FLORIDA PORTS FINANCING COMMISSION

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

June 23, 2021

10:00-11:30 A.M.

Teleconference

Dial-In information: 646-558-8656

Meeting ID: 982-1120-2768

Passcode: 8028

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

June 23, 2021 11:00 A.M.-12:30 A.M. Teleconference <u>Dial-In information:</u> 646-558-8656 <u>Meeting ID:</u> 982-1120-2768 <u>Passcode:</u> 8028

AGENDA

- 1. Call to Order
- 2. Roll Call
- 3. Approval of Meeting Summaries
 - a. February 12, 2021 Florida Ports Finance Commission
- 4. Administrative Report
 - a. Approval of the Fiscal Year 2020 Audit
 - b. Bond Refinancing Procedures & Financing
- 5. Other Issues
- 6. Adjournment

TAB 1 Call to Order

TAB 2 Roll Call

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

MEMBER PORT REPRESENTATIVE

PORT CANAVERAL Mike Poole Pat Poston

PORT EVERGLADES <u>David Anderton</u>

PORT OF FT. PIERCE Kevin Lindgren

PORT OF JACKSONVILLE Beth McCague

PORT MANATEE <u>Denise Stufflebeam</u>

PORTMIAMI Becky Hope

PORT OF PALM BEACH Manuel Almira

PORT PANAMA CITY John Miller

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

PORT TAMPA BAY Ram Kancharla

TAB 3 Approval of Meeting Summaries

TAB 3a February 12, 2021 Florida Ports Finance Commission 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

<u>AGENDA</u>

February 12, 2021 10:00-11:00 A.M. Teleconference <u>Dial-In information:</u> 646-558-8656 <u>Meeting ID:</u> 992-3285-2472 Passcode: 460266

The Florida Ports Financing Commission was called to order at 10:04 a.m. by staff person Casey Grigsby. Members and guests attending included:

Denise Stufflebeam, Manatee (Chair) Pat Poston, Canaveral Mike Poole, Canaveral John Murray, Canaveral David Anderton, Everglades Kevin Lindgren, Ft. Fierce Fred Wong, JAXPORT Eric Green, JAXPORT Beth Mccague, JAXPORT Basil Binns, Miami John Miller, Panama City Wayne Miller, Panama City Amy Miller, Pensacola Ram Kancharla, Tampa Clay Hollis, Tampa Paul Anderson, Tampa Dave Wirth, St. Pete Doug Wheeler, Florida Ports Council Mike Rubin, Florida Ports Council Casey Grigsby, Florida Ports Council Joel Tindel, Hilltop Securities Tom Giblin: Nabors, Giblin, & Nickelson Daniel FitzPatrick, FDOT Kevin Tibault, FDOT Brad Thoburn, FDOT

A quorum was present.

Tab 3a, Approval of January 12, 2021 Florida Ports Finance Commission Meeting Summary: A motion was made to approve the January 12, 2021 Florida Ports Financing

502 East Jefferson Street, Tallahassee, Florida 32301 Phone: (850) 222-8028 · Fax: (850) 222-7552 Email: info@flaports.org Commission (FPFC) Meeting Summary by Ram Kancharla; this was seconded by Amy Miller. The motion passed without dissent.

Tab 4a a. Approval of the Request for Proposal (RFP) Vendor Contracts: Poole & Kancharla gave an overview of the RFP refunding process completed by the RFP subcommittee. Hilltop Securities prepared two requests for proposals. These RFP's consisted of one for an underwriter and one for a bank loan. Based on the analysis provided by Hilltop and review of presented materials the committee has made a recommendation to proceed with bank loans as follows: State Street (STTF) and Truist (Intermodal). Sub-committee members confirmed and discussed the rates, net present savings, and merits of the recommendations of the sub-committee. A motion was made to approve the contracts provided with the addition of any technical edits by Pat Poston; this was seconded by Amy Miller. The motion passed with a majority.

Tab 6, Other Issues: The full Commission will need to meet one more time in mid-February to approve the final documents for the processing of the financing package. The closing anticipated to be complete by the end of February. Staff will be coordinating with Captain Murray to utilize the existing FSTED process for approval and allocation of the bond funds.

Tab 7, Adjournment: The meeting was adjourned at 11:07 a.m.

TAB 4 Administrative Report

TAB 4a Approval of the Fiscal Year 2020 Audit

Florida Ports Financing Commission

FINANCIAL STATEMENTS

September 30, 2020



Florida Ports Financing Commission Table of Contents September 30, 2020

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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, 2020, 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, 2020, 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.

