

In the opinion of Co-Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the conditions described herein under "TAX MATTERS," interest on the Series 2011A Bonds and Series 2011B Bonds (as hereinafter defined) is excluded from gross income of the holders of such Series 2011A Bonds and Series 2011B Bonds for federal income tax purposes, except that, in the case of the Series 2011B Bonds, such exclusion shall not apply during any period such Series 2011B Bonds are held by a "substantial user" of the facilities financed or refinanced with proceeds of the Series 2011B Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended. Interest on the Series 2011A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2011B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest may be subject to other federal income tax consequences referred to herein under "TAX MATTERS." Interest on the Series 2011C Bonds is not excluded from gross income of the holders thereof for federal income tax purposes.

\$12,370,000

BROWARD COUNTY FLORIDA
Port Facilities Refunding Revenue Bonds,
Series 2011A (Non-AMT)

\$100,695,000

BROWARD COUNTY FLORIDA
Port Facilities Refunding Revenue Bonds,
Series 2011B (AMT)

\$54,195,000

BROWARD COUNTY FLORIDA
Port Facilities Refunding Revenue Bonds,
Series 2011C (Taxable)



Dated: Date of Delivery

Due: September 1, as shown on inside cover

The Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011A (Non-AMT) (the "Series 2011A Bonds"), the Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011B (AMT) (the "Series 2011B Bonds") and the Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011C (Taxable) (the "Series 2011C Bonds," and together with the Series 2011A Bonds and the Series 2011B Bonds, the "Series 2011 Bonds") are being issued by Broward County, Florida (the "County"), for the purpose of providing funds, together with other legally available funds, to (i) refund and defease all of the County's Outstanding Port Facilities Revenue Bonds (Port Everglades), Series 1998B (Refunding-AMT), Port Facilities Revenue Bonds (Port Everglades), Series 1998C (AMT) and Port Facilities Refunding Revenue Bonds, Series 1989A, (ii) fund the cost of a municipal bond debt service reserve insurance policy for the Series 2011 Subaccount in the Reserve Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2011 Bonds, including the premium for a municipal bond insurance policy. The Series 2011 Bonds will be issued pursuant to the Constitution and laws of the State of Florida, including Chapter 125, Florida Statutes, Chapter 166, Florida Statutes, Chapter 315, Florida Statutes, and the County's home rule charter, and pursuant to Resolution No. 24-1989 adopted by the Port Everglades Authority on July 20, 1989, as amended and supplemented from time to time, and particularly as amended by Resolution No. 26-1989 adopted by the Port Everglades Authority on August 10, 1989, Resolution No. 21-1990 adopted by the Port Everglades Authority on December 6, 1990 and Resolution No. 1998-375 adopted by the Board of County Commissioners of the County (the "Board") on May 5, 1998 (collectively, the "Original Resolution"), and as particularly supplemented by Resolution No. 2011-671 adopted by the Board on November 1, 2011 (the "Series Resolution" and, together with the Original Resolution, the "Bond Resolution"). The Series 2011 Bonds, the Outstanding Bonds (as defined herein) and any other Bonds issued on a parity with the Series 2011 Bonds are secured by a pledge of and lien on the Net Revenue derived by the County from its operation of the Port Facilities, as more particularly described herein. Regions Bank, Jacksonville, Florida, will act as Bond Registrar and Paying Agent for the Series 2011 Bonds.

THE SERIES 2011 BONDS ARE SPECIAL OBLIGATIONS OF THE COUNTY PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF AND LIEN ON THE NET REVENUE DERIVED BY THE COUNTY FROM THE OPERATION OF ITS PORT FACILITIES AND BY OTHER FUNDS AND ACCOUNTS PLEDGED THEREFOR, AS SET FORTH IN THE BOND RESOLUTION AND AS DESCRIBED HEREIN. THE SERIES 2011 BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION, OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE COUNTY, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. NEITHER THE COUNTY, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO EXERCISE ITS AD VALOREM TAXING POWER IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY OF OR IN THE COUNTY TO PAY PRINCIPAL OF THE SERIES 2011 BONDS, THE INTEREST THEREON, OR OTHER COSTS INCIDENTAL THERETO, OR TO PAY THE SAME FROM ANY OTHER FUNDS OF THE COUNTY EXCEPT FROM THE MONEYS AND REVENUES PLEDGED THEREFOR, IN THE MANNER PROVIDED IN THE BOND RESOLUTION.

The Series 2011 Bonds will be initially issued as fully registered bonds, and when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2011 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2011 Bonds purchased. The Series 2011 Bonds shall be issued in denominations of \$5,000 or any multiple thereof. The Series 2011 Bonds shall be dated their date of delivery and shall bear interest from such date. Interest on the Series 2011 Bonds is payable semi-annually on March 1 and September 1 of each year commencing March 1, 2012. Amounts due on the Series 2011 Bonds will be paid to DTC or its nominee, which will remit such payments in accordance with its normal procedures, as described herein. See "DESCRIPTION OF THE SERIES 2011 BONDS - Book-Entry Only System" herein.

The Series 2011 Bonds are subject to redemption prior to their respective maturities, as more fully described herein. See "DESCRIPTION OF THE SERIES 2011 BONDS - Redemption" herein.

The scheduled payment of principal of and interest on the Series 2011A Bonds maturing on September 1 in the years 2024 and 2025, the Series 2011B Bond maturing on September 1, 2027 and the Series 2011C Bonds maturing on September 1 in the years 2013, 2014, and 2015 (2.500% Coupon, CUSIP# 11506KCR0) (the "Insured Bonds") when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Insured Bonds by Assured Guaranty Municipal Corp.



This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision.

The Series 2011 Bonds are offered when, as and if issued, subject to the approving opinions of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, and KnoxSeaton, Miami, Florida, Co-Bond Counsel to the County. Certain legal matters relating to disclosure will be passed on by Bryant Miller Olive P.A., Tampa, Florida and the Law Offices of Steve E. Bullock, P.A., Miramar, Florida, Co-Disclosure Counsel to the County. Certain legal matters will be passed upon for the County by the Office of the County Attorney and for the Underwriters by Ruden McClosky, P.A., Fort Lauderdale, Florida and Greenspoon Marder, P.A., Fort Lauderdale, Florida, serving as Co-Underwriters' Counsel. Raymond James & Associates, Inc., Orlando, Florida and Fidelity Financial Services, L.C., Fort Lauderdale, Florida are serving as Co-Financial Advisors to the County in connection with the sale of the Series 2011 Bonds. It is expected that the Series 2011 Bonds in definitive book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about November 22, 2011.

