FLORIDA DEPARTMENT OF TRANSPORTATION

BOND FINANCING UPDATE REPORT

2012

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Revenue Management Section
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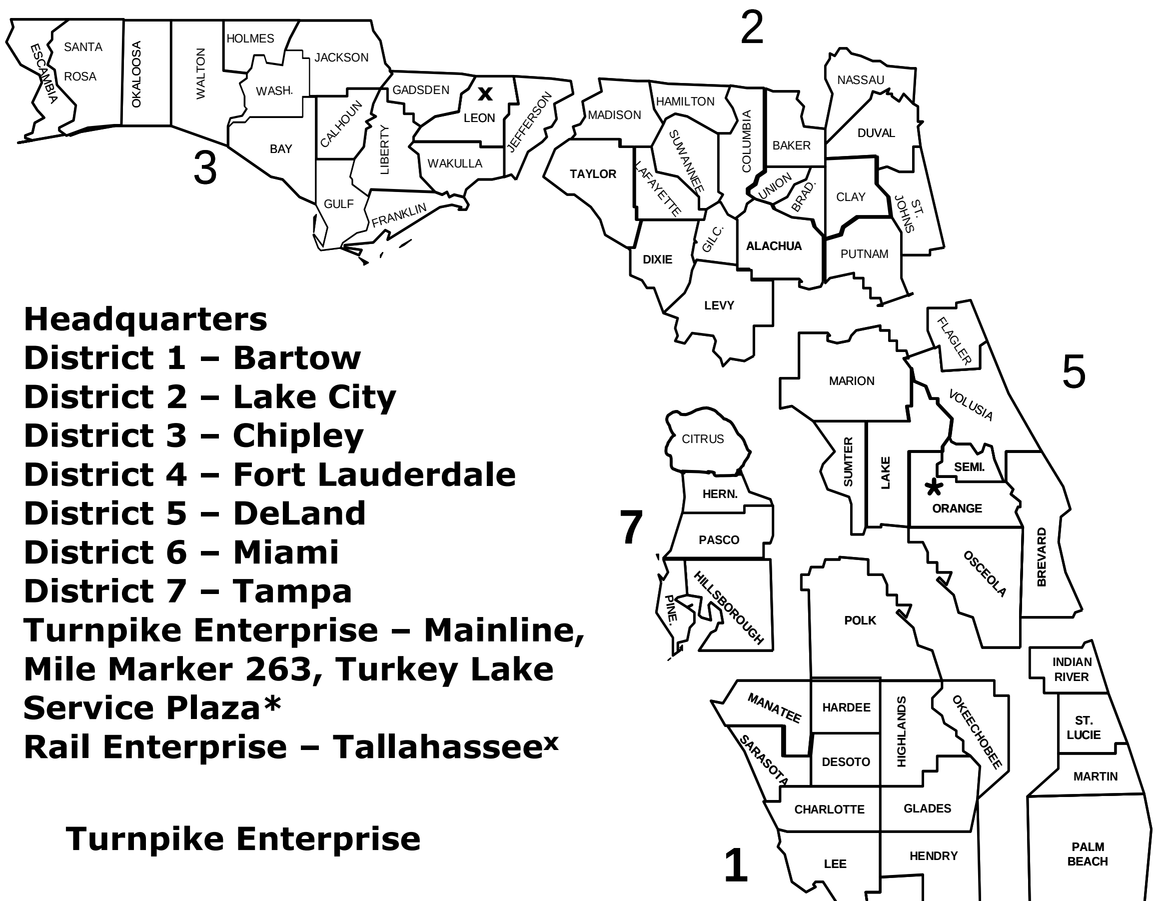
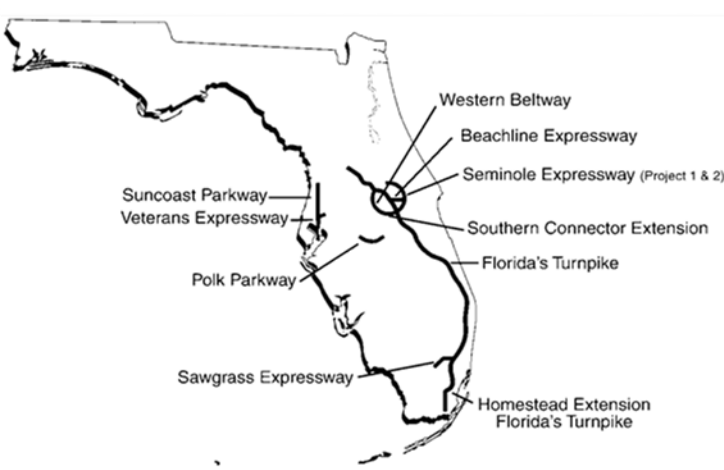
The Florida Department of Transportation (FDOT or department) is responsible for planning, developing, and maintaining the State's Transportation System (consisting of Interstate Highways, Florida's Turnpike, the Strategic Intermodal System, rural and urban highways, and other selected urban roads, public transit, rail, airports, and seaports). The department's mission is "to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities."

The primary purpose of the BOND FINANCING UPDATE REPORT is to provide information about the FDOT bond and bond-related financing programs and controls as of June 30, 2012 (except as noted otherwise). It is not an offer to sell securities or the solicitation of an offer to buy securities nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The information in this report is not guaranteed. There is no assurance about the accuracy or reliability of the information and there is no obligation to update any information provided in this report. Also note that all spending authority is subject to Legislative Appropriation.



Headquarters
District 1 – Bartow
District 2 – Lake City
District 3 – Chipley
District 4 – Fort Lauderdale
District 5 – DeLand
District 6 – Miami
District 7 – Tampa
Turnpike Enterprise – Mainline, Mile Marker 263, Turkey Lake Service Plaza*
Rail Enterprise – Tallahassee[x]

Turnpike Enterprise



Organizational Structure

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

The department is headed by the Secretary of Transportation (Secretary) who is appointed by the Governor from among three persons nominated by the Florida Transportation Commission. The Secretary is subject to confirmation by the Senate and serves at the pleasure of the Governor. The department is decentralized into seven Districts, the Turnpike Enterprise, and the Rail Enterprise. The District Secretaries, the Executive Director of the Turnpike Enterprise, and the Executive Director of the Rail Enterprise report to FDOT's Secretary.

The Florida Transportation Commission

The Florida Transportation Commission (Commission) provides oversight for the activities of the FDOT. The Commission consists of nine members, appointed by the Governor, with private-sector business managerial experience. The Commissioners serve uncompensated, staggered terms of four years and may be reappointed. The Commission is independent from the department with its own staffing; it is responsible for monitoring production and financial status of the department on a regular basis to ensure that the department is managing revenues and bond proceeds responsibly, in accordance with law and established policy. The Commission ensures that the department's work program is in compliance with all applicable laws and established policies. The Commission is statutorily prohibited from entering into the day-to-day operations of the department, such as awarding of contracts, selecting project routes, or granting permits.

Transportation Financing

FDOT finances its operations from a variety of revenue sources. In Fiscal Year (FY) 2012, state sources provided over 48 percent of all revenues that came from a broad base of dedicated transportation taxes and fees such as motor fuel taxes, aviation fuel taxes, motor vehicle license taxes, title fees, rental car surcharges, and vehicle impact fees. About 37 percent of revenues were generated from federal aid. The balance of revenues came from documentary stamp revenue, local government participation, and a variety of miscellaneous sources. For the Turnpike Enterprise, tolls and concessions accounted for 85 percent of revenues while bond proceeds accounted for 15 percent.

STATE TRANPORTATION TRUST FUND FISCAL YEAR 2011-12 RECEIPTS		
Source	**Amount (millions)**	**Percent**
Fuel Taxes	$1,801	33.48%
Aviation Fuel Taxes	$13	0.25%
Motor Vehicle Fees	$678	12.59%
Rental Car Surcharge	$109	2.03%
Documentary Stamps	$114	2.13%
Miscellaneous Revenue	$105	1.95%
Reimbursements/Participations*	$580	10.78%
Interest	$8	0.15%
Federal Aid	$1,972	36.64%
Total	**$5,381**	**100.00%**

*Note: Reimbursements from the Turnpike are paid from the revenues shown in the Turnpike chart below.

