 1997 Project which Bonds may be issued all at one time or from time to time in one or more Series, and if in Series, may be dated, numbered, and designated as to Series as shall be determined pursuant to subsequent resolution or resolutions of the Division.

Pending the preparation of definitive Bonds, the Division may execute and deliver temporary Bonds. Temporary Bonds shall be issuable as registered Bonds without coupons, of any authorized denomination, and substantially in the form of the definitive Bonds but with such omissions, insertions, and variations as may be appropriate for temporary Bonds, all as may be determined by the Division. Temporary Bonds may contain such reference to any provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed and authenticated upon the same conditions and in substantially the same manner, and with like effect, as the definitive Bonds. As promptly as practicable the Division shall execute and shall furnish definitive Bonds and thereupon temporary Bonds may be surrendered in exchange for definitive Bonds without charge at the corporate trust office of the Bond Registrar/Paying Agent, and the Bond Registrar/Paying Agent shall authenticate and deliver in exchange for such temporary Bonds a like aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Resolution as definitive Bonds.

**Section 2.02. DESCRIPTION OF THE BONDS; PAYMENT OF PRINCIPAL AND INTEREST.** Unless otherwise specified by the Division in a subsequent resolution, the Bonds shall be payable, with respect to interest, principal and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts and shall be issued in the form of fully registered Bonds. The Bonds shall be dated; shall bear interest, which may be fixed or variable, from their date at a rate not exceeding the rate permitted by law; shall be in denominations and shall mature on such dates, in such years and in such amounts, all as determined pursuant to subsequent resolution of the Division.

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; 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. However, Capital Appreciation Bonds shall bear interest as described under the defined term Accreted Value, payable only upon redemption, acceleration or maturity thereof.

Interest on the Bonds shall be paid by check or draft mailed (or transferred by a mode at least equally as rapid as mailing) from the Bond Registrar/Paying Agent to the Registered Owner, or in certain cases shall be paid by wire transfer as provided pursuant to subsequent resolution of the Division.

**Section 2.03. NO PLEDGE OF FULL FAITH AND CREDIT OF STATE OF FLORIDA.** The payment of the principal of and interest on the Bonds is secured only by the Net Revenues, as defined herein, generated by Alligator Alley in the manner set forth herein. The Bonds do not constitute general obligations or indebtedness of the State of Florida or any of its agencies and shall not be a debt of the State or of any agency.

**Section 2.04. BONDS MAY BE ISSUED AS SERIAL BONDS, TERM BONDS, ETC.** The Bonds issued hereunder may be Serial Bonds or Term Bonds, and may be Variable Rate Bonds, Capital Appreciation Bonds, Taxable Bonds, or any other types of Bonds, as determined pursuant to subsequent resolution of the Division.

**Section 2.05. PROVISIONS FOR REDEMPTION.** 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 of the Division prior to the sale of the Bonds or any Series thereof.

Unless waived by the Registered Owner of Bonds to be redeemed, a notice of the redemption prior to maturity of any of the Bonds shall be mailed by first class mail (postage prepaid) at least thirty days prior to the date fixed for redemption to the Registered Owner of the Bonds, except Variable Rate Bonds, to be redeemed, of record on the books kept by the Bond Registrar/Paying Agent, as of forty-five days prior to the date fixed for redemption. The notice period for Variable Rate Bonds shall be as determined pursuant to subsequent resolution of the Division. Such notice of redemption shall specify 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, and the redemption price thereof and, in the case of Bonds to be redeemed in part only, the principal amount thereof to be redeemed. Failure so to give any such notice by mailing to any Registered Owner, 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 transfer or exchange any of the Bonds during a period beginning at the opening of business on the 15th business day next preceding the date fixed for redemption and ending at the close of business 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, become and 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 published and mailed in accordance with the terms of this section, and moneys for payment of the redemption price being held in separate accounts by an escrow agent, the Board, or 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 and, to the extent provided herein, to receive Bonds for any unredeemed portion of the Bonds. Any and all Bonds redeemed prior to maturity shall be duly canceled by the Bond Registrar/Paying Agent and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Bond Registrar/Paying Agent as set out below, but no defect in said further notice nor any failure to give all or a portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; (v) the publication date of the official notice of redemption; (vi) the name and address of the Bond Registrar/Paying Agent; and (vii) any other descriptive information needed to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least thirty-five days before the redemption date by certified mail or overnight delivery service or telecopy to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company, New York, New York, Midwest Securities Trust Company, Chicago, Illinois, Pacific Securities Depository Trust Company, San Francisco, California and Philadelphia Depository Trust Company, Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Each further notice of redemption shall be published one time in *The Bond Buyer* of New York, New York or in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty days prior to the date fixed for redemption.

(d) 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 2.06. EXECUTION OF BONDS.** The Bonds shall be executed in the name of the Division on behalf of the Department by the Governor, as Chairman of the Division, and attested by the Secretary of the Division, or such other officers as may be designated by subsequent resolution of the Division, and the corporate seal of the Division or a facsimile thereof shall be affixed thereto or reproduced thereon. The facsimile signatures of the Governor, as Chairman, and the Secretary, or such other officer, may be imprinted or reproduced on the Bonds, provided that, in accordance with the laws of Florida in effect on the date of the adoption of this Resolution, at least one signature, which may be that of the Bond Registrar/Paying Agent, required to be placed on the Bonds shall be manually subscribed. In the event that the laws of Florida relevant to the requirements for facsimile or manual signatures are changed prior to the delivery of the Bonds, then the signatures which are actually imprinted, reproduced, or manually subscribed on the Bonds shall be in compliance with the new laws. 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, such 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 Bonds may be signed and sealed on behalf of the Division by such person as at the actual time of the execution of such Bonds shall hold the proper office, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

A certification as to validation, if any, in the form hereinafter provided, shall be executed with the facsimile signature or manual signature of any present or future Chairman of the Governing Board of the Division.

A certificate as to the approval of the issuance of the Bonds pursuant to the provisions of the State Bond Act, in the form provided herein, shall be executed by the facsimile signature of the Comptroller of the State of Florida as Secretary of the Governing Board of the Division of Bond Finance.

**Section 2.07. 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 his 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 2.08. 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.

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.

In addition, notwithstanding the foregoing, to the extent permitted by applicable law, the Division may establish a system of registration with respect to any Series or all Series of Bonds issued hereunder and may issue certificated public obligations (represented by instruments) or uncertificated registered public obligations (not represented by instruments) commonly known as book-entry obligations, combinations thereof, or such other obligations as may then be permitted by law. The Division shall appoint such registrars, transfer agents, depositories and other agents as may be necessary to cause the registration, registration of transfer and reissuance of the Bonds within a commercially reasonable time according to the then current industry standards and to cause the timely payment of interest, principal and premium, if any, payable with respect to the Bonds. Any such system may be effective for any Series of Bonds then Outstanding or to be subsequently issued, provided that if the Division adopts a system for the issuance of uncertificated public obligations, it may permit thereunder the conversion, at the option of a Registered Owner of any Bonds then Outstanding, of a certificated registered public obligation to an uncertificated registered obligation, and the reconversion of the same.

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 2.09. AUTHENTICATION.** 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 substantially in the form herein set forth 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 2.10. 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 canceled 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 2.11. BONDS MUTILATED, DESTROYED, STOLEN OR LOST.** In case any Bond shall be 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 expenses as the Division may incur. All Bonds so surrendered shall be canceled 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 Bonds issued pursuant to this Section shall constitute original, additional, contractual obligations on the part of the Department, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone and such duplicate Bonds 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 2.12. FORM OF BONDS.** The text of the Bonds together with the form of the certificates to be endorsed thereon, shall be substantially of the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Resolution or any subsequent resolution adopted prior to the issuance thereof, or as may be necessary to comply with applicable laws, rules, and regulations of the United States Government and the State of Florida in effect upon the issuance thereof:

[FORM OF BOND INTENTIONALLY OMITTED]



**ARTICLE III  
CONSTRUCTION OF PROJECT;  
APPLICATION OF 1997 BOND PROCEEDS;  
SECURITY FOR THE BONDS**

**Section 3.01. AUTHORITY TO CONSTRUCT THE 1997 PROJECT.** Pursuant to applicable laws, the Department shall construct or cause to be constructed the 1997 Project financed in whole or in part with proceeds of Bonds, subject to the provisions contained in this Resolution.

**Section 3.02. APPLICATION OF 1997 BOND PROCEEDS.** Upon receipt of the proceeds of the sale of the 1997 Bonds, and after reserving and providing for the payment of the Cost of Issuance, the Division shall transfer and deposit the remainder of the proceeds of the 1997 Bonds as follows:

(1) An amount equal to any accrued interest on the 1997 Bonds shall be transferred to the Board to be deposited in the Sinking Fund, hereinafter established, and used by the Board only for the payment of interest on the 1997 Bonds;

(2) The amount, if any, determined in the sole discretion of the Division prior to the sale of the 1997 Bonds, as being necessary to provide for the payment of interest accruing on the 1997 Bonds for a reasonable period of time from the date of issuance of the Bonds shall be transferred to the Board and deposited in the Sinking Fund and used by the Board only for the payment of interest on the 1997 Bonds; and

(3) An amount, which together with other moneys available therefor, is equal to the Debt Service Reserve Requirement, to the Debt Service Reserve Account in the Sinking Fund to be used solely for the purpose of the Debt Service Reserve Account. Alternatively, the Division or the Department, as provided in Section 4.03(5), 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.

(4) After making the transfers provided for in subsections (1) (2) and (3) above, the balance of the proceeds of the 1997 Bonds sold shall be transferred to and deposited in the 1997 Project Construction Fund and used for the purposes of said Fund.