Siebert Brandford Shank & Co., L.L.C.

J.P. Morgan
Morgan Stanley

Morgan Keegan
Ramirez & Co., Inc.

Dated: November 10, 2011

**MATURITY DATES, AMOUNTS, INTEREST RATES,
PRICES OR YIELDS AND INITIAL CUSIP NUMBERS**

**\$12,370,000
BROWARD COUNTY FLORIDA
Port Facilities Refunding Revenue Bonds,
Series 2011A (Non-AMT)**

\$12,370,000 Serial 2011A Bonds

<u>Maturity (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP No.⁽¹⁾</u>
2024 ⁽²⁾⁽³⁾	\$10,235,000	5.000%	3.990%	11506KCT6
2025 ⁽²⁾⁽³⁾	2,135,000	5.000%	4.110%	11506KCU3

**\$100,695,000
BROWARD COUNTY FLORIDA
Port Facilities Refunding Revenue Bonds,
Series 2011B (AMT)**

\$69,055,000 Serial 2011B Bonds

<u>Maturity (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Initial CUSIP No.⁽¹⁾</u>
2015	\$9,835,000	5.000%	2.380%	11506KCV1
2017	7,270,000	5.000%	3.120%	11506KCW9
2018	7,635,000	5.000%	3.460%	11506KCX7
2019	8,025,000	5.000%	3.750%	11506KCY5
2020	8,420,000	5.000%	4.050%	11506KCZ2
2021	8,840,000	5.000%	4.190%	11506KDA6
2022 ⁽²⁾	9,285,000	5.000%	4.340%	11506KDB4
2023 ⁽²⁾	9,745,000	5.000%	4.490%	11506KDC2

\$31,640,000 - 4.625% Series 2011B Term Bond due September 1, 2027⁽³⁾ - Price 97.532 Initial CUSIP No. 11506KDD0⁽¹⁾

**\$54,195,000
BROWARD COUNTY FLORIDA
Port Facilities Refunding Revenue Bonds,
Series 2011C (Taxable)**

\$54,195,000 Serial 2011C Bonds

<u>Maturity (September 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Initial CUSIP No.⁽¹⁾</u>
2012	\$1,505,000	1.098%	100.000	11506KCN9
2013 ⁽³⁾	15,155,000	1.476%	100.000	11506KCP4
2014 ⁽³⁾	15,380,000	1.902%	100.000	11506KCQ2
2015 ⁽³⁾	5,840,000	2.500%	100.000	11506KCR0
2016	16,315,000	3.000%	100.000	11506KCS8

(1) The County is not responsible for the use of initial CUSIP numbers referenced herein nor is any representation made by the County as to their correctness. The initial CUSIP numbers provided herein are included solely for the convenience of the readers of this Official Statement.

(2) Yield calculated to the first optional call date of September 1, 2021

(3) Insured by the municipal bond insurance policy issued by Assured Guaranty Municipal Corp.

**BROWARD COUNTY, FLORIDA
BOARD OF COUNTY COMMISSIONERS**

Sue Gunzburger, Mayor*
John E. Rodstrom, Jr., Vice Mayor*
Dale V. C. Holness
Kristin Jacobs
Chip LaMarca
Ilene Lieberman
Stacy Ritter
Barbara Sharief
Lois Wexler

COUNTY ADMINISTRATOR

Bertha W. Henry

COUNTY ATTORNEY

Joni Armstrong Coffey, Esq.

**CHIEF FINANCIAL OFFICER AND DIRECTOR,
FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT**

Dinah L. Lewis

PORT EVERGLADES DEPARTMENT

Phillip C. Allen, Chief Executive/Port Director

CO-FINANCIAL ADVISORS

Raymond James & Associates, Inc., Orlando, Florida
Fidelity Financial Services, L.C., Fort Lauderdale, Florida

CO-BOND COUNSEL

Nabors, Giblin & Nickerson, P.A., Tampa, Florida
KnoxSeaton, Miami, Florida

CO-DISCLOSURE COUNSEL

Bryant Miller Olive P.A., Tampa, Florida
Law Offices of Steve E. Bullock, P.A., Miramar, Florida

*On November 15, 2011, John E. Rodstrom, Jr. and Kristin Jacobs shall begin their one-year terms as Mayor and Vice Mayor, respectively, of the County. See "THE COUNTY- County Governance" herein.

No dealer, broker, salesman, or any other person has been authorized by the County or the Underwriters to give any information or to make any representation, other than those contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy and there shall be no sale of the Series 2011 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The information set forth herein has been obtained from the County, Assured Guaranty Municipal Corp. (the "Insurer"), The Depository Trust Company, and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the County with respect to any information provided by others. The information and expressions of opinion stated herein are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall create, under any circumstances, any implication that there has been no change in the matters described herein since the date hereof.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011 BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE INFORMATION RELATING TO THE INSURER CONTAINED HEREIN HAS BEEN FURNISHED BY THE INSURER. NO REPRESENTATION IS MADE BY THE COUNTY NOR THE UNDERWRITERS AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION OR THAT THERE HAS NOT BEEN ANY MATERIAL ADVERSE CHANGE IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF SUCH INFORMATION. NEITHER THE COUNTY NOR THE UNDERWRITERS HAVE MADE ANY INVESTIGATION INTO THE FINANCIAL CONDITION OF THE INSURER, AND NO REPRESENTATION IS MADE AS TO THE ABILITY OF THE INSURER TO MEET ITS OBLIGATIONS UNDER THE MUNICIPAL BOND INSURANCE POLICY.

The Insurer makes no representation regarding the Series 2011 Bonds or the advisability of investing in the Insured Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer, supplied by the Insurer, and presented under the heading "MUNICIPAL BOND INSURANCE" and in "APPENDIX G – SPECIMEN MUNICIPAL BOND INSURANCE POLICY" attached hereto.

