

FLORIDA DEPARTMENT OF TRANSPORTATION



**BOND
FINANCING
UPDATE
REPORT

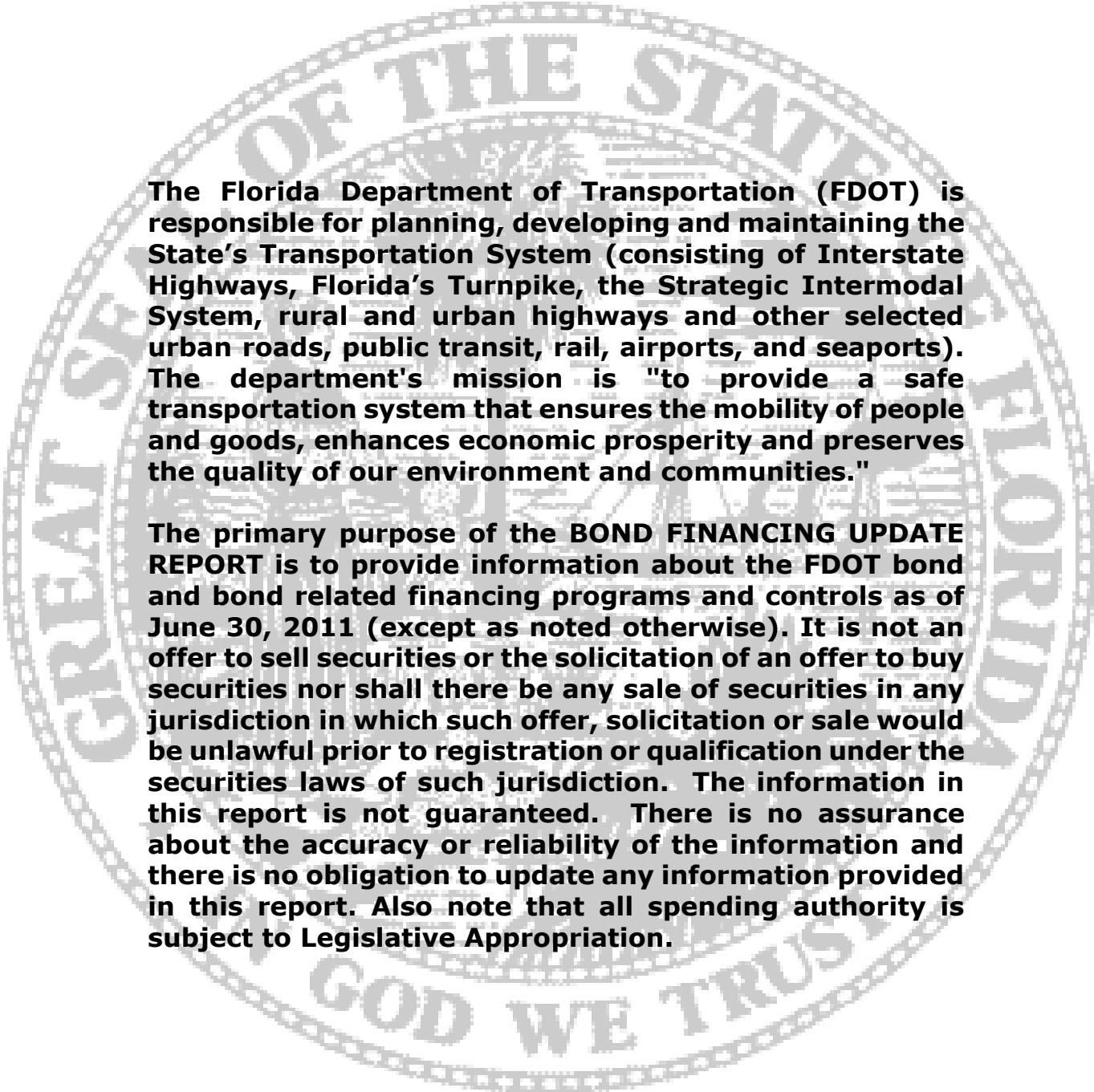
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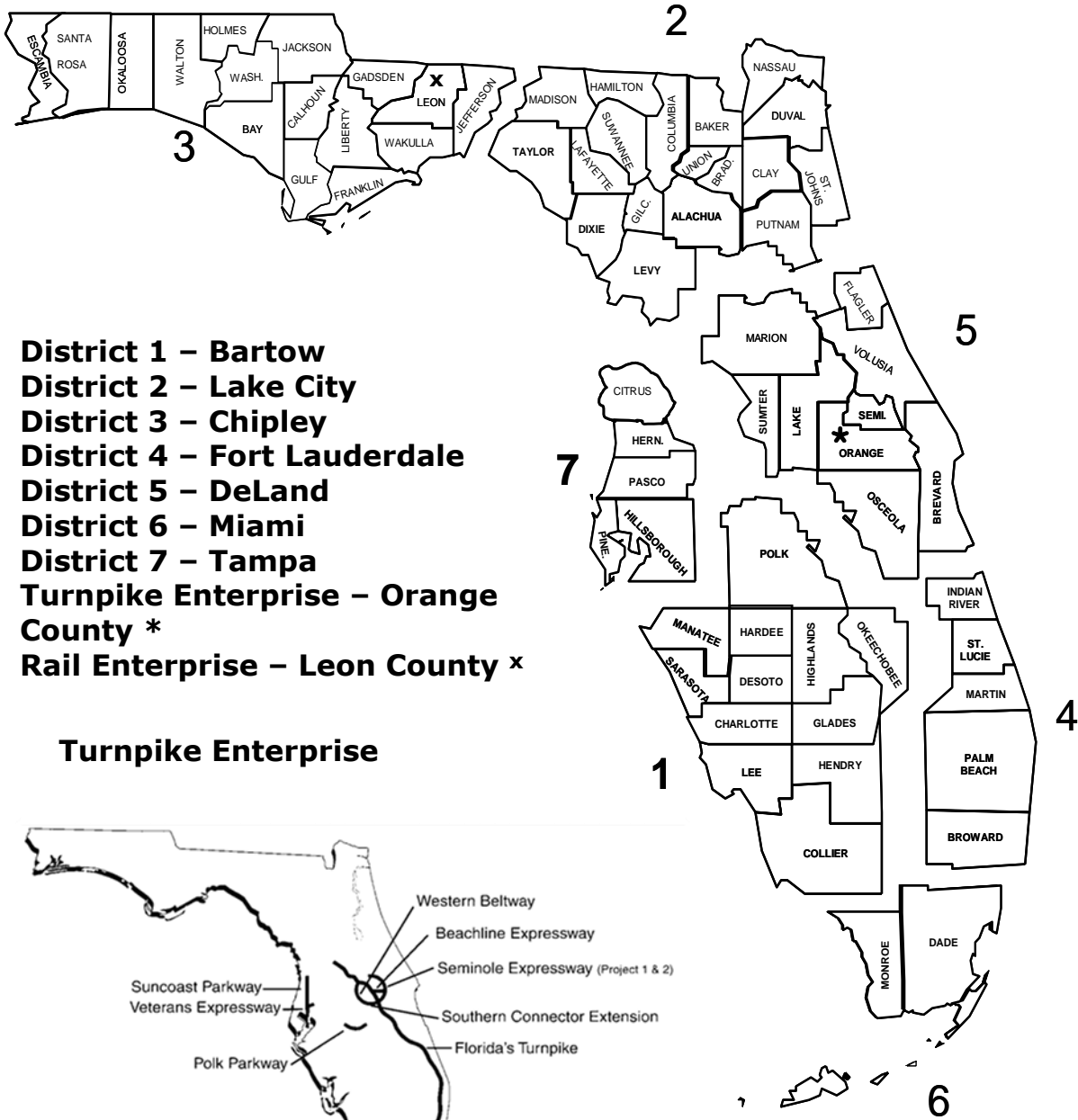
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The seal of the State of Florida is a large, circular emblem in the background. It features a central figure of a woman holding a scale and a sword, surrounded by a wreath. The words "GREAT SEAL OF THE STATE OF FLORIDA" are inscribed around the perimeter, and "GOD WE TRUST" is at the bottom.

