AGENDA

DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION

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(Contact person: J. Ben Watkins III - 488-4782)
The Capitol
March 19, 2013

This meeting is open to the public.

1. Approval of minutes of the meetings of December 11, 2012 and January 23, 2013.

   Attachment #1

2. Report of award on the following competitive bond sales:

   A. $324,625,000 State Board of Education Public Education Capital Outlay Refunding Bonds, 2013 Series A

      Bids were received at the office of the Division of Bond Finance on January 29, 2013. The bonds were awarded to the low bidder, Citigroup Global Markets Inc. which submitted a bid at an annual true interest cost rate of 1.6420%. The bonds were delivered on March 7, 2013.

      The bonds were issued to refund the callable Public Education Capital Outlay Refunding Bonds, 2003 Series A. The average interest rate on the bonds being refunded is 4.86% compared to the interest rate of 1.64% on the refunding bonds. The bond proceeds will be invested with the State Treasury until the refunded bonds are redeemed on June 1, 2013. The refunding is expected to result in gross debt service savings of approximately $76.3 million and present value savings of approximately $69.3 million, or 18.1% of the principal amount being refunded.

      A report on the sale and tabulation of bids is attached.

      Attachment #2

   B. $21,490,000 Board of Governors, Florida Atlantic University Parking Facility Revenue Bonds, Series 2013A

      Bids were received at the office of the Division of Bond Finance on February 14, 2013. The bonds were awarded to the low bidder, Jefferies & Company, Inc. which submitted a bid at an annual true interest cost rate of 2.6090%. The bonds were delivered on March 14, 2013.

      Of the $21,490,000 bonds sold, $13,185,000 (61%) are being used to finance the construction of a parking garage on the main campus of the University and $8,305,000 (39%) are being used to refund the outstanding Series 2001 and 2002. The interest rate on the new money bonds is 2.89%. The average interest rate on the bonds being refunded is 4.36% compared to the interest rate of 1.85% on the refunding bonds. The refunding resulted in gross debt service savings of approximately $1.2 million and present value savings of approximately $1.1 million, or 12.1% of the principal amount being refunded.

      A report on the sale and tabulation of bids is attached.

      Attachment #3

C. $263,525,000 State Board of Education Public Education Capital Outlay Refunding Bonds, 2013 Series B

Bids were received at the office of the Division of Bond Finance on February 28, 2013. The bonds were awarded to the low bidder, Bank of America Merrill Lynch which submitted a bid at an annual true interest cost rate of 2.5721%. The bonds will be delivered on March 28, 2013.

The bonds are being issued to refund the callable Public Education Capital Outlay Refunding Bonds, 1996 Series B, 1997 Series B, 2001 Series H, and 2001 Series I. The average interest rate on the bonds being refunded is 4.58% compared to the interest rate of 2.57% on the refunding bonds. The bond proceeds will be invested with the State Treasury until the refunded bonds are redeemed on or before June 1, 2013. The refunding is expected to result in gross debt service savings of approximately $65.5 million and present value savings of approximately $51.5 million, or 17.3% of the principal amount being refunded.

A report on the sale and tabulation of bids is attached.

Attachment #4

3. Adoption of a resolution authorizing the issuance and the competitive sale of $490,000,000 Department of Transportation Turnpike Revenue Refunding Bonds.

The bonds will be payable from tolls and other revenues of the Florida Turnpike System. The bonds will not be secured by the full faith and credit of the State. The proceeds of the bonds will be used to refund certain outstanding bonds of the Turnpike System for debt service savings.

Copies of the resolution may be obtained from the Division of Bond Finance upon request.

(Recommend)

T H E C A B I N E T

S T A T E O F F L O R I D A

Representing:

DEPARTMENT OF VETERANS AFFAIRS

GULF REGIONAL AIRSPACE STRATEGIC INITIATIVE

BOARD OF TRUSTEES

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

DEPARTMENT OF REVENUE

FLORIDA DEPARTMENT OF LAW ENFORCEMENT

OFFICE OF INSURANCE REGULATION

DIVISION OF BOND FINANCE

The above agencies came to be heard before THE FLORIDA CABINET, Honorable Governor Scott presiding, in the Cabinet Meeting Room, LL-03, The Capitol, Tallahassee, Florida, on Tuesday, December 11, 2012, commencing at 9:00 a.m.

Reported by:
CAROLYN L. RANKINE
Register Professional Reporter
Notary Public

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APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT
Governor

ADAM H. PUTNAM
Commissioner of Agriculture

PAM BONDI
Attorney General

JEFF ATWATER
Chief Financial Officer

GOVERNOR SCOTT: Next I would like to recognize Director Ben Watkins with the Division of Bond Finance.

DIRECTOR WATKINS: Good morning, Governor --

GOVERNOR SCOTT: Good morning.

DIRECTOR WATKINS: -- and Cabinet Members. Item 1 is approval of the minutes of the September 18th, October 23rd Cabinet meeting.

GOVERNOR SCOTT: Is there a motion to approve?

ATTORNEY GENERAL BONDI: So moved.

CFO ATWATER: Second.

GOVERNOR SCOTT: Any comments or objections?

(No response.)

GOVERNOR SCOTT: All in favor say aye.

COMMISSIONER PUTNAM: Aye.

GOVERNOR SCOTT: Opposed say no.

(No response.)

GOVERNOR SCOTT: The ayes have it.

DIRECTOR WATKINS: Item number 2 are reports of reward of two separate solicitation of bond sales. The first is $89.8 million of lottery revenue bonds. The bonds were sold at competitive sale and awarded to the low bidder at true interest cost of 2.75 percent.

And item B is the award of $10 million credit facility for the state's consolidated equipment financing program. We also solicited competitive proposals for that. The represented interest rate on the day of bids was approximately 1.35 percent and this provides up to $10 million of credit available for the financing program.

GOVERNOR SCOTT: All right. Is there a motion to approve?

ATTORNEY GENERAL BONDI: So moved.

CFO ATWATER: Second.

GOVERNOR SCOTT: Any comments?

(No response.)

GOVERNOR SCOTT: All in favor say aye.

ATTORNEY GENERAL BONDI: Aye.

CFO ATWATER: Aye.

GOVERNOR SCOTT: The ayes have it.

DIRECTOR WATKINS: Item number 3 is a resolution authorizing the issuance and competitive sale of up to $560 million in PECO refunding bonds for debt service savings.

GOVERNOR SCOTT: Is there a motion to approve?

ATTORNEY GENERAL BONDI: So moved.

COMMISSIONER PUTNAM: So moved.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Any comments or objections?

(No response.)

GOVERNOR SCOTT: Hearing none the motion carries.

DIRECTOR WATKINS: Item number 4 is a resolution authorizing the issuance and competitive sale of up to $125 million for the Department of Transportation Turnpike revenue refunding bonds, again for debt service savings.

GOVERNOR SCOTT: Is there a motion to approve?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Any comments or objections?

(No response.)

GOVERNOR SCOTT: Hearing none the motion carries.

DIRECTOR WATKINS: On item number 5, there's actually two items embedded in item number 5, and I would like to request a withdrawal. The first item which is $15.6 million for a parking facility revenue bonds, new money issued, but would like to proceed with a request for authorization for issuance and sale of up to $10-and-a-half million of parking facility refunding bonds for debt service savings.

GOVERNOR SCOTT: Is there a motion to approve?

CFO ATWATER: So move.

GOVERNOR SCOTT: Is there a second?

COMMISSIONER PUTNAM: Second.

GOVERNOR SCOTT: Any comments or objections?

COMMISSIONER PUTNAM: Do we know what the -- why we're pulling the parking garage?

GOVERNOR SCOTT: In my case I've asked for information about whether they looked for an outside bid.

COMMISSIONER PUTNAM: Got you. This is a

PG project, is that what it is?