THE SERIES 2011 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2011 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SERIES 2011 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SERIES 2011 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

CERTAIN STATEMENTS INCLUDED OR INCORPORATED BY REFERENCE IN THIS OFFICIAL STATEMENT CONSTITUTE "FORWARD LOOKING STATEMENTS." SUCH STATEMENTS GENERALLY ARE IDENTIFIABLE BY THE TERMINOLOGY USED, SUCH AS "PLAN," "EXPECT," "ESTIMATE," "PROJECTED," "BUDGET" OR OTHER SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD LOOKING STATEMENTS. THE COUNTY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR, SUBJECT TO ANY CONTRACTUAL OR LEGAL RESPONSIBILITIES TO THE CONTRARY.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE A CONTRACT BETWEEN THE COUNTY OR THE UNDERWRITERS AND ANY ONE OR MORE OF THE OWNERS OF THE SERIES 2011 BONDS.

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OFFICIAL STATEMENT
relating to

\$12,370,000
BROWARD COUNTY FLORIDA
Port Facilities Refunding Revenue Bonds,
Series 2011A (Non-AMT)

\$100,695,000
BROWARD COUNTY FLORIDA
Port Facilities Refunding Revenue Bonds,
Series 2011B (AMT)

\$54,195,000
BROWARD COUNTY FLORIDA
Port Facilities Refunding Revenue Bonds,
Series 2011C (Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and the Appendices hereto, furnishes information about Broward County, Florida (the "County") and the issuance and sale of \$12,370,000 aggregate principal amount of the County's Port Facilities Refunding Revenue Bonds, Series 2011A (Non-AMT) (the "Series 2011A Bonds"), \$100,695,000 aggregate principal amount of the County's Port Facilities Refunding Revenue Bonds, Series 2011B (AMT) (the "Series 2011B Bonds") and \$54,195,000 aggregate principal amount of the County's Port Facilities Refunding Revenue Bonds, Series 2011C (Taxable) (the "Series 2011C Bonds," and together with the Series 2011A Bonds and the Series 2011B Bonds, the "Series 2011 Bonds"). For definitions of capitalized terms not otherwise defined herein, please see "APPENDIX D – ORIGINAL RESOLUTION AND THE SERIES RESOLUTION."

Port Everglades (the "Port") is a deep-water port located within the Cities of Fort Lauderdale, Hollywood and Dania Beach, Florida, as well as in unincorporated areas of southeastern Broward County, approximately 23 miles north of the City of Miami and 48 miles south of the City of West Palm Beach. It is comprised of more than 2,190 acres, of which more than 1,277 acres are owned by the County. See Map on inside back cover of this Official Statement. The Port serves the import and export shipping business primarily in petroleum, building materials, other bulk and break bulk cargos, and general and containerized cargo. Port Everglades is also a center for passenger cruise ships and the County operates a foreign trade zone at the Port. See "THE PORT" herein.

The County is issuing the Series 2011 Bonds pursuant to the Constitution and laws of the State of Florida, including Chapter 125, Florida Statutes, Chapter 166, Florida Statutes, and Chapter 315, Florida Statutes, and the County's home rule Charter, and pursuant to Resolution No. 24-1989 adopted by the Port Everglades Authority on July 20, 1989, as amended and supplemented from time to time, and particularly as amended by Resolution No. 26-1989 adopted by the Port Everglades Authority on August 10, 1989, Resolution No. 21-1990 adopted by the Port Everglades Authority on December 6, 1990, and Resolution No. 1998-375 adopted by the Board of County Commissioners of the County (the "Board") on May 5, 1998 (collectively, the "Original Resolution"), and as particularly supplemented by Resolution No. 2011-671 adopted by the Board on November 1, 2011 (the "Series Resolution" and, together with the Original Resolution, the "Bond Resolution").

In a referendum held on March 10, 1992, the voters of the County voted to dissolve the Port Everglades Authority, which previously exercised governmental authority over the Port. Pursuant to

such referendum and Chapters 91-346 and 94-429, Laws of Florida, all powers, duties, responsibilities, obligations and functions of the Port Everglades Authority were transferred to the County and the County assumed, subject to certain terms, all indebtedness of the Port Everglades Authority, including all obligations and rights under the Original Resolution as in effect at the time of such transfer. The County now operates the Port Facilities through its Port Everglades Department (the "Port Department"). See "THE PORT" herein.

The County is issuing the Series 2011 Bonds to provide funds, together with other legally available funds of the County, to (i) refund and defease all of the County's Outstanding Port Facilities Revenue Bonds (Port Everglades), Series 1998B (Refunding-AMT) (the "1998B Refunded Bonds"), Port Facilities Revenue Bonds (Port Everglades), Series 1998C (AMT) (the "1998C Refunded Bonds") and Port Facilities Refunding Revenue Bonds, Series 1989A (the "1989A Refunded Bonds," and together with the 1998B Refunded Bonds and the 1998C Refunded Bonds, the "Refunded Bonds"), (ii) fund the cost of a municipal bond debt service reserve insurance policy for the Series 2011 Subaccount in the Reserve Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2011 Bonds, including the premium for a municipal bond insurance policy.

The Series 2011 Bonds are being issued as Refunding Bonds under the Bond Resolution and will be issued on a parity with the Outstanding Port Facilities Revenue Bonds (Port Everglades), Series 1998A (Refunding Non-AMT) (the "Series 1998A Bonds") and Port Facilities Revenue Bonds, Series 2009A (Non-AMT) (the "Series 2009A Bonds" and together with the Series 1998A Bonds, the "Outstanding Bonds"). The County has previously issued \$46,145,000 aggregate original principal amount of its Subordinate Port Facilities Refunding Revenue Bonds, Series 2008 (the "Series 2008 Subordinate Bonds"). The pledge of Net Revenue to secure the Series 2011 Bonds and the Outstanding Bonds is senior to the pledge thereof to secure the Series 2008 Subordinate Bonds, as more fully described under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS" herein.