**Section 3.03. 1997 PROJECT CONSTRUCTION FUND.** There is hereby created a fund in the Treasury of the State of Florida to be known as the 1997 Project Construction Fund. The 1997 Project Construction Fund shall be used only for the payment of all or a portion of the costs of the 1997 Project. If the Bonds are issued in Series, separate accounts within the 1997 Project Construction Fund shall 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 1997 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 1997 Project Construction Fund shall be made by the Department. Withdrawals from the 1997 Project Construction Fund shall be made upon warrants signed by the State Comptroller, countersigned by the Governor of the State of Florida, and drawn upon the State Treasury, or any other method provided by law. The warrant 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 1997 Project and, in the event the withdrawal is for reimbursement to the Department for payment of a cost of the 1997 Project the liability for which was incurred prior to the date of the delivery and issuance of the 1997 Bonds, by an opinion of Bond Counsel that such payment will not adversely affect the exemption from Federal and State income taxation of interest on any of the 1997 Bonds. After performance of all audit review functions required by law and of all other actions required by law with respect to such warrant request, the State Comptroller will issue its warrant for each payment so requested.

If any unexpended balance of funds shall remain in any account of the 1997 Project Construction Fund after the completion of the 1997 Project for which the 1997 Bonds were issued, such unexpended balance shall be deposited in the Sinking Fund to be used to purchase or redeem Bonds, unless otherwise requested by the Department, provided that, prior to any such other application, the Department shall receive an opinion of Bond Counsel 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 1997 Project 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 18.10, Florida Statutes; provided, however, that such investments shall mature, or be subject to redemption on demand by the holder at a price not less than 100%, not later than the date when such moneys will be required for the purposes of said fund.

Any and all income and interest received upon any investment or reinvestment of moneys in the 1997 Project 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 1997 PROJECT 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 1997 Project Construction Fund until such moneys are applied as provided herein.

**Section 3.06. SECURITY FOR THE ALLIGATOR ALLEY REVENUE BONDS.** The Bonds shall be payable from, and secured by a first lien upon, the Net Revenues.

**ARTICLE IV  
APPLICATION AND ADMINISTRATION OF PLEDGED REVENUES**

**Section 4.01. CREATION OF FUNDS AND ACCOUNTS.** The following funds and accounts are hereby created and established:

The "Revenue Fund".

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", the and "Cost of Maintenance Account".

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.

The "Renewal and Replacement Fund".

The funds and accounts created and established by this Article IV shall all constitute trust funds for the purposes provided in this Resolution, and the Registered Owners of the Bonds shall have a lien on all moneys in such funds and accounts until applied as provided in this Article IV.

**Section 4.02. COLLECTION OF REVENUES.** From and after the time of issuance of any Bonds pursuant to this Resolution, and continuing until such time as none of the Bonds are Outstanding, all Revenues shall be collected by the Department, or its designated agent, and shall be deposited daily into a special account or accounts, designated the "Collection Account", in a bank or banks approved by the Department and the State Treasurer. From there Revenues shall be transferred on a weekly basis to the Revenue Fund, which shall be held and administered by the Board.

**Section 4.03. APPLICATION OF REVENUES.** So long as any of the Bonds remain Outstanding and unpaid, all Revenues on deposit at any time in the Revenue Fund shall be applied by the Board only in the following manner and order of priority:

(1) 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) 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:

(a) for deposit into 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;

(b) for deposit into 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.

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) 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 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 and, provided further, that in the event the Division has issued Variable Rate Bonds pursuant to the provisions of the Resolution, Net Revenues shall be deposited at such other or additional times and amounts as necessary to pay interest becoming due on the Variable Rate Bonds on the next Interest Payment Date, all in the manner provided pursuant to the subsequent resolution of the Division authorizing such Variable Rate Bonds. Such subsequent resolution shall require Revenues to be deposited no less frequently than monthly and in an amount equal to either:

(a) the interest accrued during the preceding month on such Variable Rate Bonds, or

(b) substantially equal monthly amounts reasonably calculated to provide sufficient amounts to pay the interest accrued as of the succeeding Interest Payment Date, plus an amount to be deposited in the month prior to the Interest Payment Date not less than the difference between (i) the sum of the monthly deposits since the preceding Interest Payment Date and (ii) the interest payable on the next Interest Payment Date.

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.

Any deficiencies for prior payment into the Debt Service Account for the payment of interest shall be restored from the first Net Revenues available to the Board.

(4) Net Revenues shall next be used, to the extent necessary:

(a) for deposit in the Debt Service Account in the Sinking Fund, on the 15th day of each month, or on such date as shall hereafter be determined pursuant to subsequent resolution of the Division, in the case of Serial Bonds which mature semiannually, one-sixth of the principal amount of the Serial Bonds which will mature and become due on such semiannual maturity dates and, in the case of Serial Bonds which mature annually, 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.

(b) for deposit into the Debt Service Account in the Sinking Fund on the 15th day of each month in each year, beginning with the 15th day of the first full calendar month following the date on which any or all of the Bonds are delivered to the purchaser thereof, or on such date as determined pursuant to subsequent resolution of the Division, of 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.

The moneys deposited in the Debt Service Account pursuant to paragraph (4) (b) above shall be used solely for the purchase or redemption of the Term Bonds payable therefrom. The Board may at any time purchase any of said Term Bonds 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 shall be mandatorily obligated to 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, by the application of such moneys in the Debt Service Account, 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 principal and the scheduled redemption of Term Bonds, such moneys 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 principal and the scheduled redemption of Term Bonds shall be restored from the first Net Revenues available to the Board after making the payments required by (3) above.

(5) 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.

Notwithstanding the foregoing provisions, 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. Reserve Account Credit Facilities shall be payable or available to be drawn upon, as the case may be, on 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 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 the Debt Service Reserve Account. If a disbursement is made under a Reserve Account Credit Facility, the Department shall be obligated to either reinstate such Reserve Account Credit Facility immediately following such disbursement to the amount required to be maintained in the Debt Service Reserve Account or to deposit into 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, 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 amount drawn from the various Reserve Account Credit Facilities.

In the event that any moneys shall be withdrawn by the Board from the Debt Service Reserve Account for deposit into the Debt Service Account, such withdrawals shall be subsequently restored from the first Net Revenues available to the Department after all required payments have been made into the Debt Service Account, including any deficiencies for prior payments, unless restored by a reinstatement under a Reserve Account Credit Facility of the amount withdrawn.

Moneys in the Debt Service Reserve Account shall be used only for deposit into the Debt Service Account when the other moneys in the Sinking Fund available for such purpose are insufficient therefor.

Any moneys in the Debt Service Reserve Account in excess of the amount required to be maintained therein shall be deposited by the Board into the Sinking Fund and used as provided herein for said fund.

(6) Net Revenues shall next be used, to the extent necessary, for deposit in the Renewal and Replacement Fund on the 15th day of each month in each year, beginning with the 15th day of the first full calendar month following the date on which any or all of the Bonds issued hereunder are delivered to the purchasers thereof, or on such date as determined by subsequent resolution of the Division, such sums as shall be sufficient to pay 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.

The moneys in the Renewal and Replacement Fund shall be used, when 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 Alligator Alley. 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 Alligator Alley, other similar costs not included in Cost of Maintenance or Cost of Operations, or other purposes permitted herein.

(7) 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.

(8) Thereafter the balance of any money remaining in the Revenue Fund not needed for the payments provided in (1), (2), (3), (4), (5), (6) and (7) above, shall be transferred to the Department for deposit into the State Transportation Trust Fund and applied at the discretion of the Department for the following purposes or as otherwise provided by law:

(i) Reimbursement of outstanding contractual commitments for those Work Program Projects paid with Department funds that are contained in any previously approved Adopted Work Program;

(ii) Reimbursement of repair, renewal, reconstruction and restoration costs paid with Department funds;

(iii) The balance of the toll revenue deposited into the State Transportation Trust Fund shall be transferred and deposited into the Everglades Fund of the South Florida Water Management District, and used for the purposes thereof, or as otherwise provided by law.

**Section 4.04. 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, moneys in any of the funds authorized or required by this Resolution may be invested and reinvested at any time as provided by Section 18.10 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 for which said obligations were purchased except as otherwise provided in this Resolution; provided, however, that such investments shall mature, or be subject to redemption on demand by the holder at a price not less than 100%, not later than the date when such moneys will be required for the purposes of said fund.

**Section 4.05. 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 Pledged Funds for certain purposes and to establish certain priorities for application of Pledged 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 4.06. 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 4.07. 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 COVENANTS WITH REGISTERED OWNERS**

**Section 5.01. PLEDGE OF NET REVENUES.** So long as any of the Bonds or interest thereon are Outstanding and unpaid, all of the Net Revenues, as defined herein, 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 5.02. 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. 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 or 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.

**Section 5.03. OPERATION BY DEPARTMENT.** The Department shall be in full and complete charge of the operation of Alligator Alley 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 Alligator Alley 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 5.04. NO ACCELERATION.** The Bonds shall not be accelerated on account of any default on any payments required under the Resolution.

**Section 5.05. MAINTENANCE BY DEPARTMENT.** Alligator Alley 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 Alligator Alley to a third party.

**Section 5.06. PROMPT CONSTRUCTION OF 1997 PROJECT.** Upon receipt of the proceeds of any Series of the Bonds, the Department shall promptly proceed with the construction of the 1997 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 1997 Project and in the judgment of the Traffic Engineers will not materially adversely affect the Tolls.

**Section 5.07. TOLL COVENANTS.** (A) As long as any of the Bonds are Outstanding, the Department shall fix, establish and collect Tolls for the use of Alligator Alley 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 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 120% of an amount equal to the Annual Debt Service Requirement for the Bonds and at least one hundred percent of all other payments required by the terms of this Resolution.

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.

(C) The Department shall be without power to reduce Toll rates or remove Tolls from all or a portion of Alligator Alley 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.

(D) Any reduction of the Toll rates or removal of Tolls from all or a portion of Alligator Alley 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 in each Fiscal Year after the toll reduction or Toll removal (i) will be sufficient to comply with (B) above, or (ii) will produce an amount of tolls at least as much as that which would be produced at the higher rates then in existence.

(E) On or before February 1 in each year the Department will review the financial condition of Alligator Alley 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 February 1 of such year. If the Department determines that the Revenues for the following Fiscal Year may not be sufficient for such purpose, the Department will forthwith 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 such 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 1.

(F) 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.

(G) 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.

(H) 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.