GOVERNOR SCOTT: That's not my understanding.

COMMISSIONER PUTNAM: Oh, it's not.

DIRECTOR WATKINS: This is pretty straightforward parking revenue bond issue secured by transportation access fees imposed on the students.

GOVERNOR SCOTT: So any comments or objections?

(No response.)

GOVERNOR SCOTT: All in favor say aye.

ATTORNEY GENERAL BONDI: Aye.

COMMISSIONER PUTNAM: Aye.

GOVERNOR SCOTT: Motion carries.

DIRECTOR WATKINS: Item number 6 is a resolution authorizing the defeasance and redemption of Tampa-Hillsborough County Expressway Authority revenue bonds. These are bonds that previously issued by the state, by this board on behalf of Tampa-Hillsborough County Expressway Authority, and they are requesting authorization for a retention and defeasance of those bonds.

GOVERNOR SCOTT: Is there a motion to

approve?

CFO ATWATER: So moved.

GOVERNOR SCOTT: Is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Any comments or objections?

COMMISSIONER PUTNAM: Question. What does this -- what does this mean in the context of the conversation the legislatures had and we briefly had in here about what expressway authorities do or don't go back to the state DOT?

DIRECTOR WATKINS: They were given, Tampa-Hillsborough County Expressway Authority and another expressway authority in central Florida, the Orlando-Orange County Expressway Authority, the bonds used to be issued by the state, and they were given independent bonding authority by the Legislature. They have not exercised that independent bonding authority to date. This is an effort to eliminate the state's responsibility, continuing responsibility to support the operation and maintenance expenses of the Tampa-Hillsborough County Express Way Authority.

So in order to do that, in order to eliminate that huge an obligation, which the state has under a lease-purchase agreement, they -- this would -- is an agreement to discharge the indebtedness that we had previously issued, repay Department of Transportation for some of the loans they have outstanding, all but a long-term receivable, which is accumulation of many years of advances to support that system. So all of those debts will be paid off. The only debt that won't be repaid off to the state is a long-term receivable that's scheduled to commence repayment in 2026.

COMMISSIONER PUTNAM: And what's the amount of that receivable?

DIRECTOR WATKINS: 158 million.

COMMISSIONER PUTNAM: For this expressway authority.

DIRECTOR WATKINS: Correct. And so just speculating about the -- the legislative proposal was to pull all of these expressway authorities, restructure them and put them under the Turnpike Enterprise. That did not -- that did not pass last year. This will presumably preclude that restructuring or reorganization. There was an effort to streamline and provide a more efficient way to manage the expressway authorities.

COMMISSIONER PUTNAM: This ends that conversation.

DIRECTOR WATKINS: Correct.

GOVERNOR SCOTT: Any other comments or objections?

(No response.)

GOVERNOR SCOTT: Okay. All in favor say aye.

ATTORNEY GENERAL BONDI: Aye.

COMMISSIONER PUTNAM: Aye.

GOVERNOR SCOTT: Any nos?

CFO ATWATER: Aye. Sorry.

GOVERNOR SCOTT: Motion carries.

DIRECTOR WATKINS: Thank you. So the -- the next item on the agenda, item number 7 is presentation of the 2012 debt affordability report. We do an annual report on the state's to provide the legislative leadership with the most current information in connection with their consideration of -- and formulation of the state's budget. And this presentation is intended to highlight some of the key aspects of the debt affordability report.

Just by way of review, the purpose of the debt affordability report is to provide a framework for measuring, monitoring, the state's debt. And most importantly it establishes a benchmark debt ratio, and that annual debt ratio is our annual debt service payments divide by the revenues that we have available to pay. And the legislatively established guidelines for that are a six-percent target and seven-percent cap.

ATTORNEY GENERAL BONDI: Is there a motion to approve?

COMMISSIONER PUTNAM: So moved.

ATTORNEY GENERAL BONDI: Second?

CFO ATWATER: Second.

ATTORNEY GENERAL BONDI: So moved. Next item.

DIRECTOR WATKINS: Are we going to roll on?

ATTORNEY GENERAL BONDI: Yes, we can go on. When he takes a restroom break, I fill in. We're okay. We don't stop.

DIRECTOR WATKINS: The next item is item

number 8, which is an addition to the state's debt management policy. Am I misunderstanding we're going to skip over the report?

GOVERNOR SCOTT: I don't know we want to do that. I don't know that --

DIRECTOR WATKINS: Continue on.

GOVERNOR SCOTT: I would think we'd want to cover it. Yeah, absolutely. You're talking or going through the debt affordability report?

DIRECTOR WATKINS: Right. Okay. Good enough. We are going to -- continuing on then the debt affordability analysis, it requires several steps in terms of the information provided. First thing we do is we calculate the state's debt, we calculate the state's indirect debt, we evaluate debt service requirements, and the growth and changes in debt, and the debt service requirements for a 10-year period.

We update the projections for future expected date, we're going to send that to revenue projections change, in order to inform to calculate the projected benchmark debt ratio. We also evaluate the levels of reserves as well as review the state's credit ratings.

In -- this is simply a chart that aggregates all of the state's direct debt that's outstanding. So the state has $26.2 billion in direct debt outstanding, and shows how money that's been borrowed has been used. And you can see that the 57 percent is debt used for education, second is debt used for transportation, and third is debt used for conservation land or environmental purposes. And this picture is fairly static, it doesn't change from year to year, but it gives you a sense of what investments have been made with debt that has been incurred by the state.

This second slide shows indirect debt. Indirect debt is debt that is not secured by revenues that are part of state's budgeting process. And probably the best example of that, or most significant example of that are Citizens Property Insurance Corporation and Florida Hurricane Catastrophe Fund. Those are quasi governmental entities that obviously have some impact on the state, but they're not part of the traditional functioning of the state --

GOVERNOR SCOTT: And we're not on the

hook. The state is not on the hook.

DIRECTOR WATKINS: The state proper through its budget is not on the hook. The implications of catastrophic events can have an impact on the state. So it is not a direct obligation of the state to the point which is why we have characterized as indirect debt.

GOVERNOR SCOTT: The state is not -- there's no legal obligation on behalf of the citizens of the state other than what Citizens under the assessment authority.

DIRECTOR WATKINS: That's a correct. The next is simply combining direct debt and indirect debt so give a picture of what the combined liability profile looks like, and it's 43.7 billion with 60 percent being direct debt and approximately 40 percent being indirect debt. Although there's been no increase in indirect debt or this number actually over the last year, it has indirect debt, it has become an increasingly significant part of the state's overall liability profile.

So even though we as a state are not legally obligated with state revenues to support any debt of either of these entities, to your point, Governor, the rating agencies are recognizing the contingencies for the economic fiscal challenges that these entities represent and are blending that into consideration of the state's overall credit rating.

The next slide is -- shows the change in direct debt outstanding for the last 10 years. And what it shows is over the eight years between 2002 and 2010 the direct debt increased approximately $9 billion from 19.2 billion to 28 billion. And most importantly is over the last two years debt has decreased by -- direct debt of the state has decreased by $2 billion.

And this reverses a long-term trend of increasing indebtedness and is the most important point demonstrated by this. This is the first consecutive yearly decline in debt that we've had for at least the last 30 years. So it reverses a long-term trend of annual increases in indebtedness.

The next is a history of annual debt issuance. And what we can see by this chart in looking back over the last 10 years and more recently over the last two years, is that we've averaged about $2 billion in new money issuance every year for the 10-year period under consideration. And we've had a dramatic decrease in new money issuance in the last two years, 2011 and 2012.

The next slide shows the refundings that we executed for debt service savings. Even though new money issuance to finance new projects is down significantly as we just seen, the refundings to lower rates and to achieve debt service savings on our outstanding indebtedness is up significantly over the last three years.