The Series 2011 Bonds, the Outstanding Bonds and any Additional Bonds and Refunding Bonds that may be issued under the Bond Resolution will be secured on a parity by a pledge of and lien on the Net Revenue derived by the County from the operation of the Port Facilities. The Series 2011 Bonds, the Outstanding Bonds and any Additional Bonds and Refunding Bonds issued on a parity with the Series 2011 Bonds under the Bond Resolution are referred to collectively as the "Bonds."

This Official Statement describes the County, the Port, the Bonds and the Bond Resolution. The descriptions do not purport to be comprehensive or definitive and, with respect to the Bond Resolution, reference is made to "APPENDIX D – ORIGINAL RESOLUTION AND THE SERIES RESOLUTION" for the complete text thereof.

PLAN OF REFUNDING

The County has determined that it can achieve a present value net debt service savings by providing for the current refunding of the Refunded Bonds. It is anticipated that the Refunded Bonds, will be called for redemption on December 23, 2011 at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest thereon.

Upon delivery of the Series 2011 Bonds, Regions Bank, Jacksonville, Florida (the "Escrow Agent") will enter into (a) an Escrow Deposit Agreement with the County relating to the 1998B Refunded Bonds and 1998C Refunded Bonds (the "1998B/C Bonds Escrow Agreement") and (b) an Escrow Deposit

Agreement with the County relating to the 1989A Refunded Bonds (the "1989A Bonds Escrow Agreement"). The 1989A Bonds Escrow Agreement will create an irrevocable escrow deposit fund (the "1989A Bonds Escrow Deposit Fund") which will be held by the Escrow Agent solely for the benefit of the holders of the 1989A Refunded Bonds, and the money held therein is to be applied to the payment of principal of and interest on the 1989A Refunded Bonds, as the same become due and payable and at redemption prior to maturity. The 1998B/C Bonds Escrow Agreement will create an irrevocable escrow deposit fund (the "1998B/C Bonds Escrow Fund") which will be held by the Escrow Agent solely for the benefit of the holders of the 1998B Refunded Bonds and the 1998C Refunded Bonds, and the money held therein is to be applied to the payment of principal of and interest on the 1998B Refunded Bonds and the 1998C Refunded Bonds, as the same become due and payable and at redemption prior to maturity. The refunding will be accomplished through the issuance of the Series 2011 Bonds and the deposit of a portion of the proceeds thereof, together with other legally available moneys, into the 1989A Bonds Escrow Deposit Fund and the 1998B/C Bonds Escrow Deposit Fund, respectively. All of such money will be held in cash. Funds held in the 1989A Bonds Escrow Deposit Fund are expected to be sufficient to pay the principal of and interest on the 1989A Refunded Bonds, and will be pledged solely for the benefit of the holders of the 1989A Refunded Bonds, and will not be available for payment of debt service on the Series 2011 Bonds. Funds held in the 1998B/C Bonds Escrow Deposit Fund are expected to be sufficient to pay the principal of and interest on the 1998B Refunded Bonds and the 1998C Refunded Bonds, and will be pledged solely for the benefit of the holders of the 1998B Refunded Bonds and the 1998C Refunded Bonds, and will not be available for payment of debt service on the Series 2011 Bonds.

The initial cash deposited in the 1989A Bonds Escrow Deposit Fund and the 1998B/C Bonds Escrow Deposit Fund will be sufficient to pay the 1989A Refunded Bonds, the 1998B Refunded Bonds and 1998C Refunded Bonds, respectively, to their respective maturity or redemption dates according to the schedules prepared by Siebert Brandford Shank & Co., L.L.C., as verified by The Arbitrage Group, Inc. (the "Verification Agent"). See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein.

In reliance upon the above-referenced schedules and verification, at the time of delivery of the Series 2011 Bonds, Co-Bond Counsel shall deliver an opinion to the County to the effect that the Refunded Bonds have been legally defeased and are no longer Outstanding for purposes of the Original Resolution.

DESCRIPTION OF THE SERIES 2011 BONDS

General

The Series 2011 Bonds are being issued as Refunding Bonds under the Bond Resolution and will be issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof. The Series 2011 Bonds will be dated their date of delivery and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the Series 2011 Bonds shall be payable semiannually on March 1 and September 1 of each year, commencing March 1, 2012. Principal of and interest on the Series 2011 Bonds is payable to the registered owner thereof, which initially will be a nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the Series 2011 Bonds will be calculated based on a year of 360 days consisting of twelve 30-day months. Interest on the Series 2011 Bonds shall be payable by check or draft of Regions Bank, Jacksonville, Florida, as Paying Agent and Bond Registrar (the "Paying Agent" and "Bond Registrar"), made payable to and mailed to the holder in whose name such Series 2011 Bond shall be

registered at the close of business on the date which shall be the fifteenth (15th) day (whether or not a business day) of the calendar month next preceding the Interest Payment Date, or, at the request and expense of such holder, by bank wire transfer to the account of such holder. The principal of the Series 2011 Bonds is payable upon presentation and surrender of the Series 2011 Bonds at the designated corporate trust office of the Paying Agent. All payments of principal of and interest on the Series 2011 Bonds shall be payable in lawful money of the United States of America.

Book-Entry Only System

THE FOLLOWING INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY ONLY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE, BUT THE COUNTY TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2011 BONDS, AS NOMINEE OF DTC, CERTAIN REFERENCES IN THIS OFFICIAL STATEMENT TO THE SERIES 2011 BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2011 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2011 BONDS. THE DESCRIPTION WHICH FOLLOWS OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2011 BONDS, PAYMENT OF INTEREST ON AND PRINCIPAL OF THE SERIES 2011 BONDS TO DIRECT PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2011 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2011 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE DIRECT PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2011 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE COUNTY NEITHER MAKES NOR CAN MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC will act as securities depository for the Series 2011 Bonds. The Series 2011 Bonds will be issued as fully-registered securities in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series of the Series 2011 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest security depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC

system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Direct Participants and the Indirect Participants are collectively referred to herein as the "DTC Participants." DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its DTC Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2011 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2011 Bonds, except in the event that use of the book-entry system for the Series 2011 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2011 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2011 Bonds may wish to ascertain that the nominee holding the Series 2011 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2011 Bonds within a series or maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series or maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's Money Market Instrument (MMI) procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts Series 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2011 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County or the Paying Agent on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or the County, or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, of, and interest on the Series 2011 Bonds, as applicable, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County and/or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2011 Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2011 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2011 Bond certificates will be printed and delivered to DTC.

