FLORIDA PORTS FINANCING COMMISSION

Canaveral Port Authority · Port Everglades · Port of Fort Pierce ·

Jacksonville Port Authority · Manatee County Port Authority · PortMiami · Port of Palm Beach ·

Panama City Port Authority · Port of Pensacola · Tampa Port Authority

April 2, 2020

10:00 A.M.

Teleconference

Dial-in Number: (646) 558-8656

Meeting ID: 654-023-9803

FLORIDA PORTS FINANCING COMMISSION

Canaveral Port Authority · Port Everglades · Port of Fort Pierce ·

Jacksonville Port Authority · Manatee County Port Authority · PortMiami · Port of Palm Beach · Panama City Port Authority · Port of Pensacola · Tampa Port Authority

April 2, 2020 10:00 A.M. Teleconference <u>Dial-in Number:</u> (646) 558-8656 <u>Meeting ID:</u> 654-023-9803

AGENDA

- 1. Call to Order
- 2. Roll Call
- Approval of January 17, 2020 Florida Ports Financing Commission (FPFC) Meeting Summary
- 4. Approval of the FY19 Audit
- 5. Administrative Report
- 6. Other Issues
- 7. Adjournment

TAB 1 Call to Order

TAB 2 Roll Call

FLORIDA PORTS FINANCING COMMISSION

ROLL CALL

MEMBER PORT REPRESENTATIVE

PORT CANAVERAL <u>Mike Poole</u>

Pat Poston

PORT EVERGLADES <u>David Anderton</u>

PORT OF FT. PIERCE Kevin Lindgren

PORT OF JACKSONVILLE Beth McCague

PORT MANATEE Denise Stufflebeam

PORTMIAMI Becky Hope

PORT OF PALM BEACH <u>Manuel Almira</u>

PORT PANAMA CITY John Miller

PORT OF PENSACOLA <u>Amy Miller</u>

PORT TAMPA BAY Ram Kancharla

TAB 3 Approval of January 17, 2020 Florida Ports Financing Commission (FPFC) Meeting Summary

FLORIDA PORTS FINANCING COMMISSION

Canaveral Port Authority · Port Everglades · Port of Fort Pierce · Jacksonville Port Authority · Manatee County Port Authority · PortMiami · Port of Palm Beach · Panama City Port Authority · Port of Pensacola · Tampa Port Authority

January 17, 2020 10:00 A.M. Teleconference

The Florida Ports Financing Commission was called to order at 10:04 a.m. by Chairwoman Denise Stufflebeam. Members and guests attending included:

Denise Stufflebeam, Manatee (Chair) Pat Poston, Canaveral David Anderton, Everglades Beth McCague, JAXPORT Susan Stewart, JAXPORT Fred Wong, JAXPORT Basil Binns, Miami Hydi Webb, Miami John Miller, Panama City Amy Miller, Pensacola Ram Kancharla, Tampa Dave Wirth, St. Pete Doug Wheeler, Florida Ports Council Mike Rubin. Florida Ports Council Casey Grigsby, Florida Ports Council Joel Tindel, Hilltop Securities

A quorum was present.

Tab 3, Approval of the September 24, 2019 Meeting Summary: There was a correction to the September 24, 2019 Meeting Summary, Amy Miller from the Port of Pensacola was excluded from the roll call. With this addition, a motion was made to approve the September 24, 2019 Florida Ports Financing Commission (FPFC) Meeting Summary by Beth McCague; this was seconded by Pat Poston. The motion passed without dissent.

Tab 4, Administrative Report: FDOT has indicated there is no new money until 2025, and the ports have a total CIP of \$3.1 billion as of October 2019. Rates this year have trended down making the taxable advance refunding of the 2011 Bonds more attractive. Refunding both series of bonds could result in net savings of \$12.5 million. The FPFC received refinancing scenarios from a few firms that were reviewed on the call. Joel Tindell from Hilltop Securities reviewed the various scenarios included within the meeting packet. David Anderton asked if FDOT would be willing to pay for the extended debt service. Doug Wheeler indicated that a discussion with the legislature would need to be conducted first if they were favorable, we would proceed discussions with FDOT. The political reality of 20-year extensions is not feasible, but the group indicated that 10-year extensions had potential. Staff suggested a 5-year extension. Ram Kancharla asked why it was necessary to discuss with the legislature first instead of FDOT.

Wheeler reminded the committee that the finances and bonds are authorized by the legislature, and to ensure that the gap in funding is covered, we would need to discuss it with the governing financial and authorization body first. Mike Rubin explained that the \$25 million is in statute in perpetuity; the FPFC can bond those funds with limited capability and the legislative action would have to address the date change within statute. Casey Grigsby indicated the Division of Bond Finance and Fitch updated the FPFC Bond rating to an AA+. Basil Binns and Anderton indicated that the 5-year extension would be the best option for net present value savings, and recommended staff to proceed. Kancharla indicated that he preferred preliminary discussions, while Binns and Anderton would prefer actions to proceed. Chair Stufflebeam indicated that a motion would be the most appropriate action for the advanced refinancing and extension of the maturity date of the current bonds. Kancharla made a motion for staff to proceed to the extent feasible this legislative session, statutorily extending the maturity date of the FPFC bonds and advanced refinancing; this was seconded by Anderton. The motion passed without dissent.

Tab 5, Other Issues: Grigsby provided members with an update that the audit by Carr Riggs and Ingraham has been received. The members will receive a copy of the audit prior to our next meeting to review. There were no material findings this year.

Tab 6, Adjournment: The meeting was adjourned at 10:46 a.m.

TAB 4 Approval of FY 18/19 Audit

Florida Ports Financing Commission

FINANCIAL STATEMENTS

September 30, 2019



Florida Ports Financing Commission Table of Contents September 30, 2019

REPORT	
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6
OTHER REPORT	
Independent Auditors' Report on Internal Control Over Financial	
Reporting and on Compliance and Other Matters Based on an Audit	
of Financial Statements Performed in Accordance with Government	
Auditing Standards.	13





INDEPENDENT AUDITORS' REPORT

To the Members Florida Ports Financing Commission Tallahassee, Florida Carr, Riggs & Ingram, LLC 2633 Centennial Boulevard Suite 200 Tallahassee, Florida 32308

(850) 878-8777 (850) 878-2344 (fax) CRIcpa.com

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Florida Ports Financing Commission as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Florida Ports Financing Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Florida Ports Financing Commission, as of September 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

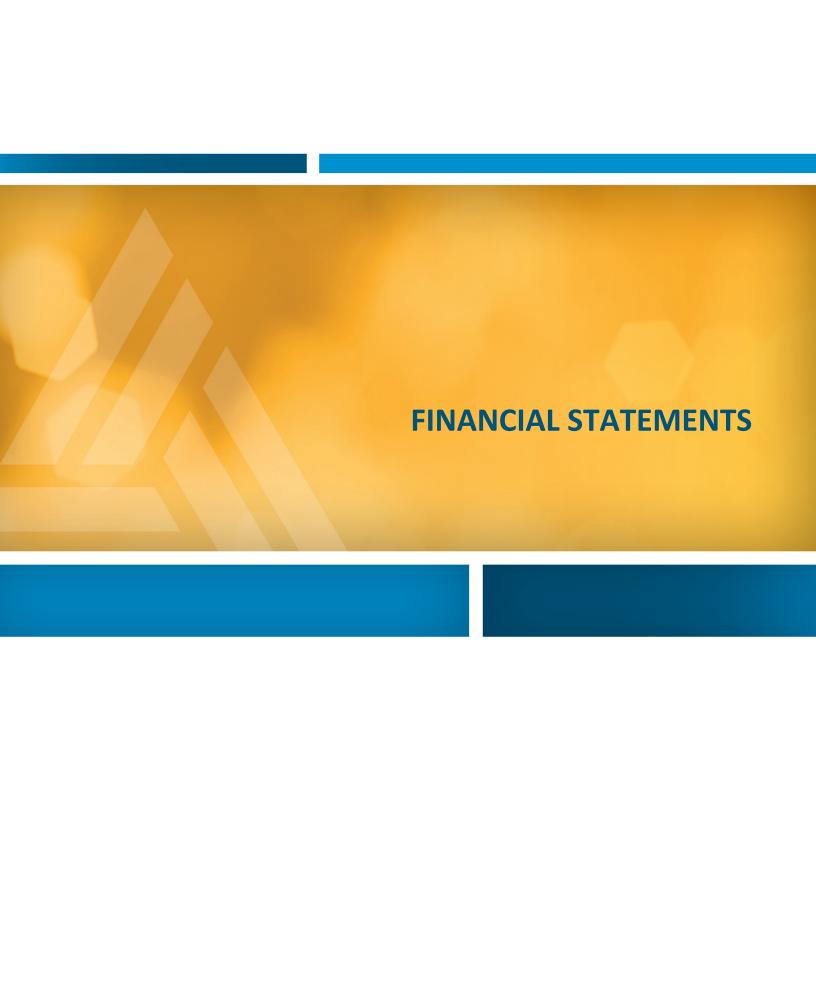
In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2020, on our consideration of the Florida Ports Financing Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Florida Ports Financing Commission's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Tallahassee, Florida

February 13, 2020



Florida Ports Financing Commission Statement of Net Position

September 30,	2019
Assets	
Current assets	
Cash and cash equivalents	\$ 8,249,601
Accrued interest receivable	1,528,104
Loans receivable - current portion	16,270,000
Total current assets	26,047,705
Other assets	
Loans receivable – portion due after one year	153,610,000
Total other assets	153,610,000
Total assets	179,657,705
Liabilities	
Current liabilities	
Bonds payable - current portion	16,270,000
Accrued interest payable	3,668,894
Total current liabilities	19,938,894
Long-term liabilities	
Bonds payable – portion due after one year	160,118,887
Total liabilities	180,057,781
Net position	
Unrestricted	(400,076)
Total net position	\$ (400,076)

Florida Ports Financing Commission Statement of Revenues, Expenses and Changes in Net Position

Year ended September 30,	2019
Operating revenues	
Administrative fees	\$ -
Total operating revenues	-
Operating expenses	
Professional fees and consultants	14,236
Other general and administrative	9,000
Total operating expenses	23,236
	(22.225)
Operating loss	(23,236)
Non-operating revenue (expense)	
Interest on loans	9,188,848
Investment earnings	94,922
Bond interest	(9,033,443)
Total non-operating revenue	250,327
Change in net position	227,091
Net position – beginning of the year	(627,167)
Net position – end of the year	\$ (400,076)