FLORIDA'S TURNPIKE ENTERPRISE FISCAL YEAR 2011-12 REVENUES & BONDS (UNAUDITED)		
Source	**Amount (millions)**	**Percent**
Tolls and Concessions	$612	84.97%
Bond Proceeds	$108	15.03%
Total	**$720**	**100.00%**

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

The State Transportation Trust Fund (STTF) is a consolidated transportation fund that includes all major revenue sources. Revenue sources include state fuel tax revenues, federal aid reimbursements, local funds, toll operation reimbursements, and various miscellaneous revenues and fees. Outlays include design costs, right-of-way land purchases, environmental mitigation, public transportation assistance, administrative costs, debt service, routine maintenance costs including those related to toll facilities, construction costs, resurfacing, and toll operation costs for those toll facilities that are owned or operated by the department.

The Right-of-Way Acquisition and Bridge Construction Trust Fund contains the funds for the Right-of-Way Acquisition and Bridge Construction bonding program. Accounts have been established within this fund to deposit bond proceeds, track investment earnings, pay project expenditures, and make debt service payments.

The Turnpike Enterprise trust funds include those funds and accounts that are required by the Master Resolution for the Florida Turnpike Enterprise. They include the Revenue, Operating and Maintenance, Renewal and Replacement, General Reserve, and various bond construction trust funds.

Bond Financing Programs

Bond financing plays an important role in addressing the State's total transportation financial needs. General Obligation bonds are used to accelerate the purchase of right-of-way for roads and to finance major bridge construction projects. Revenue bonds are used to finance: 1) Florida's Turnpike Enterprise improvement and expansion projects (see also the Florida's Turnpike Enterprise section), 2) transportation and environmental improvements related to other department-owned and operated toll facilities (see also the Department-Owned and Operated section), 3) capital improvements to the State's Seaports, and 4) the state-funded State Infrastructure Bank.

Right-of-Way Acquisition and Bridge Construction Bonds

In 1988, Florida voters approved an amendment to Section 17, Article VII of the State Constitution authorizing the issuance of bonds to acquire right-of-way for roads and to construct bridges. The Florida Legislature approved the use of these bonds for the advance acquisition of right-of-way land beginning in 1991 and bridge construction beginning in 1994. About three-fourths of the funds from these bonds are being spent on right-of-way acquisition and one-fourth is being spent on bridge construction. Current law provides that a maximum of 7 percent of revenues deposited into the State Transportation Trust Fund, not to exceed $275 million, may be used for annual debt service. The Full Faith and Credit of the State of Florida additionally secures these bonds. During the period from Fiscal Years 1992 through 2017, $3.2 billion in Right-of-Way Acquisition and Bridge Construction Bond funds have been or are planned to be used to leverage projects totaling over $15 billion.

A total of $2,319 million in bonds have been issued to date:

RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION BONDS AS OF JUNE 30, 2012 ($ in millions)					
Series	**Month**	**Year**	**Int Rate***	**Amount**	**Balance**
Series 1991	November	1991	6.47%	$50	$0
Series 1993	June	1993	5.43%	$64	$0
Series 1995	April	1995	5.82%	$150	$0
Series 1996	June	1996	5.63%	$150	$0
Series 1997*	March	1997	5.40%	$45	$0
Series 1997A	July	1997	5.21%	$200	$0
Series 1997B	October	1997	5.19%	$150	$0
Series 1999*	March	1999	4.94%	$279	$0
Series 2002	February	2002	4.93%	$150	$0
Series 2002A*	September	2002	4.53%	$251	$0
Series 2003A	September	2003	4.67%	$300	$251
Series 2004A	July	2004	4.73%	$300	$258
Series 2005A*	March	2005	4.72%	$119	$95
Series 2005B*	June	2005	4.05%	$301	$249
Series 2006A*	September	2006	4.01%	$37	$23
Series 2008A	February	2008	5.20%	$155	$143
Series 2009A	July	2009	4.73%	$200	$190
Series 2009B*	November	2009	3.76%	$207	$184
Series 2011A*	May	2011	2.79%	$115	$115
Series 2011B*	February	2012	3.11%	$244	$243
Series 2012A*	May	2012	3.11%	$267	$267
			Total	$3,734	$2,018

Notes:

(1) Interest Rates for Series 1991 through Series 1999 are the Net Interest Costs as reported in official bond documents. Interest Rates for Series 2002 through Series 2012A are the True Interests Costs as reported in official bond documents.

(2) Bond issues with an asterisk (*) include all or partial refunding. The total amount issued not including refunding is $2,319 million.

According to the STTF Finance Plan/Cash Forecast, the department tentatively plans to issue approximately $600 million of bonds over the next five years to further implement the right-of-way acquisition and bridge construction program and meet the expanding state transportation needs. The forecast of pledged motor fuel tax collections over a comparable period indicates strong coverage levels are maintained for future estimated debt service requirements. The financial strength of the right-of-way acquisition and bridge construction program will remain stable with the following strengths in place:

- High coverage by the pledged Motor Fuel Sales Tax – cash flows of the pledged revenues provide debt service coverage ratios significantly higher than required. The motor fuel sales tax is indexed to the Consumer Price Index on an annual basis to maintain equality with the increase in cost of goods and services.
- The unconditional full faith and credit pledge of the State.

The credit rating of the bonds (Aa1 with Moody's, AAA with Fitch, AAA with Standard and Poor's) reflects both the strong historical coverage of debt and the full faith and credit pledge of the State. In combination, they provide extremely strong protection for bondholders over the long term.

RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION BONDS DEBT SERVICE COVERAGE ($ in millions)					
Fiscal Year Ended June 30	**Projected Motor & Diesel Fuel Taxes Available for Debt Service (1)**	**Actual Debt Service (2)**	**Current Coverage Ratio**	**Planned Debt Service (3)**	**Planned Coverage Ratio**
2013	$1,139.3	$143.8	7.92x	$146.2	7.79x
2014	$1,184.6	$143.7	8.24x	$155.6	7.61x
2015	$1,239.5	$143.8	8.62x	$171.9	7.21x
2016	$1,301.3	$143.8	9.05x	$179.1	7.27x
2017	$1,358.9	$143.8	9.45x	$182.6	7.44x
2018	$1,411.7	$143.9	9.81x	$189.7	7.44x
2019	$1,468.3	$143.8	10.21x	$196.8	7.46x
2020	$1,521.6	$143.9	10.57x	$203.8	7.47x
2021	$1,579.4	$143.9	10.98x	$211.0	7.49x

Notes:

(1) Projected motor fuel sales tax adopted by the Florida Estimating Conference on Transportation revenue dated January 2012.

(2) Debt service on principal in the amount of $2.4 billion as of June 30, 2012.

(3) Includes projected debt service on planned issuance of $600 million in bonds over the next five years.

Turnpike Enterprise Bonding Program

Florida's Turnpike Enterprise utilizes a combination of cash and revenue bonds to improve and expand the Turnpike System. Conservative policies guide the Turnpike

Enterprise in managing its bond program. Bonds are structured to provide for level debt service payments and are sold for Turnpike System projects that have a useful life equal to or greater than the term of the bonds, i.e. 30-year bonds for projects with a life of 30 years or more. Recurring annual operating and maintenance costs are not bonded.

Since 1989, the Turnpike Enterprise has added 140 miles of new roads and made numerous system improvements primarily through the issuance of new bonds. At the beginning of FY 2012, the Turnpike Enterprise issued $150 million of revenue and refunding bonds as part of the 2011A Turnpike bond issue. A portion of the proceeds were used to refund approximately $48 million of the 2003C Turnpike bonds, maturing in years 2014 through 2021, in order to reduce future debt service payments. The present value of these savings is approximately $3.6 million. The remaining proceeds of the 2011A issue are being used for ongoing construction projects. Coupled with previous issues since 1989, the Turnpike has issued approximately $3.7 billion in new-money bonds. After principal repayments, the outstanding principal balance of all Turnpike bonds was $2.9 billion at the end of FY 2012.