(I) 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 5.08. NO FREE USE OF PROJECT.** The Department shall not allow or permit any free use of the Toll roads of Alligator Alley, except to officials or employees of the Department whose official duties in connection with Alligator Alley require them to travel over Alligator Alley, or to emergency vehicles in their official capacity or except as may be provided by Florida law, or in cases of emergencies declared by the Governor or other appropriate State official. Nothing in this section shall restrict the power of the Department to promulgate reasonable rules for the use of Alligator Alley 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 5.09. ANNUAL BUDGETS.** The Department shall annually, at least forty-five days preceding the beginning of each 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 Alligator Alley 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 to any Registered Owner.

**Section 5.10. 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 Alligator Alley 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 Alligator Alley, 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 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 Alligator Alley 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 Alligator Alley, the Department shall require contractors constructing any such portion of the facilities of Alligator Alley 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 (i) loss or (ii) 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 Alligator Alley, 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 and State income taxation of interest on any of the Bonds. If such proceeds shall be insufficient to restore or replace the damaged portions of Alligator Alley, 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 Alligator Alley, or parts thereof, as provided herein. In such event, such proceeds shall be deposited in the Sinking Fund and redemption made therefrom in the manner provided herein.

Any restoration or replacement of Alligator Alley 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 Sinking Fund. Notwithstanding the foregoing, the Department may elect not to restore or replace part or all of the damaged portions of Alligator Alley if:

(i) The Department shall furnish the Board a certificate stating that in the opinion of the Department (a) failure to restore or replace such damaged portion will not impair the ability of the Department to comply with the Toll covenants set forth in Section 5.07 hereof; or (b) 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 Alligator Alley, or any parts thereof, shall be taken in the name of the Department, and shall be filed with the Department.

**Section 5.11. BOOKS AND RECORDS.** The Department shall keep books and records of the operation of Alligator Alley, 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 Alligator Alley. Any Registered Owner shall have the right at all reasonable times to inspect all records, accounts and data of the Department relating to Alligator Alley.

The Board shall keep books and records of the operation of the Sinking 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 120 days after the end of the Fiscal Year, the Department will prepare a financial statement of Alligator Alley for the preceding Fiscal Year, reflecting in reasonable detail the financial condition and record of operation of Alligator Alley.



**Section 5.12. BONDING OF OFFICIALS OR EMPLOYEES OF DEPARTMENT.** All officials, employees, or agents of the Department engaged in the operation of Alligator Alley and handling in any way any of the Tolls or Revenues derived from Alligator Alley shall be required by the Department to furnish adequate bonds for the faithful accounting of all moneys likely to come into their hands.

**Section 5.13. CONSULTING ENGINEER.** The Department will periodically inspect Alligator Alley 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 Alligator Alley 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 5.14. 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 5.15. COMPLIANCE WITH TAX REQUIREMENTS.** (A) Except with respect to Taxable Bonds, 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 the Bonds. Specifically, without intending to limit in any way the generality of the foregoing, the Department covenants and agrees:

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

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

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 Department covenants and agrees that it shall maintain and retain or cause to be maintained and retained all records pertaining to and it 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 Rebate Year within 60 days after the end of such Rebate 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 with the Board, from investment earnings or moneys deposited in 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 Department may rely upon any instructions or opinions from 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 5.16. 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 5.17. 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 Alligator Alley 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 Alligator Alley, 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 Alligator Alley, 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 Alligator Alley, or any materials used in connection therewith, if the Department shall determine that such articles are no longer essential in connection with Alligator Alley 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 Alligator Alley as serves no useful purpose in connection with Alligator Alley 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 Alligator Alley but only if;

(i) there shall be filed with the Board before such abandonment, sale, trade or lease, a certificate, 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 the requirements of Section 5.07 and will continue to be in compliance after giving effect to such abandonment, trade, sale or lease; and

The proceeds of the sale of any property forming part of Alligator Alley under subsection (D) of this section shall be deposited in the Sinking Fund, or used to replace such property.

**Section 5.18. 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 VI  
ADDITIONAL BONDS, REFUNDING BONDS  
AND ISSUANCE OF OTHER OBLIGATIONS**

**Section 6.01. ISSUANCE OF ADDITIONAL BONDS.** The Division shall have the power to issue Additional Bonds, after the issuance of the first Series of Bonds issued pursuant to this Resolution, for the purpose of financing the cost of construction or acquisition of projects relating to Alligator Alley, or for the purpose of refunding Outstanding Bonds, but only under the following terms, limitations and conditions:

(A) The Board shall approve the fiscal sufficiency of the Additional Bonds prior to the sale thereof in accordance with Florida Law.

(B) Sufficient Revenues shall have been collected by the Department and transferred to the Board to make all prior and current payments under this Resolution and neither the Division nor the Department shall be in default in the performance of any of the obligations, provisions or covenants contained in this 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.

(C) 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 shall have been fully paid.

(D) A certificate shall be filed by the Department with the Board and the Division 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.

(E) A certificate shall be filed with the Board and the Division by the Traffic Engineer stating his estimate of 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 (i) the Department's estimated date for the completion and placing in operation of projects relating to Alligator Alley to be financed by the Additional Bonds then proposed to be issued, or (ii) the date of issuance of the refunding 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 Alligator Alley and any capitalized interest funded with the Additional Bonds.

(F) Determinations must be made by both the Board and the Division as follows:

(1) that the amount shown by the certificate of subsection (D) shall be not less than one hundred twenty percent of the amount of the Annual Debt Service Requirement for the current Fiscal Year on account of all Bonds then Outstanding; and

(2) that the amount shown by the certificate of subsection (E) for the current Fiscal Year and for each Fiscal Year to and including the first complete Fiscal Year immediately succeeding (i) the Department's estimated date for the completion and placing in operation of Alligator Alley project(s) 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 refunding Bonds, whichever is applicable, shall be not less than one hundred twenty percent 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 (E) for each of the three complete Fiscal Years immediately succeeding (i) the Department's estimated date for the completion and placing in operation of Alligator Alley project(s) to be financed by the Additional Bonds then proposed to be issued, or (ii) the date of issuance of the refunding Bonds, whichever is applicable, shall be not less than one hundred twenty percent 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 this subsection (F), 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 6.02. ADDITIONAL BONDS SECURED BY ORIGINAL RESOLUTION.** All such Additional Bonds shall be deemed to have been issued pursuant to this Resolution authorizing the issuance of the Bonds. All of the provisions of this Resolution (except as to details inconsistent therewith) shall be deemed to be part of the proceedings authorizing such Additional Bonds, and except as to any necessary differences such as in the maturities thereof, or the rate or rates of interest, or the provisions for redemption or purchase, such Additional Bonds shall be on a parity as to lien on the Net Revenues and shall be entitled to the same benefit and security of this Resolution as the Bonds originally authorized and issued pursuant to this Resolution. Provided, however, that nothing in this Resolution shall prohibit the issuance of Additional Bonds for Alligator Alley projects of a type different from those financed by the Bonds originally issued pursuant to this Resolution.

**Section 6.03. REFUNDING BONDS.** All of the Bonds originally issued pursuant to this Resolution then Outstanding, together with all Additional Bonds theretofore issued and then Outstanding, may be refunded as a whole or in part. This section shall not be construed as a limitation on the Division's authority to issue refunding obligations that are junior to the Bonds or refunding Bonds for the purpose of refunding junior obligations. If the Annual Debt Service Requirement of the refunding Bonds in each Fiscal Year is equal to or less than the Annual Debt Service Requirement of the refunded Bonds, then the provisions of Section 6.01(B), (D), (E) & (F) of this Resolution shall not apply to the issuance of the refunding Bonds.

If the Annual Debt Service Requirement of the refunding Bonds in each Fiscal Year is greater than the Annual Debt Service Requirement of the refunded Bonds, then all of the provisions of Section 6.01 of this Resolution shall apply to the issuance of such refunding Bonds.

**Section 6.04 COMPLETION BONDS.** The Division may issue Completion Bonds. The Department and the Division need not comply with Section 6.01 of this Resolution in the issuance of Completion Bonds, provided that the net proceeds of such Completion Bonds available for deposit into the 1997 Project Construction Fund for such costs shall be equal to or less than 20% of the original estimated cost of the 1997 Project on the delivery date of the Series of Bonds issued to finance the 1997 Project for which Completion Bonds are being issued.

**Section 6.05. ISSUANCE OF OTHER OBLIGATIONS.** The Division and Department covenant that until the Bonds are defeased as provided herein, they will not issue any other obligations, except the Bonds and 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 issued pursuant to this Resolution upon the Net Revenues pledged as security for such Bonds in this Resolution. Any such other obligations hereafter issued by the Division and Department secured by the Net Revenues, in addition to the Bonds authorized by this Resolution and such Additional Bonds provided for in this Resolution, shall contain an express statement that such obligations are junior, inferior, and subordinate to the Bonds theretofore or thereafter issued, as to lien on and source and security for payment from the Net Revenues defined herein. 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 Alligator Alley except for the Net Revenues or as otherwise provided in this Resolution.

## **ARTICLE VII MISCELLANEOUS**

**Section 7.01. 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.

(d) As to Variable Rate Bonds, whether discharged and satisfied under the provisions of subsection (a), (b) or (c) above, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance or sale of such Variable Rate Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of moneys and Defeasance Obligations on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order to fully discharge and satisfy such Bonds pursuant to the provisions of this section, 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 Variable Rate Bonds or otherwise existing under the Resolution.

(e) 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.

(f) 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.

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 7.02. 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 Department, 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 7.03. 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 7.04. MODIFICATION OR AMENDMENT.** Except as otherwise provided in the second and third paragraphs of this section, no material 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 Alligator Alley, 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 so affected.

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, (i) to 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, (ii) to 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, Variable Rate Bonds, Capital Appreciation Bonds, 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, (iii) to 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, (iv) to obtain credit enhancements or a higher rating in one of the three highest full rating categories of a Rating Agency, (v) to 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, (vi) to 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, (vii) to 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, (viii) to achieve compliance with any applicable federal securities or tax law, (ix) to enable the Division to provide for sub-accounts in the Debt Service Reserve Account for one or more Series of Bonds, (x) to 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, and (xi) to 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 7.05. 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 7.06. 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 7.07. 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 or Accreted Value 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 7.08. 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 7.09. CAPITAL APPRECIATION BONDS.** For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) computing the amount of the Maximum Annual Debt Service, and (iii) determining the principal amount of Bonds held by the Registered Owner of a Capital Appreciation Bond for giving to the Department any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value.