Bond Registrar, Registration, Transfer and Exchange

So long as the Series 2011 Bonds are registered in the name of DTC or its nominee, the following paragraphs relating to registration, transfer and exchange of Series 2011 Bonds do not apply to the Series 2011 Bonds.

If the book-entry only system is discontinued, the County shall cause books for the registration and transfer of Series 2011 Bonds to be kept by the Bond Registrar. Unless otherwise provided, all Series 2011 Bonds shall be registered in such books upon presentation thereof to the Bond Registrar, who shall make notation of such registration thereon and shall not be registered to bearer. The Series 2011 Bonds shall thereafter be transferred only by the owner of such Series 2011 Bonds, in person or by his duly authorized attorney or legal representative, upon the surrender thereof together with a written assignment duly executed by the owner or his duly authorized attorney or legal representative, in such form as shall be satisfactory to the Bond Registrar. The registration of such transfer shall be made on such registration books and endorsed on the Series 2011 Bond by the Bond Registrar. Upon the transfer of any Series 2011 Bond, the Bond Registrar shall cause to be issued in the name of the transferee a new Series 2011 Bond or Series 2011 Bonds.

Upon surrender at the principal corporate trust office of the Bond Registrar with a written instrument of transfer duly executed by the owner or his duly authorized attorney or legal representative, in such form as shall be satisfactory to the Bond Registrar. The Series 2011 Bonds may be exchanged for a like aggregate principal amount of Series 2011 Bonds of other authorized denominations of the same

Series, interest rate and maturity. The County shall execute, and the Bond Registrar shall authenticate and deliver such Series 2011 Bonds as the owner making the exchange is entitled to receive.

In all cases in which the privilege of exchanging or transferring the Series 2011 Bonds is exercised, the County shall execute and the Bond Registrar shall authenticate and deliver the Series 2011 Bonds in accordance with the provisions of the Bond Resolution. All Series 2011 Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Bond Registrar and cancelled by the Bond Registrar in the manner provided in the Bond Resolution.

No charge shall be made to any Bondholder for the privilege of registration, transfer or exchange hereinabove granted, but any Bondholder requesting any such registration, transfer or exchange shall pay any tax or other governmental charge required to be paid with respect thereto. The County and Bond Registrar shall not be required to execute, transfer or exchange any Series 2011 Bond during the period beginning at the close of business on a Record Date (or Special Record Date) and ending at the close of business on the next Interest Payment Date (or date set for payment of interest for which the Special Record Date was set). The County and Bond Registrar shall not be required to transfer or exchange any Series 2011 Bond: (i) during the fifteen (15) days immediately preceding the date of mailing of notice of the redemption of such Series 2011 Bond; or (ii) after such Series 2011 Bond has been selected for redemption or has matured.

Each Series 2011 Bond delivered pursuant to any provision of the Bond Resolution in exchange or substitution for, or upon the transfer of the whole or any part of, one or more other Series 2011 Bonds, shall carry all of the right to interest which is accrued and unpaid, and which is to accrue, on the whole or part of the Series 2011 Bonds previously carried, and notwithstanding anything contained in the Bond Resolution, such newly delivered Series 2011 Bond shall be dated or bear such notation so that neither gain nor loss in interest, the payment of which is not in default, shall result from any exchange, substitution or transfer.

The County, the Paying Agent and the Bond Registrar may deem and treat the person in whose name any Series 2011 Bond is registered on the books maintained pursuant to the Bond Resolution as the absolute owner of such Series 2011 Bond, whether such Series 2011 Bond shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and none of the County, the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2011 Bond to the extent of the sum or sums so paid.

Mutilated, Destroyed, Stolen or Lost Series 2011 Bonds

In case any Series 2011 Bonds shall become mutilated or be destroyed, stolen or lost, the County may cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Series 2011 Bond of like series, date, maturity, denomination and interest rate in exchange and substitution for and upon the cancellation of, such mutilated Series 2011 Bond or in lieu of and in substitution for such Series 2011 Bond destroyed, stolen, or lost, upon the owner's paying the reasonable expenses and charges of the County in connection therewith and, in the case of a Series 2011 Bond destroyed, stolen or lost, his filing with the County and Bond Registrar evidence satisfactory to them that such Series 2011 Bond was destroyed, stolen or lost, and of his ownership thereof, and furnishing the County and Bond Registrar with indemnity satisfactory to them. In the event any such Series 2011 Bond shall be about to mature or has matured or been called for redemption, instead of issuing a duplicate Series 2011 Bond, the County

may direct the Paying Agent to pay the same without surrender thereof. Any Series 2011 Bond surrendered for replacement shall be cancelled in the same manner as provided in the Bond Resolution.

Any such duplicate Series 2011 Bonds shall constitute additional contractual obligations on the part of the County, whether or not the lost, stolen or destroyed Series 2011 Bonds are at any time found, and such duplicate Series 2011 Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the Net Revenue and monies on deposit in the Funds and Accounts with all other Bonds issued pursuant to the Bond Resolution.

Redemption

Optional Redemption. The Series 2011A Bonds are subject to redemption prior to maturity, at the option of the County, as a whole or in part at any time on or after September 1, 2021 at par, plus accrued interest to the redemption date.

The Series 2011B Bonds maturing on or prior to September 1, 2021 are not subject to optional redemption prior to maturity. The Series 2011B Bonds maturing on or after September 1, 2022 are subject to redemption prior to maturity, at the option of the County, as a whole or in part at any time on or after September 1, 2021 at par, plus accrued interest to the redemption date.

The Series 2011C Bonds are not subject to optional redemption prior to maturity.

Mandatory Sinking Fund Redemption. The Series 2011B Bonds maturing on September 1, 2027 are subject to redemption prior to maturity from Amortization Requirements deposited to the Redemption Account of the Sinking Fund established under the Bond Resolution, on September 1 in the years and from the Amortization Requirements shown below, at a redemption price equal to 100% of the principal amount of the Series 2011B Bonds to be redeemed on the redemption date, plus accrued interest to the redemption date.