And as you can see we've been very, very busy in executing refunding for this period of time, executing refundings approximating $7 billion and saving the state some $975 million in avoided interest cost. Translated on a present value basis that's 790 million. And those are significant by any measure.

What it doesn't show is in 2013 so far we've executed 778 million refundings generating another $210 million in gross debt service savings or 158 million on a present value basis. So we've been very, very busy in executing refundings in order to take advantage of historically low interest rates.

The next chart is a growth in annual debt service. This is the annual payment on the debt that's currently outstanding. After growing for over the last -- for eight years from approximately 1.4 billion to 2.2 billion annually, over the last two years the annual payment obligation has flattened out at approximately $2.2 billion a year.

So this is important from a budgetary perspective because this is the embedded long-term fixed cost to repay money that we've already borrowed and spent for investing in infrastructure. And I showed this because it's important from a budgetary perspective, but also because it feeds directly into calculation of what our benchmark debt ratio is.

And this graphic simply plots the benchmark debt ratio both historically and projected against the six-percent target, which is the green horizontal line, and against the seven-percent cap which is the red horizontal line. And what it shows is that historically we have had a significant increase in our benchmark debt ratio, but over the last two fiscal years, 2011-2012, we have an improvement in our benchmark debt ratio.

It's gone from 7.46 percent last year to 7.14 percent this year, the end of 2012, while still in excess of the seven-percent cap, it has been an improvement. In looking forward into the current fiscal year we expect improvement again and a reduction to below the seven-percent cap for the first time since 2008. And then in 2014, which is next fiscal year we also expect a significant improvement because of decrease in the annual debt service payments that are going to be required because of final payment of Preservation 2000 bonds are going to reduce our aggregate debt service requirements by over $200 million. And so we expect improvements in this benchmark to continue.

This chart is -- compares Florida's benchmark debt ratio and other relevant debt ratios to the 10 largest states, or actually the 11 largest states, which is what we consider our peer group. This chart probably best serves as an eye test, but in any case the three primary debt ratios is debt service to annual revenues available to pay, debt per capita, debt as a percentage of personal income.

Those are the three primary debt ratio used in muni market and there's been a fourth new debt metric added this year which combines pension liabilities with our direct debt in order to calculate that as a percentage of state GDP. And so what we see relative to national averages is that Florida is below the national means for three of the four debt ratios.

But because of the disparity in the 50 states, we also look at smaller subset, which is the 11 largest states defined as our peer group relative to has debt ratios. And we find that Florida relative to our peer group is in the middle of the pack of the three primary debt ratios ranking either fifth or sixth, and for the fourth debt ratio, which combines pension liabilities with debt, we actually have one of the lowest because of our relatively well-funded pension plan and we are the eighth lowest, eight out of 11, which would put us in the top quartile when looking at it from a ranking perspective.

One of the most important metrics used by rating analysis in muni markets is the level of reserves. The level of reserves is an indicator of fiscal health and also reflects prudent financial and budget management practices. The traditional measure used by rating analysts is reserves as a percentage of general revenues. So we plotted the historical evolution of our reserves on this chart, and when we're -- when we're plotting, when we're defining results for these we're talking about unspent general revenues and we're talking about budget stabilization fund. So this is a combined balance of those two funds.

What we see is a run up during the boom years, and then a use of reserves, balanced the budget in 2007, eight, and nine and now rebuilding of relatively healthy or strong level of reserves. We ended 2012 with $2 billion in combined budget stabilization fund and unspent general revenues. That's about eight-and-a-half percent of our general revenues. And we expect that to increase towards the end of 2013, the current fiscal year, to 2.6 billion or approximately 10.6 percent of general revenues. And so the key from a ratings perspective is going to be able to maintain this healthy level of reserves because there will be a lot of pressure to spend those moneys.

Florida's credit rating. This simply lists factors that the rating reviews in evaluating the state's credit rating. The state's credit ratings are very high. They have not changed this year. We're AAA by S&P and Fitch and Aa1 by Moody's with a stable outlook for S&P, a negative outlook from Fitch, and a stable outlook from Moody's. Like I say these ratings have remained unchanged over the last year, and Florida is only one of nine states with a AAA credit rating from both Fitch and Standard & Poor's.

This is simply a listing of the credit strengths and the challenges identified in the rating reports that we received over the course of the year. The strengths include conservative budget and financial management practices, significant progress in restoring structural balance, strong or satisfactory reserves, depending on which grading report you're looking at, moderate debt burden with clear guidelines, and a relatively well-funded pension system.

The things that have been identified as challenges are a housing market that's challenged by foreclosures and price depreciation. Maintaining that structural balance that we made so much progress on, maintaining adequate reserves. The potential for budget pressure caused by the fiscal cliff in pushing the cost cutting down to state and local governments. And the fiscal and economic risks associated with the hurricane entities or insurance entities.

Pension liabilities and the management of pension liabilities and the funded status of the long term is becoming increasingly important in rating agency's overall analysis of the state's credit. A material reduction in reserves caused by fiscal developments could create pressure for a downgrade, and the state's ratings remain vulnerable to economic and budget developments and rating agencies will be closely monitoring as we proceed through this economic cycle and economic recovery.

So concluding and hitting the high points June 30, 2012, direct debt $26.2 billion, $2 billion less than at the end of 2010. A reduction in debt reverses a long-term trend of annual increases. Indirect debt and direct debt are significant factors in this state's overall liability profile. The annual recurring obligation to repay debt that's currently outstanding stands at $2.2 billion. The benchmark debt ratios at 7.14 percent, slightly above the benchmark cap but showing improvement relative to prior years, and we except further improvement to the end of the current year and end of next fiscal year

Pension liabilities and management of long-term funded status is coming to be increasingly important factor in the rating agencies credit analytics, and the state's ratings remain very strong but are vulnerable due to budgetary challenges going forward. And with that I'll conclude and be happy to answer any questions anyone has.

GOVERNOR SCOTT: Are there any questions or comments?

ATTORNEY GENERAL BONDI: Governor, we approved this in your absence already.

GOVERNOR SCOTT: Okay.

CFO ATWATER: With a few other motions. Governor, I just think that it was well worth the time for Mr. Watkins to walk us through this.

ATTORNEY GENERAL BONDI: That's right.

CFO ATWATER: It is extraordinary. And I don't know when 2012 numbers will be available on a state comparison basis. When would that be? Summer or would it be sometime next year?

DIRECTOR WATKINS: It usually lags about a year. They're usually -- the state's CAFRs -- until the state's CAFRs are available, it's usually the spring of the year.

CFO ATWATER: Well, I'll hustle and get ours out. But I just think that -- I don't think anybody else probably moved 30 basis points in the last year in the right direction, you know, and, Governor, with the economic trends, top line revenue is growing is part of this equation, and on the debt going down. All the right way. I really think that this is -- I think we're going to be well below that guideline faster than the projected. I think it's a real success story. I think it's been important. A debt is a tax on people of Florida just as much as a tax, you're taxing people of Florida. So it's a real credit.

GOVERNOR SCOTT: All right. Thank you. Thank you, Ben.

DIRECTOR WATKINS: So the last item for your consideration is an addition to the state's debt management --

GOVERNOR SCOTT: Hang on for just a second. One thing that the CFO does is he has to go up and talk the rating agencies, and so this is important to him. We don't deal with -- I mean, the biggest -- we're doing the right thing on debt, but the biggest issue we got is our pension liability. I mean, that's the biggest risk right now. Is the -- is the pension liability growing, and it's not coming down. So the -- whenever they -- whenever that becomes their biggest issue, that will be the biggest issue in the state, keeping our credit rating. And if the credit rating goes up, it will be very expensive to borrow money. And so -- I'm sorry.