**Section 7.10. 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 hold, cancel or resell such Bonds and other obligations subject to and in accordance with the proceedings of the Division.

**Section 7.11. CONTINUING DISCLOSURE.** (a) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Department of Transportation 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 of the Department of Transportation, in conjunction with the appropriate 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.

**Section 7.12. VALIDATION AUTHORIZED.** The attorneys for the Division are herein and hereby authorized to institute proceedings to validate the Bonds or any Series thereof.

**Section 7.13. 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 7.14. 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 (i) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (ii) the execution of any writing appointing any attorney-in-fact, and (iii) 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 7.15. GOVERNING LAW.** The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

**Section 7.16. 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 7.17. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

Adopted on December 10, 1996.

**FIRST SUPPLEMENTAL ALLIGATOR ALLEY REVENUE BOND RESOLUTION**

**A RESOLUTION (THE FIRST SUPPLEMENTAL RESOLUTION) OF THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA AMENDING AND SUPPLEMENTING THE ALLIGATOR ALLEY REVENUE BOND AUTHORIZING RESOLUTION; AUTHORIZING THE ISSUANCE AND PUBLIC SALE OF NOT EXCEEDING \$49,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION ALLIGATOR ALLEY REVENUE REFUNDING BONDS, SERIES 2007A; PROVIDING FOR A NOTICE OF BOND SALE; PROVIDING FOR APPLICATION OF THE PROCEEDS OF THE SERIES 2007A BONDS; AUTHORIZING A PRELIMINARY AND A FINAL OFFICIAL STATEMENT; PROVIDING FOR OTHER TERMS AND AUTHORIZATIONS IN CONNECTION WITH THE SALE AND ISSUANCE OF THE SERIES 2007A BONDS; AMENDING THE AUTHORIZING RESOLUTION; AND PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, acting on behalf of the State of Florida Department of Transportation (the “Department”), the Governor and Cabinet sitting as the governing board (the “Governing Board”) of the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) adopted a resolution on December 10, 1996 authorizing the issuance of State of Florida, Department of Transportation Alligator Alley Revenue Bonds, which resolution (the “Authorizing Resolution”) was adopted to secure the issuance by the Division from time to time of one or more series of Alligator Alley Revenue Bonds, subject to the terms and conditions of the Authorizing Resolution; and

WHEREAS, the Department has adopted a resolution dated March 8, 2007 requesting the Division to proceed with the issuance and sale of State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A (the “Series 2007A Bonds”) to refund all or a portion of the Outstanding State of Florida, Department of Transportation Alligator Alley Revenue Bonds, Series 1997 (when refunded, the “Refunded Bonds”); and

WHEREAS, the Governing Board has determined to sell the Series 2007A Bonds on behalf of the Department, under and pursuant to the Authorizing Resolution and pursuant to the request of the Department of Transportation; and

WHEREAS, the Governing Board wishes to authorize the publication of a Notice of Bond Sale for the public sale of the Series 2007A Bonds (the “Notice of Bond Sale”); and

WHEREAS, upon the adoption of this First Supplemental Resolution and the completion of certain actions required hereunder and under the Authorizing Resolution, the execution and delivery of the Series 2007A Bonds will have been duly authorized and all things necessary to make the Series 2007A Bonds, when executed and authenticated in the manner set forth in the Authorizing Resolution, valid and binding legal obligations of the State of Florida and the Department and to make the Authorizing Resolution, as amended and supplemented by this First Supplemental Resolution, a valid and binding agreement with the Registered Owners of the Series 2007A Bonds, will have been done;

**NOW, THEREFORE, BE IT RESOLVED by the Governor and Cabinet of the State of Florida sitting as the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida, on behalf of the State of Florida Department of Transportation, as follows:**

**SECTION 1. DEFINITIONS.** All terms used in this First Supplemental Resolution that are defined in the Authorizing Resolution have the same meaning as in the Authorizing Resolution unless amended by this First Supplemental Resolution or unless the context clearly requires otherwise.

**SECTION 2. AUTHORITY FOR THIS FIRST SUPPLEMENTAL RESOLUTION.** This First Supplemental 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; Sections 338.165 and 338.26, Florida Statutes; and other applicable provisions of law, and constitutes a resolution authorizing bonds pursuant to such laws.



**SECTION 3. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the purchase and acceptance of any and all of the Series 2007A Bonds by those who shall own the same from time to time, the Authorizing Resolution, as supplemented by this First Supplemental Resolution, shall be deemed to be and shall constitute a contract between the Department and the Registered Owners from time to time of the Series 2007A Bonds; and the security interest granted and the pledge made in the Authorizing Resolution, as supplemented by this First Supplemental Resolution, and the covenants and agreements therein set forth to be performed on behalf of the Department shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by the Authorizing Resolution, as supplemented by this First Supplemental Resolution.

**SECTION 4. AUTHORIZATION OF ISSUANCE AND SALE OF THE SERIES 2007A BONDS.**

(A) The not exceeding \$49,000,000 State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A (or such other designation as may be provided by the Director) are hereby authorized to be issued and sold at public sale on the date and at the time to be set out in the Notice of Bond Sale to be published as provided in this Resolution. The Series 2007A Bonds may be sold at different times in more than one series. If sold in more than one series, the authorizations contained in this resolution shall apply to each of such series. The Series 2007A Bonds may also be sold separately or combined with any other Alligator Alley Revenue Bonds authorized to be sold. The Series 2007A Bonds shall be issued in fully registered form in denominations of \$5,000 or integral multiples thereof. The Series 2007A Bonds shall be dated and bear interest from such date, and be payable in each year, as indicated or provided for in the Notice of Bond Sale. The interest rates of the Series 2007A Bonds, not to exceed the maximum lawful rate on the date of sale of the Series 2007A Bonds, shall be determined in accordance with the Notice of Bond Sale, and the Series 2007A Bonds shall mature as determined by the Director in the Notice of Bond Sale. Interest on the Series 2007A Bonds will be paid by check or draft mailed on each Interest Payment Date [or by wire transfer, at the election of a Registered Owner, in the manner and under the terms provided for in the State's agreement with the Bond Registrar/Paying Agent (provided that such Registered Owner advances to the Bond Registrar/Paying Agent the amount, if any, necessary to pay the wire charges or authorizes the Bond Registrar/Paying Agent to deduct the amount of such payment)] to the Registered Owner thereof as of 5:00 p.m. Eastern Time on the Record Date at the address shown on the registration books maintained by the Bond Registrar/Paying Agent for the Series 2007A Bonds. The interest rates of the Series 2007A Bonds, not to exceed the maximum lawful rate on the date of sale of the Series 2007A Bonds, shall be determined in accordance with the Notice of Bond Sale, and the Series 2007A Bonds shall mature as determined by the Director in the Notice of Bond Sale. Principal of the Series 2007A Bonds will be payable to the Registered Owners thereof upon their presentation and surrender when due at the corporate trust office of the Bond Registrar/Paying Agent.

(B) The Director or the Secretary or an Assistant Secretary of the Governing Board is authorized to publish the Notice of Bond Sale of the Series 2007A Bonds, or an abbreviated version thereof, in *The Bond Buyer*, New York, New York, or in some other established financial newspaper or journal published in New York, New York, such publication to be not less than ten days prior to the date of sale (provided, that if no bids are received at the time and place called or provided for in the Notice of Bond Sale, or if all bids received are rejected, such Series 2007A Bonds may again be offered for sale upon reasonable notice, the timing and manner of which shall be determined by the Director of the Division) and to determine the most advantageous date and time of a public sale which is to be set out or provided for in the Notice of Bond Sale. Bids for the purchase of the Series 2007A Bonds will be received at the offices of the Division in Tallahassee, Florida, or at another location designated in the Notice of Bond Sale, until the time and date of sale specified or provided for in the Notice of Bond Sale.

(C) The Director is hereby authorized to distribute a Notice of Bond Sale and a form of proposal for the sale of the Series 2007A Bonds. The Notice of Bond Sale shall be in such form as shall be determined by the Director, with the advice of bond counsel, and shall contain such information as required by applicable law. Any prior distribution of a Notice of Bond Sale and form of proposal is hereby ratified.

(D) The Director or an Assistant Secretary of the Governing Board is authorized to award the sale of the Series 2007A Bonds in an aggregate principal amount not exceeding \$49,000,000 and to pay the costs, fees and expenses associated therewith. Such award by the Director or Secretary or an Assistant Secretary shall be based on his or her determination of the best bid submitted in accordance with the terms of the Notice of Bond Sale and such award shall be final. The sale shall be reported to the Governing Board after award of the Series 2007A Bonds.

(E) In the event that conditions preclude, or circumstances render unnecessary or undesirable, the sale of the maximum principal amount of the Series 2007A Bonds authorized to be sold by this First Supplemental Resolution, then in such event the Director or Secretary or an Assistant Secretary of the Governing Board is hereby authorized to offer for sale a lesser principal amount than that set forth in the Notice of Bond Sale and to adjust the maturity schedule and redemption provisions for the Series 2007A Bonds, if necessary, to reflect the issuance of such lesser amount, and to modify the Notice of Bond Sale as may be required.

(F) The Series 2007A Bonds shall be subject to redemption as provided in the Notice of Bond Sale.

(G) The Director or Secretary or an Assistant Secretary of the Governing Board is authorized to provide in the Notice of Bond Sale that the purchase price for the Series 2007A Bonds may include a discount to par not to exceed the statutory amount.