The Florida Department of Transportation (FDOT) 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, 2011 (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.

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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 the department'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, and 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 and 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 2010-2011, state sources provided over 48% 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 38% 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 100% of revenues.

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STATE TRANSPORTATION TRUST FUND FISCAL YEAR 2010-11 RECEIPTS		
SOURCE	AMOUNT (Millions)	PERCENT
Fuel Tax	\$1,787	33.51%
Aviation Fuel Tax	\$38	0.71%
Motor Vehicle Fees	\$665	12.47%
Rental Car Surcharge	\$99	1.86%
Documentary Stamps	\$91	1.71%
Miscellaneous Revenue	\$105	1.97%
Reimbursements/Participations*	\$521	9.77%
Interest	\$9	0.17%
Federal Aid	\$2,018	37.84%
Total	\$5,333	100.00%
*Note: Reimbursements from the Turnpike are paid from the revenues shown in the Turnpike chart below.		
FLORIDA'S TURNPIKE ENTERPRISE FISCAL YEAR 2010-11 REVENUES & BONDS		
SOURCE	AMOUNT (Millions)	PERCENT
Tolls and Concessions	\$607	100.00%
Bond Proceeds	\$0	0.00%
Total	\$607	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, the Toll Facilities Revolving 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 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 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 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 Toll Facilities Revolving Trust Fund (TFRTF) is a revolving loan fund. It was initially capitalized with funds transferred from the STTF in the mid-1980s. Current revenues consist of repayments of prior loans and interest earnings by or on behalf of expressway and bridge authorities, local governments and the Florida Turnpike Enterprise.

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 rights-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 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% 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 1991-92 through 2015-16, \$3.5 billion in Right of Way & Bridge Bond funds have been or are planned to be used to leverage projects totaling over \$15 billion.

A total of \$2,219 million in bonds have been issued to date:

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ROW and Bridge Construction Bonds Issued to Date (\$ in millions)				
Series	Month	Year	Int Rate*	Amount
Series 1991	November	1991	6.47%	\$50
Series 1993	June	1993	5.43%	\$64
Series 1995	April	1995	5.82%	\$150
Series 1996	June	1996	5.63%	\$150
Series 1997*	March	1997	5.40%	\$45
Series 1997A	July	1997	5.21%	\$200
Series 1997B	October	1997	5.19%	\$150
Series 1999*	March	1999	4.94%	\$279
Series 2002	February	2002	4.93%	\$150
Series 2002A*	September	2002	4.53%	\$251
Series 2003A	September	2003	4.67%	\$300
Series 2004A	July	2004	4.73%	\$300
Series 2005A*	March	2005	4.72%	\$119
Series 2005B*	June	2005	4.05%	\$301
Series 2006A*	September	2006	4.01%	\$37
Series 2008A	February	2008	5.20%	\$155
Series 2009A	July	2009	4.73%	\$200
Series 2009B*	November	2009	3.76%	\$207
Series 2011A*	May	2011	2.79%	\$115
Total				\$3,223

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 2011A are the True Interests Costs as reported in official bond documents.
- 2) Issues with a * include all or partial refunding. The total amount issued not including refunding is \$2,219 million.

According to the STTF Finance Plan, the department tentatively plans to serially issue approximately \$700 million of bonds over the next six years to further implement the right of way and bridge 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 and bridge program will remain stable with the following strengths in place:

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- 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 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	Planned Debt Service (3)	Planned Coverage
2012	\$1,138.3	\$141.8	8.02x	\$145.0	7.85x
2013	\$1,199.4	\$141.4	8.48x	\$151.1	7.94x
2014	\$1,254.0	\$141.4	8.87x	\$161.2	7.78x
2015	\$1,309.5	\$141.5	9.25x	\$176.0	7.44x
2016	\$1,371.6	\$141.5	9.69x	\$183.4	7.48x
2017	\$1,434.3	\$141.5	10.14x	\$188.6	7.60x
2018	\$1,493.3	\$141.6	10.55x	\$188.7	7.92x
2019	\$1,548.9	\$141.5	10.95x	\$188.6	8.21x
2020	\$1,612.4	\$141.6	11.39	\$188.7	8.54x