DIRECTOR WATKINS: No doubt, Governor. It's become -- obviously it's a national issue, it's an issue for Florida, historically it's been managed very well, but during budgetary crisis there's been a stepping away from discipline that had normally been demonstrated in terms of funding the liability currently. And that's gotten people attention at the national level and the rating agencies are monitoring it very closely. So what you say is spot on, Governor.

So the last item to be considered is suggested change to our debt policy, and basically what it is, is to evaluate some more standard protocols for how projects are going to be evaluated. And what it says on revenue-producing projects, we're going to evaluate, or those based on return on investment or internal rate of return and for things that are funded by tax-supported debt, we're going to look at the appropriate metric for where the project is financed.

We're going to ask the agencies who are

requesting information to bring that information to us to do that analysis before it comes to this body, and then require a report book from those agencies relative to how they perform against the criteria established when we were requesting authorization. So this is an effort to increase or enhance the transparency and accountability, funding projects and using debt. And this is a suggestion of a change in framework, bringing metrics and quantitative analysis to informed he decision making.

GOVERNOR SCOTT: So when somebody wants to do a project, they have to show a return on investment; and if we approve it, before they can project, they're going to show us how the first project did.

COMMISSIONER PUTNAM: Correct. That's how it's envisioned this will operate, Governor.

GOVERNOR SCOTT: Are there any comments or questions?

(No response.)

GOVERNOR SCOTT: All right. Is this motion to approve?

ATTORNEY GENERAL BONDI: So move.

CFO ATWATER. Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Any objections?

(No response.)

GOVERNOR SCOTT: Hearing none motion carries. Thank you, Ben.

(Cabinet meeting concluded at 11:48 a.m.)

T H E   C A B I N E T

S T A T E   O F   F L O R I D A

Representing:

DIVISION OF BOND FINANCE
STATE BOARD OF ADMINISTRATION
FLORIDA HURRICANE CATASTROPHE FUND FINANCE CORPORATION
FLORIDA LAND AND WATER ADJUDICATORY COMMISSION
BOARD OF TRUSTEES OF THE INTERNAL IMPROVEMENT TRUST FUND

The above agencies came to be heard before THE FLORIDA CABINET, the Honorable Governor Scott presiding, in the Cabinet Meeting Room, LL-03, The Capitol, Tallahassee, Florida, on Wednesday, January 23, 2013, commencing at approximately 9:13 a.m.

Reported by:

MARY ALLEN NEEL
Registered Professional Reporter
Florida Professional Reporter
Notary Public

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APPEARANCES:

Representing the Florida Cabinet:

RICK SCOTT
Governor

PAM BONDI
Attorney General

JEFF ATWATER
Chief Financial Officer

ADAM PUTNAM
Commissioner of Agriculture

* * *

I N D E X

DIVISION OF BOND FINANCE
(Presented by BEN WATKINS)

STATE BOARD OF ADMINISTRATION
(Presented by ASH WILLIAMS)

P R O C E E D I N G S

(The agenda items commenced at 10:41 a.m.)

GOVERNOR SCOTT: Now I would like to recognize Ben Watkins with the Division of Bond Finance.

MR. WATKINS: Good morning, Governor and Cabinet members.

Item number 1 is a report of award of competitive bond sales.

Item number 1A was the competitive sale of $11.9 million of refunding bonds for the Florida State University Research Foundation. The bonds were awarded to the low bidder at a true interest cost of approximately 2.41 percent. This allowed us to reduce the interest rate on outstanding bonds from 4.81 percent to 2.41 percent, which generates gross debt service savings of 6.1 million, present value savings of 3.8 million, or 21.1 percent of the principal amount of the refunded bonds.

Item number 1B is the competitive sale of $306 million in Turnpike revenue bonds. The bonds were awarded to the lower bidder at a true interest cost of approximately at 3.16 percent. This was actually a combined issue of new money bonds and refunding bonds. The new money bonds were 112.6 million and were sold at an interest rate of

3.30 percent. And the refunding piece is 193.4 million, and the interest rate on the refunding component was 3.02 percent. The refunding allows us to reduce interest rates on Turnpike bonds from 4.7 percent to 3.02 percent, which generates gross debt service savings of approximately $49.8 million on a present value basis, 35.6 million, or 18 percent of the principal amount of the refunded bonds.

GOVERNOR SCOTT: That's great. Thank you for all the money you're saving the State and for -- you're doing a great job of taking down the state debt. Thank you very much.

MR. WATKINS: Thank you, sir.

Item number 2 is a new money authorization. There are resolutions authorizing the issuance and competitive sale of $15.6 million in parking facility revenue bonds for Florida Atlantic University. The bonds are being issued to finance a parking structure at Florida Atlantic University. They are not secured by the full faith and credit of the State, but are rather secured by net revenues of the parking system at Florida Atlantic University.

GOVERNOR SCOTT: All right. Is there a motion to approve this action?

CFO ATWATER: So moved.

GOVERNOR SCOTT: Is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Any comments or objections? Hearing none, the motion carries.

MR. WATKINS: Thank you, sir.

GOVERNOR SCOTT: Thank you, Ben.

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

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DIRECTOR

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL
AS SECRETARY

JEFF ATWATER
CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

MEMORANDUM

TO: Governor and Cabinet, as the Governing Board of the Division of Bond Finance

FROM: J. Ben Watkins III

DATE: March 19, 2013

SUBJECT: Award of $324,625,000 State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2013 Series A

Pursuant to authorization by the Governor and Cabinet by a resolution adopted on December 11, 2012, bids were received for the above referenced bond issue at the office of the Division of Bond Finance at 11:00 a.m. on Tuesday, January 29, 2013.

Seven bids were received with a tabulation of such bids included herein. The low bid was from Citigroup Global Markets Inc. at an annual true interest cost rate of 1.6420%. The annual true interest cost rate using the Thomson Municipal Market benchmark interest rate scale for the day of sale was 1.5917%. The bids were reviewed by representatives of the Division of Bond Finance and the bonds were awarded to the low bidder as authorized. The bonds were delivered on March 7, 2013.

The bonds were issued to refund the callable 2003 Series A Bonds. The average interest rate on the bonds being refunded is 4.86% compared to the interest rate of 1.64% on the refunding bonds. The bond proceeds will be invested with the State Treasury until the refunded bonds are redeemed on June 1, 2013. The refunding is expected to result in gross debt service savings of approximately $76.3 million and present value savings of approximately $69.3 million, or 18.1% of the principal amount being refunded.

The bonds are dated March 7, 2013, with interest payable on June 1, 2013, and semiannually on each December 1 and June 1 thereafter. The bonds consist of serial bonds maturing on June 1 in the years 2014 through 2023.

Attachment #2

The bonds are payable from the gross receipts taxes and are additionally secured by a pledge of the full faith and credit of the State. The lien of the bonds on gross receipts taxes is junior and subordinate to the lien of the outstanding Public Education Capital Outlay Bonds, Series 1985, and is on a parity with the outstanding Public Education Capital Outlay Bonds, 1996 Series B through 2012 Series D.

The bonds have been rated AAA, Aa1 and AAA by Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services, respectively.