Amortization	
<u>Year</u>	<u>Requirements</u>
2025	\$8,615,000
2026	11,250,000
2027*	11,775,000

*Maturity

Selection of Series 2011 Bonds for Redemption; Notice and Effect of Redemption

If less than all of the Series 2011 Bonds or of any one maturity of such Series shall be called for redemption, the particular Series 2011 Bonds to be redeemed shall be selected by an Authorized Officer in such manner as the Authorized Officer in his discretion deems fair and appropriate.

At least thirty (30) days before the redemption date of any Series 2011 Bonds, an Authorized Officer shall cause a notice of such redemption to be (a) filed with the Paying Agent, (b) sent by registered or certified mail or overnight delivery service to registered securities depositories and to national information services that disseminate redemption notices and (c) mailed, postage prepaid, to all holders

of Series 2011 Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books provided for in the Bond Resolution. Failure to file any such notice with the Paying Agent or to mail any such notice to any Bondholder or to any securities depository or national information service or any defect therein shall not affect the validity of the proceedings for redemption, except to the extent a Bondholder is prejudiced thereby, and then, only with respect to such Bondholder. Such notice shall set forth (i) the date fixed for redemption, (ii) the redemption price to be paid, (iii) the CUSIP numbers and the certificate numbers of the Series 2011 Bonds to be redeemed, (iv) the name and address of the Paying Agent for the Series 2011 Bonds, (v) the dated date, interest rate and maturity date of the Series 2011 Bonds, and (vi) if less than all of the Series 2011 Bonds of a Series then Outstanding shall be called for redemption, the amounts of each of the Series 2011 Bonds to be redeemed.

Notwithstanding anything in the Bond Resolution to the contrary, in the case of an optional redemption of any Series 2011 Bonds, the notice of redemption may state that (1) it is conditioned upon the deposit of moneys with the Paying Agent or with an escrow agent under an escrow deposit agreement, in amounts necessary to effect the redemption, no later than the redemption date or (2) the County retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the County delivers a written direction to the Bond Registrar directing the Bond Registrar to rescind the redemption notice. The Bond Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Series 2011 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the County to make such funds available shall constitute an Event of Default under the Bond Resolution. The County shall give notice to DTC and the affected Bondholders that the redemption did not occur and that the Series 2011 Bonds called for redemption and not so paid remain Outstanding under the Bond Resolution.

On the date so designated for redemption, notice having been given in the manner and under the conditions provided in the Bond Resolution, and, moneys for payment of the redemption price being held in separate accounts by the Paying Agent in trust for the holders of the Series 2011 Bonds to be redeemed, all as provided in the Bond Resolution, the Series 2011 Bonds so called for redemption shall become due and payable at the redemption price provided for the redemption of such Series 2011 Bonds on such date, interest on the Series 2011 Bonds so called for redemption shall cease to accrue, such Series 2011 Bonds shall not be deemed to be Outstanding under the Bond Resolution and shall cease to be entitled to any lien, benefit or security under the Bond Resolution, and the holders of such Series 2011 Bonds shall have no rights in respect thereof, except to receive payment of the redemption price thereof, including accrued interest, to the date of redemption.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Series 2011 Bonds, together with other legally available funds, are expected to be applied as follows:

	Series 2011A <u>Bonds</u>	Series 2011B <u>Bonds</u>	Series 2011C <u>Bonds</u>	<u>Total</u>
SOURCES OF FUNDS				
Principal Amount	\$12,370,000.00	\$100,695,000.00	\$54,195,000.00	\$167,260,000.00
Plus Net Original Issue Premium	980,905.70	4,261,968.00	--	5,242,873.70
Plus Other Legally Available Funds	<u>1,096,820.32</u>	<u>2,951,385.94</u>	<u>664,812.50</u>	<u>4,713,018.76</u>
Total Sources of Funds	\$14,447,726.02	\$107,908,353.94	\$54,859,812.50	\$177,215,892.46
USES OF FUNDS				
Deposit to 1998B/C Escrow Deposit Fund	\$14,191,598.61	\$106,356,613.61	--	\$120,548,212.22
Deposit to 1989A Escrow Deposit Fund	--	--	\$54,012,322.22	54,012,322.22
Costs of Issuance ⁽¹⁾	190,992.65	1,042,907.81	604,055.46	1,837,955.92
Underwriters' Discount	<u>65,134.76</u>	<u>508,832.52</u>	<u>243,434.82</u>	<u>817,402.10</u>
Total Uses of Funds	\$14,447,726.02	\$107,908,353.94	\$54,859,812.50	\$177,215,892.46

⁽¹⁾ Costs of issuance include financial advisory and legal fees and expenses, rating agency fees and the premium for a municipal bond insurance policy and municipal bond debt service reserve insurance policy.

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DEBT SERVICE SCHEDULE FOR THE SERIES 2011 BONDS⁽¹⁾

Fiscal <u>Year</u>	<u>Series 2011A Bonds</u>			<u>Series 2011B Bonds</u>			<u>Series 2011C Bonds</u>			Total Debt <u>Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2012		\$479,338	\$479,338		\$3,809,978	\$3,809,978	1,505,000	\$905,347	\$2,410,347	\$6,699,662
2013		618,500	618,500		4,916,100	4,916,100	15,155,000	1,151,665	16,306,665	21,841,265
2014		618,500	618,500		4,916,100	4,916,100	15,380,000	927,978	16,307,978	21,842,578
2015		618,500	618,500	\$9,835,000	4,916,100	14,751,100	5,840,000	635,450	6,475,450	21,845,050
2016		618,500	618,500		4,424,350	4,424,350	16,315,000	489,450	16,804,450	21,847,300
2017		618,500	618,500	7,270,000	4,424,350	11,694,350				12,312,850
2018		618,500	618,500	7,635,000	4,060,850	11,695,850				12,314,350
2019		618,500	618,500	8,025,000	3,679,100	11,704,100				12,322,600
2020		618,500	618,500	8,420,000	3,277,850	11,697,850				12,316,350
2021		618,500	618,500	8,840,000	2,856,850	11,696,850				12,315,350
2022		618,500	618,500	9,285,000	2,414,850	11,699,850				12,318,350
2023		618,500	618,500	9,745,000	1,950,600	11,695,600				12,314,100
2024	\$10,235,000	618,500	10,853,500		1,463,350	1,463,350				12,316,850
2025	2,135,000	106,750	2,241,750	8,615,000	1,463,350	10,078,350				12,320,100
2026				11,250,000	1,064,906	12,314,906				12,314,906
2027				<u>11,775,000</u>	<u>544,594</u>	<u>12,319,594</u>				<u>12,319,594</u>
TOTAL	\$12,370,000	\$8,008,088	\$20,378,088	\$100,695,000	\$50,183,278	\$150,878,278	\$54,195,000	\$4,109,890	\$58,304,890	\$229,561,256

⁽¹⁾ Column and row totals may not add due to rounding.