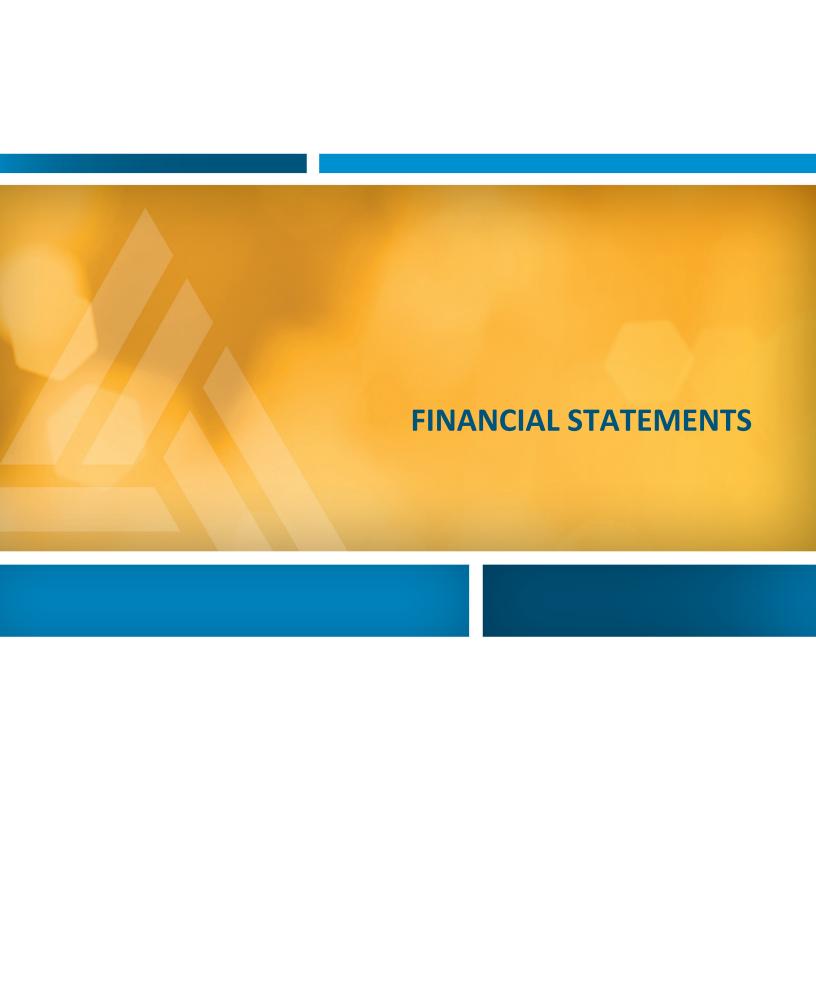
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2021, 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 April 27, 2021



Florida Ports Financing Commission Statement of Net Position

September 30,	2020
Assets	
Current assets	
Cash and cash equivalents	\$ 8,402,040
Accrued interest receivable	1,358,355
Loans receivable - current portion	16,565,000
Total current assets	26,325,395
Other assets	
Loans receivable – portion due after one year	136,750,000
Total assets	163,075,395
Liabilities	
Current liabilities	
Bonds payable - current portion	17,075,000
Accrued interest payable	3,352,632
Total current liabilities	20,427,632
Long-term liabilities	
Bonds payable – portion due after one year	142,937,355
Total liabilities	163,364,987
Net position	
Unrestricted	(289,592)
Total net position	\$ (289,592)

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

For the year ended September 30,	2020
Revenues	
Administrative fees	\$ -
Total revenues	-
Expenditures	
Professional fees and consultants	14,930
Other general and administrative	9,000
Total expenditures	23,930
Operating loss	(23,930)
Non-operating revenue (expense)	
Interest on loans	8,403,131
Investment earnings	27,869
Bond interest	(8,296,586)
Total non-operating revenue	134,414
Change in net position	110,484
Net position – beginning of the year	(400,076)
Net position – end of the year	\$ (289,592)

Florida Ports Financing Commission Statement of Cash Flows

For the year ended September 30,	2020
Cash flows from operating activities	
Payments for administrative fees	\$ (9,000)
Payments to vendors and consultants	 (14,930)
Net cash provided by (used in) operating activities	(23,930)
Cash flows from capital and related financing activities	
Interest collected on loans	8,572,880
Principal collected on loans	16,565,000
Payment of bond interest	(8,719,380)
Payment of bond principal	(16,270,000)
Net cash provided by (used in) capital and related financing activities	148,500
Cash flows from investing activities	
Gain on investments	 27,869
Net cash provided by (used in) investing activities	27,869
Net increase (decrease) in cash and cash equivalents	152,439
Cash and cash equivalents, beginning of year	8,249,601
Cash and cash equivalents, end of year	\$ 8,402,040
Reconciliation of change in net position	
to net cash provided by (used in) operating activities Operating loss	\$ (23,930)
Net cash provided by (used in) operating activities	\$ (23,930)