BID TABULATION

Bidder	Annual True Interest Cost Rate
Citigroup Global Markets Inc.	1.6420%
J.P. Morgan Securities LLC	1.6483%
Bank of America Merrill Lynch	1.6509%
Goldman, Sachs & Co.	1.6529%
Barclays Capital Inc.	1.6742%
Morgan Stanley & Co., LLC	1.6896%
Wells Fargo Bank, National Association	1.6900%

INTEREST RATES AND YIELDS TO MATURITY FROM WINNING BID

Maturity Date	Principal	Coupon	Yield
6/1/2014	$31,975,000	4.00	0.30
6/1/2015	18,710,000	5.00	0.40
6/1/2016	23,015,000	5.00	0.64
6/1/2017	31,450,000	5.00	0.81
6/1/2018	23,435,000	5.00	0.94
6/1/2019	25,135,000	5.00	1.17
6/1/2020	22,110,000	5.00	1.42
6/1/2021	32,160,000	5.00	1.64
6/1/2022	37,230,000	5.00	1.84
6/1/2023	79,405,000	5.00	2.04

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

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COMMISSIONER OF AGRICULTURE

MEMORANDUM

TO: Governor and Cabinet, as the Governing Board of the Division of Bond Finance

FROM: J. Ben Watkins III

DATE: March 19, 2013

SUBJECT: Award of $21,490,000 State of Florida, Board of Governors, Florida Atlantic University Parking Facility Revenue Bonds, Series 2013A

Pursuant to authorization by the Governor and Cabinet by resolutions adopted on December 11, 2012 and January 23, 2013, bids were received for the above referenced bond issue at the office of the Division of Bond Finance at 12:00 p.m. on Thursday, February 14, 2013.

Ten bids were received with a tabulation of such bids included herein. The low bid was from Jefferies & Company, Inc., at an annual true interest cost rate of 2.6090%. The annual true interest cost rate using the Bloomberg benchmark interest rate scale for the day of the sale was 2.8428%. The bids were reviewed by representatives of the Division of Bond Finance and the bonds were awarded to the low bidder as authorized. The bonds were delivered on March 14, 2013.

Of the $21,490,000 bonds sold, $13,185,000 (61%) are being used to finance the construction of a parking garage on the main campus of the University and $8,305,000 (39%) are being used to refund the outstanding Series 2001 and 2002. The interest rate on the new money bonds is 2.89%. The average interest rate on the bonds being refunded is 4.36% compared to the interest rate of 1.85% on the refunding bonds. The refunding resulted in gross debt service savings of approximately $1.2 million and present value savings of approximately $1.1 million, or 12.1% of the principal amount being refunded.

The bonds are dated March 14, 2013, with interest payable July 1, 2013, and semiannually on each January 1 and July 1 thereafter. The bonds consist of serial bonds maturing on July 1 in the years 2014 through 2032.

The bonds are payable from a first lien pledge of net parking system revenues of the University and are secured on parity with the outstanding parking system bonds. The bonds are not secured by the full faith and credit of the State of Florida or the University.

Attachment #3

The bonds have been rated A+, Aa3 and A+ by Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services, respectively.

BID TABULATION

Bidder	Annual True Interest Cost Rate
Jefferies & Company, Inc.	2.6090%
Janney Montogomery Scott LLC	2.6271%
UBS Financial Services Inc.	2.6927%
Citigroup Global Markets Inc.	2.6983%
J.P. Morgan Securities LLC	2.7548%
Bank of America Merrill Lynch	2.8080%
Guggenheim Securities, LLC	2.8124%
Wells Fargo Bank, National Association	2.8585%
Stifel Nicolaus & Company, Inc.	2.9038%
Hutchinson, Shockey, Erley & Co.	2.9805%

INTEREST RATES AND YIELDS TO MATURITY FROM WINNING BID

Maturity Date	Principal	Coupon	Yield
07/1/14	$1,300,000	2.00%	0.30%
07/1/15	1,325,000	3.00	0.60
07/1/16	1,365,000	3.00	0.90
07/1/17	1,405,000	4.00	1.13
07/1/18	1,460,000	4.00	1.38
07/1/19	1,515,000	5.00	1.61
07/1/20	1,600,000	5.00	1.85
07/1/21	1,670,000	5.00	2.06
07/1/22	1,225,000	5.00	2.24
07/1/23	1,285,000	2.375	2.50
07/1/24	725,000	2.50	2.65
07/1/25	745,000	3.00	2.88
07/1/26	765,000	3.00	3.00
07/1/27	790,000	3.00	3.08
07/1/28	810,000	3.00	3.20
07/1/29	835,000	3.125	3.30
07/1/30	860,000	3.25	3.35
07/1/31	890,000	3.375	3.40
07/1/32	920,000	3.375	3.45

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ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

MEMORANDUM

TO: Governor and Cabinet, as the Governing Board of the Division of Bond Finance

FROM: J. Ben Watkins III

DATE: March 19, 2013

SUBJECT: Award of $263,525,000 State of Florida, Full Faith and Credit, State Board of Education, Public Education Capital Outlay Refunding Bonds, 2013 Series B

Pursuant to authorization by the Governor and Cabinet by a resolution adopted on December 11, 2012, bids were received for the above referenced bond issue at the office of the Division of Bond Finance at 11:00 a.m. on Thursday, February 28, 2013.

Seven bids were received with a tabulation of such bids included herein. The low bid was from Bank of America Merrill Lynch at an annual true interest cost rate of 2.5721%. The annual true interest cost rate using the Thomson Municipal Market benchmark interest rate scale for the day of sale was 2.6738%. The bids were reviewed by representatives of the Division of Bond Finance and the bonds were awarded to the low bidder as authorized. The bonds will be delivered on March 28, 2013.

The bonds are being issued to refund the callable 1996 Series B, 1997 Series B, 2001 Series H and 2001 Series I Bonds. The average interest rate on the bonds being refunded is 4.58% compared to the interest rate of 2.57% on the refunding bonds. The bond proceeds will be invested with the State Treasury until the refunded bonds are redeemed on or before June 1, 2013. The refunding is expected to result in gross debt service savings of approximately $65.5 million and present value savings of approximately $51.5 million, or 17.3% of the principal amount being refunded.

The bonds are dated March 28, 2013, with interest payable on June 1, 2013, and semiannually on each December 1 and June 1 thereafter. The bonds consist of serial bonds maturing on June 1 in the years 2014 through 2032.

Attachment #4

The bonds are payable from the gross receipts taxes and are additionally secured by a pledge of the full faith and credit of the State. The lien of the bonds on gross receipts taxes is junior and subordinate to the lien of the outstanding Public Education Capital Outlay Bonds, Series 1985, and is on a parity with the outstanding Public Education Capital Outlay Bonds, 1996 Series B through 2013 Series A.

The bonds have been rated AAA, Aa1 and AAA by Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services, respectively.

BID TABULATION

Bidder	Annual True Interest Cost Rate
Bank of America Merrill Lynch	2.5721%
Citigroup Global Markets, Inc.	2.6001%
Morgan Stanley & Co., LLC	2.6147%
J.P. Morgan Securities, LLC	2.6187%
Goldman, Sachs & Co.	2.6192%
Wells Fargo Bank, National Association	2.6200%
Barclays Capital Inc.	2.6299%

INTEREST RATES AND YIELDS TO MATURITY FROM WINNING BID

Maturity Date	Principal	Coupon	Yield
6/1/2014	$8,125,000	4.000	0.180
6/1/2015	8,450,000	5.000	0.400
6/1/2016	8,855,000	5.000	0.560
6/1/2017	9,330,000	5.000	0.760
6/1/2018	9,900,000	5.000	1.010
6/1/2019	10,360,000	5.000	1.240
6/1/2020	10,900,000	5.000	1.480
6/1/2021	11,520,000	5.000	1.690
6/1/2022	12,050,000	5.000	1.900
6/1/2023	12,745,000	5.000	2.263
6/1/2024	32,820,000	5.000	2.540
6/1/2025	34,580,000	5.000	2.758
6/1/2026	22,515,000	4.000	2.953
6/1/2027	28,550,000	3.000	3.000
6/1/2028	18,300,000	3.000	3.040
6/1/2029	5,865,000	3.000	3.100
6/1/2030	6,035,000	3.000	3.150
6/1/2031	6,215,000	3.125	3.200
6/1/2032	6,410,000	3.125	3.250