COMBINED DEBT SERVICE SCHEDULE⁽¹⁾

Fiscal <u>Year</u>	Total Debt Service on Outstanding <u>Bonds</u>	Series 2011 Bonds			Total Debt Service on Series 2008 Subordinate <u>Bonds⁽²⁾</u>	Total Composite <u>Debt Service</u>
		<u>Principal Amount</u>	<u>Interest</u>	<u>Total Debt Service</u>		
2012	\$9,907,940	\$1,505,000	\$5,194,662	\$6,699,662	\$3,398,313	\$20,005,915
2013	6,912,650	15,155,000	6,686,265	21,841,265	3,395,922	32,149,837
2014	6,915,150	15,380,000	6,462,578	21,842,578	3,390,806	32,148,534
2015	6,912,900	15,675,000	6,170,050	21,845,050	3,387,966	32,145,916
2016	6,914,400	16,315,000	5,532,300	21,847,300	3,377,207	32,138,907
2017	6,911,650	7,270,000	5,042,850	12,312,850	3,378,724	22,603,224
2018	6,915,650	7,635,000	4,679,350	12,314,350	3,371,932	22,601,932
2019	6,912,650	8,025,000	4,297,600	12,322,600	3,367,027	22,602,277
2020	6,913,650	8,420,000	3,896,350	12,316,350	3,358,814	22,588,814
2021	6,913,150	8,840,000	3,475,350	12,315,350	3,357,292	22,585,792
2022	6,912,400	9,285,000	3,033,350	12,318,350	3,347,073	22,577,823
2023	6,915,238	9,745,000	2,569,100	12,314,100	3,343,351	22,572,689
2024	6,913,825	10,235,000	2,081,850	12,316,850	3,335,737	22,566,412
2025	6,913,325	10,750,000	1,570,100	12,320,100	3,329,232	22,562,657
2026	6,916,488	11,250,000	1,064,906	12,314,906	3,318,639	22,550,033
2027	6,916,025	11,775,000	544,594	12,319,594	3,308,960	22,544,579
2028	6,912,075	-	-	-	-	6,912,075
2029	<u>6,915,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,915,525</u>
Total	\$127,444,690	\$167,260,000	62,301,256	\$229,561,256	\$53,766,995	\$410,772,941

⁽¹⁾ Column and row totals may not add due to rounding.

⁽²⁾ Reflects interest at a synthetic fixed rate of 3.642% plus an assumed spread of 0.25% to account for alternative minimum tax and basis spread.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS

Pledge of Net Revenue

The Series 2011 Bonds and the Outstanding Bonds, together with any Additional Bonds or Refunding Bonds hereafter issued under the Bond Resolution, are payable from and are equally and ratably secured pursuant to the Bond Resolution by a pledge of and a lien on the Net Revenue of the County derived from the operation of the Port Facilities and the moneys on deposit from time to time in the Funds and Accounts established pursuant to the Bond Resolution (excluding the Rebate Fund and the Operation and Maintenance Fund and the accounts therein), subject to the provisions of the Bond Resolution permitting application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution. See "APPENDIX D – ORIGINAL RESOLUTION AND THE SERIES RESOLUTION."

Pursuant to the Bond Resolution, "Net Revenue" means, for any period, Gross Revenue for such period less Operating Expenses for such period. The term "Gross Revenue" is defined generally as all fees, rentals, charges and other income, including any investment income from moneys held on deposit in any of the Funds and Accounts (which do not include the Operation and Maintenance Fund and the Rebate Fund), received by or accrued to the County from the Port Facilities (all as calculated in accordance with generally accepted accounting principles applicable to the County), but does not include (i) receipts and revenue derived from the imposition of an ad valorem tax or any other tax the County is authorized to levy, including any investment income earned thereon or on funds held in the Rebate Fund or the Operation and Maintenance Fund, (ii) revenue derived from the operation of any Special Purpose Facilities or from investment income derived from money on deposit in any funds or accounts pledged to the payment of Special Purpose Bonds, except as may expressly be provided in any resolution authorizing the issuance of such Special Purpose Bonds, and (iii) any grants, contributions or donations, including investment interest thereon. "Operating Expenses" means the reasonable and necessary expenses of administration, maintenance, repair and operation of the Port Facilities, but does not include (i) any reserves for extraordinary maintenance or repair, (ii) any allowance for depreciation, (iii) any deposits or transfers to the credit of the Funds and Accounts, the Rebate Fund and the Operation and Maintenance Fund, and (iv) any expenses of Special Purpose Facilities financed by Special Purpose Bonds; provided, however, that to the extent such Operating Expenses relate, all or in part, to a future period of time they shall be prospectively determined by reference to the Annual Budget.

THE SERIES 2011 BONDS ARE SPECIAL OBLIGATIONS OF THE COUNTY, PAYABLE SOLELY FROM AND SECURED BY A PLEDGE OF THE NET REVENUE DERIVED BY THE COUNTY FROM THE OPERATION OF THE PORT FACILITIES, AND OTHER FUNDS AND ACCOUNTS PLEDGED THEREFOR, AS SET FORTH IN THE BOND RESOLUTION AND AS DESCRIBED HEREIN.