(H) The Chairman, Secretary or an Assistant Secretary of the Governing Board or their duly authorized alternative officers are hereby authorized on behalf of the Division to execute the Series 2007A Bonds (including any temporary bond or bonds) as provided in the Authorizing Resolution and any of such officers is hereby authorized, upon the execution of the Series 2007A Bonds in the form and manner set forth in the Authorizing Resolution, to deliver the Series 2007A Bonds in the amounts authorized to be issued hereunder to the Bond Registrar/Paying Agent for authentication and, upon receipt of payment of the purchase price (together with accrued interest), for delivery to or upon the order of the original purchaser of the Series 2007A Bonds, and to distribute the proceeds of the Series 2007A Bonds as provided herein and in the Authorizing Resolution.

(I) The Chairman, Secretary or any Assistant Secretary of the Governing Board, the Director, and such other officers and employees of the Division as may be designated as agents of the Division in connection with the issuance and delivery of the Series 2007A Bonds, are authorized and empowered, collectively or individually, to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action on behalf of the Division, in each case as they may deem necessary or desirable, in connection with the sale, execution and delivery of the Series 2007A Bonds.

## **SECTION 5. SECURITY FOR THE SERIES 2007A BONDS.**

(A) The Bonds authorized by this First Supplemental Resolution shall be payable on a parity and rank equally as to lien on and source and security for payment from the Net Revenues of Alligator Alley and in all other respects with the Outstanding Bonds.

(B) The Series 2007A Bonds authorized by this First Supplemental Resolution shall be deemed to have been issued pursuant to the Authorizing Resolution as fully and to the same extent as the Outstanding Bonds and all of the covenants and agreements contained in the Authorizing Resolution shall be deemed to have been made for the benefit of the Registered Owners of the Series 2007A Bonds as fully and to the same extent as the Registered Owners of the Outstanding Bonds. The amount of Series 2007A Bonds herein authorized to be issued is in addition to the amount of Alligator Alley Revenue Bonds previously authorized in the Authorizing Resolution.

All of the covenants, agreements, and provisions of the Authorizing Resolution, except to the extent inconsistent herewith, shall be deemed to be part of this First Supplemental Resolution to the same extent as if incorporated verbatim in this First Supplemental Resolution, and shall be fully enforceable in the manner provided in the Authorizing Resolution by any of the Registered Owners of the Bonds.

**SECTION 6. APPLICATION OF PROCEEDS.** (A) Upon receipt of the proceeds of the Series 2007A Bonds, the Division shall transfer and apply such proceeds as follows:

(i) The amount necessary to pay all costs and expenses of the Division in connection with the preparation, sale and issuance of the Series 2007A Bonds, including a reasonable charge for the services of the Division, shall be transferred to the Division to be deposited in the Bond Proceeds Trust Fund, subject to disbursement of the funds to the Bond Fee Trust Fund and the Arbitrage Compliance Fund pursuant to written instructions at the delivery of the Series 2007A Bonds unless such amount shall be provided from another legally available source.

(ii) The accrued interest on the Series 2007A Bonds, if any, shall be deposited into the Interest Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Series 2007A Bonds.

(iii) All remaining proceeds shall be transferred to the Board for deposit into a trust fund, hereby created, to be known as the "State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A Escrow Deposit Trust Fund" (or such other name as shall be determined by the Director of the Division) (hereinafter referred to as the "Escrow Deposit Trust Fund"). Such amount, together with the income on the investment thereof, and other legally available funds, if required, shall be sufficient to pay when due the entire principal of the Refunded Bonds, together with interest accrued and to accrue thereon to their respective maturity dates or, if called for redemption prior to maturity, such prior redemption dates and redemption premiums, if any, and the expenses and fees listed in the Escrow Deposit Agreement as hereinafter provided in Section 6(B)(i) below.

(B) The moneys deposited by the Board in the Escrow Deposit Trust Fund shall be administered and applied as follows:

(i) The Escrow Deposit Trust Fund shall be held in irrevocable trust by the Board and, except as provided in Section 6(B)(ii) below, shall be applied solely to refund the Refunded Bonds and to the payment of the fees and expenses incurred in connection with such refunding. The application of the moneys in the Escrow Deposit Trust Fund shall be made for said purposes pursuant to an Escrow Deposit Agreement hereby authorized to be entered into by the Division and the Board and endorsed and accepted by the Department, in a form normally utilized by the Board.

(ii) Moneys on deposit in the Escrow Deposit Trust Fund shall be used to purchase Federal Obligations (as defined in the Escrow Deposit Agreement), which shall be Defeasance Obligations as defined in the Authorizing Resolution, in accordance with the schedules given in the Escrow Deposit Agreement. The maturing Federal Obligations, the earnings thereon, if required, and the cash on deposit in the Escrow Deposit Trust Fund shall be sufficient to accomplish the refunding described above. In the alternative, in the discretion of the Director of the Division of Bond Finance, moneys on deposit in the Escrow Deposit Trust Fund shall be invested in the State Treasury, or in such other legally authorized investments, until such time as such funds, together with other legally available funds, if necessary, are needed to effect the redemption of the Refunded Bonds.

(C) The proceeds derived from the sale of the Series 2007A Bonds shall be applied and disbursed pursuant to applicable provisions of law and this First Supplemental Resolution. The Registered Owners of the Series 2007A Bonds shall not have any responsibility whatsoever for the application or use of any of the proceeds derived from the sale of the Series 2007A Bonds, and the rights and remedies of the Registered Owners of Series 2007A Bonds and their right to payment, pursuant to the Authorizing Resolution as supplemented by this First Supplemental Resolution, shall not be affected or impaired by the application or use of such proceeds. Upon the issuance of the Series 2007A Bonds, all the covenants and agreements between the Board and the Registered Owners of the Series 2007A Bonds contained in the Authorizing Resolution and this First Supplemental Resolution shall be valid and binding covenants and agreements between the Division and the Registered Owners of the Series 2007A Bonds without regard to the application of the proceeds of the Series 2007A Bonds.

**SECTION 7. BOND REGISTRAR/PAYING AGENT.** U.S. Bank Trust National Association, New York, New York, is hereby designated as the Bond Registrar/Paying Agent for the Series 2007A Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement between the State of Florida and U.S. Bank Trust National Association.

**SECTION 8. AUTHORIZATION OF OFFICIAL STATEMENT.** The Division is hereby authorized to prepare and distribute preliminary and final Official Statements in connection with the Series 2007A Bonds, on behalf of the Department, pursuant to the State Bond Act. The Chairman, Secretary or an Assistant Secretary of the Governing Board and the Director are hereby authorized to execute the final Official Statement in connection with the Series 2007A Bonds, and the execution thereof shall be conclusive evidence that the Governing Board has approved the form and content of the Final Official Statement. The Division is further authorized to have up to 3,000 copies of the Preliminary Official Statement and 3,000 copies of the Final Official Statement relating to the Series 2007A Bonds printed and distributed; to contract with national rating services; to make a determination that the Preliminary Official Statement is “deemed final” for purposes of SEC Rule 15c2-12(b)(1); to conduct information meetings; and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale of the Series 2007A Bonds. Any prior printing and distribution of a Preliminary Official Statement is hereby ratified.

**SECTION 9. FORM OF SERIES 2007A BONDS.** (A) Notwithstanding anything to the contrary in the Authorizing Resolution, this First Supplemental Resolution, or any other resolution relating to the 2007A Bonds (for the purposes of this section, collectively, the “Resolution”), the 2007A Bonds may be issued in book-entry only form utilizing the services of a Securities Depository (as used herein, “Securities Depository” means The Depository Trust Company, New York, New York, or its nominees, successors and assigns).

So long as a book-entry only system of evidence of transfer of ownership of all the 2007A Bonds is maintained in accordance herewith, any provision of the Resolution relating to the delivery of physical bond certificates shall be inapplicable, and the Resolution shall be deemed to give full effect to such book-entry system.

If the 2007A Bonds are issued in book-entry only form:

(1) The 2007A Bonds shall be issued in the name of the Securities Depository as the Registered Owner of the 2007A Bonds, and held in the custody of the Securities Depository or its designee.

(2) Transfers of beneficial ownership of the 2007A 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).

(3) Each Participant shall be credited in the records of the Securities Depository with the amount of such Participant's interest in the 2007A Bonds. Beneficial ownership interests in the 2007A 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 2007A 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 2007A Bonds. Transfers of ownership interests in the 2007A Bonds shall be accomplished by book entries made by the Securities Depository and, in turn, by Participants acting on behalf of Beneficial Owners.

(4) Unless otherwise provided herein, the Department, the Division of Bond Finance, the Board of Administration 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 2007A Bonds registered in its name for the purposes of

(a) payment of the principal of, premium, if any, and interest on the 2007A 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;

(b) giving any notice permitted or required to be given to Registered Owners under the Resolution; and

(c) the giving of any direction or consent or the making of any request by the Registered Owners hereunder. 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 2007A Bonds; and

(ii) a certificate of any such Participant as to the identity of, and the respective principal amount of 2007A Bonds beneficially owned by, the Beneficial Owners.

(5) 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 2007A Bond Register, with respect to

(a) the accuracy of any records maintained by the Securities Depository or any Participant;

(b) 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 2007A Bond;

(c) the delivery of any notice by the Securities Depository or any Participant;

(d) the selection of the Participants or the Beneficial Owners to receive payment in the event of any partial redemption of the 2007A Bonds; or

(e) any consent given or any other action taken by the Securities Depository or any Participant.

(6) The requirements in the Resolution of holding, delivering or transferring 2007A 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 2007A Bonds to produce the same effect. Any provision hereof permitting or requiring delivery of the 2007A Bonds shall, while the 2007A 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.

(B) The Division of Bond Finance 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 of Bond Finance shall either

(1) identify another qualified securities depository or

(2) prepare and deliver replacement 2007A Bonds in the form of fully registered bonds to each Beneficial Owner.

**SECTION 10. FEDERAL TAX MATTERS.** Upon the execution of a “Federal tax certificate,” “non-arbitrage certificate” or other certificate relating to compliance by the Department or the Division with Federal tax law requirements, the representations, terms and covenants in each such certificate shall be deemed to be incorporated in this First Supplemental Resolution and shall be deemed to benefit the Registered Owners of the Series 2007A Bonds.