Florida Ports Financing Commission Statement of Cash Flows

Year ended September 30,		2019
Cash flows from operating activities:		
Payments for administrative fees	\$	(9,000)
Payments to vendors and consultants	·	(14,236)
Net cash used in operating activities		(23,236)
Cash flows from capital and related financing activities:		
Interest collected on loans		9,350,338
Principal collected on loans		15,785,000
Payment of bond interest		(9,489,587)
Payment of bond principal		(15,495,000)
Net cash provided by capital and related financing activities		150,751
Cash flows from investing activities: Gain on investments		94,922
Net cash provided by investing activities		94,922
Net increase in cash and cash equivalents		222,437
Cash and cash equivalents at beginning of year		8,027,164
Cash and cash equivalents at end of year	\$	8,249,601
Reconciliation of change in net position		
to net cash used in operating activities:	_	
Operating loss	\$	(23,236)
Net cash used in operating activities	\$	(23,236)

NOTE 1 – NATURE OF BUSINESS

Authorizing Legislation and Program Purpose

The Florida Ports Financing Commission (the "Commission") was created pursuant to Section 320.20(3), Florida Statutes, and chapter 163, Part I, Florida Statutes through an Interlocal Agreement, dated as of July 17, 1996 initially among Canaveral Port Authority; Jacksonville Port Authority; and Panama City Port Authority. Broward County (Port Everglades); Dade County (Port of Miami); Hillsborough County Port District; Manatee County Port Authority; Ocean Highway and Port Authority (Port Fernandina); Port of Palm Beach District; Port St. Joe Port Authority and St. Lucie County Port and Airport Authority (Port of Fort Pierce), or successors, are additional participants. The participants are referred to as a "Port" and collectively as "Ports" herein. The Commission is a separate legal entity and public body corporate and politic and a unit of local government of the State of Florida.

Under the Interlocal Agreement, the purpose of the Commission is to enable the Ports to finance or refinance eligible projects on a cooperative and cost effective basis, benefit from the economies of scale associated with large scale financings, and maximize the benefits derived from the availability of moneys provided by the State of Florida for funding projects. The Commission is authorized to exercise all of the privileges, benefits, powers and terms granted to it under the law in connection with the authorization, issuance and sale of bonds. The Commission shall exist for so long as any bonds of the Commission or obligations of any participating port under the Program remain outstanding.

The Program involves the lending of proceeds of bonds to be issued by the Commission to participating Ports in order to finance, refinance or reimburse the cost of acquiring and constructing authorized capital projects.

The Commission issued \$222,320,000 of its Florida Ports Financing Commission Revenue Bonds (State Transportation Trust Fund), Series 1996 (The "1996 Bonds") on December 19, 1996. The Bonds are dated December 1, 1996 and mature at various dates through June 1, 2027. Interest is payable semi-annually on June 1 and December 1 of each year, commencing June 1, 1997. The Bonds are subject to redemption prior to maturity.

The Commission also issued \$153,115,000 of its Florida Ports Financing Commission Revenue Bonds (State Transportation Trust Fund - Intermodal Program), Series 1999 (The "1999 Bonds") on October 14, 1999. The Bonds are dated September 1, 1999 and mature at various dates through October 1, 2029. Interest is payable semi-annually on April 1 and October 1 of each year, commencing April 1, 2000. The bonds are subject to redemption prior to maturity.

The Series 1996 and 1999 Bonds were issued for the purpose of enabling the Commission to make loans to certain participating Ports or the political subdivisions of the State which own and operate such Ports (each a "Borrower" and collectively the "Borrowers") to finance, refinance or reimburse the cost of approved capital projects (the "Projects") and to pay certain costs of issuing the Bonds.

NOTE 1 – NATURE OF BUSINESS (CONTINUED)

Authorizing Legislation and Program Purpose (Continued)

The Bonds are limited and special obligations of the Commission payable solely from payments of principal and interest ("Basic Payments") by the Borrowers under Loan Agreements between the Commission and the Borrowers and investment earnings to the extent provided in the Indenture of Trust. Basic Payments are required to be paid by the Borrowers solely from moneys due the Borrowers from the State Transportation Trust Fund pursuant to Section 320.20(3) and 320.20(4), Florida Statutes, which provides that \$25,000,000 in certain revenues derived from the registration of motor vehicles in Florida be deposited annually in the State Transportation Trust Fund for funding certain Port projects. The obligation of the State to make such deposit is subordinate to the satisfaction of other obligations of the State payable from revenues derived from the registration of motor vehicles, including certain bonds issued by the State Board of Education.

On May 26, 2011, the Commission issued \$10,650,000 in Refunding Revenue Bonds (State Transportation Trust Fund), Series 2011A (NON-AMT) and \$141,670,000 in Refunding Revenue Bonds (State Transportation Trust Fund), Series 2011A (AMT) (the "Series 1996 Refunding Bonds"). The bonds are dated December 1, 2011 and mature at various dates through June 1, 2027. Interest is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2011. The proceeds from this issue were used to refund the 1996 Bonds. The bonds are subject to redemption prior to maturity.

On May 26, 2011, the Commission issued \$66,300,000 in Refunding Revenue Bonds (State Transportation Trust Fund - Intermodal Program), Series 2011A (NON-AMT) and \$49,325,000 in Refunding Revenue Bonds (State Transportation Trust Fund - Intermodal Program), Series 2011A (AMT) (the "Series 1999 Refunding Bonds"). The bonds are dated October 1, 2011 and mature at various dates through October 1, 2029. Interest is payable semiannually on April 1 and October 1 of each year, commencing October 1, 2011. The proceeds from this issue were used to refund the 1999 Bonds. The bonds are subject to redemption prior to maturity.

The Series 1996 and 1999 Refunding Bonds were issued to reduce the total debt service over the next 18 years by approximately \$15,051,358 and to obtain an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$14,369,387. The majority of the reduction in debt service under the refunding was realized in the first two years.

Agreements

The Commission has entered into certain agreements that govern certain aspects of its operations as follows:

Indentures of Trust - Under terms of the Indentures of Trust, dated December 1, 1996 and September 1, 1999, the Trustee has been assigned all of the Commission's rights, title and interest in the Loan Agreements executed with the Borrowers.

NOTE 1 – NATURE OF BUSINESS (CONTINUED)

Agreements (Continued)

Loan Agreements - Each participating Port has executed a Loan Agreement with the Commission for funds borrowed from the Program to finance authorized capital projects. Each Borrower has assigned to the Trustee, on behalf of the Commission, all its rights, title and interest in all moneys due the Borrowers from the State Transportation Trust Fund pursuant to Section 320.20(3) and 320.20(4), Florida Statutes, to repay the loans.

Program Administration Agreement - The Indentures of Trust provide for appointment of a program administrator by the Commission to provide certain services to the Commission with respect to the Program and to act as the Commission's agent. The Commission has entered into an agreement with the Florida Ports Council appointing it as the administrator. The Commission may assess each port agreed upon administrative fees, however, administrative fees are not currently being assessed.

Master Agreement - This agreement between the Commission and the Florida Department of Transportation (the "Department") requires the Department to deposit \$25,000,000 annually into an escrow account to be accessed by the Trustee to fund debt service on the Bonds.

Limited Obligations of the Commission

The Commission has issued the Bonds which are a limited and special obligation of the Commission, payable solely from the trust estate and collateralized by amounts derived under the Loan Agreements with the Borrowers. Although reflected as a liability of the Commission for financial reporting purposes, the issuance of the Bonds shall not, directly, indirectly or contingently obligate the State or any political subdivision thereof or any public corporation, Port or governmental agency existing under the laws of the State of Florida (excluding the Borrowers to the extent of their liabilities under their respective Loan Agreements). None of the obligations of the Borrowers under their respective loan agreements are collateralized by a pledge of their taxing powers, if any, and none are payable from ad valorem taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles applicable to governmental entities. The activities of the Commission are similar to and reported as an enterprise fund. These funds are used to account for activities similar to those found in the private sector, where the excess of revenues over expenses is necessary or useful to determine sound financial accountability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

The basis of accounting refers to when revenues and expenses are recognized in the accounting system and reported in the financial statements. All funds have been accounted for on the current financial resources measurement focus and the accompanying financial statements have been prepared using the accrual basis of accounting. This method recognizes revenues when earned and expenses when incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. Operating revenues and expenses for the Commission include the fees and services associated with administering the bonds. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Loans Receivable

Loans receivable are stated at their uncollected principal balances.

Interest Earnings

Interest on loans and investments is recorded as revenue when earned. Premium on refunding bonds issued is amortized into interest expense using the interest method.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash represents deposits held in trust by the Trustee and includes U.S. Government backed money market mutual funds which are considered to be cash equivalents. These money market funds are not subject to Federal Deposit Insurance Corporation coverage; however, the underlying investments are collateralized by U.S. Treasury and government agency securities.

NOTE 4 – INVESTMENTS

The Indenture of Trust authorizes the Trustee to invest, subject to certain limitations as to maturities and arbitrage earnings, funds held under the indenture in investment securities as defined in the indenture.

NOTE 5 – LOANS RECEIVABLE

Loans receivable consisted of the following at September 30, 2019:

Broward County (Port Everglades)	\$ 21,199,354
Canaveral Port Authority (Port Canaveral)	18,207,431
Dade County (Port of Miami)	23,360,699
Hillsborough County Port District (Port of Tampa)	32,211,620
Jacksonville Port Authority (Port of Jacksonville)	22,081,833
Manatee County Port Authority (Port Manatee)	33,417,325
Ocean Highway and Port Authority, Nassau County	
(Port of Fernandina)	310,793
Port of Palm Beach District (Port of Palm Beach)	13,651,093
Panama City Port Authority (Port of Panama City)	4,470,771
City of Pensacola (Port of Pensacola)	969,081
Total	\$ 169,880,000

The loans are pledged, under the Indentures of the Trusts, for the payment of principal and interest on the bond indebtedness. The loans are repayable over the life of the bond issues and bear interest at a variable rate based upon the rate of interest on the bonds and certain program expenses as defined in the Loan Agreements. No allowance for doubtful accounts is necessary because the loans are repaid by a pledge of funds due the Borrowers from the State Transportation Trust Fund under Chapters 320.20(3) and 320.20(4), Florida Statutes. \$15,785,000 of loan principal is due within the next fiscal year. \$154,095,000 of loan principal is due after one year.