Note 1: DESCRIPTION OF THE 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: DESCRIPTION OF THE 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 2011B (NON-AMT) and \$49,325,000 in Refunding Revenue Bonds (State Transportation Trust Fund - Intermodal Program), Series 2011B (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: DESCRIPTION OF THE 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 27, 2021. See Note 9 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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 mutual 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, 2020:

Broward County (Port Everglades)	\$ 19,077,034
Canaveral Port Authority (Port Canaveral)	16,481,305
Dade County (Port of Miami)	30,148,759
Hillsborough County Port District (Port of Tampa)	21,132,665
Jacksonville Port Authority (Port of Jacksonville)	29,116,941
Manatee County Port Authority (Port Manatee)	19,789,362
Ocean Highway and Port Authority, Nassau County	
(Port of Fernandina)	285,391
Port of Palm Beach District (Port of Palm Beach)	12,330,233
Panama City Port Authority (Port of Panama City)	4,060,439
City of Pensacola (Port of Pensacola)	892,871
Total	\$ 153,315,000

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. \$16,565,000 of loan principal is due within the next fiscal year. \$136,750,000 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, 2020, these bonds are stated at \$81,376,966, which includes a premium of \$71,966.

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, 2020, these bonds are stated at \$78,635,389 which includes a premium of \$470,389.

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

Years ending September 30,	Principal		Interest	Total		
					_	
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	
2025		13,245,000	1,742,750		14,987,750	
Thereafter		21,055,000	1,433,744		22,488,744	
					_	
Total	\$	81,305,000	\$ 16,145,758	\$	97,450,758	

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

Years ending September 30,	Principal		Interest	Total		
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	
2025		7,530,000	2,465,234		9,995,234	
Thereafter		44,050,000	5,912,276		49,962,276	
					_	
Total	\$	78,165,000	\$ 21,756,609	\$	99,921,609	

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, 2020:

Long-term liabilities as of September 30, 2020	Beginning balance	Additions	Reductions	Ending balance	Due Within One Year
Bonds payable	\$ 176,388,887	\$ -	\$ (16,376,532)	\$ 160,012,355	\$ 17,075,000
Total	\$ 176,388,887	\$ -	\$ (16,376,532)	\$ 160,012,355	\$ 17,075,000

Note 8: RELATED PARTY

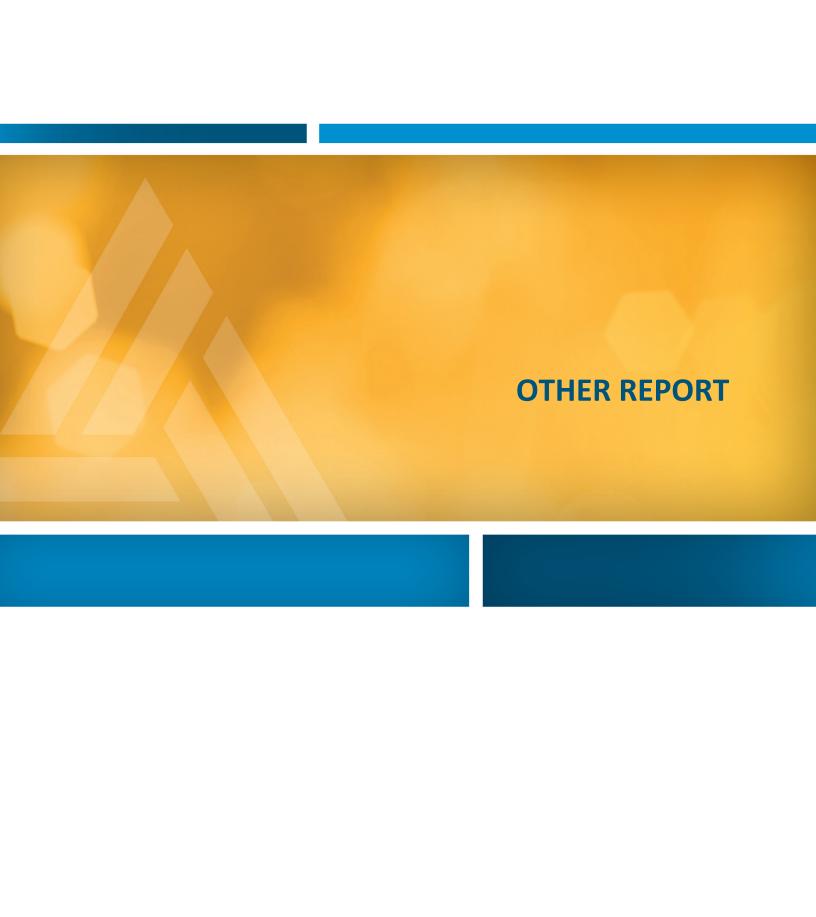
The Florida Seaports Council, Inc. provides certain administrative services to the Commission, the value of which is immaterial.