Notwithstanding anything contained in the Authorizing Resolution to the contrary, it is the intent of the Governing Board that interest on the Series 2007A Bonds be and remain excluded from gross income for federal income tax purposes and therefore to comply with all requirements of federal tax law applicable to the Series 2007A Bonds, or any series thereof, whether such requirements are now in effect, pending or subsequently enacted. The officers, employees and agents of the Division of Bond Finance are hereby authorized and directed to take all actions necessary with respect to the Series 2007A Bonds and each series thereof to comply with such requirements of federal tax law.

**SECTION 11. TAX OPINION/VERIFICATION REPORT.** The Director of the Division is authorized to retain bond counsel to render special tax opinions relating to the use of the proceeds of the sale of the Series 2007A Bonds for compensation in addition to the basic services relating to the Series 2007A Bonds, and is authorized to contract with a consultant to verify escrow calculations for the refunding of the Refunded Bonds.

**SECTION 12. 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 of the Department, in conjunction with the appropriate officers 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 and the Securities and Exchange Commission.

**SECTION 13. INCIDENTAL ACTION.** The members and officers of the Governing Board and the staff of the Division are hereby authorized and directed to execute and deliver such other documents, and to take such other actions as may be necessary or appropriate in order to accomplish the sale, issuance and securing of the Series 2007A Bonds pursuant to the terms of the Authorizing Resolution and this First Supplemental Resolution, and the performance of the obligations of the Division under the Authorizing Resolution.

**SECTION 14. AMENDMENT OF AUTHORIZING RESOLUTION.** The Authorizing Resolution is amended as follows. Language to be added to the Authorizing Resolution is indicated by underlining, and language to be deleted from the Authorizing Resolution is indicated by ~~strike-throughs~~.

(A) Section 1.02 of the Authorizing Resolution is hereby amended as follows:

**Section 1.02. DEFINITIONS.** The following terms shall have the following meanings in this Resolution unless the text otherwise requires:

...  
“**Outstanding**”, when used with reference to the Bonds, shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:

....  
(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).

(B) Section 5.02 of the Authorizing Resolution is amended by adding the following paragraph at the end thereof, as follows:

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.

(C) Section 7.01 of the Authorizing Resolution is amended by adding Subsection (G) thereto, as follows:

(G) 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.

**SECTION 15. CONFIRMATION OF AUTHORIZING RESOLUTION/PRIOR RESOLUTIONS.** As amended and supplemented by this First Supplemental Resolution, the Authorizing Resolution is in all respects ratified and confirmed, and this First Supplemental Resolution shall be read, taken and construed as a part of the Authorizing Resolution. All prior or concurrent resolutions or parts of resolutions inconsistent with this Resolution are hereby amended by this Resolution, including the Notice of Bond Sale, but only to the extent of any such inconsistency.

**SECTION 16. EFFECTIVE DATE.** This First Supplemental Resolution shall take effect on the date of its adoption by the Governing Board.

Adopted by the Governor and Cabinet of the State of Florida sitting as the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida, on behalf of the Department of Transportation, on March 13, 2007.

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## SECOND SUPPLEMENTAL ALLIGATOR ALLEY REVENUE BOND RESOLUTION

**A RESOLUTION (THE SECOND SUPPLEMENTAL RESOLUTION) OF THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA SUPPLEMENTING THE ALLIGATOR ALLEY REVENUE BOND AUTHORIZING RESOLUTION; AUTHORIZING THE ISSUANCE AND COMPETITIVE SALE OF STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION ALLIGATOR ALLEY REVENUE REFUNDING BONDS, SERIES 2017A; AUTHORIZING A NOTICE OF BOND SALE; PROVIDING FOR APPLICATION OF THE PROCEEDS OF THE SERIES 2017A BONDS; AUTHORIZING A PRELIMINARY AND A FINAL OFFICIAL STATEMENT; PROVIDING FOR OTHER TERMS AND AUTHORIZATIONS IN CONNECTION WITH THE SALE AND ISSUANCE OF THE SERIES 2017A BONDS; AND PROVIDING FOR AN EFFECTIVE DATE.**

WHEREAS, acting on behalf of the State of Florida Department of Transportation (the “Department”), the Governor and Cabinet sitting as the governing board (the “Governing Board”) of the Division of Bond Finance of the State Board of Administration of Florida (the “Division”) adopted a resolution on December 10, 1996, authorizing the issuance of State of Florida, Department of Transportation Alligator Alley Revenue Bonds, which resolution, as amended by the First Supplemental Alligator Alley Bond Resolution dated March 13, 2007 (collectively, the “Authorizing Resolution”) was adopted to secure the issuance by the Division from time to time of one or more series of Alligator Alley Revenue Bonds, subject to the terms and conditions of the Authorizing Resolution; and

WHEREAS, the Department has adopted a resolution requesting the Division to proceed with the issuance and sale of State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2017A (the “Refunding Bonds”) to refund all or a portion of the Outstanding State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A (when refunded, the “Refunded Bonds”); and

WHEREAS, the Governing Board has determined to sell the Refunding Bonds on behalf of the Department, under and pursuant to the Authorizing Resolution and pursuant to the request of the Department of Transportation; and

WHEREAS, the Governing Board wishes to authorize the publication of a Notice of Bond Sale for the competitive sale of the Refunding Bonds (the “Notice of Bond Sale”); and

WHEREAS, upon the adoption of this Second Supplemental Resolution and the completion of certain actions required hereunder and under the Authorizing Resolution, the execution and delivery of the Refunding Bonds will have been duly authorized and all things necessary to make the Refunding Bonds, when executed and authenticated in the manner set forth in the Authorizing Resolution, valid and binding legal obligations of the State of Florida and the Department and to make the Authorizing Resolution, as supplemented by this Second Supplemental Resolution, a valid and binding agreement with the Registered Owners of the Refunding Bonds, will have been done;

**NOW, THEREFORE, BE IT RESOLVED by the Governor and Cabinet of the State of Florida sitting as the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida, on behalf of the State of Florida Department of Transportation, as follows:**

**SECTION 1. DEFINITIONS.** All terms used in this Second Supplemental Resolution that are defined in the Authorizing Resolution have the same meaning as in the Authorizing Resolution unless amended by this Second Supplemental Resolution or unless the context clearly requires otherwise.

**SECTION 2. AUTHORITY FOR THIS SECOND SUPPLEMENTAL RESOLUTION.** This Second Supplemental 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; Sections 338.165 and 338.26, Florida Statutes; and other applicable provisions of law, and constitutes a resolution authorizing bonds pursuant to such laws.



**SECTION 3. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the purchase and acceptance of any and all of the Refunding Bonds by those who shall own the same from time to time, the Authorizing Resolution, as supplemented by this Second Supplemental Resolution, shall be deemed to be and shall constitute a contract between the Department and the Registered Owners from time to time of the Refunding Bonds; and the security interest granted and the pledge made in the Authorizing Resolution, as supplemented by this Second Supplemental Resolution, and the covenants and agreements therein set forth to be performed on behalf of the Department shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or permitted by the Authorizing Resolution, as supplemented by this Second Supplemental Resolution.

**SECTION 4. AUTHORIZATION OF ISSUANCE AND SALE OF THE REFUNDING BONDS.**

(A) The not exceeding \$29,000,000 State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2017A (or such other designation as may be provided by the Director) are hereby authorized to be issued and sold at competitive sale on the date and at the time to be determined by the Director. The Refunding Bonds are authorized in addition to the amounts authorized in the Authorizing Resolution. The Refunding Bonds may be sold at different times in more than one series. If sold in more than one series, the authorizations contained in this resolution shall apply to each of such series. The Refunding Bonds may also be sold separately or combined with any other Alligator Alley Revenue Bonds authorized to be sold. The Refunding Bonds shall be issued in fully registered form in denominations of \$1,000 or integral multiples thereof. The Refunding Bonds shall be dated and bear interest from such date, and be payable in each year, as indicated or provided for in the Notice of Bond Sale. The interest rates of the Refunding Bonds, not to exceed the maximum lawful rate on the date of sale of the Refunding Bonds, shall be determined in accordance with the Notice of Bond Sale, and the Refunding Bonds shall mature as determined by the Director in the Notice of Bond Sale. Interest on the Refunding Bonds will be paid by check or draft mailed on each Interest Payment Date [or by wire transfer, at the election of a Registered Owner, in the manner and under the terms provided for in the State's agreement with the Bond Registrar/Paying Agent (provided that such Registered Owner advances to the Bond Registrar/Paying Agent the amount, if any, necessary to pay the wire charges or authorizes the Bond Registrar/Paying Agent to deduct the amount of such payment)] to the Registered Owner thereof as of 5:00 p.m. Eastern Time on the Record Date at the address shown on the registration books maintained by the Bond Registrar/Paying Agent for the Refunding Bonds. Principal of the Refunding Bonds will be payable to the Registered Owners thereof upon their presentation and surrender when due at the corporate trust office of the Bond Registrar/Paying Agent.

(B) The Director or the Secretary or an Assistant Secretary of the Governing Board is authorized to determine the most advantageous date and time of a public sale and to provide notice pursuant to applicable law of such sale, at a time and in such manner as determined by the Director to be appropriate to provide adequate notice to potential bidders. Bids for the purchase of the Refunding Bonds will be received at the offices of the Division in Tallahassee, Florida, or at another location designated in the Notice of Bond Sale, until the time and date of sale determined by the Director.

(C) The Director is hereby authorized to distribute a Notice of Bond Sale and a form of proposal for the sale of the Refunding Bonds. The Notice of Bond Sale shall be in such form as shall be determined by the Director, with the advice of bond counsel, and shall contain such information as required by applicable law. Any prior distribution of a Notice of Bond Sale and form of proposal is hereby ratified.

(D) The Director or the Secretary or an Assistant Secretary of the Governing Board is authorized to award the sale of the Refunding Bonds in an aggregate principal amount not exceeding \$29,000,000 and to pay the costs, fees and expenses associated therewith. Such award by the Director or the Secretary or an Assistant Secretary shall be based on his or her determination of the best bid submitted in accordance with the terms of the Notice of Bond Sale and such award shall be final. The sale shall be reported to the Governing Board after award of the Refunding Bonds.

