



State of Florida

Debt & Ratings Update

August 14, 2018

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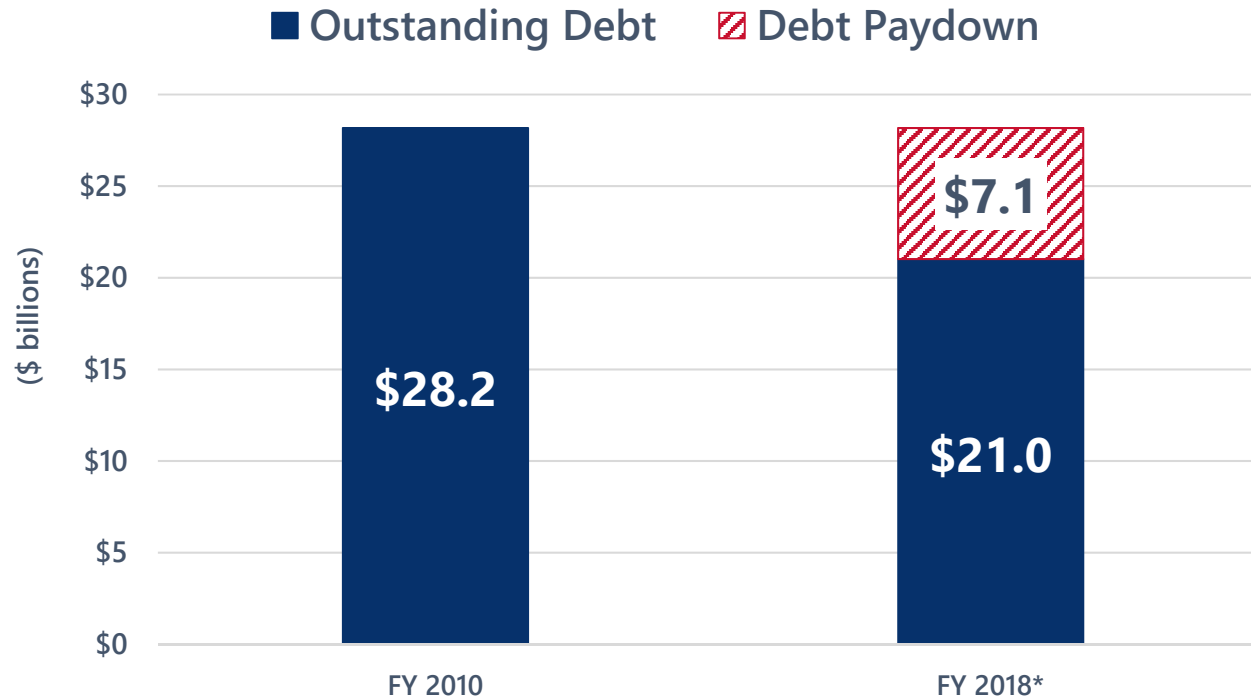
Total Debt Paid Down

- Over the past 8 years, the State's debt has been paid down by over \$10 billion
- Total direct debt has decreased by \$7.1 billion, or more than 25%

Unemployment Compensation Trust Fund Federal Loan Repayments	\$3.4 billion
Direct Debt Repayments	\$7.1 billion
Total Debt Paid Down	\$10.5 billion