The finance plan for the Turnpike Enterprise's work program for the period FY 2013 through FY 2017 includes estimated planned issues of approximately $1.1 billion to fund the capital improvement program.

PROJECTED ENTERPRISE DEBT SERVICE COVERAGE FOR THE TURNPIKE SYSTEM ($ in thousands)								
FY Ended 6/30	Toll [1] Revenue	Concession Revenue	Gross Operating Revenue	Oper. & Maint. + Bus. Dev. & Mktg. Exp.	Net Revenue	Debt [2] Service	Times Debt Service Coverage	
							Net [3] Revenue	Gross [3] Revenue
2012a	608,812	7,169	615,981	173,704	442,277	245,563	1.80x	2.51x
2013e	734,055	7,176	741,231	178,774	562,457	256,183	2.20x	2.89x
2014e	755,172	7,356	762,528	180,432	582,096	275,534	2.11x	2.77x
2015e	770,840	7,436	778,276	179,479	598,797	292,226	2.05x	2.66x
2016e	780,582	7,483	788,065	176,324	611,741	303,992	2.01x	2.59x
2017e	792,175	7,528	799,703	173,315	626,388	309,585	2.02x	2.58x

a = actual (audited) e = estimated

Notes:

(1) Revenue forecast reflects the indexing of toll rates as required by 338.165, F.S.
(2) Debt service is reflected net of Federal Build America Bonds (BABs) interest subsidy.
(3) Estimated debt service coverage ratios do not reflect other operating revenues or investment income which would increase the coverage.

Grant Anticipation Revenue Vehicles (GARVEE) Bonds

Section 215.616, Florida Statutes, authorizes pledging future Federal-aid reimbursements to pay debt service for GARVEE bonds, caps annual debt service at ten percent of annual Federal highway apportionments, and limits bond terms to twelve years.

FEDERAL FUNDS AVAILABLE FOR DEBT SERVICE ($ in millions)			
FY	Estimated Apportionments (1)	10%	Planned Debt Service (2)
2013	$1,835	$183.5	N/A
2014	$1,851	$185.1	N/A
2015	$1,851	$185.1	N/A
2016	$1,851	$185.1	$11.4
2017	$1,851	$185.1	$11.4
2018	$1,851	$185.1	$11.4
2019	$1,851	$185.1	$11.4
2020	$1,851	$185.1	$11.4
2021	$1,851	$185.1	$11.4

Notes:

(1) Federal aid funding levels are based on the MAP-21 Highway Contract Authority Apportionments through federal fiscal year October 2013 through September 2014 with no growth assumed beyond the FY 2013-14 level of apportionment.

(2) Estimated debt service on planned issuance of $100 million in bonds over the next five years per the STTF Finance Plan.

GARVEE bonds provide the opportunity to leverage federal-aid highway funds to advance phases of various statewide projects. GARVEE bond advantages include: allows multi-year funding of commitments with sources other than Federal grants while preserving access to the Federal-aid which would be applicable to the project over a period of years; maximizes scarce revenues to meet the cash flow needs of transportation infrastructure; allows for the acceleration of needed projects; and enhances positive economic growth with improved highway and intermodal transportation facilities. To date, no bonds have been issued under the GARVEE Statute.

Fixed Guideway Bonds

Section 215.615, Florida Statutes, authorizes the use of up to two percent of the state's transportation revenues to issue bonds to finance the building, adding, or reconstructing of fixed guideway systems in urban areas. Each bonded project must be approved by the Legislature. This bond program can generate $1.12 billion in bonding capacity for fixed guideway systems at five percent interest for 30 years. To date, no bonds have been issued under the Fixed Guideway Statute.

FIXED GUIDEWAY BONDS STATE REVENUE AVAILABLE FOR DEBT SERVICE ($ in millions)		
Fiscal Year Ended June 30	**Projected Revenues Available for Debt Service**	**2% Calculation**
2013	$2,979.9	$59.6
2014	$3,198.9	$64.0
2015	$3,330.9	$66.6
2016	$3,484.3	$69.7
2017	$3,632.6	$72.7

Note:

(1) Projected revenues include January 2012 transportation REC revenues and Documentary Stamps (net of the SEED transfer).

Florida Ports Financing Commission (FPFC)

The Florida Ports Financing Commission (the Commission), a public body of local government, was created on July 17, 1996 by an Interlocal Agreement among three port authorities: Port Canaveral, Port of Jacksonville, and Port of Panama City. The Agreement was later amended to include Port Everglades, Port of Miami, Port of Tampa, Port Manatee, Port Palm Beach, and Port Ft. Pierce. The purpose of the Commission is to provide a cost-effective means of financing various capital projects for Florida's deepwater ports by issuing bonds and transferring the proceeds to the individual ports. The Commission and the Trustee entered into an indenture of trust dated December 1, 1996 which authorized the issuance of $222 million Florida Ports Financing Commission Revenue Bonds, Series 1996. To assist in the funding of such a program, the Legislature directed that $15 million of motor vehicle license fees, which are deposited into the State Transportation Trust Fund (STTF) each year, be used for this program. Under a Master Agreement with the Commission, the department agreed to transfer annually in July the $15 million from the STTF to an escrow account held on behalf of the Trustee to provide for the debt service requirements.

The 1997 Legislature authorized an additional $10 million annually from motor vehicle license fees to be deposited into the STTF, beginning July 2001, for the purpose of funding seaport intermodal access projects. The 1999 Legislature advanced the date of deposit to July 1999. The Commission and the Trustee also entered into an indenture of trust, dated September 1, 1999, which authorized the issuance of $153 million Florida Ports Financing Commission Revenue Bonds Series 1999, secured by this additional $10 million per year. The Department of Transportation and the Commission entered into two separate master agreements, one for each bond series, pursuant to which the Department of Transportation agreed to transfer the State money annually to escrow accounts held in the State Treasury, on behalf of the Trustee, which may be drawn upon by the Trustee to pay the debt services on the bonds. The 2000 Legislature made changes to the program such that the Florida Division of Bond Finance, at the request of FDOT, will issue future new bond issues.

On May 26, 2011, the Commission refinanced the Series 1996 bonds. The refunding bonds consisted of $10.65 million principal amount of revenue bonds issued in Series 2011A and $141.67 million principal amount of revenue bonds issued in Series 2011B.

The 2012 Legislature created the Seaport Investment Program which authorized a revenue stream of an additional $10 million to begin in FY 2014, and annually thereafter, for the purpose of funding seaport development projects in the adopted work program including Florida Seaport Transportation and Economic Development (FSTED) and Strategic Intermodal System (SIS). The bond is projected to support $150 million of seaport projects.

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

Financing Support Programs

The department has historically used a variety of forms of financial assistance to support bond-financed projects. These include covenants to complete, operations and maintenance pledges entered into through Lease-Purchase Agreements, covenants to pay Turnpike Enterprise operating and maintenance costs, Toll Facilities Revolving Trust Fund loans to pay for project development and feasibility assessment costs, and SIB loans for project costs.

Lease-Purchase Agreements

The Florida Expressway Authority Act authorized the department to enter into Lease-Purchase Agreements with expressway and bridge authorities under Chapter 348, Florida Statutes (this authority was removed in the 2011 Legislative Session). The department covenanted in Lease-Purchase Agreements that it would pay all or any part of the cost of the operation or maintenance of an expressway system, thereby enabling the authority to sell more revenue bonds through pledges of gross toll revenues. The department also is authorized to covenant to complete authority projects under certain conditions. With the exception of Florida's Turnpike Enterprise, the financing of nearly every major toll facility project constructed in Florida over the past 40 years has benefited from these Lease-Purchase Agreement covenants.

Lease-Purchase Agreements are currently in place for the Mid-Bay Bridge Authority, Santa Rosa Bay Bridge Authority, Tampa-Hillsborough Expressway Authority, and parts of the Orlando-Orange County Expressway system.

Debt from Toll Facilities

The following table displays the current and projected status of debt due to the STTF from the department-owned and other toll facilities, Expressway and Bridge Authorities, and the Florida's Turnpike Enterprise. This debt is the combined impact of the various financial support programs including the advances from STTF for operations and maintenance as well as capital costs. These payments are subject to Legislative Appropriation.