NOTE 6 – BONDS PAYABLE

The Series 1996 Refunding Bonds are fully registered and insured bonds without coupons in the denomination of \$5,000 each and are dated December 1, 2011. Interest is payable semi-annually on each June 1 and December 1, commencing December 1, 2011. The bonds bear interest at rates varying from 2.00% to 4.625% and mature at varying dates through June 1, 2027. The bonds carry optional and mandatory redemption provisions. At September 30, 2019, these bonds are stated at \$91,800,964, which includes a premium of \$85,964.

The Series 1999 Bonds are fully registered and insured bonds without coupons in the denomination of \$5,000 each and are dated October 1, 2011. Interest is payable semi-annually on each April 1 and October 1, commencing October 1, 2011. The bonds bear interest at rates varying from 3.00% to 5.00% and mature at varying dates through June 30, 2030. The bonds carry optional and mandatory redemption provisions. At September 30, 2019, these bonds are stated at \$84,587,923 which includes a premium of \$562,923.

Debt service requirements to maturity for the Series 1996 Refunding Bonds are as follows:

Years ending September 30,	Pri	Principal		Interest		Total	
2020	\$	10,410,000	\$	4,584,314	\$	14,994,314	
2021		10,920,000		4,075,064		14,995,064	
2022		11,455,000		3,538,750		14,993,750	
2023		12,020,000		2,974,050		14,994,050	
2024		12,610,000		2,381,400		14,991,400	
Thereafter		34,300,000		5,197,349		39,497,349	
Total	\$	91,715,000	\$	22,750,927	\$	114,465,927	

Debt service requirements to maturity for the Series 1999 Refunding Bonds are as follows:

Years ending September 30,	Principal		Interest		Total	
2020	\$	5,860,000	\$	4,135,056	\$	9,995,056
2021		6,155,000		3,834,681		9,989,681
2022		6,470,000		3,519,056		9,989,056
2023		6,805,000		3,187,181		9,992,181
2024		7,155,000		2,838,181		9,993,181
Thereafter		51,580,000		11,215,694		62,795,694
Total	\$	84,025,000	\$	28,729,849	\$	112,754,849

The Bonds do not create nor constitute, now or in the future, an obligation or debt of the State or any political subdivision thereof or any public corporation, Port or governmental agency existing under the laws of the State (excluding the borrowers to the extent of their liabilities under their respective Loan Agreements) other than the Commission to the extent provided in the indenture.

NOTE 6 – BONDS PAYABLE (CONTINUED)

The Bonds do not constitute the giving, pledging or loan of the faith and credit of the State or any political subdivision thereof or any public corporation, port or governmental agency existing under the laws of the State, but shall be payable solely from the trust estate under the indenture. The issuance of the bonds shall not, directly, indirectly or contingently, obligate the State or any political subdivision thereof or any public corporation, port or governmental agency existing under the laws of the State (excluding the Borrower's to the extent of their liabilities under their respective Loan Agreements). None of the obligations of the Borrowers under their respective Loan Agreements are collateralized by a pledge of their taxing powers, if any, and none are payable from ad valorem taxes or port operating revenues.

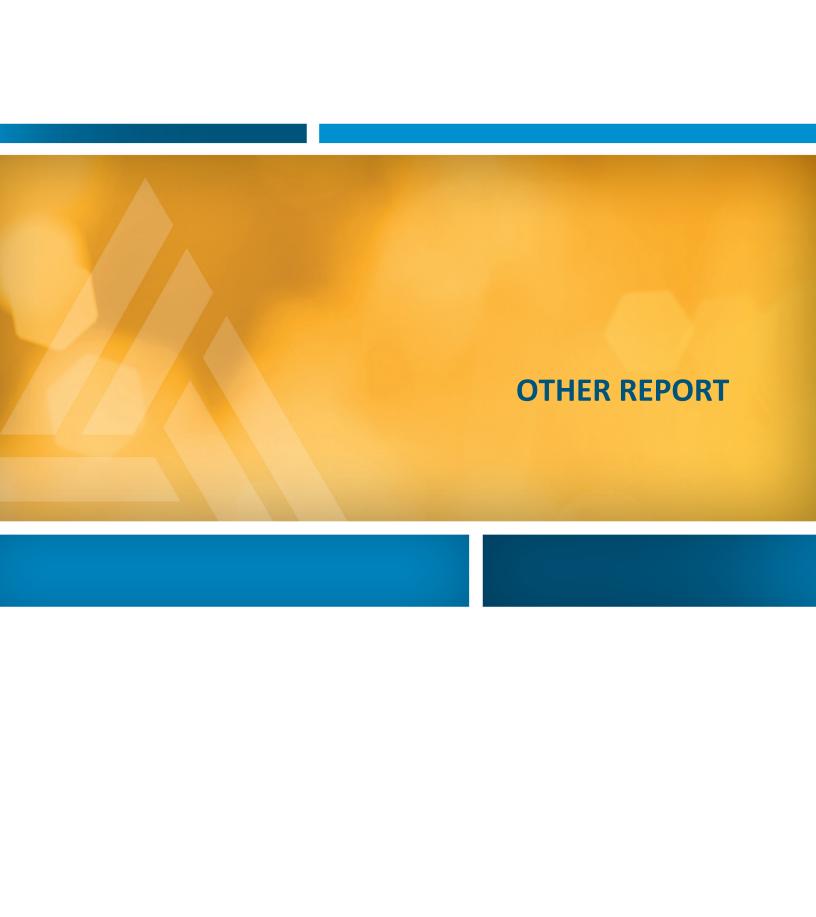
NOTE 7 – CHANGES IN LONG-TERM LIABILITIES

The following table provides the long-term liability activity for the year ended September 30, 2019:

Long-term liabilities as of	Beginning					Amount due
September 30, 2019	balance	Ad	ditions	Reductions	Ending balance	within 1 year
Bonds payable	\$ 192,039,291	\$	-	\$ (15,650,404)	\$ 176,388,887	\$ 16,270,000
Total	\$ 192,039,291	\$	-	\$ (15,650,404)	\$ 176,388,887	\$ 16,270,000

NOTE 8 – RELATED PARTY

The Florida Seaports Council, Inc. provides certain administrative services to the Commission, the value of which is immaterial.





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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members
Florida Ports Financing Commission
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Florida Ports Financing Commission, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Florida Ports Financing Commission's basic financial statements, and have issued our report thereon dated February 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Florida Ports Financing Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Florida Ports Financing Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Florida Ports Financing Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Florida Ports Financing Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Tallahassee, Florida

February 13, 2020

TAB 5 Administrative Report

Citi Municipal Securities Division

March 16, 2020

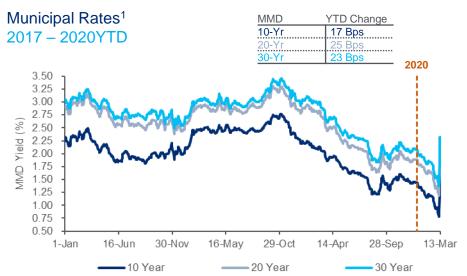
Municipal Market Update

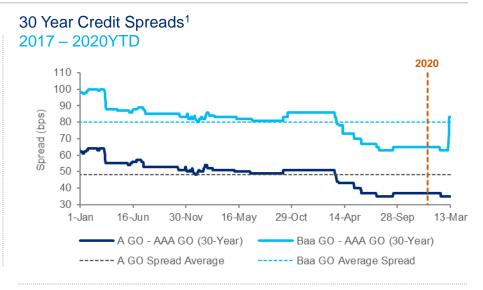


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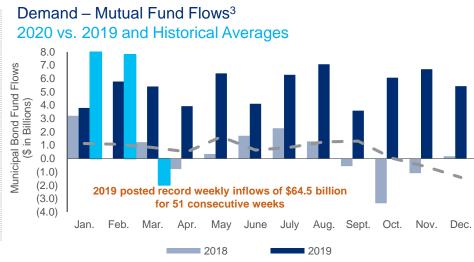
Municipal Market To Date

Recent municipal market developments include the second week of mutual fund outflows as municipals underperform treasuries and supply is lighter.









^{1.} Thomson Reuters, rates as of March 13, 2020; monthly spread data as of the first of each month; 2. SDC, includes private placements, excludes notes; 3. Lipper fund flows as of March 11, 2020.

1

Municipal Demand

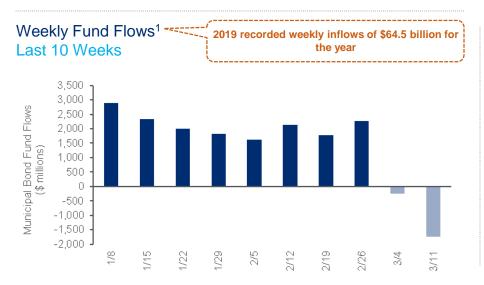
Weekly reporting municipal bond funds have reported outflows -\$1.76 billion for the week ending March 11th. 2019 net fund flows were the strongest in history at over \$89.6 billion^{1,2}.