(E) In the event that conditions preclude, or circumstances render unnecessary or undesirable, the sale of the maximum principal amount of the Refunding Bonds authorized to be sold by this Second Supplemental Resolution, then in such event the Director or the Secretary or an Assistant Secretary of the Governing Board is hereby authorized to offer for sale a lesser principal amount than that set forth in the Notice of Bond Sale and to adjust the maturity schedule and redemption provisions for the Refunding Bonds, if necessary, to reflect the issuance of such lesser amount, and to modify the Notice of Bond Sale as may be required.

(F) The Refunding Bonds shall be subject to redemption as provided in the Notice of Bond Sale.

(G) The Director or Secretary or an Assistant Secretary of the Governing Board is authorized to provide in the Notice of Bond Sale that the purchase price for the Refunding Bonds may include a discount to par not to exceed the statutory amount.

(H) The Chairman, Secretary or an Assistant Secretary of the Governing Board or their duly authorized alternative officers are hereby authorized on behalf of the Division to execute the Refunding Bonds (including any temporary bond or bonds) as provided in the Authorizing Resolution and any of such officers is hereby authorized, upon the execution of the Refunding Bonds in the form and manner set forth in the Authorizing Resolution, to deliver the Refunding Bonds in the amounts authorized to be issued hereunder to the Bond Registrar/Paying Agent for authentication and, upon receipt of payment of the purchase price (together with accrued interest), for delivery to or upon the order of the original purchaser of the Refunding Bonds, and to distribute the proceeds of the Refunding Bonds as provided herein and in the Authorizing Resolution.

(I) The Chairman, Secretary or any Assistant Secretary of the Governing Board, the Director, and such other officers and employees of the Division as may be designated as agents of the Division in connection with the issuance and delivery of the Refunding Bonds, are authorized and empowered, collectively or individually, to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action on behalf of the Division, in each case as they may deem necessary or desirable, in connection with the sale, execution and delivery of the Refunding Bonds, including but not limited to, contracting with a consultant to verify escrow calculations of the Refunding Bonds, retaining bond counsel to render a special tax opinion relating to the use of the proceeds from the sale of the Refunding Bonds, and providing for redemption of the Refunded Bonds.

#### **SECTION 5. SECURITY FOR THE REFUNDING BONDS.**

(A) The Refunding Bonds authorized by this Second Supplemental Resolution shall be payable on a parity and rank equally as to lien on and source and security for payment from the Net Revenues of Alligator Alley and in all other respects with the Outstanding Bonds.

(B) The Refunding Bonds authorized by this Second Supplemental Resolution shall be deemed to have been issued pursuant to the Authorizing Resolution as fully and to the same extent as the Outstanding Bonds and all of the covenants and agreements contained in the Authorizing Resolution shall be deemed to have been made for the benefit of the Registered Owners of the Refunding Bonds as fully and to the same extent as the Registered Owners of the Outstanding Bonds. The amount of Refunding Bonds herein authorized to be issued is in addition to the amount of Alligator Alley Revenue Bonds previously authorized in the Authorizing Resolution.

All of the covenants, agreements, and provisions of the Authorizing Resolution, except to the extent inconsistent herewith, shall be deemed to be part of this Second Supplemental Resolution to the same extent as if incorporated verbatim in this Second Supplemental Resolution, and shall be fully enforceable in the manner provided in the Authorizing Resolution by any of the Registered Owners of the Refunding Bonds.

**SECTION 6. APPLICATION OF PROCEEDS.** (A) Upon receipt of the proceeds of the Refunding Bonds, the Division shall transfer and apply such proceeds as follows:

(i) The amount necessary to pay all costs and expenses of the Division in connection with the preparation, sale and issuance of the Refunding Bonds, including a reasonable charge for the services of the Division, shall be transferred to the Division to be deposited in the Bond Proceeds Trust Fund, subject to disbursement of the funds to the Bond Fee Trust Fund and the Arbitrage Compliance Fund pursuant to written instructions at the delivery of the Refunding Bonds unless such amount shall be provided from another legally available source.

(ii) The accrued interest on the Refunding Bonds, if any, shall be deposited into the Interest Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Refunding Bonds.

(iii) All remaining proceeds shall be transferred to the Board for deposit into a trust fund, hereby created, to be known as the "State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Refunding Escrow Deposit Trust Fund" (hereinafter referred to as the "Escrow Deposit Trust Fund"). Such amount, together with the income on the investment thereof, and other legally available funds, if required, shall be sufficient to pay when due the entire principal of the Refunded Bonds, together with interest accrued and to accrue thereon to their respective maturity dates or, if called for redemption prior to maturity, such prior redemption dates and redemption premiums, if any, and the expenses and fees listed in the Escrow Deposit Agreement as hereinafter provided in Section 6(B)(i) below.

(B) The moneys deposited by the Board in the Escrow Deposit Trust Fund shall be administered and applied as follows:

(i) The Escrow Deposit Trust Fund shall be held in irrevocable trust by the Board and, except as provided in Section 6(B)(ii) below, shall be applied solely to refund the Refunded Bonds and to the payment of the fees and expenses incurred in connection with such refunding. The application of the moneys in the Escrow Deposit Trust Fund shall be made for said purposes pursuant to an Escrow Deposit Agreement hereby authorized to be entered into by the Division and the Board and endorsed and accepted by the Department, in a form normally utilized by the Board.

(ii) Moneys on deposit in the Escrow Deposit Trust Fund shall be used to purchase Federal Obligations (as defined in the Escrow Deposit Agreement), which shall be Defeasance Obligations as defined in the Authorizing Resolution, in accordance with the schedules given in the Escrow Deposit Agreement. The maturing Federal Obligations, the earnings thereon, if required, and the cash on deposit in the Escrow Deposit Trust Fund shall be sufficient to accomplish the refunding described above. In the alternative, in the discretion of the Director of the Division of Bond Finance, moneys on deposit in the Escrow Deposit Trust Fund shall be invested in the State Treasury, or in such other legally authorized investments, or held uninvested, until such time as such funds, together with other legally available funds, if necessary, are needed to effect the redemption of the Refunded Bonds.

(C) The proceeds derived from the sale of the Refunding Bonds shall be applied and disbursed pursuant to applicable provisions of law and this Second Supplemental Resolution. The Registered Owners of the Refunding Bonds shall not have any responsibility whatsoever for the application or use of any of the proceeds derived from the sale of the Refunding Bonds, and the rights and remedies of the Registered Owners of Refunding Bonds and their right to payment, pursuant to the Authorizing Resolution as supplemented by this Second Supplemental Resolution, shall not be affected or impaired by the application or use of such proceeds. Upon the issuance of the Refunding Bonds, all the covenants and agreements between the Board and the Registered Owners of the Refunding Bonds contained in the Authorizing Resolution and this Second Supplemental Resolution shall be valid and binding covenants and agreements between the Division and the Registered Owners of the Refunding Bonds without regard to the application of the proceeds of the Refunding Bonds.

**SECTION 7. RESERVE REQUIREMENT.** The Refunding Bonds shall be secured, together with the Outstanding Alligator Alley Revenue and Revenue Refunding Bonds, and any other Series of Alligator Alley Bonds designated to be secured thereby, by the Debt Service Reserve account securing the Series 2007A Bonds or in such other Debt Service Reserve Subaccount as may be established, as needed, by the Director.

**SECTION 8. BOND REGISTRAR/PAYING AGENT.** U.S. Bank Trust National Association, New York, New York, is hereby designated as the Bond Registrar/Paying Agent for the Refunding Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement between the State of Florida and U.S. Bank Trust National Association.

**SECTION 9. AUTHORIZATION OF OFFICIAL STATEMENT.** The Division is hereby authorized to prepare and distribute preliminary and final Official Statements in connection with the Refunding Bonds, on behalf of the Department, pursuant to the State Bond Act. The Chairman, Secretary or an Assistant Secretary of the Governing Board and the Director are hereby authorized to execute the final Official Statement in connection with the Refunding Bonds, and the execution thereof shall be conclusive evidence that the Governing Board has approved the form and content of the Final Official Statement. The Division is further authorized to have up to 3,000 copies of the Preliminary Official Statement and 3,000 copies of the Final Official Statement relating to the Refunding Bonds printed and distributed; to contract with national rating services and providers of municipal bond insurance and Reserve Account Credit Facilities; to retain bond counsel; to make a determination that the Preliminary Official Statement is "deemed final" for purposes of SEC Rule 15c2-12(b)(1); to conduct information meetings; and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale of the Refunding Bonds. Any prior printing and distribution of a Preliminary Official Statement is hereby ratified.

**SECTION 10. FORM OF REFUNDING BONDS.** (A) Notwithstanding anything to the contrary in the Authorizing Resolution, this Second Supplemental Resolution, or any other resolution relating to the Refunding Bonds (for the purposes of this section, collectively, the "Resolution"), the Refunding Bonds may be issued in book-entry only form utilizing the services of a Securities Depository (as used herein, "Securities Depository" means The Depository Trust Company, New York, New York, or its nominees, successors and assigns).

So long as a book-entry only system of evidence of transfer of ownership of all the Refunding Bonds is maintained in accordance herewith, any provision of the Resolution relating to the delivery of physical bond certificates shall be inapplicable, and the Resolution shall be deemed to give full effect to such book-entry system.

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

(1) The Refunding Bonds shall be issued in the name of the Securities Depository as the Registered Owner of the Refunding Bonds, and held in the custody of the Securities Depository or its designee.

(2) Transfers of beneficial ownership of the Refunding 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).

(3) Each Participant shall be credited in the records of the Securities Depository with the amount of such Participant's interest in the Refunding Bonds. Beneficial ownership interests in the Refunding 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 Refunding 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 Refunding Bonds. Transfers of ownership interests in the Refunding Bonds shall be accomplished by book entries made by the Securities Depository and, in turn, by Participants acting on behalf of Beneficial Owners.

(4) Unless otherwise provided herein, the Department, the Division of Bond Finance, the Board of Administration 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 Refunding Bonds registered in its name for the purposes of

(a) payment of the principal of, premium, if any, and interest on the Refunding 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;

(b) giving any notice permitted or required to be given to Registered Owners under the Resolution; and

(c) the giving of any direction or consent or the making of any request by the Registered Owners hereunder. 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 Refunding Bonds; and

(ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Refunding Bonds beneficially owned by, the Beneficial Owners.