ACTUAL (FY 2012) AND PROJECTED DEBT DUE TO STTF FOR TOLL FACILITIES BASED ON JULY 1, 2012 ADOPTED WORK PROGRAM ($ in millions)											
FYE	EVERGLADES	BEACHLINE	GARCON	MID-BAY	OOCEA	BAYWAY	SKYWAY	THEA	TURNPIKE ENTERPRISE	I-95 Express	TOTAL
2012	-	44.3	18.1	9.5	238.1	36.7	45.0	154.2	99.0	-	644.7
2013	1.8	-	19.4	8.6	230.7	61.5	48.0	180.7	94.4	-	629.5
2014	0.9	-	21.2	7.8	219.0	73.8	47.0	211.7	87.9	-	653.6
2015	2.6	-	22.9	6.2	207.7	80.6	38.7	222.9	79.3	-	645.4
2016	5.0	-	24.5	3.9	196.6	87.1	28.0	224.7	68.8	-	623.3
2017	6.2	-	26.0	4.0	185.9	90.7	15.4	225.6	48.0	-	586.5
2018	3.8	-	27.5	4.2	175.5	92.1	1.0	225.6	25.0	-	539.3

Alligator Alley (Everglades Parkway) – When revenues become insufficient to pay any facility related renewal and replacement (R&R) costs, any unmet R&R obligations will be set-up as a long-term debt to STTF.
Beachline East Expressway – Operating and maintenance (O&M) expenses are paid by STTF and set up as a long-term debt. Revenues are applied to reconstruction of SR 520. Transfer of the Beachline East Expressway from FDOT to the Florida Turnpike Enterprise was authorized in the 2012 Legislative Session with the funds to go to the Wekiva Project.
Garcon Point Bridge (Santa Rosa Bay Bridge Expressway Authority) – O&M expenses and R&R costs are paid by STTF and set up as a long-term debt.
Mid-Bay Bridge (Mid-Bay Bridge Authority) – R&R costs are paid by STTF and set up as a long-term debt. Excess revenues applied to long-term debt in accordance with bond covenants. Roughly half of the monthly budget of the Authority will go towards paying back this debt.
Orlando-Orange County Expressway System (OOCEA) – O&M expenses for Holland East-West and Orlando Airport and maintenance expenses for Beachline Main are paid by STTF and set up as a long-term debt. A repayment schedule was authorized in the 2012 Legislative Session with $10M paid in FY 2013 and $20M per year thereafter until the retirement of the long-term debt.
Pinellas Bayway – Chapter 95-382, Laws of Florida, requires that toll revenue in excess of operating expenses is first to be utilized to pay for construction costs of the Blind Pass Road Project and Phase II prior to repaying long-term debt. STTF pays all maintenance expenses and R&R costs and records them as long-term debt.
Sunshine Skyway Bridge – Revenues from the Skyway are first applied to O&M charges and the facility charges. All excess revenue is then deposited into STTF and applied against off-system costs. The off-system projects include the I-4 Connector, SR 64 widening, US 19 interchange, and the Manatee County Automated Traffic Management System.
Selmon Expressway (THEA) – R&R costs are paid by STTF and set up as a long-term debt.
Florida's Turnpike Enterprise – The SR 80 Interchange project is receiving an O&M subsidy from STTF; the Seminole Expressway Part II and Suncoast projects are repaying their O&M subsidies to STTF.
I-95 Express – Any unmet O&M (including transit) expenses will be set up as a long-term debt to STTF.

Operating and Maintenance Loans for Florida's Turnpike Enterprise Projects

Section 338.223(4), Florida Statutes, limits the maximum net amount of Operating and Maintenance (O&M) loans for new Turnpike Enterprise projects. Prior to 2002, the limit was one-half percent of state transportation tax revenues for any fiscal year. In House Bill 261, which created the Turnpike Enterprise during the 2002 Legislative Session, the maximum amount of O&M loans was raised to one and one-half percent of state transportation tax revenues for any fiscal year. The adopted finance plan includes O&M loans for three Turnpike Enterprise projects. The loans for Suncoast Parkway began in FY 2001, State Road 80 began in FY 2002, and Seminole Expressway Part II began in FY 2003. The Turnpike began repaying the loans for Seminole Expressway Part II and Suncoast projects in FY 2012, and the final repayment is scheduled for FY 2030. SR 80 repayments begin in FY 2019.

Department Covenant to Pay Florida's Turnpike System Operating and Maintenance Costs

As authorized by Section 206.46(5), Florida Statutes, (adopted by the 1997 Legislature in Section 4, Chapter 97-280, Laws of Florida), the department, on August 21, 1997, executed a "Certification of Covenant to Pay Costs of Operating and Maintenance" (Covenant) for the Turnpike System from moneys in the STTF. By its terms, the Covenant (1) is a contract with Bondholders and is enforceable by them, (2) is not subject to repeal, impairment or amendment in any manner which would materially and adversely affect the rights of Bondholders, and (3) may only be modified or amended upon compliance with the "Modification or Amendment" section of the Resolution. This Covenant has been included in each bond issue since 1998 and will be included in all subsequent issues. To date, the Turnpike System has made all required deposits into the Operating and Maintenance Account and has made all payments to the STTF for Operating and Maintenance costs incurred on behalf of the Turnpike System. During FY 2012, the gross revenue pledge was in full effect since all gross revenues were available first to pay debt service on related bonds and then to repay the STTF for Operating and Maintenance costs paid on behalf of the Turnpike System. The adopted finance plan indicates that sufficient revenues will accrue to the Turnpike System to meet required payments.

Toll Facilities Revolving Trust Fund Loan Program

The department administered the Toll Facilities Revolving Trust Fund (TFRTF) program from FY 1987 through FY 2012. The purpose of the program was to encourage the development and enhance the financial feasibility of revenue-producing road projects undertaken by local governmental entities/Turnpike Enterprise in a county or combination of contiguous counties. Interest free loans were provided as "seed money" to pay initial development costs such as environmental impact studies, financial advisory services, engineering, design, and advanced right-of-way purchase activity. As of June 30, 2012, the TFRTF Loan program has awarded and advanced $195.1 million in loans and grants to 22 local governments, expressway authorities, and the Turnpike Enterprise. To date, $155.7 million has been repaid, and $7.6 million has been written-off as uncollectible. A $40 million sweep from the TFRTF to General Revenue was mandated by the Legislature and approved by the Governor in FY 2010. The TFRTF was repealed during the 2012

Legislative Session. All cash that was in the trust fund at June 30, 2012 was transferred to STTF. All future repayments of outstanding loans will be deposited into the STTF.

State Infrastructure Bank (SIB)

The State Infrastructure Bank (SIB) is a revolving loan and credit enhancement program consisting of two separate accounts and is used to leverage funds to improve project feasibility. The SIB can provide loans and other assistance to public or private entities carrying out or proposing to carry out projects eligible for assistance under federal and state law. The SIB cannot provide assistance in the form of a grant.

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

The state-funded account is capitalized by state money and bond proceeds, per Sections 339.55 and 215.617, Florida Statutes. All repayments are repaid to the State Board of Administration where debt service is repaid on any outstanding bonds with the remainder returned to the state-funded account and revolved for future loans. Projects must be on the State Highway System or provide increased mobility on the State's transportation system, or provide intermodal connectivity with airports, seaports, rail facilities and other transportation terminals. Projects must be consistent, to the maximum extent feasible, with local Metropolitan Planning Organizations' (MPO) local government comprehensive plans and must conform to policies and procedures within applicable Florida Statutes and other appropriate state standards for the transportation system.

In June 2005, $62.3 million of State Infrastructure Bank Revenue Bond Series 2005A were sold. In August 2007, $61.3 million of State Infrastructure Bank Revenue Bond Series 2007 were sold. There are no subsequent bond issues scheduled at this time. As of June 30, 2012, $80.6 million in principal and $19.8 million in interest remains outstanding.