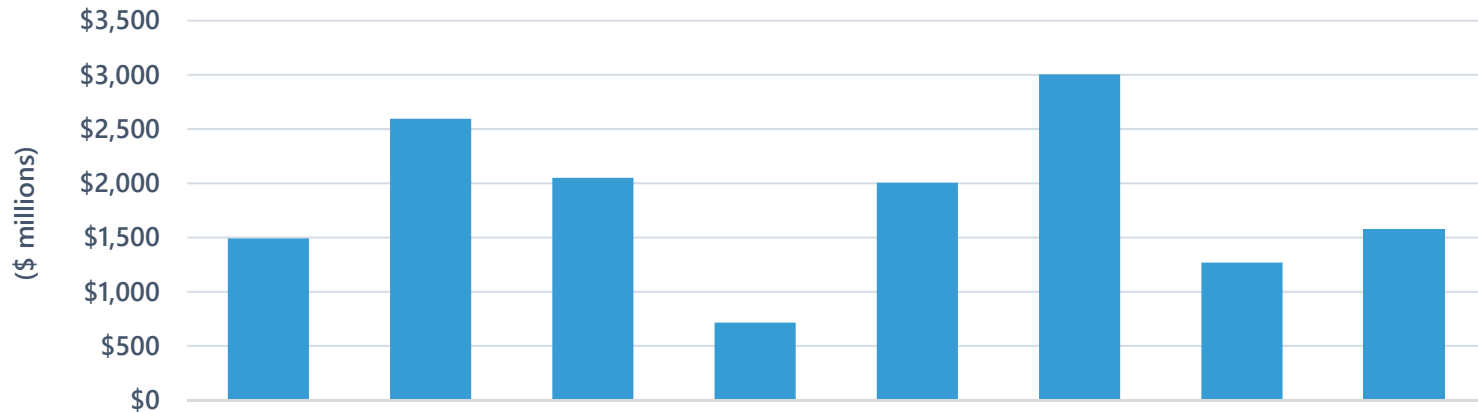
Debt Paid Down over Last 8 Fiscal Years

Florida's Outstanding Debt



- Total direct debt has decreased by \$7.1 billion, or more than 25%, over the last 8 fiscal years
- Total direct debt outstanding was \$21.0 billion at the end of Fiscal Year 2018, down from \$28.2 billion at end of Fiscal Year 2010
- State reversed long history of increasing debt beginning in 2011

Refinancing Activity for Debt Service Savings



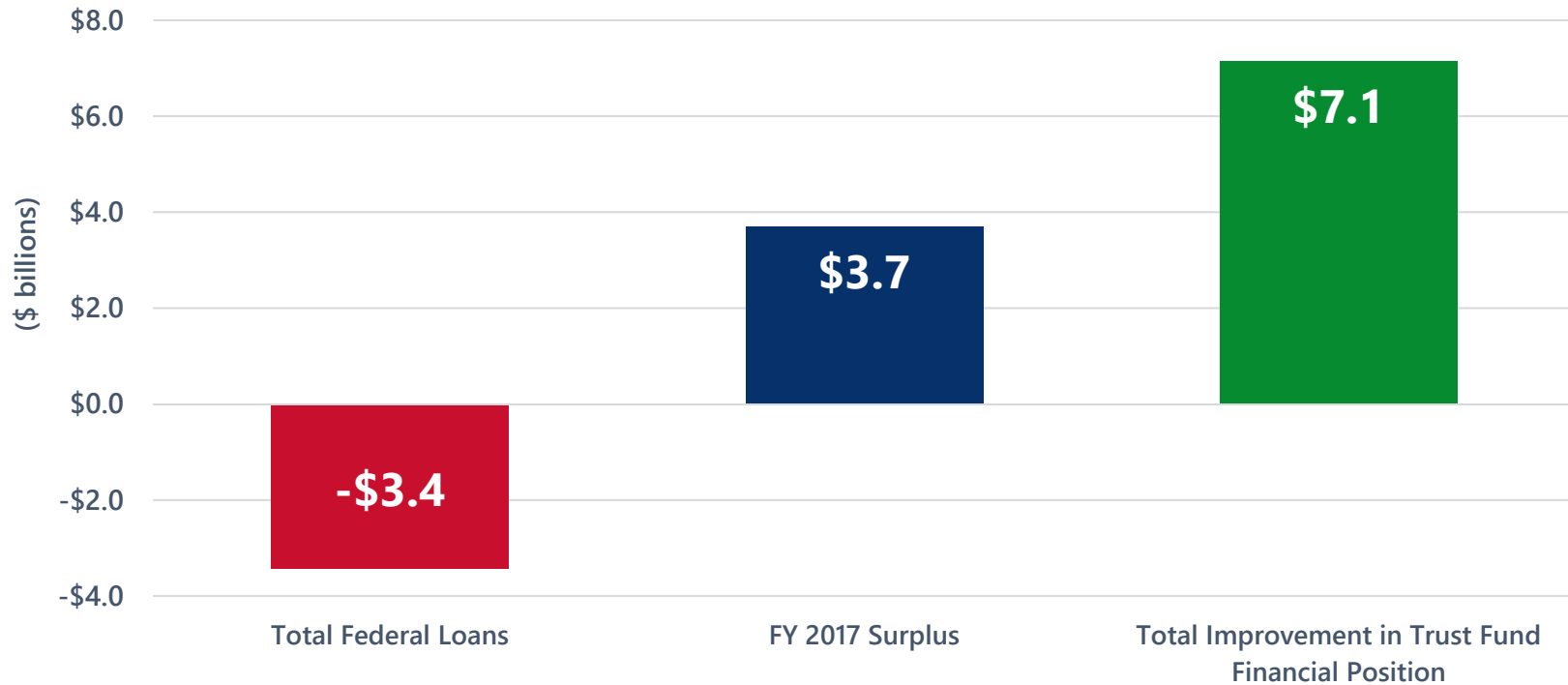
	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>Total</u>
Refunding Transactions	12	20	10	9	14	13	14	12	104
Refunding Par	\$1,491.1	\$2,595.0	\$2,049.4	\$713.9	\$2,004.2	\$3,003.6	\$1,267.8	\$1,575.0	\$14,700.0
Refunding Savings:									
Gross Savings	\$193.3	\$450.9	\$515.6	\$99.1	\$376.9	\$618.8	\$303.6	\$380.8	\$2,939.0
Present Value Savings	\$162.4	\$366.2	\$406.1	\$87.0	\$311.1	\$380.5	\$247.0	\$296.8	\$2,257.1