Note 9: SUBSEQUENT EVENT – BOND REFINANCING

During March 2021, the Commission refinanced the Series 2011A (1996 Refunding Bonds) and Series 2011B (1999 Refunding Bonds) bonds for both the State Transportation Trust Fund and the State Transportation Trust Fund – Intermodal Program. Combined total debt service savings is estimated to be \$19,632,469. Closing costs related to this transaction were paid directly by the member ports.

Note 10: RISKS AND UNCERTAINTY

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Commission. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.





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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, 2020, 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 April 27, 2021.

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 April 27, 2021

TAB 4b Bond Refinancing Procedures & Financing

Fiscal Year 2013/14 \$10 Million Bond Program

Seaport Investment Program

(October 21, 2013)

- 1. Authority: The Florida Legislature passed SB 1998 in 2012, which included authorization for a new \$10 million bondable revenue stream from motor vehicle license fees (these fees were increased in 2012). The revenue stream was to be made available beginning in Fiscal Year 2013/14. (See, s. 339.0801, F.S.). Analysis by legislative staff in 2012 projected that this bondable revenue stream might generate approximately \$150 million in bond proceeds.
- 2. <u>Bond Issuing Agency</u>: The Legislature directed the Division of Bond Finance to issue the bonds on behalf of the Florida Department of Transportation (FDOT). The Division is an entity of the Florida Cabinet, and the Cabinet must approve the issuance of bonds by the Division. The Cabinet formally authorized the Division to issue bonds pursuant to s. 339.0801, F.S. on September 24, 2013. Based on recent discussions with FDOT, the expectation is that the Division may issue the bonds in December 2013.
- 3. <u>Bond Proceeds Amount</u>: The current projection for the amount of funds to be generated by this bond issuance is \$150 million. This number has fluctuated based on market conditions, and at one time the Division of Bond Finance projected the issuance to generate as much as \$200 million. The FSTED Council has met several times to approve projects that could be financed with the bond proceeds.

On October 8, 2012, after the legislation passed authorizing the issuance of \$10 million in bonds, the FSTED Council approved \$150 million in projects that could be financed with a bond issuance that generated \$150 million in bond proceeds.

Based on the projection from the Division of Bond Finance that a potential issuance in the spring of 2013 might generate \$200 million, FDOT requested that the FSTED Council meet again to authorize an additional \$50 million of projects. The FSTED Council met on June 14, 2013, and authorized an additional list of \$50 million in projects. The market has declined since the June FSTED Meeting, and current estimates place the bond proceeds amount around \$150 million. Thus, the approval of an additional \$50 million has been rendered moot at this time.

4. <u>Eligible Uses of Bond Proceeds</u>: Section 339.0801, F.S., specifically authorizes the use of bond proceeds for "any seaport project identified in the adopted work program of the Department of Transportation..." As noted above, the FSTED Council approved the initial list of \$150 million in projects to be funded with bond proceeds on October 8, 2012. This \$150 million list of projects was subsequently presented to the Florida Legislature as part of FDOT's adopted work program

for Fiscal Year 2013/14, and approved by the Legislature and the Governor with the passage and signing of the General Appropriations Act for Fiscal Year 2013/14 on May 20, 2013.

(<u>Note</u>: If the bond issuance generates more than \$150 million, the FSTED Council would have to meet again to discuss the use of any additional funds. In addition, the adopted work program would have to be amended by the FDOT and the Florida Legislature to include the use of any additional funds.)