THIRTY-FOURTH SUPPLEMENTAL TURNPIKE REVENUE BOND RESOLUTION

A RESOLUTION (THE THIRTY-FOURTH SUPPLEMENTAL RESOLUTION) OF THE GOVERNING BOARD OF THE DIVISION OF BOND FINANCE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA SUPPLEMENTING THE TURNPIKE REVENUE BOND AUTHORIZING RESOLUTION, AS SUPPLEMENTED AND AMENDED; AUTHORIZING THE ISSUANCE AND THE COMPETITIVE SALE OF STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES 2013 (TO BE DETERMINED); AUTHORIZING A NOTICE OF BOND SALE; PROVIDING FOR APPLICATION OF THE PROCEEDS OF THE SERIES 2013 (TO BE DETERMINED) BONDS; AUTHORIZING A PRELIMINARY AND A FINAL OFFICIAL STATEMENT; PROVIDING FOR OTHER TERMS AND AUTHORIZATIONS IN CONNECTION WITH THE SALE AND ISSUANCE OF THE SERIES 2013 (TO BE DETERMINED) BONDS; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, acting on behalf of the State of Florida Department of Transportation (the "Department"), the Governor and Cabinet sitting as the governing board (the "Governing Board") of the Division of Bond Finance of the State Board of Administration of Florida (formerly the Division of Bond Finance of the State of Florida Department of General Services) (the "Division") adopted a resolution on October 25, 1988 authorizing the issuance of State of Florida, Department of Transportation Turnpike Revenue Bonds, which resolution, as restated on May 17, 2005 (the "Authorizing Resolution"), was adopted to secure the issuance by the Division from time to time of one or more series of Turnpike Revenue Bonds, subject to the terms and conditions of the Authorizing Resolution; and

WHEREAS, the Department has adopted a resolution requesting the Division to proceed with the issuance and sale of State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined) (the "Refunding Bonds") to refund all or a portion of the callable Outstanding State of Florida, Department of Transportation Turnpike Revenue Bonds, Series 2003A and 2003B (when refunded, the "Refunded Bonds"); and

WHEREAS, the Governing Board has determined to sell the Refunding Bonds on behalf of the Department, under and pursuant to the Authorizing Resolution and pursuant to the request of the Department of Transportation; and

WHEREAS, the Governing Board wishes to authorize the publication of a Notice of Bond Sale for the competitive sale of the Refunding Bonds (the "Notice of Bond Sale"), and

WHEREAS, upon the adoption of this Thirty-fourth Supplemental Resolution and the completion of certain actions required hereunder and under the Authorizing Resolution, the execution and delivery of the Refunding Bonds will have been duly authorized and all things necessary to make the Refunding Bonds, when executed and authenticated in the manner set forth in the Authorizing Resolution, valid and binding legal obligations of the State of Florida and the Department and to make the Authorizing Resolution, as supplemented by this Thirty-fourth Supplemental Resolution, a valid and binding agreement with the Registered Owners of the Refunding Bonds, will have been done;

NOW, THEREFORE, BE IT RESOLVED by the Governor and Cabinet of the State of Florida sitting as the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida, on behalf of the State of Florida Department of Transportation, as follows:

SECTION 1. DEFINITIONS. All terms used in this Thirty-fourth Supplemental Resolution are used with the same meaning throughout this Thirty-fourth Supplemental Resolution unless the context clearly requires otherwise. All terms used in this Thirty-fourth Supplemental Resolution that are defined in the Authorizing Resolution have the same meaning as in the Authorizing Resolution unless the context clearly requires otherwise.

SECTION 2. AUTHORITY FOR THIS THIRTY-FOURTH SUPPLEMENTAL RESOLUTION. This Thirty-fourth Supplemental Resolution is adopted pursuant to the provisions of the Act and constitutes a resolution authorizing bonds pursuant to the Act.

SECTION 3. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the purchase and acceptance of any and all of the Refunding Bonds by those who shall own the same from time to time, the Authorizing Resolution, as supplemented by this Thirty-fourth Supplemental Resolution, shall be deemed to be and shall constitute a contract between the Department and the Registered Owners from time to time of the Refunding Bonds; and the security interest granted and the pledge made in the Authorizing Resolution, as supplemented by this Thirty-fourth Supplemental Resolution, and the covenants and agreements therein set forth to be performed on behalf of the Department shall be for the equal benefit, protection and security of the Registered Owners of any and all of the Refunding Bonds, all of which, regardless of the time or times of their authentication and delivery or maturity, shall be of equal rank without preference, priority or distinction of any of the Refunding Bonds over any other thereof except as expressly provided in or permitted by the Authorizing Resolution, as supplemented by this Thirty-fourth Supplemental Resolution.

SECTION 4. AUTHORIZATION OF ISSUANCE AND SALE OF THE REFUNDING BONDS.

(A) The not exceeding $490,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined) (or such other designation as may be provided by the Director) are hereby authorized to be issued and sold at competitive sale on the date and at the time to be determined by the Director. The Refunding Bonds may be sold at different times in more than one series. If sold in more than one series, the authorizations contained in this resolution shall apply to each of such series. The Refunding Bonds may also be sold separately or combined with any other Turnpike System Revenue Bonds authorized to be sold. The final maturity date of the Refunding Bonds shall not be later than 35 years from their date of issue. The Refunding Bonds shall be issued in fully registered form in denominations of $1,000 or integral multiples thereof. The Refunding Bonds shall be dated and bear interest from such date, and be payable in each year, as indicated or provided for in the Notice of Bond Sale. The interest rates of the Refunding Bonds, not to exceed the maximum lawful rate on the date of sale of the Refunding Bonds, shall be determined in accordance with the Notice of Bond Sale, and the Refunding Bonds shall mature as determined by the Director in the Notice of Bond Sale. Interest on the Refunding Bonds will be paid by check or draft mailed on each Interest Payment Date [or by wire transfer, at the election of a Registered Owner, in the manner and under the terms provided for in the State's agreement with the Bond Registrar/Paying Agent (provided that such Registered Owner advances to the Bond Registrar/Paying Agent the amount, if any, necessary to pay the wire charges or authorizes the Bond Registrar/Paying Agent to deduct the amount of such payment)] to the Registered Owner thereof as of 5:00 p.m. on the Record Date at the address shown on the registration books maintained by the Bond Registrar/Paying Agent for the Refunding Bonds. Principal of the Refunding Bonds will be payable to the Registered Owners thereof upon their presentation and surrender when due at the corporate trust office of the Bond Registrar/Paying Agent.

(B) The Director or an Assistant Secretary of the Governing Board is authorized to determine the most advantageous date and time of a public sale and to provide notice pursuant to applicable law of such sale, at a time and in such manner as determined by the Director to be appropriate to provide adequate notice to potential bidders. Bids for the purchase of the Refunding Bonds will be received at the offices of the Division in Tallahassee, Florida, or at another location designated in the Notice of Bond Sale, until the time and date of sale determined by the Director.

(C) The Director is hereby authorized to distribute a Notice of Bond Sale and a form of proposal for the sale of the Refunding Bonds. The Notice of Bond Sale shall be in such form as shall be determined by the Director, with the advice of bond counsel, and shall contain such information as required by applicable law. Any prior distribution of a Notice of Bond Sale and form of proposal is hereby ratified.

(D) The Director or the Secretary or an Assistant Secretary of the Governing Board is authorized to award the sale of the Refunding Bonds in an aggregate principal amount not exceeding $490,000,000 and to pay the costs, fees and expenses associated therewith. Such award by the Director or the Secretary or an Assistant Secretary shall be based on his or her determination of the best bid submitted in accordance with the terms of the Notice of Bond Sale and such award shall be final. The sale shall be reported to the Governing Board after award of the Refunding Bonds.