- The State continues to execute a significant amount of refundings to take advantage of historically low interest rates, though loss of advance refundings diminishes flexibility
- Par amount of refundings over the last eight fiscal years totals \$14.7 billion
- Nearly 70% of all debt outstanding has been refinanced over the last eight years
- Refinancings have generated aggregate gross debt service savings of nearly \$3.0 billion or over \$2.2 billion on a present value basis
- Refundings are structured term-to-term with no extension of debt
- Debt service savings from refundings reduces cost of State's debt burden

Improvement in Unemployment Comp Trust Fund

Florida's Unemployment Compensation Trust Fund

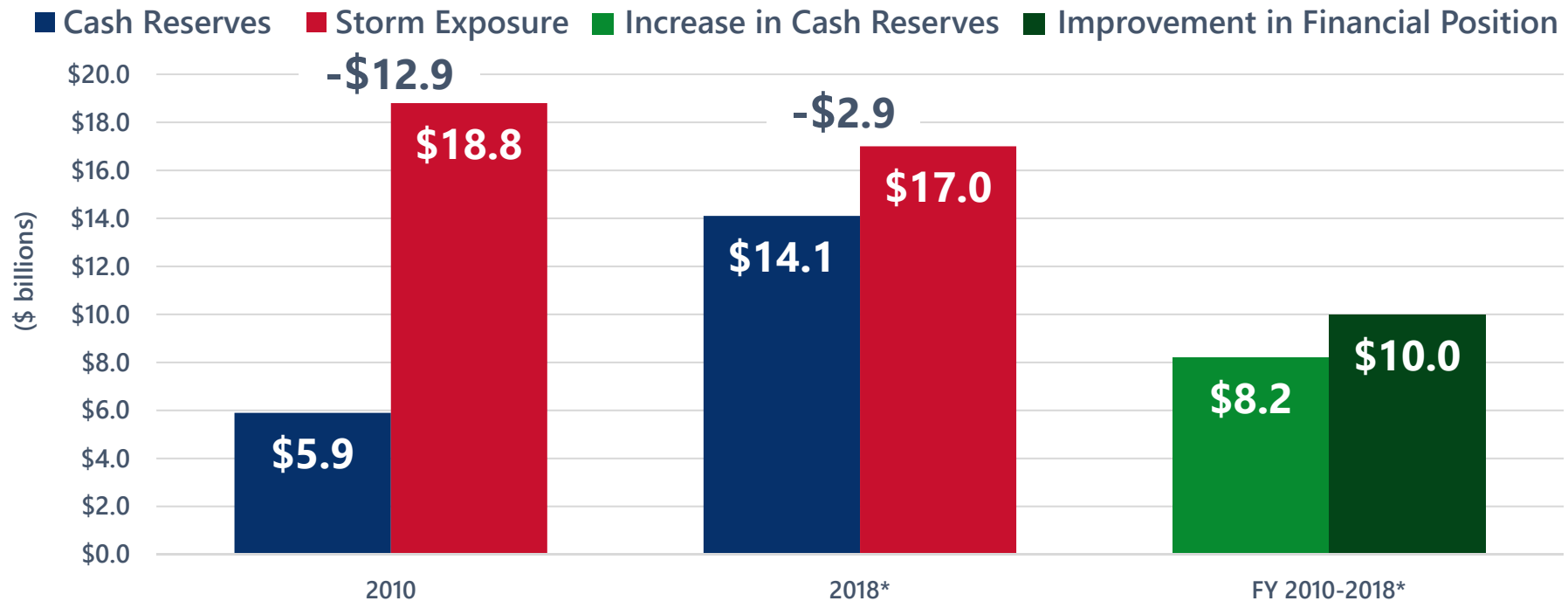
■ Aggregate Federal Loans 2009-13 ■ FY 2017 Surplus ■ Total Improvement in Trust Fund Financial Position