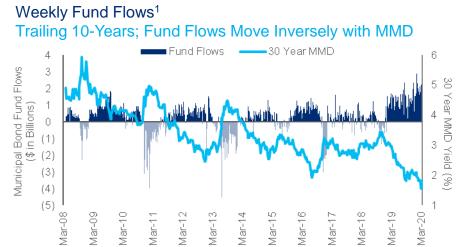
Fund Flows:

- Weekly reporting funds experienced outflows of -\$1.76 billion for the week ending March 11, after last week's inflows of -\$249.7 million
 - 51 out of the 52 weeks of 2019 experienced positive fund flows, partially attributed to increased high net worth retail demand on the heels of higher tax bills
 - The week of 01/08 posted the a record for weekly fund inflows of ~\$2.89 billion
 - 2019 weekly net fund flows stood at \$64.5 billion, versus \$4.4 billion in 2018

Relative Snapshots:

- In 2018, total net fund flows were negative \$1.3 billion, with inflows in 29 of 52 weeks
- In 2017, total net fund flows were positive \$19.4 billion, with inflows in 40 of 52 weeks





Change in Municipal Holdings (\$billions)³ 2014 to Present

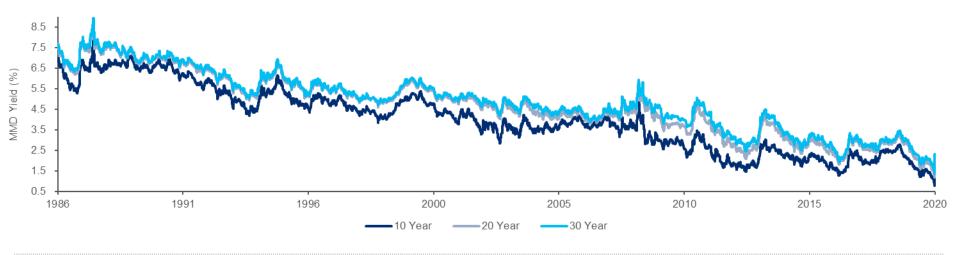


^{1.} Lipper fund flows as of March 11, 2020. 2. Net figure includes all reporting municipal bond funds, not just weekly; includes flow change due to market appreciation / depreciation and net inflows/outflows. 3. Fed Flow of Funds data as of latest available quarter (2Q19), figures are rounded.

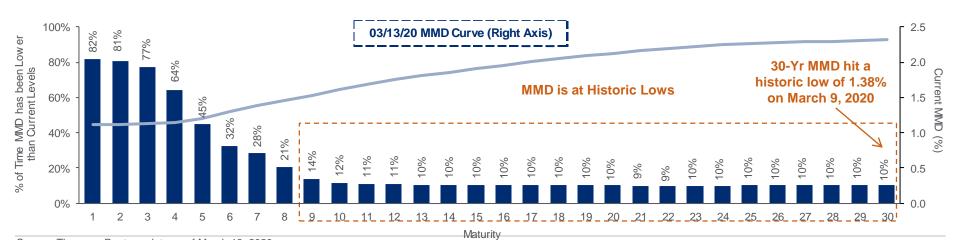
MMD in Historical Context

MMD continues to trend near historic lows with the current rate environment attractive to issuers, especially along the intermediate and long-end of the curve.

AAA G.O. MMD Yields (June 1, 1986 – March 13, 2020)



% of Time MMD has been Lower Since 2010



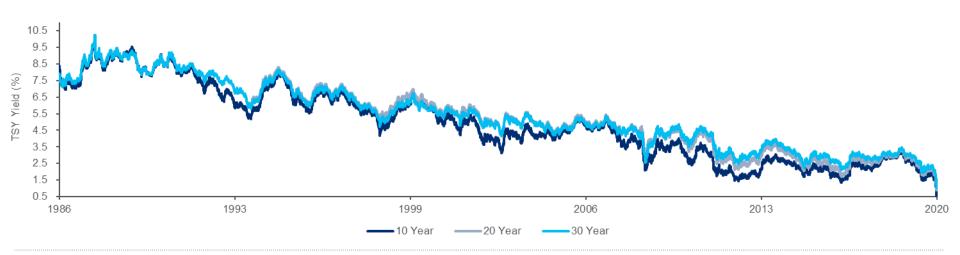
Source: Thomson Reuters, data as of March 13, 2020.



TSY in Historical Context

Treasuries have recently rallied on dovish global central bank policies amid coronavirus uncertainty.

TSY Yields (June 1, 1986 – March 13, 2020)



% of Time TSY has been Lower Since 2010



Source: U.S. Treasury Market data as of March 13, 2020.



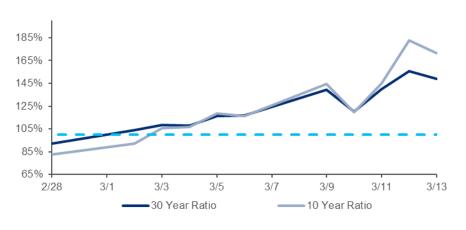
Changes in MMD and UST Yields

Over the last 2-weeks municipals underperformed treasuries across the curve as top rated municipal bonds weakened amid coronavirus concerns.





MMD / TSY Ratios Trailing 2 Weeks



	Mar. 13, 2020	Feb. 28, 2020	∆ Last 2-Week	YTD Change (%)
Treasury Rate	S			
5-Year	0.70%	0.89%	-19 bps	-99 bps
10-Year	0.94%	1.13%	-19 bps	-98 bps
30-Year	1.56%	1.65%	-9 bps	-83 bps
MMD				
5-Year	1.20%	0.73%	47 bps	11 bps
10-Year	1.61%	0.93%	68 bps	17 bps
30-Year	2.32%	1.52%	80 bps	23 bps
Yield Ratio (MI	MD / Treasury))		
5-Year	171.4%	82.0%	89.4%	106.9%
10-Year	171.3%	82.3%	89.0%	96.3%
30-Year	148.7%	92.1%	56.6%	61.3%

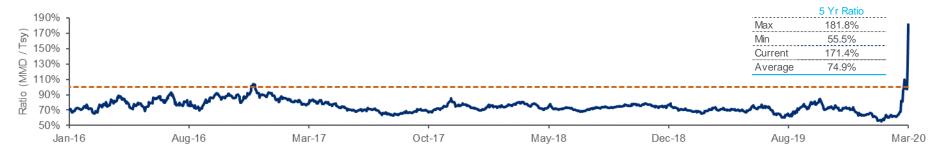
Source: Thomson Reuters, data as of March 13, 2020.



Tax-exempt Yields vs. Taxable Yields

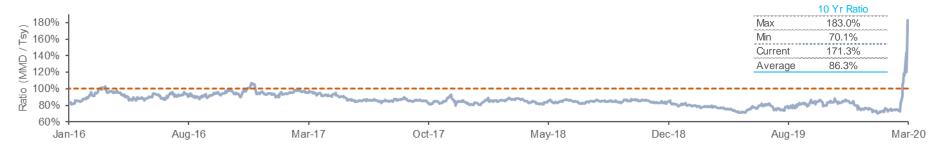
5-Year MMD/Treasury Ratio





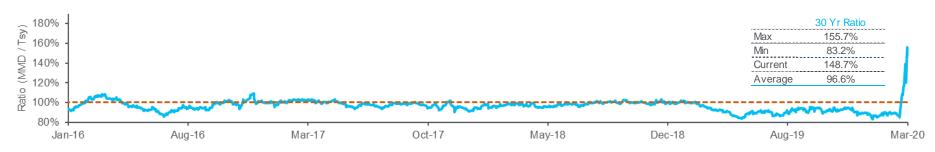
10-Year MMD/Treasury Ratio

2016 - 2020 Year To Date



30-Year MMD/Treasury Ratio

2016 - 2020 Year To Date



Source: Thomson Reuters and Bloomberg, data as of March 13, 2020.



MMD and Volatility in a Historical Context

Municipal Volatility has sharply risen as the coronavirus pandemic created a historically sharp sell-off

AAA Municipal Market Data Yields¹ Trailing 20 Years



Realized 30-Day MMD Volatility¹ Magnitude of MMD Volatility Since 2013



Dramatic Decrease in Broker/ Dealer Liquidity² Dealer Inventory (Latest Available Data, 2Q'19)



30-Year MMD Historical Annual Range¹

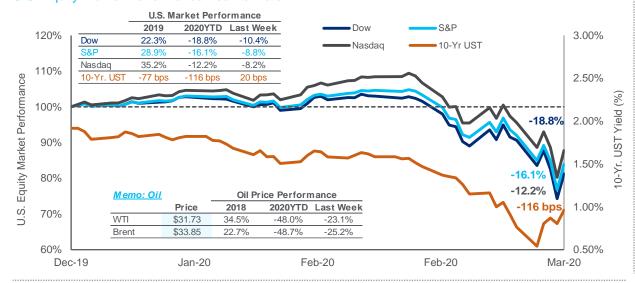
	Minimum (%)	Maximum (%)	Range
2010	3.67	4.85	118 bps
2011	3.44	5.08	164 bps
2012	2.47	3.57	110 bps
2013	2.69	4.51	182 bps
2014	2.75	4.20	145 bps
2015	2.50	3.36	86 bps
2016	1.93	3.35	142 bps
2017	2.49	3.25	76 bps
2018	2.54	3.46	92 bps
2019	1.83	3.11	128 bps
2020 YTD	1.46	2.32	86 bps

^{1.} Thomson Reuters, data as of March 13, 2020; 2. Fed Flow of Funds Data as of latest available data (1Q'19).



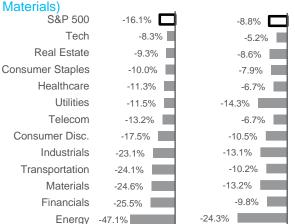
U.S. Equity Markets Retreat on Heightened Volatility

Equities Have Ended a Record Bull Run on COVID-19 Concerns and Oil Price Shock U.S. Equity Market Performance Year-to-Date



S&P Sector Perf. YTD and Last Week

Hardest Hit Sectors Include Those Exposed to Oil and China's Supply Chain (Energy, Financials and Materials)



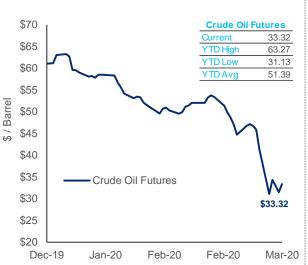
Year-to-Date Current Week

Market Volatility Has Spiked

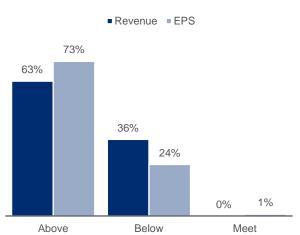
Vix Index: 2020 Year-to-Date



Oil Plunges On Saudi / Russia Price War Crude Oil Futures: 2020 Year-to-Date



Corporate Earnings Were Supportive Latest Results: Corporate Q4 Ending



Source: Bloomberg as of March 13, 2020.