Notes:

- (1) Projected motor fuel sales tax adopted by the Florida Estimating Conference on Transportation revenue dated March 2011.
- (2) Debt service on principal in the amount of \$1.9 billion as of June 30, 2011.
- (3) Includes projected debt service on planned issuance of \$700 million in bonds over the next 6 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

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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 System has added 140 miles of new roads and made numerous system improvements through the issuance of new bonds. Immediately subsequent to the end of Fiscal Year (FY) 2011, 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 was approximately \$3.6 million. The remaining proceeds of the 2011A issue will provide funding for ongoing construction projects as well as a number of new 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 \$2.8 billion at the end of FY 2011, and \$2.9 billion after year-end with the inclusion of the 2011A issue.

The finance plan for the Turnpike System's adopted work program for the period FY 2012 through FY 2016 included estimated planned issues of approximately \$643 million 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 Revenue
2011a	600,079	8,382	608,461	180,060	428,401	237,116	1.81	2.57
2012e	601,519	7,642	609,161	197,108	412,053	244,237	1.69	2.49
2013e	607,615	7,642	615,257	201,390	413,867	251,335	1.65	2.45
2014e	614,946	7,822	622,768	205,437	417,331	260,281	1.60	2.39
2015e	623,718	8,007	631,725	203,961	427,764	274,040	1.56	2.31
2016e	633,093	8,198	641,291	207,128	434,163	281,882	1.54	2.28

a = actual (audited) e = estimated

Note 1: revenue forecast developed in support of the July 2011 Adopted Work Program.

Note 2: debt service is reflected net of Federal Build America Bonds (BABs) interest subsidy.

Note 3: estimated net 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, F.S., authorizes pledging future Federal-aid reimbursements to pay debt service for GARVEE bonds, caps annual debt service at 10 percent of annual Federal highway apportionments, and limits bond terms to 12 years.

Federal Funds Available for Debt Service (\$ in millions)			
FY	Estimated Apportionments (1)	10%	Planned Debt Service (2)
2012	\$1,936	\$193.6	
2013	\$1,973	\$197.3	
2014	\$2,010	\$201.0	\$12.4
2015	\$2,048	\$204.8	\$41.7
2016	\$2,087	\$208.7	\$41.7
2017	\$2,127	\$212.7	\$41.7
2018	\$2,167	\$216.7	\$41.7
2019	\$2,208	\$220.8	\$41.7
2020	\$2,208	\$220.8	\$41.7

Notes:

- (1) Federal aid funding levels are based on the official Federal Aid Highway Forecast of September 2005.
- (2) Estimated debt service on planned issuance of \$350 million in bonds over the next 6 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, F.S., authorizes the use of up to two (2) 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 \$1.11 billion in bonding capacity for fixed guideway systems at 5% 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
2012	\$2,838.2	\$56.8
2013	\$3,017.7	\$60.4
2014	\$3,289.2	\$65.8
2015	\$3,450.4	\$69.0
2016	\$3,605.2	\$72.1

Notes:

1) Projected revenues include traditional REC revenues and Documentary Stamps.

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 deep water 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 taxes, 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 taxes be deposited in 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 agrees 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 the Department of Transportation, will issue future new bond issues.

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

Financing Support Programs

The Florida Department of Transportation 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 operations 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 for parts of the Orlando-Orange County Expressway system.

Debt from Toll Facilities

The following table displays the current and projected status of debt due the STTF from the nine department-owned and/or operated toll facilities 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.