- Federal loans to pay Unemployment Compensation benefits totaling nearly \$3.5 billion fully repaid in 2013 and deficits eliminated
- Unemployment Compensation Trust Fund balance (Surplus) at June 30, 2017 of \$3.7 billion
- Total improvement in Trust Fund Financial Position of \$7.1 billion

Cat Fund – Decreased Exposure & Improved Financial Position

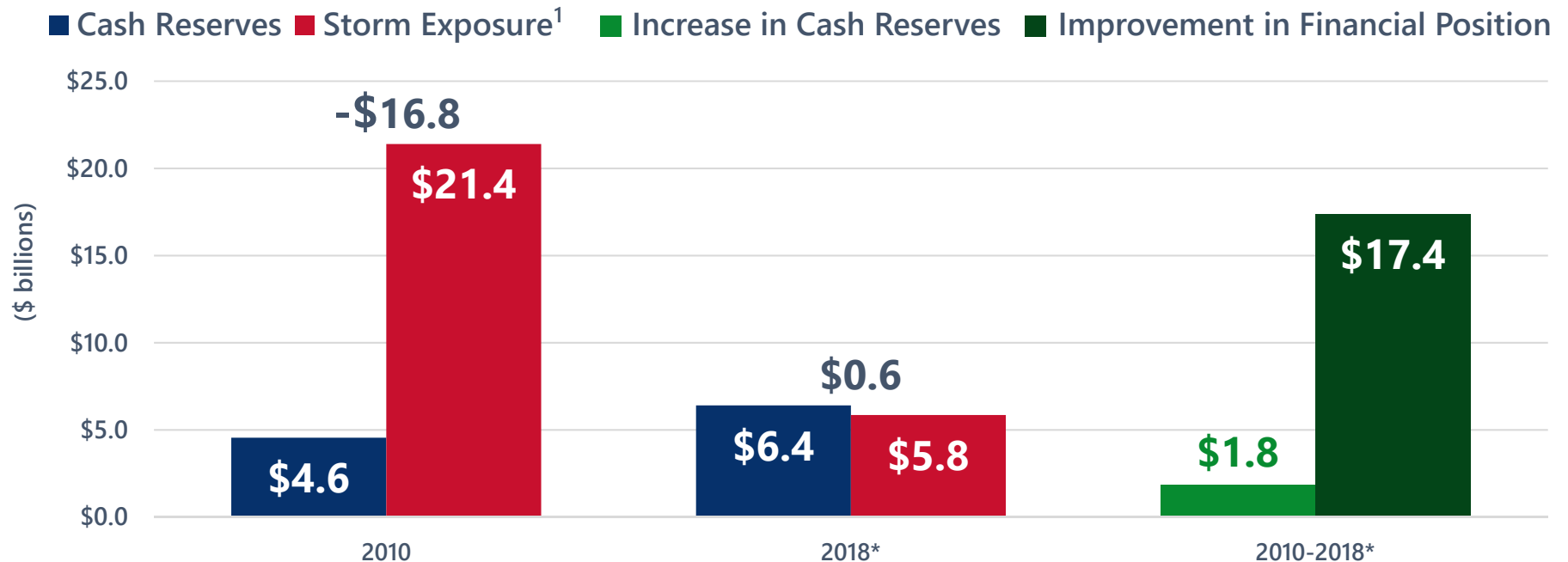
Florida Hurricane Catastrophe Fund



- Florida Hurricane Catastrophe Fund (“Cat Fund”) has significantly improved its balance sheet over the last 8 years
 - Accumulated Cash Reserves increased by \$8.2 billion
 - Financial Position (Exposure minus Cash Reserves) improved by \$10.0 billion
- Funding remains strong after Hurricane Irma, with \$17.3 billion of total claims-paying resources for the current season (\$14.1 billion in cash, \$2.2 billion in pre-event bond proceeds, and \$1 billion in reinsurance)