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

The SIB cannot provide assistance in the form of a grant. The amount of any loan or other assistance may be subordinated to other debt financing for a project with an investment grade rating of "BBB" or higher. Loans from the SIB may bear interest at or below market interest rates, as determined by the department. Florida's SIB is established as escrow accounts at the Department of Financial Services, Division of Treasury, where in accordance with established state investment guidelines, all proceeds are invested. As of June 30, 2012, $126.3 million plus $29.2 million in interest, totaling $155.5 million has been deposited into the federal-funded SIB account, and $468.8 million plus $34.7 million in interest, totaling $503.5 million has been deposited into the state-funded SIB account. Any future bond sales will be determined based upon need and the amount of annual awards made.

Applications are accepted for federal and state eligible projects during the published advertisement period via the department's on-line application process. Application and award dates are preliminary and are subject to change. Visit the SIB website at: http://www.dot.state.fl.us/financialplanning/finance/sib.shtm.

State-funded SIB
As of June 30, 2012, the department has awarded 40 state-funded SIB loans totaling $803.6 million to date. These awards leverage/advance $7.3 billion of total project costs.

SUMMARY OF THE STATE-FUNDED STATE INFRASTRUCTURE BANK ($ in millions)		
	SIB Assistance	**Total Project Cost**
Awards to Date	$758.1	$7,248.6
Awards Pending	$45.5	$97.1
Total	$803.6	$7,345.7

Federal-funded SIB
As of June 30, 2012, Florida's federal-funded SIB has approved 35 loans totaling $382.7 million advancing $1.2 billion of project costs.

SUMMARY OF THE FEDERAL-FUNDED STATE INFRASTRUCTURE BANK ($ IN MILLIONS)		
	SIB Assistance	**Total Project Cost**
Awards to Date	$382.7	$1,248.7
Awards Pending	$0	$0
Total	$382.7	$1,248.7

Transportation Infrastructure Finance and Innovation Act (TIFIA)

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) established a Federal credit program for eligible transportation projects of national or regional significance under the U.S. Department of Transportation (USDOT). TIFIA may provide three forms of credit assistance to States (including D.C. and Puerto Rico), localities, or other public authorities, as well as private entities undertaking projects sponsored by public authorities: secured (direct) loans, loan guarantees, and standby lines of credit. With the enactment of Moving Ahead for Progress in the 21st Century Act (MAP-21) in 2012, "master credit agreements" are authorized under which USDOT may make a contingent commitment of future TIFIA assistance for a program of projects secured by a common revenue pledge. The program's fundamental goal is to leverage Federal funds by attracting substantial private and other non-Federal co-investment in critical improvements to the nation's surface transportation system. The threshold required for total project cost is $50 million ($25 million for rural infrastructure projects and $15 million for Intelligent Transportation Systems projects). With the enactment of MAP-21, the amount of Federal credit assistance for a TIFIA secured loan may not exceed 49% of total eligible project costs and 33% of total eligible project costs for a TIFIA line of credit. Interest rates on TIFIA secured loans are generally equal to the Treasury Rate on the date of execution of the TIFIA credit instrument while interest rates on TIFIA lines of credit are generally equal to the 30-Year Treasury Rate as of the date of execution.

The Miami Intermodal Center (MIC) Program received approval for two TIFIA Loans. The proceeds from the initial loan of up to $269 million were to be used for: land acquisition and environmental remediation, roadway access improvements to the Miami International Airport (MIA), a people mover system (MIA Mover) connecting MIA with the Rental Car Facility (RCF) and the MIC Core, and initial construction of the MIC Core, or the MIC Central Station – a transportation hub that will link Tri-Rail, Amtrak, Greyhound, Miami-Dade Transit's bus system and future connections to Miami-Dade Transit's rail system. The State Comprehensive Enhanced Transportation System (SCETS) fuel tax distributed to FDOT District 6 for Miami-Dade County was the primary pledge to repay the loan. This loan had $15 million in actual loan draws and was repaid in full on July 3, 2006. The proceeds from the second loan of up to $170 million are being used for the design and construction of the consolidated RCF. The loan for the RCF closed on April 29, 2005 with USDOT.

On August 28, 2007, the RCF loan was increased to $270 million. Repayment for the $270 million RCF loan will come from rental car user fees imposed on customers renting cars from participating rental car companies operating in the RCF. Contingent rent, if necessary, will also be paid by participating rental car companies operating in the RCF if the rental car fees are insufficient. FDOT has drawn down a total of $170 million of the $270 million eligible. The remaining $100 million is expected to be drawn down in June 2013.

Also, two of the department's public-private partnerships are utilizing TIFIA loans. They are the I-595 Corridor Improvements and the Port of Miami Tunnel, with loans of $603 million and $341 million, respectively. However, these TIFIA loans were not made to FDOT but rather to the private entities that are responsible for designing, building, financing, operating, and maintaining these facilities.

Private Activity Bonds

Private Activity Bonds are municipal securities in which private entities use the proceeds. These bonds allow private activity on public projects, while maintaining the tax-exempt status of the bonds. Section 11143 of Title XI of SAFETEA-LU amended Section 142 of the Internal Revenue Code to add highway and freight transfer facilities to the types of privately developed and operated projects for which private activity bonds may be issued.

Federal law limits the total amount of such bonds to $15 billion, and the Secretary of the USDOT has allocated and issued $8.1 billion to qualified facilities. The $15 billion in exempt facility bonds is not subject to the state volume caps. Passage of the Private Activity Bond legislation reflects the federal government's desire to increase private-sector investment in U.S. transportation infrastructure. Providing private developers and operators with access to tax-exempt interest rates may lower the cost of capital, enhancing investment prospects. Increasing the involvement of private investors in highway and freight projects generates new sources of money, ideas, and efficiency.

See the Public Private Partnerships (P3) section of this report for projects where Private Activity Bonds were used.

For more information on Private Activity Bonds go to:
http://www.fhwa.dot.gov/ipd/fact_sheets/pabs.htm

Build America Bonds

Build America Bonds (BABs) were authorized by the American Recovery and Reinvestment Act, effective February 17, 2009, which called for rebuilding America's infrastructure. In order to reduce the costs of borrowing for state and local governments, these bonds include an interest subsidy from the United States government. The Florida Turnpike Enterprise's 2009B issue of $255 million was Build America Bonds. While the bonds pay 6.7 percent annual interest to the bondholders, the cost to the Turnpike Enterprise is only 4.4 percent due to the subsidy from the U.S. Treasury. The Build America Bonds program expired December 31, 2010.

Florida's Turnpike Enterprise

History

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

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

In 1989, bonds were sold for general improvements to the system. In 1990, the Legislature recognized that the State's road system had not kept pace with the growth experienced in the immediately-preceding decade. To meet these needs, the Legislature authorized the Turnpike Expansion Program and allocated a total of $425 million of state funds to be used on Turnpike projects. The Turnpike opened five complete expansion projects under the expansion program started as a result of this legislation and enhanced by 1997 legislation: the Seminole Expressway, the Veterans Expressway, the Southern Connector Extension (funded by system revenues and private funding), the Polk Parkway, and the Suncoast Parkway. In 2000, the Turnpike acquired title to the Sawgrass Expressway through the refunding of the Sawgrass Expressway bonds. In 2003, 2004, and 2006, bonds were sold to construct the latest Turnpike expansion project, the Western Beltway, Part C.

The table below reflects Turnpike bond issues from 1989 to 2012, including refunding issues to achieve debt service savings.