- 5. <u>Joint Participation Agreements (JPAs) with FDOT</u>: The FDOT is not waiting for the Division of Bond Finance to issue the bonds, and has authorized each FDOT District to enter into a JPA with their respective seaports for the funding of approved projects. Even though the bonds have not been issued to date, FDOT Districts are moving forward on JPAs to authorize the expenditure of \$150 million on approved projects. Because this entails the development of a new process, the FDOT Central Office and District Offices have not finalized the JPAs for this process to date. FDOT should resolve contractual concerns soon and issue appropriate JPAs on these projects in the near future.
- 6. Allocation of Funds under these JPAs: One of the issues being resolved in the development of these JPAs is the timing for the allocation of state funds. Traditionally, a port spends its own funds first, and then seeks reimbursement from FDOT. Under these new bond-related JPAs, FDOT Central Office is encouraging the timely expenditure of bond proceeds up-front on eligible costs/expenditures after the JPA has been executed. This "front loading" of bond proceed funds will not require a seaport to spend its own funds first, and should allow bond proceeds to be spent down in a more timely manner.
- 7. <u>Timely Spend Down/Encumbrance of Funds under these JPAs</u>: JPAs will include commencement and completion dates. Once the JPA has been executed, the progress of the project will be assessed at the 18-month mark. Because these funds are generated by a governmental tax exempt bond financing, IRS rules require a timely spend down or encumbrance of bond proceeds within a 36 month period. Failure to spend down or encumber these funds during that timeframe may result in tax penalties.

A default provision will be in included in the JPAs in the event a reasonable expectation of project completion is unlikely to occur within the 36-month period, and funds may be reallocated to another bond project. The port may use its own consultant engineering and inspection team to track the progress of the project, or the port may use FDOT's General Engineer Consultant to monitor the project progress.

Preliminary for Discussion Purposes

Series 2021 Refunding Deb	t Service Savings Only ⁽¹⁾			
	Transfer to	STTF	Intermodal	Combined
State Fiscal	Savings Subbaccount	Refunding Debt	Refunding Debt	Refunding Debt
Year Ending	Date (FDOT MOAs)	Service Savings	Service Savings	Service Savings
6/30/2021	3/4/2021	8,507,047.85	1,840,403.13	10,347,450.98
6/30/2022	7/1/2021	3,721.47	8,947,768.26	8,951,489.73
6/30/2023	7/1/2022	4,969.72	294,765.26	299,734.98
6/30/2024	7/1/2023	3,712.14	5,805.26	9,517.40
6/30/2025	7/1/2024	2,166.64	1,290.38	3,457.02
6/30/2026	7/1/2025	2,759.43	2,911.50	5,670.93
6/30/2027	7/1/2026	5,040.92	4,996.00	10,036.92
6/30/2028	7/1/2027		1,454.75	1,454.75
6/30/2029	7/1/2028		1,054.88	1,054.88
6/30/2030	7/1/2029		2,601.88	2,601.88
Totals		8,529,418.17	11,103,051.30	19,632,469.47

Allocation Based on Refunding Debt Service Savings through 7/1/2022 Subbaccount Transfer Date ⁽¹⁾									
Refunding Debt Service Savings (portion)	8,515,739.04	11,082,936.65	19,598,675.69						
Series 2021 Closing Costs	150,843.00	144,728.75	295,571.75						
% of Savings (rounded up to 5-percentage decimal)	1.77135%	1.30588%	1.50813%						

⁽¹⁾ Does not include additional amounts expected to be transferred to savings subbaccounts above Series 2021 refunding debt service savings.

Florida Ports Financing Commission as of June 14, 2021

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		APPROVED DGET FY20/21	CTUAL FY19/20 1996	AC	TUAL FY19/20 1999	TUAL FY19/20 Combined		VARIANCE	PROPOSED BUDGET FY21/22
Opening	Cash Balance October 1	\$ 291,103.03	\$ 212,764.96	\$	36,057.81	\$ 248,822.77	\$	(42,280.26)	\$ 294,191.53
Add Rev	/enue								
	Interest Earnings	\$ 27,868.50	\$ 11,034.65	\$	16,833.85	\$ 27,868.50	\$	-	
Less Exp	enses								
	Bond Compliance Services	1,500.00	750.00		750.00	\$ 1,500.00	\$	-	-
	Accounting/Auditing	12,780.00	6,715.00		6,715.00	\$ 13,430.00	\$	650.00	12,780.0
	Trustee	9,000.00	4,500.00		4,500.00	\$ 9,000.00	\$	-	9,000.0
	Miscellaneous Expenses	1,500.00					\$	(1,500.00)	1,500.0
Total Exp	penses	\$ 24,780.00	\$ 11,965.00	\$	11,965.00	\$ 23,930.00	\$	(850.00)	\$ 23,280.00
Anticipat Septemb	ted Ending Cash Balance per 2021	\$ 294,191.53	\$ 211,834.61	\$	40,926.66	\$ 252,761.27	\$	(41,430.26)	\$ 270,911.5

TAB 5 Other Issues