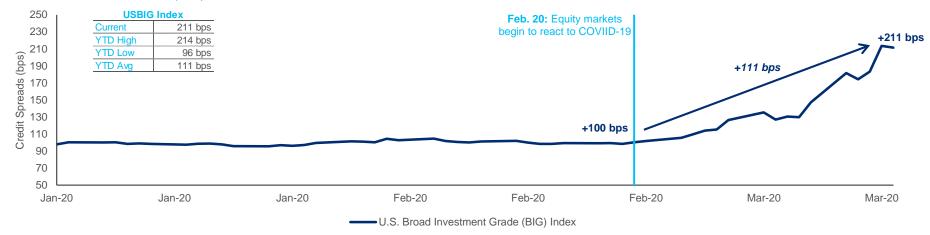


Taxable IG Credit Spreads Widen as Outflows Hit Record

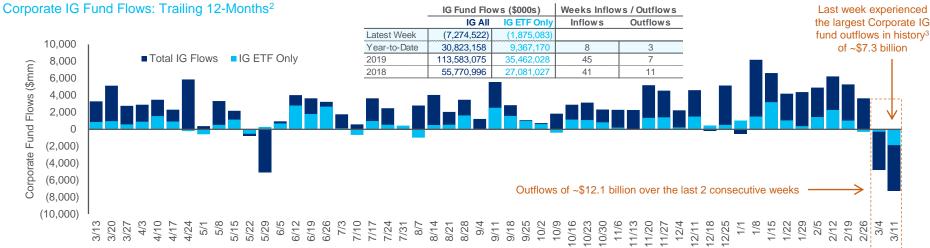
Taxable IG credit spreads have widened significantly on risk-off trading surrounding COVID-19 and the oil price shock and have been further exacerbated by the largest outflow in history of ~\$7.3bn.

Investment Grade Credit Spreads Have Widened

U.S. Broad Investment Grade (BIG) Index Performance: 2020 Year-to-Date¹







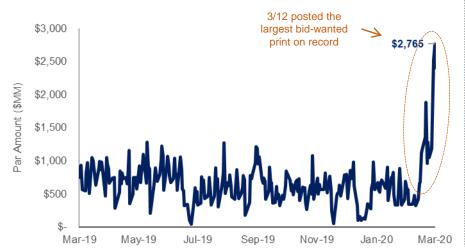
^{1.} Citi Velocity as of market close on March 13, 2020; Basis point closing value / changes rounded to the nearest whole number. 2. Refinitiv Lipper weekly fund flows as of March 11, 2020. 3. Since records began in 1992.



Coronavirus Volatility Hits Municipals

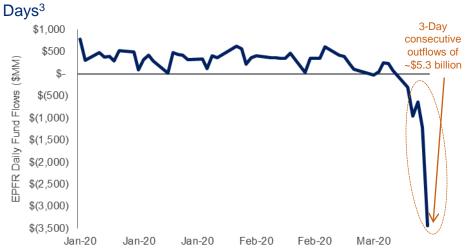
The secondary market has been flooded with bid wanted activity as trading volumes rise amid mutual fund outflows.



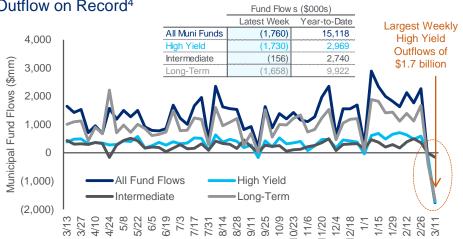








Last Week Experienced the Largest Weekly High Yield Municipal Outflow on Record4

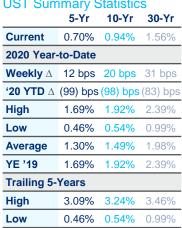


^{1.} Bloomberg, "MBWDPAR Index" represents the total par amount for bonds out for the mid on MBWD. 2. Bloomberg, "MSRBPAR Index" Par aggregate value (in dollars) of all trades reported to the MSRB. 3. EPFR Global Daily Fund Flows excluding month end prints as of March 13, 2020. 4. Lipper fund flows as of March 11, 2020.

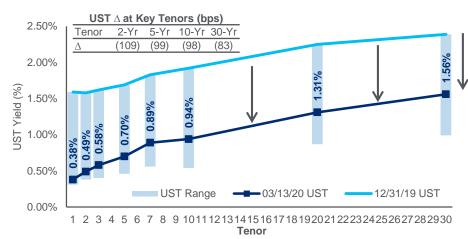
Treasury Market Performance

Treasuries have recently rallied as a safe haven asset on the uncertainty over the duration of the COVID-19 outbreak and the potential effect that it will have on global economic growth.





Short-End Rates Rallied as All Rates Experienced Large Swings Historic UST Yield Curve Range: 2020 Year-to-Date



The Yield Curve Has Bull Steepened Post COVID-19 Outbreak UST Yield Curve Slope: Trailing 12-Months

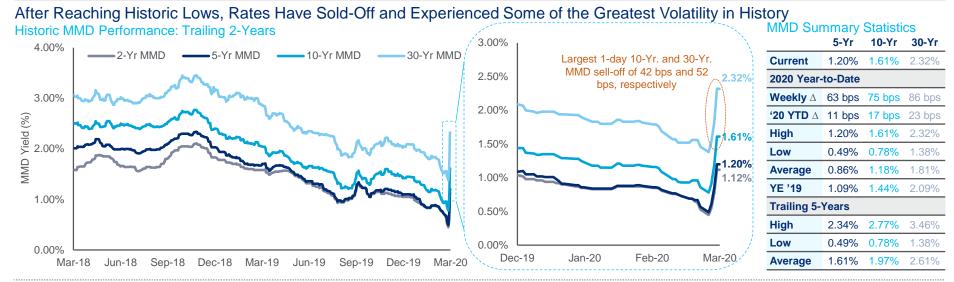


Source: Bloomberg as of March 13, 2020.

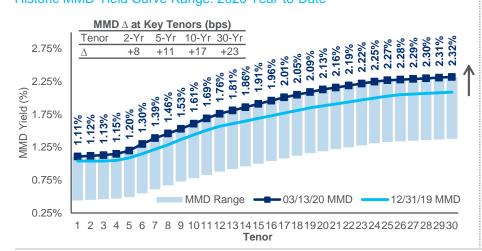


Municipal Market Performance

Municipals have underperformed treasuries and have spiked on the largest one-day 10-yr. and 30-yr. rate sell-off in history as investors sold the market on uncertainty around the global COVID-19 outbreak.



MMD Has Backed-Up From Historic Lows... Historic MMD Yield Curve Range: 2020 Year-to-Date



...As the Yield Curve Steepened

MMD Yield Curve Slope: Trailing 12-Months

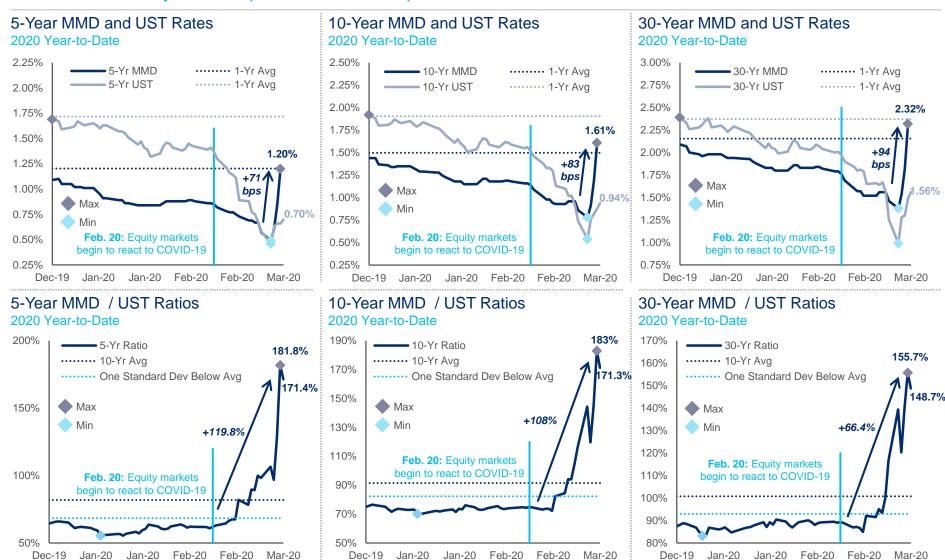


Source: Thomson Reuters as of March 13, 2020.



Municipal Rates and Ratios Have Spiked

After dropping to historic lows, MMD / UST rates and ratios have spiked on municipal underperformance due to investor uncertainty over the potential market impact of COVID-19.

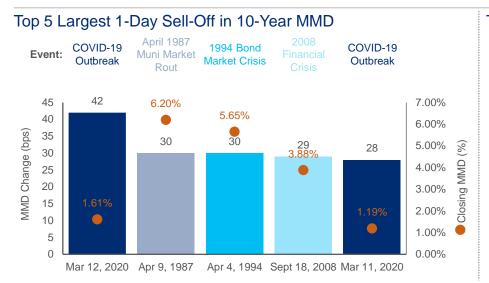


Source: Thomson Reuters as of March 13, 2020; Basis point changes rounded to the nearest whole number



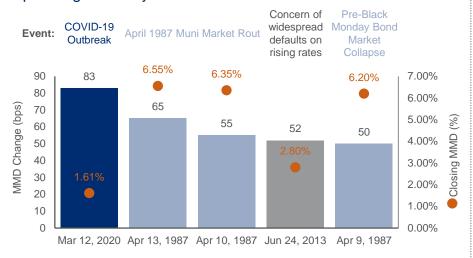
Largest Municipal Sell-Offs in History: 1-Day and 3-Day

The recent COVID-19 outbreak has caused some of the largest short-term moves in MMD's history; with other similar moves occurring during periods of financial market stress.

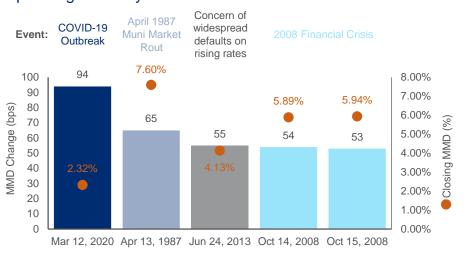




Top 5 Largest 3-Day Sell-Off in 10-Year MMD



Top 5 Largest 3-Day Sell-Off in 30-Year MMD







Florida Ports Financing Commission

Market and Refunding Update

March 11, 2020



Table of Contents

Discussion Materials



Risk Disclosures	Æ
Appendix	
Ci cacittato opare	
Credentials Update	2
Refunding Opportunities	2
Market Update	1

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Potential Factors Impacting the Debt Markets



1

Interest Rate Outlook

- The Fed is being called into action and we expect a 50bp cut at the March 18th meeting or an emergency cut sooner, primarily driven by market dvsfunctions:
 - o Coronavirus supply shock;
 - Demand shock from waning consumer sentiment; and
 - The Fed's desire to responds proactively to temper sharp market movements and avoid disorderly markets.