TURNPIKE BONDS ISSUED SINCE 1989 AS OF JUNE 30, 2012 ($ in millions)					
Series	**Month**	**Year**	**Stated Rates**	**Amount**	**Balance**
Series 1989	April	1989	7.10 to 7.75%	$220	$0
Series 1991	January	1991	6.00 to 9.50%	$337	$0
Series 1992	July	1992	5.00 to 6.35%	$193	$0
Series 1993*	May	1993	3.00 to 5.50%	$522	$0
Series 1995	July	1995	5.50 to 5.63%	$348	$0
Series 1997*	December	1997	4.50 to 5.50%	$200	$0
Series 1998A	February	1998	4.50 to 6.50%	$234	$57
Series 1998B	May	1998	4.25 to 5.00%	$200	$0
Series 1999A	February	1999	3.50 to 5.13%	$110	$25
Series 2000A	February	2000	4.50 to 6.25%	$112	$0
Series 2000B	November	2000	4.50 to 5.25%	$101	$0
Series 2003A*	February	2003	3.25 to 5.25%	$446	$263
Series 2003B*	July	2003	3.25 to 5.25%	$304	$229
Series 2003C	October	2003	2.38 to 5.00%	$201	$167
Series 2004A	December	2004	3.00 to 5.00%	$279	$238
Series 2005A*	April	2005	3.00 to 5.00%	$93	$85
Series 2006A*	December	2006	3.00 to 5.00%	$443	$392
Series 2007A	June	2007	4.25 to 5.00%	$256	$233
Series 2008A*	January	2008	4.50 to 5.00%	$326	$283
Series 2009A&B	July	2009	2.00 to 6.80%	$323	$306
Series 2010A*	April	2010	3.00 to 5.00%	$211	$186
Series 2010B	June	2010	2.00 to 5.00%	$251	$243
Series 2011A*	July	2011	3.25 to 5.00%	$150	$149
* these issues included refunding bonds (all or partial) Total				$5,860	$2,856

Turnpike Enterprise Revenues

The Turnpike System earned $608.8 million in toll revenues during FY 2012, representing an increase of nearly 1.5 percent from FY 2011 toll revenues of $600.1 million. The increase was due to modest growth in traffic in FY 2012.

The following table reflects toll revenues by system component for the last 2 years:

TURNPIKE SYSTEM TOLL REVENUE COMPARISON OF FY 2011 TO FY 2012 ($ in thousands)				
Component	**FY 2011**	**FY 2012**	**$ Change**	**% Change**
Mainline	$434,230	$439,848	$5,618	1.3
Sawgrass Expressway	50,314	51,597	1,283	2.5
Seminole Expressway	30,763	31,355	592	1.9
Veterans Expressway	32,466	32,734	268	0.8
Southern Connector Extension	4,201	4,335	134	3.2
Polk Parkway	21,775	22,608	833	3.8
Suncoast Parkway	21,233	20,788	(445)	(2.1)
Western Beltway, Part C	5,097	5,547	450	8.8
Total	$600,079	$608,812	$8,733	1.5

Turnpike Enterprise O&M

Operating and Maintenance (O&M) costs for FY 2012 for the Turnpike System decreased by approximately 3.3 percent compared to FY 2011. O&M, primarily toll collection and routine maintenance costs, decreased from $176.8 million in FY 2011 to $171.0 million in FY 2012. The decrease in O&M is primarily attributable to the conversion of the Homestead Extension of Florida's Turnpike (HEFT) to All-Electronic Tolling (AET) during the latter half of FY 2011 with a full year of operational savings generated in FY 2012.

Additional information on Florida's Turnpike Enterprise can be found at:
http://www.floridasturnpike.com/about_reports.cfm

Department-Owned and Operated Toll Facilities

In addition to Florida's Turnpike Enterprise, the department owns and operates the following five toll facilities across the State:

Sunshine Skyway Bridge

The Sunshine Skyway Bridge is part of Interstate 275, passes over Tampa Bay, and links the St. Petersburg and Bradenton areas. Net revenues (after payment of O&M) annually reduce amounts owed to the STTF for prior year costs incurred on the facility. Additionally, in accordance with Section 338.165, Florida Statutes, excess toll revenues are being used to fund improvements on other transportation facilities in Hillsborough, Manatee, and Pinellas Counties. The amount owed to STTF for prior year advances and for the improvements on other facilities totaled $45.0 million as of June 30, 2012.

Everglades Parkway (Alligator Alley)

Alligator Alley is part of Interstate 75 and runs from Naples to west of Ft. Lauderdale. The Legislature found that the construction of the Alligator Alley contributed to the alteration of water flows and affected ecological patterns of the Everglades. To provide resources for restoration of the Everglades, excess toll revenues are transferred annually (if available) to the Everglades Fund of the South Florida Water Management District (SFWMD) in accordance with Section 338.26, Florida Statutes. As of June 30, 2012, the total amount transferred to SFWMD totals $39.1 million. It was anticipated that approximately $2 million annual excess revenue will be available for transfer to the Everglades Fund of the SFWMD after debt service, operating and maintenance costs, and renewal and replacement costs are funded. In FY 2010, FY 2011, and FY 2012, no excess revenue was available for transfer because of the funding needs associated with resurfacing projects on the Alligator Alley. It is forecasted that the total amount of the agreement ($63.6 million) will be transferred within the same time frame through FY 2016, as per the Memorandum of Agreement dated June 30, 1997.

In March 2007, $43.175 million Alligator Alley Revenue Refunding Bonds were issued to refund the 1997 issuance of $55.2 million. The 2007 bonds will be retired in FY 2027. In accordance with the bond covenants, net toll revenues fund renewal and replacement costs. Due to resurfacing needs on the Alley, the department began funding a Renewal and Replacement Fund. The balance of the Renewal and Replacement Fund at June 30, 2012 was $8.7 million with costs to be returned to the department of $4.6 million. Maximum annual debt service on the 2007 bonds is approximately $3.5 million and after the payment of the costs of operation and maintenance, net toll revenues of $12.5 million in fiscal year 2012 covered debt service 3.61 times. Bonds outstanding as of June 30, 2012 totaled $51.7 million (which includes principal and interest). The 2011 Legislative Session amended Section 338.26(3), Florida Statutes, requiring that the toll would be used to "develop and operate a fire station at mile marker 63 on Alligator Alley to provide fire, rescue, and emergency management services to the adjacent counties along Alligator Alley." Construction of the fire station was contracted in FY 2012 in conjunction with a rest area at the same mile marker.

Beachline East Expressway

The Beachline East Expressway runs east of Orlando connecting the eastern edge of the Central Florida Greeneway at State Road 520 with Interstate 95. There are no bonds outstanding on this facility. The 25-cent toll is collected as a surcharge at the Beachline Main Plaza of the Orlando-Orange County Expressway Authority (OOCEA) and is transferred by the Authority to the STTF weekly. A minor portion is also collected at an unmanned booth located at the SR 520 ramps to/from the east. With the removal of the toll plaza at the Beachline East, toll collection functions are being performed by OOCEA at the Beachline Main Plaza, which has resulted in significant annual savings. Beginning in February 1999, annual toll revenues have been used to assist in the funding of the widening of SR 520 and related improvements. The operating and maintenance costs are accumulated as outstanding debt due to the STTF and total $30.3 million. With the addition of $14.1 million owed for SR 520, the total debt to STTF is $44.4 million as of June 30, 2012. Transfer of the Beachline East Expressway from FDOT to the Florida Turnpike Enterprise was authorized in the 2012 Legislative Session with the funds from the Turnpike General Reserve Fund to STTF earmarked for the Wekiva Project.

Pinellas Bayway

The Pinellas Bayway consists of a series of causeways and bridges providing a connection between St. Petersburg Beach, Fort DeSoto Park, and I-275 in south St. Petersburg. There are no bonds outstanding backed by toll revenues of this facility. Revenues after the cost of operations are being accumulated along with interest earnings, for projects in Pinellas County in accordance with Chapter 85-364, Laws of Florida. These accumulated funds were used for the construction of Blind Pass Road and State Road 699 improvements. Currently, these funds are being used for the construction of Phase II of the Pinellas Bayway improvements in accordance with the law. Construction on one of the Pinellas Bayway Bridges began in FY 2012. The balance of the escrow account was $46.8 million as of June 30, 2012. Toll revenues provide for the reimbursement to the department's STTF for the annual costs of operation. Costs of maintenance are deferred as a long-term debt owed to the STTF, as provided by Chapter 95-382, Laws of Florida, and totaled $36.7 million as of June 30, 2012.