(E) In the event that conditions preclude, or circumstances render unnecessary or undesirable, the sale of the maximum principal amount of the Refunding Bonds authorized to be sold by this Thirty-fourth Supplemental Resolution, then in such event the Director or the Secretary or an Assistant Secretary of the Governing Board is hereby authorized to offer for sale a lesser principal amount than that set forth in the Notice of Bond Sale and to adjust the maturity schedule and redemption provisions for the Refunding Bonds, if necessary, to reflect the issuance of such lesser amount, and to modify the Notice of Bond Sale as may be required.

(F) The Refunding Bonds shall be subject to redemption as provided in the Notice of Bond Sale.

(G) The Director or the Secretary or an Assistant Secretary of the Governing Board is authorized to provide in the Notice of Bond Sale that the purchase price for the Refunding Bonds may include a discount to par not to exceed the statutory amount.

(H) The Chairman, Secretary or an Assistant Secretary of the Governing Board or their duly authorized alternative officers are hereby authorized on behalf of the Division to execute the Refunding Bonds (including any temporary bond or bonds) as provided in the Authorizing Resolution and any of such officers is hereby authorized, upon the execution of the Refunding Bonds in the form and manner set forth in the Authorizing Resolution, to deliver the Refunding Bonds in the amounts authorized to be issued hereunder to the Bond Registrar/Paying Agent for authentication and, upon receipt of payment of the purchase price (together with accrued interest), for delivery to or upon the order of the original purchaser of the Refunding Bonds, and to distribute the proceeds of the Refunding Bonds as provided herein and in the Authorizing Resolution.

(I) The Chairman, Secretary or any Assistant Secretary of the Governing Board, the Director, and such other officers and employees of the Division as may be designated as agents of the Division in connection with the issuance and delivery of the Refunding Bonds, are authorized and empowered, collectively or individually, to take all actions and steps, to execute all instruments, documents, and contracts, and to take all other action on behalf of the Division, in each case as they may deem necessary or desirable, in connection with the sale, execution and delivery of the Refunding Bonds.

SECTION 5. SECURITY FOR THE REFUNDING BONDS.

(A) The Refunding Bonds authorized by this Thirty-fourth Supplemental Resolution shall be payable on a parity and rank equally as to lien on and source and security for payment from the Net Revenues of the Turnpike System and in all other respects with the Outstanding Bonds.

(B) The Refunding Bonds authorized by this Thirty-fourth Supplemental Resolution shall be deemed to have been issued pursuant to the Authorizing Resolution as fully and to the same extent as the Outstanding Bonds and all of the covenants and agreements contained in the Authorizing Resolution shall be deemed to have been made for the benefit of the Registered Owners of the Refunding Bonds as fully and to the same extent as the Registered Owners of the Outstanding Bonds. The amount of Refunding Bonds herein authorized to be issued is in addition to the amount of Turnpike Revenue Bonds previously authorized in the Authorizing Resolution.

All of the covenants, agreements, and provisions of the Authorizing Resolution, except to the extent inconsistent herewith, shall be deemed to be part of this Thirty-fourth Supplemental Resolution to the same extent as if incorporated verbatim in this Thirty-fourth Supplemental Resolution, and shall be fully enforceable in the manner provided in the Authorizing Resolution by any of the Registered Owners of the Refunding Bonds.

SECTION 6. APPLICATION OF PROCEEDS. (A) Upon receipt of the proceeds of the Refunding Bonds, the Division shall transfer and apply such proceeds as follows:

(i) The amount necessary to pay all costs and expenses of the Division in connection with the preparation, sale and issuance of the Refunding Bonds, including a reasonable charge for the services of the Division, shall be transferred to the Division to be deposited in the Bond Proceeds Trust Fund, subject to disbursement of the funds to the Bond Fee Trust Fund and the Arbitrage Compliance Fund pursuant to written instructions at the delivery of the Refunding Bonds unless such amount shall be provided from another legally available source.

(ii) The accrued interest on the Refunding Bonds, if any, shall be deposited into the Interest Account and shall be used only for the purpose of paying the interest which shall thereafter become due on the Refunding Bonds.

(iii) The amount necessary to fund the Debt Service Reserve Requirement for the Refunding Bonds shall be deposited into the Debt Service Reserve SubAccount designated by the Director pursuant to Section 7 of this resolution.

(iv) All remaining proceeds shall be transferred to the Board for deposit into a trust fund, hereby created, to be known as the "State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2013 (to be determined) Escrow Deposit Trust Fund" (hereinafter referred to as the "Escrow Deposit Trust Fund"). Such amount, together with the income on the investment thereof, and other legally available funds, if required, shall be sufficient to pay when due the entire principal of the Refunded Bonds, together with interest accrued and to accrue thereon to their respective maturity dates or, if called for redemption prior to maturity, such prior redemption dates and redemption premiums, if any, and the expenses and fees listed in the Escrow Deposit Agreement as hereinafter provided in Section 6(B)(i) below.

(B) The moneys deposited by the Board in the Escrow Deposit Trust Fund shall be administered and applied as follows:

(i) The Escrow Deposit Trust Fund shall be held in irrevocable trust by the Board and, except as provided in Section 6(B)(ii) below, shall be applied solely to refund the Refunded Bonds and to the payment of the fees and expenses incurred in connection with such refunding. The application of the moneys in the Escrow Deposit Trust Fund shall be made for said purposes pursuant to an Escrow Deposit Agreement hereby authorized to be entered into by the Division and the Board and endorsed and accepted by the Department, in a form normally utilized by the Board.

(ii) Moneys on deposit in the Escrow Deposit Trust Fund shall be used to purchase Federal Obligations (as defined in the Escrow Deposit Agreement) in accordance with the schedules given in the Escrow Deposit Agreement. The maturing Federal Obligations, the earnings thereon, if required, and the cash on deposit in the Escrow Deposit Trust Fund shall be sufficient to accomplish the refunding described above. In the alternative, in the discretion of the Director of the Division of Bond Finance, moneys on deposit in the Escrow Deposit Trust Fund shall be invested in the State Treasury, or in such other legally authorized investments, or held uninvested, until such time as such funds, together with other legally available funds, if necessary, are needed to effect the redemption of the Refunded Bonds.

(C) The proceeds derived from the sale of the Refunding Bonds shall be applied and disbursed pursuant to the provisions of the Act and this Thirty-fourth Supplemental Resolution. The Registered Owners of the Refunding Bonds shall not have any responsibility whatsoever for the application or use of any of the proceeds derived from the sale of the Refunding Bonds, and the rights and remedies of the Registered Owners of Refunding Bonds and their right to payment, pursuant to the Authorizing Resolution as supplemented by this Thirty-fourth Supplemental Resolution, shall not be affected or impaired by the application or use of such proceeds. Upon the issuance of the Refunding Bonds, all the covenants and agreements between the Board and the Registered Owners of the Refunding Bonds contained in the Authorizing Resolution and this Thirty-fourth Supplemental Resolution shall be valid and binding covenants and agreements between the Division and the Registered Owners of the Refunding Bonds without regard to the application of the proceeds of the Refunding Bonds.

SECTION 7. RESERVE REQUIREMENT. The Refunding Bonds shall be secured, together with the Outstanding Turnpike Revenue and Revenue Refunding Bonds, and any other Series of Turnpike Bonds designated to be secured thereby, by the Debt Service Reserve Subaccount in the Debt Service Reserve Account securing the Series 1998A through Series 2012A Bonds or in such other Debt Service Reserve Subaccount as may be established, as needed, by the Director.

. **SECTION 8. BOND REGISTRAR/PAYING AGENT.** U.S. Bank Trust National Association, New York, New York, is hereby designated as the Bond Registrar/Paying Agent for the Refunding Bonds on the terms and conditions set forth in the Registrar, Paying Agent and Transfer Agreement between the State of Florida and U.S. Bank Trust National Association.