BofA Securities forecasts the 10y UST to increase to 1.25% in Q4 2020



2

Market Volatility

- After achieving record highs multiple times recently, the DJIA and S&P 500 declined 12% and 11%, respectively, at the end of February – the sharpest declines since the 2008 financial crisis.
- U.S. Treasuries fell to record intraday and closing lows (repeatedly) in the past week
- Despite widening, IG corporate credit spreads are ~9 bps lower YoY

Equities fell sharply and credit spreads have started widening



3

Politics

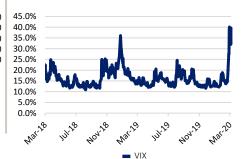
- Ongoing White House headlines causing market volatility
- Coronavirus (COVID-19)
- Mideast conflicts
- Broader geopolitics
- Tariffs
- Trade wars
- China's currency devaluation

4)

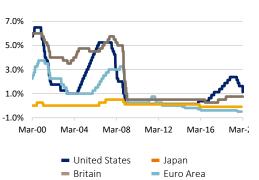
Central Banks

- Foreign central banks (BoJ) still moderately accommodative
- After bringing its bond buying program to a close, the (ECB) announced in September a restart to the program along with a cut in its deposit rate from -0.4% to -0.5% (record low)

Volatility has increased significantly since late February



Central Banks' activity has been picking up







BofA Securities Municipal Research 2020 Outlook



Rates Outlook

- Global economic deceleration, the spread of Coronavirus (COVID-19), tariff disputes, the Fed's (and other central banks') response will be central issues in 2020
- Bullish on muni rates for the year, with the 10-year AAA MMD likely falling below 0.80% in 2020
- Similarly, expectation for the 30-year to fall to 1.30%

Credit Spreads

- Neutral on credit spreads in 2020
- We expect credit improvement, low bankruptcies, and low defaults in 2020, in spite of our economists' expectation for slowed US growth in 2020
- Our view is informed by issuers' continued growth in revenues, conservatism and building of reserves, improved recession-readiness, and their investment in infrastructure

Supply

- \$450bn of supply in 2020
 - \$300bn tax-exempt; \$125bn taxable; \$25bn AMT
 - \$270bn in new money and \$180bn in refundings
- Education and General Purpose sectors are the two largest by our issuance targets
- Anticipating significant growth in both the Transportation and Healthcare sectors
 We expect record muni green bond issuance in 2020

Demand

- Estimated 2020's principal redemptions to total \$250bn, with coupon payments of \$132bn, or \$48bn less than issuance target
- Together with continued fund inflows, demand is projected to outstrip supply by a wide margin
- Given increased taxable supply in 2020, foreign buyers expected to purchase more munis in the coming year

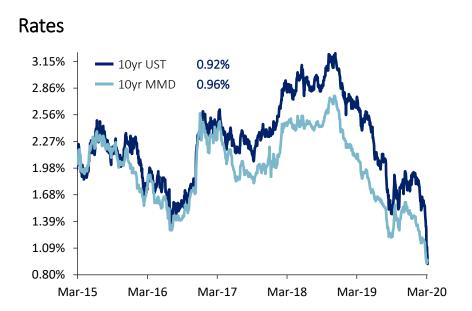
Risks

Municipal issuers will be challenged in 2020 from market reactions to the spread of Coronavirus (COVID-19), potential escalations in trade tensions, a noisy election cycle, a dip in pension funding, a more-pointed focus on climate change exposure from ratings agencies, and an increase in cyberattacks



Snapshot of the Capital Markets



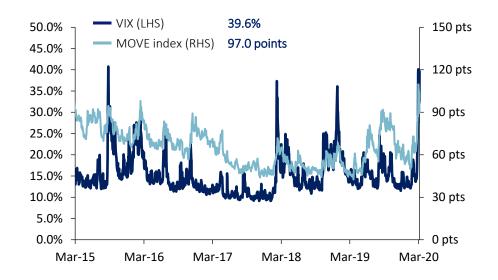




Equities



Volatility



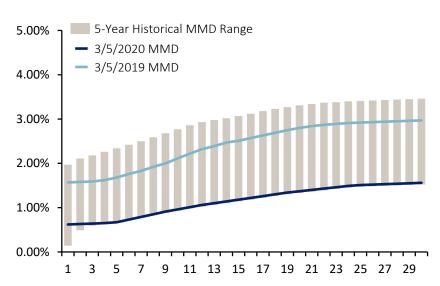
Sources: Thomson Reuters and Bloomberg as of 3/5/2020.



Tax-Exempt Interest Rates

1111

MMD Curve



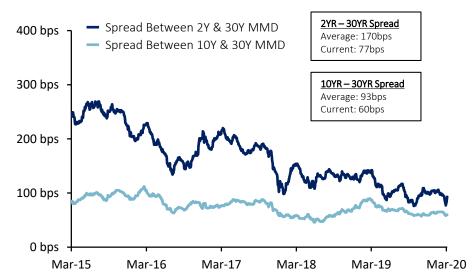
Change in MMD

	3/5/2020	Weekly	2-Week	3-Month	6-Month	1-Year
Spot	MMD	Change	Change	Change	Change	Change
2yr	0.63%	-0.12	-0.21	-0.43	-0.42	-0.95
3yr	0.64%	-0.11	-0.20	-0.43	-0.42	-0.95
4yr	0.65%	-0.10	-0.19	-0.44	-0.41	-0.97
5yr	0.67%	-0.08	-0.18	-0.46	-0.40	-1.01
7yr	0.79%	-	-0.15	-0.47	-0.33	-1.04
10yr	0.96%	+0.02	-0.18	-0.50	-0.32	-1.15
15yr	1.18%	+0.04	-0.20	-0.51	-0.33	-1.33
20yr	1.37%	+0.04	-0.20	-0.50	-0.34	-1.43
30yr	1.56%	+0.04	-0.20	-0.49	-0.34	-1.41

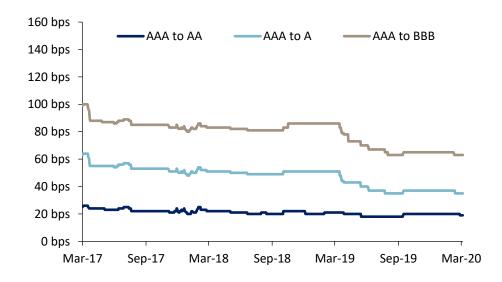
Source: Thomson Reuters as of 3/5/2020.

Note: MMD Weekly Change represents Thursday change.

Slope of MMD Curve



Tax-Exempt Credit Spreads (30yr)

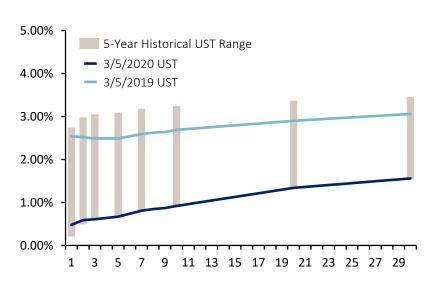




Taxable Interest Rates

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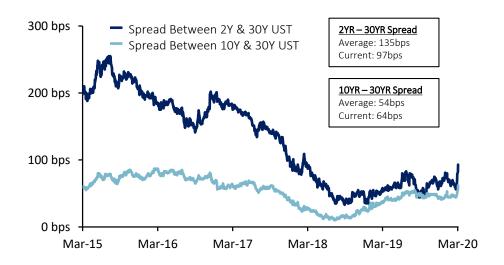
UST Yield Curve



BofA Securities Interest Rate Forecast

Metric	3/5/2020	2020Q1	2020Q2	2020Q3	2020Q4
Fed Funds	1.25%	1.00%	0.75%	0.75%	0.75%
3-Month LIBOR	1.00%	0.95%	0.85%	0.80%	0.80%
2-Year T-Note	0.59%	0.45%	0.50%	0.70%	0.90%
10-Year T-Note	0.92%	0.75%	0.80%	1.00%	1.25%
30-Year T-Bond	1.56%	1.30%	1.35%	1.55%	1.85%

Slope of UST Yield Curve



Taxable Credit Spreads



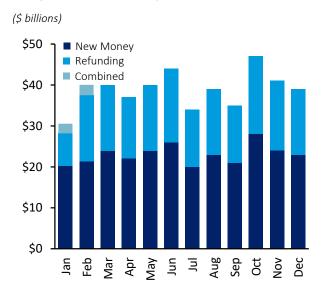




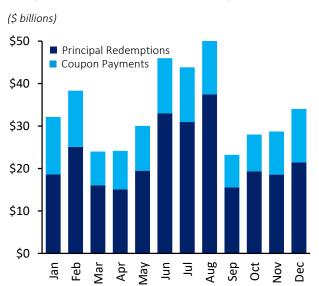
Municipal Supply and Demand

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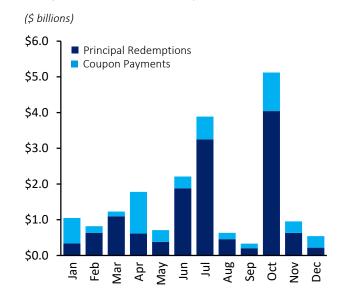
Projected Municipal Issuance⁽¹⁾



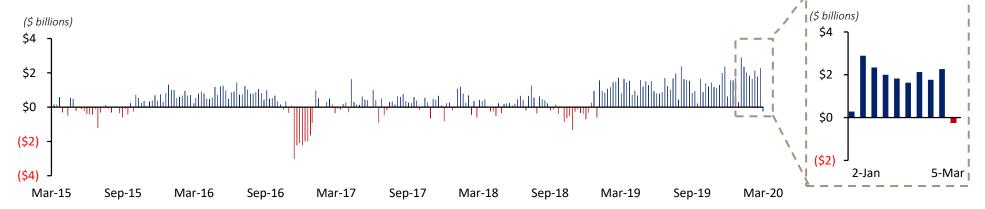
Projected National Redemptions(1)



Projected FL Redemptions(1)



Weekly Municipal Bond Fund Flows⁽²⁾





⁽¹⁾ Source: BofA Securities Research and Thomson Reuters.