I-95 Express

Authorized by Section 338.166, Florida Statutes, I-95 Express converted the single High Occupancy Vehicle (HOV) lane into two express lanes. The project also enhanced and expanded Bus Rapid Transit service on I-95 from I-395 in downtown Miami to Broward Boulevard in Fort Lauderdale, reducing congestion on the heavily traveled north-south artery. The express lanes operate as High Occupancy Toll (HOT) lanes which drivers can choose to use. Tolls vary with the level of congestion, with the goal to keep traffic in the express lanes moving at a minimum speed of 45 mph. The project is being implemented under two construction contracts in three phases (Phase 1A, Phase 1B, and Phase 2). Phase 1A opened on December 5, 2008 and runs northbound on I-95 from SR-112 to the Golden Glades area just north of 151st Street in Miami-Dade County. Phase 1B opened on January 15, 2010 and runs southbound on I-95 from the Golden Glades area to I-395. Phase 1B also extended the northbound express lanes further to the south from SR 112 to I-395. Phase 2 will create lanes in both directions on I-95 between the Golden Glades Interchange in Miami-Dade County and I-595 in Broward County, when opened.

Department-Operated Toll Facilities

In addition to Florida's Turnpike Enterprise and the five department-owned and operated toll facilities mentioned above, the department operates three toll facilities under the terms of a Lease-Purchase Agreement or Operating Agreement with expressway and bridge authorities. These include the following:

Selmon Expressway

The Selmon Expressway is a 15-mile toll road that extends from Gandy Boulevard in Southwest Tampa, north and east through downtown Tampa to an interchange with Interstate 75 just west of the Brandon area. A system of reversible express lanes, located generally within the median of the existing Expressway System and extending from the Tampa Central Business District east to Interstate 75 connecting to the Brandon area feeder roads, opened in 2006. The Tampa-Hillsborough County Expressway Authority (THEA) has issued several bond series with the most recent issuance in 2005 for Revenue and Refunding bonds in the amount of $326.6 million.

Pursuant to the terms of the 1997 Lease-Purchase Agreement, supplemented in 2002 and 2005, the department pledged to pay the costs of operation and maintenance and be reimbursed, if revenues are sufficient after payment of current year debt service, in effect, providing for a gross revenue pledge. Beginning in FY 2001, the Authority reimbursed the STTF for the annual budgeted operating and maintenance costs on a current basis from the revenues after debt service requirements were met. The accumulated costs of operation and maintenance and other long-term debt owed to the STTF at June 30, 2012 are $154.2 million. In addition, as of June 30, 2012, the following THEA long-term debt is outstanding and due to the department: $7.4 million for TFRTF loans, $53 million (which includes principal and interest) for State Infrastructure Bank (SIB) loans, and $12 million in accrued interest on the $110 million STTF loan. This outstanding debt (except for SIB loans) is paid from excess revenue flowing to the General Reserve Fund. The Authority's flow of funds requires that SIB loans (Junior Lien Obligations) be paid subsequent to debt service payments. The THEA provides planning, management, and oversight responsibilities for the facility. The department and the Authority entered into a Memorandum of Agreement dated October 26, 2010 which clarifies: O&M responsibility under the Lease-Purchase Agreement; repayment schedules for SIB, TFRTF, and long-term debt due the department; shared revenue for the I-4 Connector; that the Department will not have O&M obligations under new bonds issued by the Authority. For more information, contact the Tampa-Hillsborough County Expressway Authority at (813) 272-6740, or visit their web site at http://www.tampa-xway.com/.

Mid-Bay Bridge

The Mid-Bay Bridge crosses Choctawhatchee Bay from SR 20 east of Niceville, south to US 98 near Destin. The department collects the tolls and maintains the facility under the terms of a Lease-Purchase Agreement with the Mid-Bay Bridge Authority under which the department pledges to pay the costs of O&M. The reimbursement of these expenditures is subordinate to debt service requirements and payable from excess revenues flowing to the General Reserve Fund. The long-term debt owed to the STTF was $9.5 million as of June 30, 2012. The Authority has issued several bond series with the most recent issuance being 2011A and 2011B. In addition, at June 30, 2012 Mid-Bay Bridge owes the STTF for prior Toll Facilities Revolving Trust Fund (TFRTF) loans totaling $746 thousand. For more information, contact the Mid-Bay Bridge Authority at (850) 897-1428, or visit their web site at http://www.mid-bay.com/.

Garcon Point Bridge

Garcon Point Bridge, which opened to traffic May 14, 1999, is a fixed span toll bridge that traverses Santa Rosa Bay from Garcon Point on the mainland, to Redfish Point on the Gulf Breeze Peninsula. The Santa Rosa Bay Bridge Authority, on October 16, 1996, issued approximately $95 million revenue bonds to provide for construction and costs of issuance. Pursuant to the terms of a Lease-Purchase Agreement with the Authority, the department pledges to pay the costs of operating and maintaining the facility. Long-term debt owed to the STTF as of June 30, 2012 totaled $18.1 million. In addition, the department advanced from its Toll Facilities Revolving Trust Fund (TFRTF) $8.5 million to pay for engineering and right-of-way costs for the project. The principal and interest due to the STTF for prior TFRTF loans at June 30, 2012 is $7.9 million. The reimbursement of both the O&M costs and the TFRTF advances are subordinate to debt service payments and will be payable from revenues flowing to the Surplus Fund.

Based on actual toll revenues on the Garcon Point Bridge, it was determined that future toll revenues would not be sufficient to meet minimum debt service coverage requirements. In a resolution passed in March 2001, the Authority, based on the recommendation of Traffic and Revenue Consultants, adopted a toll rate increase schedule. The toll rate was increased to $3.50 on July 1, 2007. On every third July 1 thereafter, the toll will increase by $0.25 for a maximum of $4.25 in the year 2017. Due to the Gulf oil spill, the toll rate increase scheduled for July 1, 2010 was postponed until January 2011.

In January 2002, the Authority began withdrawing from the Debt Service Reserve Fund, in order to meet the semi-annual debt service payment. The balance in the Debt Service Reserve Fund was depleted in January 2011. The authority is in payment default. For more information, contact the Santa Rosa Bay Bridge Authority at (850) 983-6003, or visit their web site at http://www.garconpointbridge.com/.

Other Toll Facilities

Miami-Dade Expressway System

The Miami-Dade Expressway System is a group of five toll roads in the urban area of Miami-Dade County. The facilities include the Gratigny Parkway, Airport Expressway, Dolphin Expressway, Don Shula Expressway, and the Snapper Creek Expressway. The Miami-Dade Expressway Authority (MDX) has issued several bond series with the most recent issuance in 2010.

Pursuant to the 1996 Transfer Agreement between MDX and the department, MDX transfers 1/12th of the approved annual O&M budget (to cover the portion of O&M performed by the department) to STTF monthly to offset current year department O&M costs. The long-term debt owed to the STTF as part of the 1996 transfer was fully repaid in FY 2007. In addition, as of June 30, 2012, MDX owes the department $30.2 million for SIB loans used to fund SR 836 improvements and $5.8 million to the TFRTF. For more information, contact the Miami-Dade Expressway Authority at (305) 637-3277, or visit their web site at http://www.mdx-way.com/.

Orlando-Orange County Expressway System

The Orlando-Orange County Expressway System is comprised of five toll facilities with a total of 105 miles in the central Florida area. The Orlando-Orange County Expressway Authority (OOCEA) has issued several bond series with the most recent issuances being Series 2010 A, B, and C. The department is responsible under a Lease-Purchase Agreement for O&M costs on portions of the Orlando-Orange County Expressway System. The O&M costs of the Holland East-West Expressway and Airport Expressway and the maintenance costs of the Beachline Main Expressway are added to the long-term debt due STTF each year. The department has contracted with the Expressway Authority so that the Authority is responsible for the management, operation, and maintenance of these facilities. The department funds the annual costs for these facilities and records them as a long-term receivable of the STTF ($238.1 million at June 30, 2012). A repayment schedule was authorized in the 2012 Legislative Session with $10M paid in FY 2013 and $20M per year thereafter until the retirement of long-term debt. For more information, contact the Orlando-Orange County Expressway Authority at (407) 425-8606, or visit their web site at http://www.expresswayauthority.com/.