SECTION 9. AUTHORIZATION OF OFFICIAL STATEMENT. The Division is hereby authorized to prepare and distribute preliminary and final Official Statements in connection with the Refunding Bonds, on behalf of the Department, pursuant to the State Bond Act. The Chairman, Secretary or an Assistant Secretary of the Governing Board and the Director are hereby authorized to execute the final Official Statement in connection with the Refunding Bonds, and the execution thereof shall be conclusive evidence that the Governing Board has approved the form and content of the Final Official Statement. The Division is further authorized to have up to 3,000 copies of the Preliminary Official Statement and 3,000 copies of the Final Official Statement relating to the Refunding Bonds printed and distributed; to contract with national rating services; to make a determination that the Preliminary Official Statement is "deemed final" for purposes of SEC Rule 15c2-12(b)(1); to conduct information meetings; and to take such other actions as may be deemed appropriate for the dissemination of information relating to the sale of the Refunding Bonds. Any prior printing and distribution of a Preliminary Official Statement is hereby ratified.

SECTION 10. FORM OF REFUNDING BONDS. (A) Notwithstanding anything to the contrary in the Authorizing Resolution, this Thirty-fourth Supplemental Resolution, or any other resolution relating to the Refunding Bonds (for the purposes of this section, collectively, the "Resolution"), the Refunding Bonds may be issued in book-entry only form utilizing the services of a Securities Depository (as used herein, "Securities Depository" means The Depository Trust Company, New York, New York, or its nominees, successors and assigns).

So long as a book-entry only system of evidence of transfer of ownership of all the Refunding Bonds is maintained in accordance herewith, any provision of the Resolution relating to the delivery of physical bond certificates shall be inapplicable, and the Resolution shall be deemed to give full effect to such book-entry system.

If the Refunding Bonds are issued in book-entry only form:

(1) The Refunding Bonds shall be issued in the name of the Securities Depository as the Registered Owner of the Refunding Bonds, and held in the custody of the Securities Depository or its designee.

(2) Transfers of beneficial ownership of the Refunding Bonds will be effected on the records of the Securities Depository and its Participants pursuant to rules and procedures established by the Securities Depository ("Participants" include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, as well other organizations that clear through or maintain a custodial relationship with such organizations, either directly or indirectly).

(3) Each Participant shall be credited in the records of the Securities Depository with the amount of such Participant's interest in the Refunding Bonds. Beneficial ownership interests in the Refunding Bonds may be purchased by or through Participants. The holders of these beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive Refunding Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the Participant from which such Beneficial Owner purchased its Refunding Bonds. Transfers of ownership interests in the Refunding Bonds shall be

accomplished by book entries made by the Securities Depository and, in turn, by Participants acting on behalf of Beneficial Owners.

(4) Unless otherwise provided herein, the Department, the Division of Bond Finance, the Board of Administration and the Bond Registrar/Paying Agent (as used in this section, the "State and its agents") shall treat the Securities Depository as the sole and exclusive owner of the Refunding Bonds registered in its name for the purposes of

(a) payment of the principal of, premium, if any, and interest on the Refunding Bonds or portion thereof to be redeemed or purchased. Payments made to the Securities Depository of principal, premium, and interest shall be valid and effective to fully satisfy and discharge the Department's obligations to the extent of the sums so paid;

(b) giving any notice permitted or required to be given to Registered Owners under the Resolution; and

(c) the giving of any direction or consent or the making of any request by the Registered Owners hereunder. The State and its agents may rely conclusively upon

(i) a certificate of the Securities Depository as to the identity of the Participants with respect to the Refunding Bonds; and

(ii) a certificate of any such Participant as to the identity of, and the respective principal amount of Refunding Bonds beneficially owned by, the Beneficial Owners.

(5) The State and its agents shall have no responsibility or obligations to the Securities Depository, any Participant, any Beneficial Owner or any other person which is not shown on the Refunding Bond Register, with respect to

(a) the accuracy of any records maintained by the Securities Depository or any Participant;

(b) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption or purchase price of, or interest on, any Refunding Bond;

(c) the delivery of any notice by the Securities Depository or any Participant;

(d) the selection of the Participants or the Beneficial Owners to receive payment in the event of any partial redemption of the Refunding Bonds; or

(e) any consent given or any other action taken by the Securities Depository or any Participant.

(6) The requirements in the Resolution of holding, delivering or transferring Refunding Bonds shall be deemed modified to require the appropriate person to meet the requirements of the Securities Depository as to registering or transferring the book-entry Refunding Bonds to produce the same effect. Any provision hereof permitting or requiring delivery of the Refunding Bonds shall, while the Refunding Bonds are in book-entry only form, be satisfied by the notation thereof on the books of the Securities Depository in accordance with applicable state law.

(B) The Division of Bond Finance may discontinue the book-entry system with the then-current securities depository, subject to the terms of its agreement with such securities depository. In this event, the Division of Bond Finance shall either

(1) identify another qualified securities depository or

(2) prepare and deliver replacement Refunding Bonds in the form of fully registered bonds to each Beneficial Owner.

SECTION 11. FEDERAL TAX MATTERS. Upon the execution of a "Federal tax certificate," "non-arbitrage certificate" or other certificate relating to compliance by the Department or the Division with Federal tax law requirements, the representations, terms and covenants in each such certificate shall be deemed to be incorporated in this Thirty-fourth Supplemental Resolution and shall be deemed to benefit the Registered Owners of the Refunding Bonds.

Notwithstanding anything contained in the Authorizing Resolution to the contrary, it is the intent of the Governing Board that interest on the Refunding Bonds be and remain excluded from gross income for federal income tax purposes and therefore to comply with all requirements of federal tax law applicable to the Refunding Bonds, or any series thereof, whether such requirements are now in effect, pending or subsequently enacted. The officers, employees and agents of the Division of Bond Finance are hereby authorized and directed to take all actions necessary with respect to the Refunding Bonds and each series thereof to comply with such requirements of federal tax law.

SECTION 12. CONTINUING DISCLOSURE.

(A) In order to comply with Rule 15c2-12 of the Securities and Exchange Commission, the Department of Transportation hereby agrees to provide or cause to be provided such information as may be required, from time to time, under such rule.

(B) The Secretary of the Department, in conjunction with the appropriate officers of the Division, is authorized and directed to execute and deliver any documents or agreements which are necessary to comply with the requirements of Rule 15c2-12 and the Securities and Exchange Commission.

SECTION 13. INCIDENTAL ACTION. The members and officers of the Governing Board and the staff of the Division are hereby authorized and directed to execute and deliver such other documents, and to take such other actions as may be necessary or appropriate in order to accomplish the sale, issuance and securing of the Refunding Bonds pursuant to the terms of the Authorizing Resolution and this Thirty-fourth Supplemental Resolution, and the performance of the obligations of the Division under the Authorizing Resolution.

SECTION 14. CONFIRMATION OF AUTHORIZING RESOLUTION/PRIOR RESOLUTIONS. As supplemented by this Thirty-fourth Supplemental Resolution, the Authorizing Resolution is in all respects ratified and confirmed, and this Thirty-fourth Supplemental Resolution shall be read, taken and construed as a part of the Authorizing Resolution. All prior or concurrent resolutions or parts of resolutions inconsistent with this Resolution are hereby amended by this Resolution, including the Notice of Bond Sale, but only to the extent of any such inconsistency.

SECTION 15. EFFECTIVE DATE. This Thirty-fourth Supplemental Resolution shall take effect on the date of its adoption by the Governing Board.

Adopted by the Governor and Cabinet of the State of Florida sitting as the Governing Board of the Division of Bond Finance of the State Board of Administration of Florida, on behalf of the Department of Transportation, on March 19, 2013.