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Actual (FY 2011) and Projected Debt Due STTF for Toll Facilities Based on July 1, 2011 Adopted Work Program (\$ in millions)

FYE	EVERGLADES	BEACHLINE	GARCON	MID-BAY	OOCEA	BAYWAY	SKYWAY	THEA	TURNPIKE ENTERPRISE	I-95 Express	TOTAL
2011	0	48.0	16.8	16.1	235.6	36.6	49.5	122.6	101.5	-	626.6
2012	10.1	44.2	18.0	6.6	237.9	38.3	45.1	166.8	99.0	-	665.9
2013	21.9	40.3	19.4	5.4	246.1	46.0	42.9	201.6	94.4	-	717.9
2014	22.9	36.3	21.2	4.2	254.6	51.5	44.1	219.5	87.9	-	742.1
2015	25.0	33.4	23.0	3.4	263.4	53.7	41.9	221.5	79.3	-	744.5
2016	27.0	30.2	24.7	2.6	272.5	55.3	34.9	215.5	68.8	-	731.5
2017	27.8	37.3	26.4	3.0	281.9	58.9	27.7	215.5	48.0	-	726.5

Alligator Alley (Everglades Parkway) - When revenues become insufficient to pay all resurfacing (R&R) costs, any unmet R&R obligations will be set-up as a long-term debt to STTF.

Beachline East Expressway - Operations and maintenance (O&M) expenses are paid by STTF and set up as a long-term debt. Revenues applied to reconstruction of SR 520.

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 and Orlando Airport, and maintenance expenses for Beachline are paid by STTF and set up as a long-term debt.

Pinellas Bayway - Chapter 95-382, Laws of Florida, requires that toll revenue in excess of operation 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 - Three projects (SR 80 interchange, Seminole II and Suncoast) are receiving an O&M subsidy from STTF.

I-95 Express - Any unmet O&M (including transit) expenses will be set up as a long-term debt to STTF.

Operation and Maintenance Costs Loans for Florida's Turnpike Enterprise Projects

Section 338.223(4), Florida Statutes, limits the maximum net amount of operation and maintenance (O&M) costs loans for new Turnpike Enterprise projects. Prior to 2002 the limit was 0.5 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 1.5 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. These loans are scheduled to begin repayment in FY 2012.

Department Covenant to Pay Florida's Turnpike System Operation 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 Operation and Maintenance" (Covenant) for the Turnpike System from moneys in the State Transportation Trust Fund (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 Operations and Maintenance Account and has made all payments to the STTF for Operations and Maintenance costs incurred on behalf of the Turnpike System. During FY 2011, 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 Operations 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 administers the Toll Facilities Revolving Trust Fund (TFRTF) program. The purpose of the program is 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 are provided as "seed money" to pay initial development costs such as environmental impact studies, financial advisory services, engineering design and advance right-of-way purchase activity. As of June 30, 2011, the Toll Facilities Revolving Loan program has awarded and advanced \$191 million in loans to 21 local governments, expressway authorities and the Turnpike Enterprise. To date, \$151.9 million has been repaid and "revolved" into new loans, and \$6.5 million has been written off as uncollectible. The use of the TFRTF has enabled projects to successfully proceed and may assist in the promotion of future bond sales, if necessary. A \$40 million sweep from the fund to General Revenue was mandated by the Legislature and approved by the Governor for Fiscal Year 2010.

For more information, please visit the Website at:
<http://www.dot.state.fl.us/financialplanning/Finance/tfrtf.shtm>

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 Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). 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, F.S. 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. A third issue is planned in state fiscal year 2013. As of June 30, 2011, \$91.8 million in principal and \$24.3 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, F.S. 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 in the Florida State Treasury. The State Treasurer, in accordance with established state investment guidelines, invests all proceeds. As of July 1, 2011, \$126.3 million plus \$27.6 million in interest, totaling \$153.9 million has been deposited into the federal-funded SIB account, and \$448.8 million plus \$33.7 million in interest, totaling \$482.5 million has been deposited into the state-funded SIB account.

The amount of future bond sales will be determined based upon 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, 2011, the Department has awarded 36 state-funded SIB loans totaling \$743.7 million to date. These awards advance \$7.2 billion of total project costs.