Supplemental Information

Debt Affordability Study

Section 215.98, Florida Statutes, created in May 2001, codifies the debt affordability analysis and requires that an annual report be prepared by the State Board of Administration, Division of Bond Finance. Target debt ratio is set at six percent, not to exceed seven percent, unless the Legislature determines that such additional debt is necessary to address a critical need. This analysis measures annual debt service as a percent of a group of revenues that include: General Revenue and primary pledges to repay various bonds from trust fund revenues. In the case of the STTF, the statewide gas tax and vehicle license tax are included in the total. It should be noted that bonds issued which are backed by a pledge of Toll Facility Revenue are not considered a general obligation or indebtedness of the State of Florida. Therefore, Toll Facility Revenue Bond Debt is not included in the analysis and is considered "self-sufficient" for the repayment of annual debt service.

For the latest report, go to: http://www.sbafla.com/bond/publications.asp

Transportation Debt Assessment

In order to ensure the fiscal integrity of the STTF, the 2012 Legislature created Section 339.139, Florida Statutes, which requires the department to submit a debt and debt-like contractual obligations report to the Executive Office of the Governor, the President of the Senate, the Speaker of the House of Representatives, and the legislative appropriations committees in conjunction with the tentative work program along with its Legislative Budget Request on an annual basis. In addition, it requires the department to prepare a separate report on debt obligations that are secured by and payable solely from pledged revenues.

Revenue Limitation

During the 1994 regular session, the Florida Legislature passed HJR 2053 which placed a constitutional amendment to limit state revenues before the voters who approved it in November 1994. As amended, subsection 1(e), Article VII of the Florida Constitution places a limit on the rate of growth in state revenues, limiting such growth to no more than the growth rate in Florida personal income. Toll revenue collections in excess of the amounts needed to meet coverage requirements contained in the bond documents are included as revenue in the calculation of the statewide Constitutional revenue limitation. The most recent projection of the Office of Economic and Demographic Research indicates that the growth rate for state revenues for FY 2013 will be approximately 3.4 percent. The growth rate for the Constitutional revenue limit will be approximately 2.3 percent. Due to healthy growth in the limitation from earlier years, the cushion between the limitation and projected revenue growth is around $20 billion. Therefore, any increases in toll revenue collections are not anticipated to have an impact on state revenue decisions.

The 2011 Florida Legislature passed SJR 958 which placed a constitutional amendment on the November 2012 ballot that proposed to change the current revenue limit to be based upon population change and inflation. Revenues used for debt service on bonds sold after July 1, 2012 would have been subject to the limitation. This amendment failed to receive the number of votes required to amend the Florida Constitution.

State Transportation Revenues

The state has taken measures to offset the impact of inflation on the transportation program by indexing the state gas tax to the change in the overall Consumer Price Index each calendar year. The State Revenue Estimating Conferences (REC) issues a 10-year state transportation revenue forecast at least twice a year. The August 2012 Revenue Estimating Conference reflected 11.0 percent growth for FY 2013 (note that this includes the impact of Chapter 2012-128, Laws of Florida, which redirected $200 million annually in title fees from General Revenue to the State Transportation Trust Fund), 6.7 percent for FY 2014, and average annual revenue increases of approximately 4.0 percent for FY 2015 through FY 2018. With the exception of FY 2012, overall revenues have exceeded and are forecasted to exceed the Consumer Price Index.

HISTORICAL TRENDS AND FORECAST OF STATE TRANSPORTATION REVENUES ($ in millions)

Source	Actual	Forecast					
	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Fuel Taxes	1,801.2	1,870.8	1,945.7	2,026.7	2,125.8	2,221.9	2,303.2
Aviation Fuel Taxes	13.4	33.4	34.3	35.7	37.5	39.3	40.8
Motor Vehicle Fees	677.7	900.7	919.2	941.4	962.8	983.7	999.9
Rental Car Surcharge	109.0	111.7	114.4	117.7	121.5	125.2	129.0
Documentary Stamps	114.5	97.2	200.7	216.5	243.3	264.4	286.2
Total	2,715.7	3,013.8	3,214.3	3,338.0	3,490.9	3,634.5	3,759.1
Percent Change in Total Revenues	1.3%	11.0%	6.7%	3.8%	4.6%	4.1%	3.4%
Percent Change in Consumer Price Index	2.3%	1.1%	2.2%	2.1%	1.8%	1.6%	1.7%

Notes:

(1) Actual through FY 2012; thereafter, estimates are from the August 2012 REC.

(2) The forecast includes the effect of Chapter 2012-128, L.O.F., which required a permanent redirect of $200 million from title fee revenue previously going to the General Revenue Fund to the State Transportation Trust Fund beginning in FY 2013. However, it does not include the one-time transfer of $200 million from the State Transportation Trust Fund to the General Revenue Fund in FY 2013.

Public Private Partnerships (P3)

Demonstrating a commitment to finding innovative solutions and answering the public need for rapid construction of safe and efficient transportation facilities, the Florida Legislature enacted Section 334.30, Florida Statutes, for Public-Private Transportation Facilities. The statute grants FDOT authority to advance projects in the adopted five-year work program as well as projects that are in the ten-year

Strategic Intermodal Plan that increase capacity and are greater than $500 million. Under these agreements, private entities may develop new toll facilities or increase capacity for existing facilities, but toll revenues are to be regulated by FDOT. Facilities may be leased but the department must receive a portion of the revenues at closing as well as excess revenues realized during the life of the agreement. Agreements are limited to an initial term of 50 years but may be extended to 75 years with the authorization of the department Secretary and more than 75 years with approval by the Legislature. The department shall ensure that no more than 15 percent of total federal and state funding in any given year for the State Transportation Trust Fund shall be obligated collectively for all projects under this section.

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

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

*Partially funded with ARRA (American Recovery and Reinvestment Act) funds.

**This Design-Build-Finance contract with De Moya/Leware JV is being financed with Infrastructure Improvement Revenue Bonds as a conduit issuance by the Florida Municipal Loan Council.

***This Design-Build-Finance contract with Lane Construction Corporation is being financed with Infrastructure Improvement Revenue Bonds as a conduit issuance by the Space Coast Infrastructure Agency.

For more information visit the website at:
http://www.dot.state.fl.us/financialplanning/finance/private_transportation_facilities.shtm

Financial Controls

The Florida Department of Transportation has a number of financial and planning controls in place that assure that financial management is sound and responsive. Key elements include:

Five-Year Work Program Development Process

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

Monthly Production Management and Performance Monitoring Process

The FDOT prepares and publishes a monthly production management report package. It outlines the department's progress in the accomplishment of current year project commitments from the department's five-year work program in statewide summaries and district detail. The results are presented each month to the department's Executive Leadership. The FDOT Districts must respond to production levels that deviate from a norm of 95 percent of the expected level of production and 90 percent of the expected costs. As part of this process, each District monitors production on a continuous basis.

Monthly Cash Forecast Process

The FDOT prepares and publishes each month multi-year monthly cash forecasts for the State Transportation Trust Fund, the Right-of-Way Acquisition and Bridge Construction Trust Fund, and each of the Turnpike Enterprise trust funds. The results are reported quarterly to the department's Executive Leadership (Section 339.135, Florida Statutes).

Multi-Year Finance Plans

The FDOT prepares multi-year (five-year and ten-year) Finance Plans for each of the department's major trust funds. The Finance Plans are reconciled to the Comptroller's Cash Forecasts. They are used extensively in the planning of alternative financing and work program scenarios (Section 339.135, Florida Statutes).

Revenue Estimating Conference (REC)

The Transportation REC is comprised of members of the Executive Office of the Governor, Office of Economic and Demographic Research, professional staff of the House and Senate committees, and the Departments of Transportation, Revenue, and Highway Safety. The REC provides projections, developed by consensus, of revenues and other economic assumptions for use in all state planning and budgeting activities. The Transportation and Highway Safety RECs meet and update revenue projections for transportation revenues at least two times per year (Section 216.134, Florida Statutes).

Turnpike Enterprise Finance and Production Offices

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

Florida Transportation Commission

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

Quality Assurance Review Processes

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

Independent Auditors

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

Summary

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