Citizens – Decreased Exposure & Improved Financial Position

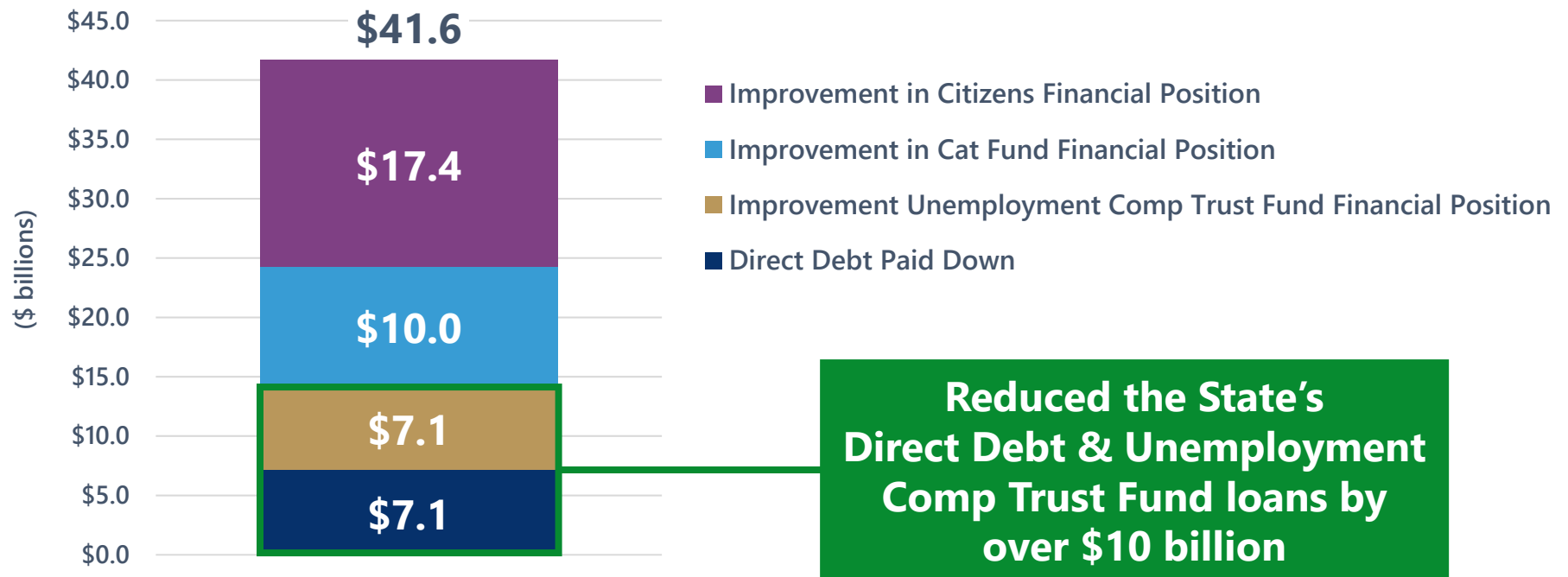
Citizens Property Insurance Corporation



- Citizens Property Insurance Corporation (“Citizens”) has also decreased its liabilities over the last 8 years, reducing policies and exposure through its depopulation program
 - Financial Position (Exposure minus Cash Reserves) improved by \$17.4 billion
 - Since end of 2010, Citizens has reduced total policies by 66% (1.3 million to 440,000), and reduced estimated 1-in-100 year storm exposure by 73% (\$21.4 billion to \$5.8 billion)

Aggregate Improvement in State Financial Position

Improvement in State's Balance Sheet



- The pay down in direct debt and Federal advances to the Unemployment Compensation Trust Fund total \$10.5 billion
- Improved financial position from debt paid down and building reserves in Unemployment Compensation Trust fund totals \$14.2 billion
- Reduced exposure from hurricane related entities and building reserves totals approximately \$27.4 billion
- Combined improvement in State's Financial Position from reducing hard and contingent liabilities totals nearly \$42 billion

Ratings Upgrade

- The State's improved financial position was recently recognized by Moody's, who upgraded Florida to the highest rating category of "Aaa" in June 2018
- Florida is now rated triple-A by all three major rating agencies for the first time in the State's history
 - Rated higher than Federal Government by S&P
- Moody's specifically pointed to Florida's "manageable debt burden" and noted that the State's "debt and pension burdens are one of the lowest of all Aaa credits"
- Moody's also stated that "Florida employs the hallmarks of responsible governing practices." The State's strong financial management includes an annual debt affordability analysis and timely financial reporting with balanced budgets
- Florida's triple-A ratings recognize the State's prudent financial management