Summary of the State-funded State Infrastructure Bank (\$ in Millions)		
	SIB ASSISTANCE	TOTAL PROJECT COST
Awards to Date	\$743.7	\$7,236.0
Awards Pending	\$0	\$0
TOTAL	\$743.7	\$7,236.0

Federal-funded SIB

As of June 30, 2011, Florida's federal-funded SIB has approved 31 loans totaling \$351.6 million advancing \$1.1 billion of project costs.

Summary of the Federal-funded State Infrastructure Bank (\$ in millions)		
	SIB ASSISTANCE	TOTAL PROJECT COST
Awards to Date	\$351.6	\$1,146.9
Awards Pending	\$0	\$0
TOTAL	\$351.6	\$1,146.9

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 – secured (direct) loans, loan guarantees, and standby lines of credit. 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 USDOT awards credit assistance to eligible applicants, which include state departments of transportation, transit operators, special authorities, local governments, and private entities. The threshold required for total

project cost is \$50 million (\$15 million for Intelligent Transportation Systems projects). The amount of Federal credit assistance may not exceed 33% of total eligible project costs.

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.

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 the private entities that are responsible for designing, building, financing, operating and maintaining these facilities.

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 Florida Department of Transportation and all Sunpass activities for 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. 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 Enterprise expansion project, the Western Beltway Part C.

The table below reflects Turnpike bond issues from 1989 to 2011 including refunding issues to achieve debt service savings.

FLORIDA DEPARTMENT OF TRANSPORTATION

Turnpike Bonds Issued to Date Since 1989 (\$ in millions)				
Series	Month	Year	Stated Rates	Amount
Series 1989	April	1989	7.10 to 7.75%	\$220
Series 1991	January	1991	6.00 to 9.50%	\$337
Series 1992	July	1992	5.00 to 6.35%	\$193
Series 1993*	May	1993	3.00 to 5.50%	\$522
Series 1995	July	1995	5.50 to 5.63%	\$348
Series 1997*	December	1997	4.50 to 5.50%	\$200
Series 1998A	February	1998	4.50 to 6.50%	\$234
Series 1998B	May	1998	4.25 to 5.00%	\$200
Series 1999	February	1999	3.50 to 5.13%	\$110
Series 2000A	February	2000	4.50 to 6.25%	\$112
Series 2000B	November	2000	4.50 to 5.25%	\$101
Series 2003A*	February	2003	3.25 to 5.25%	\$446
Series 2003B*	July	2003	3.25 to 5.25%	\$304
Series 2003C	October	2003	2.38 to 5.00%	\$201
Series 2004A	December	2004	3.00 to 5.00%	\$279
Series 2005A*	April	2005	3.00 to 5.00%	\$93
Series 2006A*	December	2006	3.00 to 5.00%	\$443
Series 2007A	June	2007	4.25 to 5.00%	\$256
Series 2008A*	January	2008	4.50 to 5.00%	\$326
Series 2009A&B	July	2009	2.00 to 6.80%	\$323
Series 2010A*	April	2010	3.00 to 5.00%	\$211
Series 2010B	June	2010	2.00 to 5.00%	\$251
Series 2011A*	July	2011	3.25 to 5.00%	\$150
* these issues included refunding bonds (all or partial) Total				\$5,860

Turnpike Enterprise Revenues

The Turnpike System earned \$600.1 million in toll revenues during FY 2011 representing an increase of approximately two-thirds of a percent from FY 2010 toll revenues of \$596.2 million. The increase was due to modest growth in traffic in FY 2011.

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

TURNPIKE SYSTEM TOLL REVENUE COMPARISON OF FY 2010 TO FY 2011 (\$ in Thousands)				
COMPONENT	FY 2010	FY 2011	\$ CHANGE	% CHANGE
Mainline	\$432,970	\$434,230	\$1,260	0.3
Sawgrass Expressway	49,702	50,314	612	1.2
Seminole Expressway	30,882	30,763	(119)	(0.4)
Veterans Expressway	31,692	32,466	774	2.4
Southern Connector Extension	4,148	4,201	53	1.3
Polk Parkway	21,391	21,775	384	1.8
Suncoast Parkway	20,621	21,233	612	3.0
Western Beltway, Part C	4,767	5,097	330	6.9
Totals	\$596,173	\$600,079	3,906	0.7