⁽²⁾ Source: Lipper U.S. Fund Flows as of 3/5/2020; data includes weekly and monthly reporting funds.

Refunding Opportunities





Refunding Opportunities

Summary of Refunding Options



- Florida Ports has outstanding:
- the Refunding Revenue Bonds (State Transportation Trust Fund -Intermodal Program), Series 2011A (Non-AMT) of which \$38.375mm is callable October 1, 2021
- Refunding Revenue Bonds (State Transportation Trust Fund -Intermodal Program), Series 2011B (AMT) of which \$27.165mm is callable October 1, 2021
- Refunding Revenue Bonds (State Transportation Trust Fund), Series 2011A (Non-AMT) of which \$4.845mm is callable June 1, 2021
- Refunding Revenue Bonds (State Transportation Trust Fund), Series
 2011B (AMT) of which \$65.54mm is callable June 1, 2021
- While a tax-exempt advance refunding is not permissible, Florida Ports can refund these bonds to generate debt service savings today through various alternatives, including through a publicly offered taxable advance refunding or a tax-exempt direct purchase or publicly offered forward refunding

SUMMARY OF REFUNDING SCENARIOS							
	Forward Bank						
Delivery Date	October 1, 2020	June & Oct 1, 2021	October 1, 2020	June & Oct 1, 2021			
Refunding Par Amount	\$142,360,000	\$120,310,000	\$141,430,000	\$136,125,000			
Refunded Par Amount	\$135,925,000	\$135,925,000	\$135,925,000	\$135,925,000			
Average Life (Years)	4.6	4.2	4.7	4.1			
True Interest Cost (TIC)	1.434%	1.519%	1.412%	1.313%			
Gross Savings	\$18,383,402	\$19,458,469	\$19,066,946	\$20,949,940			
NPV Savings (PV to 10/1/20)	\$17,331,364	\$18,162,195	\$17,926,799	\$19,726,860			
- as % of Refunded Par	12.8%	13.4%	13.2%	14.5%			
Negative Arbitrage	\$1,141,817	\$0	\$1,212,492	\$0			
Escrow Efficiency	93.8%	100.0%	93.7%	100.0%			



Refunding Opportunities Publicly Offered Taxable Advance Refunding



SUMMARY OF TAXABLE REFUNDING SCENARIOS (PUBLIC OFFERING)							
	Series 2011A (Intermodal)	Series 2011A	Series 2011B (Intermodal)	Series 2011B	Total		
Delivery Date	October 1, 2020	October 1, 2020	October 1, 2020	October 1, 2020	October 1, 2020		
Refunding Par Amount	\$40,475,000	\$5,015,000	\$28,730,000	\$68,140,000	\$142,360,000		
Refunded Par Amount	\$38,375,000	\$4,845,000	\$27,165,000	\$65,540,000	\$135,925,000		
Average Life (Years)	5.4	3.9	5.4	3.9	4.6		
True Interest Cost (TIC)	1.475%	1.380%	1.475%	1.380%	1.434%		
Gross Savings	\$5,829,811	\$427,890	\$4,605,219	\$7,520,482	\$18,383,402		
NPV Savings	\$5,437,971	\$413,217	\$4,292,344	\$7,187,831	\$17,331,364		
- as % of Refunded Par	14.2%	8.5%	15.8%	11.0%	12.8%		
Negative Arbitrage	\$391,606	\$32,375	\$277,798	\$440,038	\$1,141,817		
Escrow Efficiency	93.3%	92.7%	93.9%	94.2%	93.8%		

Refunding Opportunities Publicly Offered Tax-Exempt Forward Refunding



SUMMARY OF FORWARD REFUNDING SCENARIOS (PUBLIC OFFERING)							
	Series 2011A (Intermodal)	Series 2011A	Series 2011B AMT (Intermodal)	Series 2011B AMT	Total		
Delivery Date	October 1, 2021	June 1, 2021	October 1, 2021	June 1, 2021			
Refunding Par Amount	\$33,315,000	\$4,340,000	\$23,745,000	\$58,910,000	\$120,310,000		
Refunded Par Amount	\$38,375,000	\$4,845,000	\$27,165,000	\$65,540,000	\$135,925,000		
Average Life (Years)	4.8	3.4	4.8	3.4	4.2		
True Interest Cost (TIC)	1.541%	1.288%	1.699%	1.418%	1.519%		
Gross Savings	\$6,264,750	\$485,250	\$4,712,025	\$7,996,444	\$19,458,469		
NPV Savings	\$5,783,637	\$465,739	\$4,315,302	\$7,597,517	\$18,162,195		
- as % of Refunded Par	15.1%	9.6%	15.9%	11.6%	13.4%		
Negative Arbitrage	\$0	\$0	\$0	\$0	\$0		
Escrow Efficiency	100.0%	100.0%	100.0%	100.0%	100.0%		

Refunding Opportunities

Direct Purchase Taxable Advance Refunding



SUMMARY OF TAXABLE ADVANCE REFUNDING SCENARIOS (DIRECT PURCHASE OFFERING) Series 2011A Series 2011B Series 2011A Series 2011B **Total** (Intermodal) (Intermodal) **Delivery Date** October 1, 2020 \$40,205,000 **Refunding Par Amount** \$5,025,000 \$28,555,000 \$67,645,000 \$141,430,000 \$27,165,000 \$135,925,000 \$38,375,000 \$4,845,000 \$65,540,000 Refunded Par Amount Average Life (Years) 5.4 3.9 5.4 3.9 4.7 True Interest Cost (TIC) 1.475% 1.330% 1.475% 1.330% 1.412% **Gross Savings** \$5,992,967 \$411,652 \$4,702,284 \$7,960,043 \$19,066,946 \$4,368,627 **NPV Savings** \$5,567,864 \$396.937 \$7,593,371 \$17,926,799 - as % of Refunded Par 14.5% 8.2% 16.1% 11.6% 13.2% \$296.014 **Negative Arbitrage** \$417,286 \$34,208 \$464,985 \$1,212,492 **Escrow Efficiency** 93.0% 93.7% 92.1% 94.2% 93.7%



Note: Preliminary, subject to change; for indicative purposes only; interest rates as of 3/11/20; escrow funded with SLGS; does not address potential impact to DSRF, if any; Provision of indicative pricing for Direct Purchase Taxable is for informational purposes only and does not constitute a commitment on the part of BANA to provide this credit facility. Bank's ability to provide bank placement, including ultimate pricing and terms, is subject to further necessary due diligence, final credit approval, absence of any material adverse change in the financial condition, operations or prospects of the Authority, or in any law, rule or regulation (or their interpretation or administration) that, in each case, may adversely affect the consummation of the transaction, to be determined in the Bank's sole discretion, and acceptable documentation and legal opinions; Direct Purchase Forward scenario is intended only as an outline of certain of the material terms of the Facility and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documentation for the Facility contemplated hereby. This is not a commitment to lend. Subject to final credit approval, absence of any material adverse change in the financial condition, operations or prospects of the Issuer, additional due diligence as the Bank may require an agreement as to the final terms and conditions.

Refunding Opportunities Direct Purchase Tax-Exempt Forward Refunding



SUMMARY OF FORWARD REFUNDING SCENARIOS (DIRECT PURCHASE OFFERING)							
	Series 2011A (Intermodal)	Series 2011A	Series 2011B AMT (Intermodal)	Series 2011B AMT	Total		
Delivery Date	October 1, 2021	June 1, 2021	October 1, 2021	June 1, 2021			
Refunding Par Amount	\$38,425,000	\$4,895,000	\$27,215,000	\$65,590,000	\$136,125,000		
Refunded Par Amount	\$38,375,000	\$4,845,000	\$27,165,000	\$65,540,000	\$135,925,000		
Average Life (Years)	4.6	3.3	4.6	3.3	4.1		
True Interest Cost (TIC)	1.369%	1.243%	1.369%	1.243%	1.313%		
Gross Savings	\$6,680,715	\$464,257	\$5,192,236	\$8,612,733	\$20,949,940		
NPV Savings	\$6,219,688	\$443,844	\$4,833,413	\$8,229,915	\$19,726,860		
- as % of Refunded Par	16.2%	9.2%	17.8%	12.6%	14.5%		
Negative Arbitrage	\$0	\$0	\$0	\$0	\$0		
Escrow Efficiency	100.0%	100.0%	100.0%	100.0%	100.0%		



Note: Preliminary, subject to change; for indicative purposes only; interest rates as of 3/11/20; escrow funded with SLGS; does not address potential impact to DSRF, if any; Provision of indicative pricing for Direct Purchase Forward is for informational purposes only and does not constitute a commitment on the part of BANA to provide this credit facility. Bank's ability to provide bank placement, including ultimate pricing and terms, is subject to further necessary due diligence, final credit approval, absence of any material adverse change in the financial condition, operations or prospects of the Authority, or in any law, rule or regulation (or their interpretation or administration) that, in each case, may adversely affect the consummation of the transaction, to be determined in the Bank's sole discretion, and acceptable documentation and legal opinions; Direct Purchase Forward scenario is intended only as an outline of certain of the material terms of the Facility and does not purport to summarize all of the conditions, covenants, representations, warranties and other provisions that would be contained in definitive documentation for the Facility contemplated hereby. This is not a commitment to lend. Subject to final credit approval, absence of any material adverse change in the financial condition, operations or prospects of the Issuer, additional due diligence as the Bank may require an agreement as to the final terms and conditions.