(5) 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 2017A Bond Register, with respect to

(a) the accuracy of any records maintained by the Securities Depository or any Participant;

(b) 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 2017A Bond;

(c) the delivery of any notice by the Securities Depository or any Participant;

(d) the selection of the Participants or the Beneficial Owners to receive payment in the event of any partial redemption of the Refunding Bonds; or

(e) any consent given or any other action taken by the Securities Depository or any Participant.

(6) The requirements in the Resolution of holding, delivering or transferring Refunding 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 Refunding Bonds to produce the same effect. Any provision hereof permitting or requiring delivery of the Refunding Bonds shall, while the Refunding 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.

(B) The Division of Bond Finance 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 of Bond Finance shall either

(1) identify another qualified securities depository or

(2) prepare and deliver replacement Refunding Bonds in the form of fully registered bonds to each Beneficial Owner.

**SECTION 11. FEDERAL TAX MATTERS.** Upon the execution of a “Federal tax certificate,” “non-arbitrage certificate” or other certificate relating to compliance by the Department or the Division with Federal tax law requirements, the representations, terms and covenants in each such certificate shall be deemed to be incorporated in this Second Supplemental Resolution and shall be deemed to benefit the Registered Owners of the Refunding Bonds.

Notwithstanding anything contained in the Authorizing Resolution to the contrary, it is the intent of the Governing Board that interest on the Refunding Bonds be and remain excluded from gross income for federal income tax purposes and therefore to comply with all requirements of federal tax law applicable to the Refunding Bonds, or any series thereof, whether such requirements are now in effect, pending or subsequently enacted. The officers, employees and agents of the Division of Bond Finance are hereby authorized and directed to take all actions necessary with respect to the Refunding Bonds and each series thereof to comply with such requirements of federal tax law.

**SECTION 12. 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 of the Department, in conjunction with the appropriate officers 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 and the Securities and Exchange Commission.

**SECTION 13. INCIDENTAL ACTION.** The members and officers of the Governing Board and the staff of the Division are hereby authorized and directed to execute and deliver such other documents, and to take such other actions as may be necessary or appropriate in order to accomplish the sale, issuance and securing of the Refunding Bonds pursuant to the terms of the Authorizing Resolution and this Second Supplemental Resolution, and the performance of the obligations of the Division under the Authorizing Resolution.

**SECTION 14. CONFIRMATION OF AUTHORIZING RESOLUTION/PRIOR RESOLUTIONS.** As supplemented by this Second Supplemental Resolution, the Authorizing Resolution is in all respects ratified and confirmed, and this Second Supplemental Resolution shall be read, taken and construed as a part of the Authorizing Resolution. All prior or concurrent resolutions or parts of resolutions inconsistent with this Resolution are hereby amended by this Resolution, including the Notice of Bond Sale, but only to the extent of any such inconsistency.

**SECTION 15. EFFECTIVE DATE.** This Second Supplemental Resolution shall take effect on the date of its adoption by the Governing Board.

Adopted by the Governor and Cabinet of the State of Florida sitting as the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida, on behalf of the Department of Transportation, on March 14, 2017.

## 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 \$21,635,000 State of Florida Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2017A (the "Bonds"). This Disclosure Agreement is being executed and delivered pursuant to Section 12 of the Second Supplemental Resolution adopted by the Governor and Cabinet, as the Governing Board of the Division of Bond Finance, on March 14, 2017, providing for the issuance and sale 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 Division of Bond Finance adopted on December 10, 1996, as amended on March 13, 2007, and as supplemented on March 14, 2017 (collectively, 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.

"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, 2017 and thereafter, annual financial information and operating data shall be provided within nine months after the end of the State's fiscal year. Such information shall include:

- (a) Traffic Growth
- (b) Summary of Revenues and Expenditures
- (c) Debt Service Coverage;
- (d) Changes in Toll Rates
- (e) Investment of Funds
- (f) Alligator Alley (Everglades Parkway) Financial Statement.

(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 relating to the Bonds will be provided in a timely manner, not in excess of ten business days after the occurrence of the event:

- (a) principal and interest payment delinquencies;
- (b) non-payment related defaults;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;

- (f) 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 events affecting the tax status of the security;
- (g) modifications to rights of security holders; if material;
- (h) bond calls, if material, and tender offers;
- (i) defeasances;
- (j) release, substitution or sale of property securing repayment of the securities; if material;
- (k) rating changes;
- (l) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (m) 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; and
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(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) Methods 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 Municipal Securities Rulemaking Board (hereafter "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 under this Disclosure Agreement to update such information or include it in any such future submission.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

STATE OF FLORIDA  
DEPARTMENT OF TRANSPORTATION

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

By \_\_\_\_\_  
Secretary

By \_\_\_\_\_  
Assistant Secretary



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## [FORM OF BOND COUNSEL OPINION]

July 18, 2017

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

We have examined certified copies of the proceedings of the Division of Bond Finance of the State Board of Administration of Florida (the "Division of Bond Finance"), the State Board of Administration of the State of Florida (the "Board") and the State of Florida, Department of Transportation (the "Department"), 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:

\$21,635,000  
STATE OF FLORIDA  
DEPARTMENT OF TRANSPORTATION  
ALLIGATOR ALLEY REVENUE REFUNDING BONDS  
SERIES 2017A  
Dated July 18, 2017  
(the "Series 2017A Bonds")

The Series 2017A Bonds are being issued for the purpose of refunding certain of the outstanding State of Florida, Department of Transportation Alligator Alley Revenue Refunding Bonds, Series 2007A (the "Refunded Bonds"), and paying certain costs of issuing the Series 2017A Bonds, 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 and other applicable provisions of law.

The Series 2017A 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 Series 2017A Bonds.

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

1. That such proceedings and proofs show lawful authority for issuance and sale of the Series 2017A Bonds pursuant to the Constitution and statutes of the State of Florida and pursuant to resolutions authorizing the issuance and sale of the Series 2017A Bonds duly adopted by the Governor and Cabinet of the State of Florida as the Governing Board of the Division of Bond Finance on December 10, 1996, as amended and supplemented on March 13, 2007 and as further supplemented on March 14, 2017 (collectively, the "Resolution").

2. The Series 2017A Bonds are valid and legally binding obligations of the Department, payable primarily from and secured by a pledge of and lien on the Net Revenues derived from the operation of Alligator Alley consisting of Revenues remaining after deducting the Administrative Expenses, the Cost of Maintenance and the Cost of Operation (all as defined in the Resolution). The payment of principal of and interest on the Series 2017A Bonds is also secured by a Debt Service Reserve Account.

3. The Series 2017A 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.

4. 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 Series 2017A Bonds in order that interest on the Series 2017A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2017A Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2017A Bonds, regardless of the date on which such non-compliance occurs or is

ascertained. The Division of Bond Finance, the Board 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 Series 2017A Bonds.

Subject to compliance by the Division of Bond Finance and the Board with the aforementioned covenants, (a) interest on the Series 2017A Bonds is excluded from gross income of the holders thereof for purposes of federal income taxation, and (b) interest on the Series 2017A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations; however, with respect to corporations (as defined for federal income tax purposes) such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. 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 Series 2017A Bonds.

It is to be understood that the rights of the owners of the Series 2017A 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.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of Counsel to the Division of Bond Finance, as to the due creation and valid existence of the Division, the due adoption of the Resolution, the due execution and delivery of the Series 2017A Bonds and the compliance by the Division and the Board with all conditions contained in ordinances and resolutions of the Division and the Board precedent to the issuance of the Series 2017A Bonds.

Our opinions expressed herein are predicated upon present law, facts and circumstances as of the date of issuance and delivery of the Series 2017A 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 Series 2017A Bonds and we express no opinion herein relating thereto.

Respectfully submitted,

BRYANT MILLER OLIVE P.A.

## 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 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 Alligator Alley Revenue Refunding Bonds, Series 2017A (the "Series 2017A Bonds"). The Series 2017A 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 2017A 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2017A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2017A 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 2017A 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 2017A Bonds, except in the event that use of the book-entry system is discontinued.

To facilitate subsequent transfers, all Series 2017A 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 2017A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in Beneficial Ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2017A 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 2017A Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2017A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2017A Bond documents. For example, Beneficial Owners of Series 2017A Bonds may wish to ascertain that the nominee holding the Series 2017A 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 2017A 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 2017A 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 2017A 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 2017A 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 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 2017A 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 2017A 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 2017A Bonds will be printed and delivered as provided in the documents authorizing the issuance and sale of the Series 2017A Bonds.

For every transfer and exchange of beneficial interests in the Series 2017A 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 2017A Bonds, references herein to the Registered Owners or Holders of the Series 2017A Bonds shall mean Cede & Co. and not mean the Beneficial Owners of the Series 2017A 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 2017A 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 2017A 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 2017A Bonds, or the purchase price of, any Series 2017A 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 2017A Bonds for partial redemption.

So long as the Series 2017A 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 2017A Bonds for all purposes whatsoever, including, without limitation:

- (i) the payment of the principal of, premium, if any, and interest on the Series 2017A Bonds;
- (ii) giving notices of redemption and other matters with respect to the Series 2017A Bonds;
- (iii) registering transfers with respect to the Series 2017A Bonds; and
- (iv) the selection of the beneficial ownership interests in the Series 2017A 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 2017A Bond as the absolute owner for all purposes, whether or not such Series 2017A Bond is overdue, and will not be bound by any notice to the contrary.

Principal of and premium, if any, on the Series 2017A Bonds will be payable upon presentation and surrender of the Series 2017A 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 2017A 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 2017A Bond to the Bond Registrar/Paying Agent together with a written instrument of transfer (if so required) satisfactory in form to the Division of Bond Finance 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 2017A 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 2017A 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 2017A 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 2017A Bond is delivered.

The Bond Registrar/Paying Agent will not be required to issue, transfer or exchange any Series 2017A Bonds on the Record Date.

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