Turnpike Enterprise O&M

Operations and Maintenance (O&M) costs for FY 2011 for the Turnpike System increased by approximately 4 percent compared to FY 2010. O&M, primarily toll collection and routine maintenance costs, increased from \$170.3 million in FY 2010 to \$176.8 million in FY 2011. The increase in O&M is attributable to higher indirect cost (overhead) rates established by the Comptroller for FY 2011, and a rise in transponder-related costs due to the launch of Toll-By-Plate and cashless All-Electronic Tolling (AET) on the Homestead Extension of Florida’s Turnpike (HEFT) during FY 2011.

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 toll facilities across the State:

Sunshine Skyway Bridge

The Skyway 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 \$49.5 million as of June 30, 2011.

Everglades Parkway (Alligator Alley)

The 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, 2011, 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, operations and maintenance costs, and renewal and replacement costs are funded. In FY 2010 and FY 2011, no excess revenue was available for transfer because of the funding needs associated with the resurfacing projects. It is currently forecasted that no excess revenue will be available to transfer in FY 2012. However, 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, 2011 is \$0. 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 \$12.7 million in fiscal year 2010/11 covered debt service 3.68 times. Bonds outstanding as of June 30, 2011 totaled \$55.2 million (which includes principal and interest). Major projects on the Alley include resurfacing of the entire facility in phases beginning in FY 2006. A toll rate increase went into effect February 5, 2006 raising the two-axle rate to \$2.50 for cash customers and \$2.00 for SunPass. These additional revenues will be used to help fund the resurfacing of the entire facility, new Florida Highway Patrol positions and a rest area with recreational access in Collier County. The 2011 Legislative Session amended section 338.26(3), F.S. that toll revenues would be used to "develop and operate a fire station at mile marker 63 on Alligator Alley to provide fire, rescue, and emergency management services to the adjacent counties along Alligator Alley." Construction of the fire station is programmed 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 Greenway 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 are being used to assist in the funding of the widening of SR 520 and related improvements. The operations and maintenance costs are accumulated as outstanding debt due to the STTF and total \$29.5 million. With the addition of \$18.5 million owed for SR 520, the total debt to STTF is \$48 million as of June 30, 2011.

Pinellas Bayway

The 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. The balance of the escrow account was \$43.7 million as of June 30, 2011. 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 \$35.5 million as of June 30, 2011.

I-95 Express

Authorized by Section 338.166, Florida Statutes, I-95 Express converted the single High Occupancy Vehicle (HOV) lane into 2 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 that heavily traveled north-south artery. The express lanes operate as High Occupancy Toll (HOT) lanes that drivers can choose to use. Tolls will vary with level of congestion, the goal being to keep traffic in the express lanes moving at a minimum speed of 45 MPH. The project is being implemented under 2 construction contracts in 3 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 (THEA)

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 \$326.625 million.

Pursuant to the terms of the 1997 Lease-Purchase Agreement, supplemented in 2002 and 2005, the department pledges 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 reimburses the STTF for the annual budgeted operating and maintenance costs on a current basis from the revenues after debt service requirements are met. The accumulated costs of operation and maintenance and other long term debt owed to the STTF at June 30, 2011 are \$122.6 million. In addition, as of June 30, 2011, the following THEA long-term debt is outstanding and due to the department: \$10.5 million for TFRTF loans, \$55.5 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 THCEA 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 LPA; repayment schedules for SIB, TFRTF and Long Term Debt due the Department; shared revenue for the I-4 Connector; clarifies that new bonds issued by the Authority will not have obligations to the Department. 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 \$16.4 million as of June 30, 2011. The Authority has issued several bond series with the most recent issuance being 2011A and 2011 B. In addition, at June 30, 2011 Mid-Bay Bridge owes the TFRTF \$1.0 million. 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, 2011 totaled \$16.8 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 TFRTF at June 30, 2011 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 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 in order to meet its semi-annual debt service payment. The balance in the debt service reserve was depleted in January 2011. The authority is in payment default after failing to pay the July 1, 2011 debt service payment. 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, 2011, MDX owes the department \$34.5 million for SIB loans used to fund SR 836 improvements and \$6.0 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 four 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 issuance being Series 2010 A, B, and C. The department is responsible under a Lease-Purchase Agreement for O&M 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 this as a long-term receivable of the STTF (\$235.6 million at June 30, 2011). 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 F.S., created in May 2001, codifies the debt affordability analysis and requires an annual report. Target debt ratio is set at 6% not to exceed 7% unless the Legislature determines that such additional debt is necessary to address a critical need. This analysis measures annual debt service as a percent of a group of revenues that includes: 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>