Refunding Opportunities

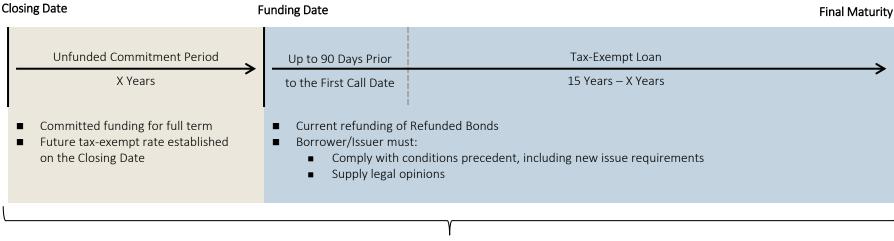




Overview

- Commitment to fund a tax-exempt loan at a future date upon terms and conditions determined today
- Scheduled, delayed funding of tax-exempt loan of approximately 2.5 years prior to first call date of bonds to be refunded
- Rate on future tax-exempt loan is fixed on forward loan closing date
- Funding is based largely on typical bond forward delivery agreement with customary conditions
- Failure to meet conditions precedent as tax-exempt obligor could trigger an increase in the predetermined tax-exempt rate to a taxable rate expressed as a multiplier of the tax-exempt rate
 - Multiplier adjusts the economics to reflect the taxability of the debt and is not a penalty/default rate
 - Borrower may continue to attempt a tax-exempt conversion after an initial failure on funding date
- Failure to draw down the loan on the funding date, or any unscheduled prepayment, would be subject to a breakage fee

Loan Mechanics





Refunding Opportunities



Forward Starting Tax-Exempt Refunding: Highlights, Risks and Other Considerations

Highlights

- Eliminates Interest Rate Risk Locks in savings based on today's low rates without future interest rate risk
- Committed Funding— Commitment today to fund the loan at date certain in the future
- Ease of Documentation Loan documents do not require ratings, public disclosure, or marketing
- Forward Refunding Opportunity Allows governmental issuers to lock in debt savings well in advance of the first call date

Risks and Considerations

- Delivery of Bond Counsel Opinion If the issuer fails to deliver an unqualified tax-exempt opinion of a nationally recognized counsel by the scheduled funding date, the loan would carry a higher, taxable rate
- Change in Ratings The interest rate can be increased if the borrower's credit rating is downgraded
- Economics of Current Outstanding Debt Remains in Place No change until future funding date
- *Breakage Fee* Borrower is responsible for breakage fees





U.S. Municipal Bond Market

Agreement on the \$2+ Trillion CARES Act; Not Nearly Enough for State and Local Governments

Summary, as of Wednesday, March 25

- There have been a total of 64,563 coronavirus cases reported in the U.S., 908 deaths, and 393 recoveries to date¹
- Congress agreed on \$2+ trillion of CARES Act relief, but it is not nearly
 enough for what state and local governments and other municipal entities are
 currently and likely to be facing in coming weeks and months
- We summarize the municipal specific, housing related and general economic elements of the 2020 CARES Act below
- Market commentary: the tone in municipals is continuing to improve
- AAA MMD yields are lower again, this time by 65 basis points across the board
- SIFMA reset at a 4.71% today, compared to 5.20% last week.

CARES Act Relief: It's Something, But It's Not Nearly Enough

Congress finally agreed upon the third phase of federal relief in response to the significant steps taken, practically nationwide, to contain the spread of COVID-19. The federal legislation is expected to amount to more than \$2 trillion and is being called the Coronavirus Aid, Relief, and Economic Stabilization Act (or CARES Act). Voting was set to begin late Wednesday or early Thursday morning, but we are now hearing more changes may be required and voting may not begin until Thursday. Currently a vote is not scheduled.

In summary

The CARES Act's \$2+ trillion price tag is more than double the \$831 billion Congress approved for the American Recovery and Reinvestment Act of 2009 (2009 Recovery Act). The CARES Act is receiving some criticism for its lack of enormity, despite its record cost.² Below, we summarize and review elements of the CARES Act specific to state and local governments, the municipal market and housing, as well as some of the Act's general elements. In summary, we think the municipal market-specific provisions should help correct the market dislocation. But, the targeted relief for state and local government and other municipal entities' budget-related provisions really falls short of what is likely to be required under the current circumstances. We think this increases the odds of another relief, stimulus or spending package that may be needed, and potentially at an accelerated pace.

A little over 10 years ago, the 2009 Recovery Act included a portion to help stabilize state and local government budgets in the wake of the 2008 World Financial Crisis. The 2009 Recovery Act included \$282 billion of fiscal assistance for state and local governments.³ It appears the existing plight facing state and local governments and other municipal entities is likely to be even more challenging than 10 years ago. Yet, a more limited amount of funds have been allocated and the use of those funds – especially in the case of the \$150 billion set for the Coronavirus Relief Fund – come with guidelines limiting their use. Our summary:

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The targeted relief for state and local government and other municipal entities' budget-related provisions really falls short of what is likely to be required under the current circumstances.

MUNICIPAL COMMENTARY PAGE 2

Summary of Municipal Market Elements of the CARES Act

- The CARES Act set up a Coronavirus Relief Fund in the amount of \$150 billion to make payments (appropriated) to states, tribal government, and units of local government. We do not believe there is much flexibility with how this money can be spent. It can only be spent on activities that are directly related to COVID-19.
 - \$3 billion for: Washington D.C., Puerto Rico, Virgin Islands, Northern Mariana Islands, American Samoa.
 - \$8 billion for Tribal governments.
 - \$1.25 billion is the minimum for states; the final amount to states will be adjusted based on population.
 - Our feedback is that this \$150 billion is coming with a heavy use restriction. It can only be used for spending directly related to COVID-19 activities, for example. Also, \$150 billion is much less than what we had expected for state and local governments and is much less than what they received in the 2009 Recovery Act. We already read that New York State is likely to receive close to \$4 billion from the Relief Fund, but New York Governor Cuomo is saying he expects to see a budget shortfall of \$15 billion.⁵
- \$454 billion is being made available to the Federal Reserve to purchase business, state, or municipal securities directly from issuers or in the secondary market. The aim, as indicated in the legislation, is to provide liquidity to the financial system that supports lending to states and municipalities. The Treasury Department has 10 days to set up the procedures to purchase securities, but we believe efforts are ongoing to accelerate this time frame.
- \$30.9 billion There will be an Education Stabilization Fund being set up and funds will go to states, local school districts, and higher education institutions.8
- \$10 billion For the Federal Aviation Administration's Airport Improvement Program, funds will go to maintain operations at airports that have faced a drop in passengers.⁹
- \$25 billion Transit providers, including state and local governments, will receive funding according to current Federal Transit Administration (FTA) formulas.¹⁰
- There are other provisions that are going to impact housing, education, health care, and Medicaid. These provisions will undoubtedly affect state and local governments and other the municipal entities directly or indirectly as well. But, the above seem to be the most significant for municipals.

Summary of Housing Elements of CARES Act

A little over \$17 billion is being allocated from the CARES Act to the Department of Housing and Urban Development (HUD). These are some of the more sizeable housing and HUD allocations:

- \$5 billion for Community Development Block Grants for COVID-19 related services
- \$4 billion for Homeless Assistance Grants for those who would be homeless due to coronavirus
- \$1.25 billion for Tenant-Based Rental Assistance Section 8-related voucher assistance
- \$1 billion for Project-Based Rental Assistance low-income assistance¹¹

Summary of General Elements of CARES Act

While not directly tied to state and local government and other municipal entities, there are other general elements that will flow through to municipals, so we are going to summarize these below. There is \$250 billion for direct payments to individuals, \$350 billion of small business loans, \$250 billion in unemployment insurance benefits, and \$500 billion in loans for business (overlaps with the above-mentioned \$454 billion for businesses, states and municipalities).¹²

We do not believe there is much flexibility with how this money can be spent. It can only be spent on activities that are directly related to

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While not directly tied to state and local government and other municipal entities, there are other general elements that will flow through to municipals. MUNICIPAL COMMENTARY PAGE 3

Some of the notable economic items include:

- Direct payments to lower- and middle-income Americans of \$1,200 for each adult, \$500 for each child
- Student loan relief in the form of a temporary suspension;
- Expansion of unemployment insurance
- Waives penalty to withdraw from 401(k)
- Small business Paycheck Protection Program loans
- Business tax relief, in different forms

In addition, we have been calling the CARES Act the third phase of COVID-19 relief. The first two phases of coronavirus-related relief passed in recent weeks and is summarized below.

\$100 Billion for Testing and Paid Leave

On Wednesday, March 18, President Trump signed a \$100 billion stimulus bill to fund free coronavirus testing and to pay for expanded emergency paid leave and insurance in response to the unprecedented steps taken in response to COVID-19.

Initial Prevention and Research Efforts Cost \$8.3 Billion

The first swing at stimulus saw the President sign (Friday, March 6) into law an \$8.3 billion package focused on prevention and research efforts to combat COVID-19. Most of the funds are likely to flow to going to the U.S. Department of Health and Human Services.¹³

Market Commentary – Tone Improving

We saw a significant level of improvement in market behavior that began yesterday. Municipal market dynamics are beginning to loosen up and activity is expanding. Until yesterday, there has been varying degrees of pressure on the municipal market. Last week, record outflows from municipal funds came in at an extraordinary \$12 billion. Just yesterday, the municipal market tone began to turn more positive. Municipal bond demand outstripped secondary market supply – a good sign that buyers are increasing their activity and demand is strengthening. There is potential for the primary market to begin to open-up, too. We saw more firms bid on more competitive issues yesterday than we have seen in some time. We expect this indicates primary market negotiated issues may start to see some demand as well, but we will have to see how the rest of this week evolves. The recent market dislocation created significant spreads to the AAA MMD yields almost across the board in municipals. M/T Ratios have also been at significant levels as well. We expect these municipal market indicators could fall as market demand increases and customary levels of activity gradually returns. For now, these indicators remain inflated.

The Federal Reserve has taken unprecedented steps in recent days. While the municipal market may not have been initially included in the Fed's programs, they reacted very quickly to state and local government input and expanded programs to target municipals when needed. We expect these programs – along with what we end up seeing in the CARES Act – to significantly help liquidity and municipal market functioning.

MMD AAA Yields Fall Further on Wednesday, March 25

MMD AAA yields continued to fall ending today 65 basis points lower across the yield curve. Today, 2 year AAA MMD came in at a 1.62%, 10 year was a 1.94% and 30 year AAA MMD was a 2.52%.

SIFMA Priced at 4.71%, Down Slightly

The SIFMA Municipal Swap Index priced at a 5.20% last week, up from a 1.28% a week before, and a recent high of 1.61% before last week. We will continue to watch how this develops for sure as it will be a good indication of how effective the Fed's new program(s) are working.

SIFMA reset at 4.71% this afternoon, March 25, 2020.

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TAB 6 Other Issues

TAB 7 Adjournment