Revenue Limitation

During the 1994 regular session, the Florida Legislature passed HJR2053, which placed a constitutional amendment to limit state revenues before the voters, who approved it in November of 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. Current projections of the Office of Economic and Demographic Research indicate that the growth rate for state revenues for fiscal year 2011-12 is approximately 1.2%. The growth rate for the Constitutional revenue limit is approximately 3.2%. 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 will place a constitutional amendment on the November 2012 ballot that changes the current revenue limit to be based upon population change and inflation with a base year of 2014. Revenues used to pay back bonds sold after July 1, 2012 would be subject to the limitation.

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 March 2011 Revenue Estimating Conference reflects 3.8% growth for fiscal year 2011-12, 6.3% for 2012-13, and average annual revenue increases of approximately 5.6% for fiscal years 2013-14 through 2016-17. With the exception of fiscal year 2010-11, overall revenues have and are forecasted to exceed the consumer price index. A small portion of the documentary stamp collections is distributed to the state transportation trust fund.

Note that the recently concluded Fall Revenue Estimating Conferences significantly reduced these estimates.

FLORIDA DEPARTMENT OF TRANSPORTATION

HISTORICAL TRENDS AND FORECAST OF STATE TRANSPORTATION REVENUES							
\$ in Millions	Actual	Forecast					
	FY11	FY12	FY13	FY14	FY15	FY16	FY17
Fuel Taxes	1,787.0	1,807.6	1,900.1	1,985.5	2,073.6	2,171.3	2,266.1
Aviation Fuel Taxes	37.6	44.5	46.5	48.5	50.6	52.5	54.1
Motor Vehicle Fees	665.6	706.4	734.7	766.6	798.6	822.5	844.7
Rental Car Surcharge	99.2	101.8	105.2	109.4	113.4	117.1	120.4
Documentary Stamps	91.2	121.4	171.8	317.0	349.4	374.6	389.4
Total	2,680.5	2,781.7	2,958.3	3,227.0	3,385.6	3,538.0	3,674.7
Percent Change in Total Revenues	0.5%	3.8%	6.3%	9.1%	4.9%	4.5%	3.9%
Percent Change in Consumer Price Index	1.7%	1.9%	2.1 %	2.2%	2.1%	2.0%	1.7%

Notes:

(1) Forecast of State Transportation Revenues adopted by the Revenue Estimating Conferences in March 2011.

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 and 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. Examples of P3 projects 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 Phases 1A and 1B
- I-95 Widening/Pineda Causeway Interchange
- Palmetto Section 2 Expressway Widening and Interchange Improvements
- 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.

For more information visit the website at:

http://www.dot.state.fl.us/financialplanning/finance/private_transportation_facilities.shtm

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 amends 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 \$6.3 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.

For more information on Private Activity Bonds go to:

http://www.fhwa.dot.gov/ipd/p3/tools_programs/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% annual interest to the bondholders, the cost to the Turnpike Enterprise is only 4.4% due to the subsidy from the U.S. Treasury. The Build America Bonds program expired December 31, 2010.

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 5-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 5-year work program in statewide summaries and district detail. The results are presented each month to the department's Executive Board. The FDOT districts must respond to production levels that deviate from a norm of 95% of the expected level of production, and 90% 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 provided each month to the department's Executive Board. (Section 339.135, Florida Statutes)

Multi-Year Finance Plans

The FDOT prepares multi-year (five 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 REC meet and update revenue projections for transportation revenues at least two times a 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 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. 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.