THE SERIES 2011 BONDS SHALL NOT CONSTITUTE A GENERAL OBLIGATION, OR A PLEDGE OF THE FAITH, CREDIT OR TAXING POWER OF THE COUNTY, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. NEITHER THE COUNTY, THE STATE OF FLORIDA, NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO EXERCISE ITS AD VALOREM TAXING POWER IN ANY FORM ON ANY REAL OR PERSONAL PROPERTY OF OR IN THE COUNTY TO PAY PRINCIPAL OF THE SERIES 2011 BONDS, THE INTEREST THEREON, OR OTHER COSTS INCIDENTAL THERETO, OR TO PAY THE SAME FROM ANY OTHER FUNDS OF

THE COUNTY EXCEPT FROM THE MONEYS AND REVENUES PLEDGED THEREFOR, IN THE MANNER PROVIDED IN THE BOND RESOLUTION.

Reserve Account

The Bond Resolution provides for the establishment and maintenance of a Reserve Account in the Sinking Fund to be held for the benefit and security of the holders of the Bonds. Upon the issuance of any Series of Bonds, under the terms, limitations and conditions provided in the Bond Resolution, the County must provide for the funding of the Reserve Account in an amount equal to the Reserve Account Requirement. Such amounts may be paid in full or in part from the proceeds of such Series of Bonds or may be accumulated in equal monthly payments to the Reserve Account from the date of issuance of such Series of Bonds as provided in the Series Resolution with respect to such Series of Bonds. The County may provide for a Reserve Account Credit Facility in lieu of cash deposits to the Reserve Account (or appropriate subaccount), or in substitution for all or a portion of the cash and/or securities on deposit in the Reserve Account (or appropriate subaccount).

Separate subaccounts in the Reserve Account may be established for each Series of Bonds. If the County establishes separate subaccounts in the Reserve Account for any Series of Bonds and pledges such subaccount specifically and exclusively to the payment of such Series of Bonds, or if the County provides for a Reserve Account Credit Facility, then, in every such case, withdrawals from the Reserve Account will be from the subaccount established for the respective Bonds for which the withdrawal is required, or, if no priority is specified between Bonds, then on a pro rata basis.

The County has established the Series 2011 Subaccount as a separate subaccount in the Reserve Account for the Series 2011 Bonds. Upon delivery of the Series 2011 Bonds, the County will deposit a Reserve Account Credit Facility in an amount equal to \$17,250,287.37, which will equal the Reserve Account Requirement for the Series 2011 Bonds. Funds held in the Series 2011 Subaccount of the Reserve Account are pledged specifically and exclusively for the payment of the Series 2011 Bonds and no other Series of Bonds.

Flow of Funds

The Finance Director shall transfer from the Gross Revenue Fund to the Rebate Fund the amounts required to be transferred in order to comply with the rebate covenants set forth in the Bond Resolution, when such amounts are required to be transferred.

The Finance Director shall, not later than the 25th day of the month next succeeding the month in which Series 2011 Bonds are issued under the provisions of the Bond Resolution and in each month thereafter, withdraw and transfer an amount from the Gross Revenue Fund to the Operation and Maintenance Account so that thereafter the amount on deposit in the Operation and Maintenance Fund equals the amount necessary for Operating Expenses during the next two months; provided, however, that such transfer shall not be required to be made to the extent that sufficient money is on deposit in the Operation and Maintenance Fund.

The Finance Director shall promptly thereafter withdraw and transfer from the Gross Revenue Fund amounts sufficient to make deposits to the credit of the Funds or Accounts described below, in the following order of priority:

(a) Concurrently to (i), (ii) and (iii) without distinction, priority or preference of one account over any other account, such accounts being on a parity with each other:

(i) to the credit of the Senior Debt Service Subaccount of the Debt Service Account, such sums as shall be required to pay one-sixth of the interest which will become due on the next semi-annual Interest Payment Date on all Senior Bonds then Outstanding (except as to Capital Appreciation Bonds and Capital Appreciation and Income Bonds prior to their applicable Interest Commencement Date); provided, however that such monthly deposits for interest shall not be required to be made to the extent that money on deposit therein is sufficient for such purpose;

(ii) to the credit of the Senior Debt Service Subaccount of the Debt Service Account, such sums as shall be required to pay one-twelfth of the amount of principal which will become payable on the next principal payment date on all Serial Senior Bonds then Outstanding (including the Accreted Value and Appreciated Value of any Serial Capital Appreciation Bonds and Capital Appreciation and Income Bonds, respectively, coming due on such maturity dates); provided, however that such monthly deposits for principal shall not be required to be made to the extent that money on deposit therein is sufficient for such purpose;

(iii) to the credit of the Senior Redemption Subaccount of the Redemption Account, an amount equal to one-twelfth of the principal amount of Term Senior Bonds then Outstanding required to be retired in satisfaction of the Amortization Requirements, if any, for such Bond Year (including the Accreted Value and Appreciated Value of any Term Capital Appreciation Bonds and Capital Appreciation and Income Bonds, respectively, which are required to be redeemed during such Bond Year).

In the event that, with respect to the Senior Bonds, the periods to elapse between Interest Payment Dates for the purposes of subsection (i) above or between the date of delivery of the Bonds and the next principal payment date for the purposes of subsection (ii) above will be other than six months or twelve months, respectively, then such monthly payments shall be increased or decreased accordingly, in sufficient amounts to provide, as to such Series, the required interest or principal amount maturing on the next Interest Payment Date or principal payment date, as applicable.

(b) To the credit of the Reserve Account, such amount, if any, of any balance remaining after making the transfers under clause (a) above as may be required to make the amount transferred in such month to the credit of the Reserve Account equal to the Reserve Account Deposit Requirement for such month for the Senior Bonds then Outstanding; provided, however, that no such transfer shall be required in any month if the amount then to the credit of the Reserve Account shall not be less than an amount equal to the Reserve Account Requirement applicable to the Outstanding Senior Bonds.

(c) Concurrently to (i), (ii) and (iii) without distinction, priority or preference of one account over any other account, such accounts being on a parity with each other:

(i) to the credit of the Debt Service Subaccount of the Debt Service Account, such sums as shall be required to pay one-sixth of the interest which will become due on the next semi-annual Interest Payment Date on all Bonds, other than Senior Bonds, then Outstanding (except as to Capital Appreciation Bonds and Capital Appreciation and Income Bonds prior to their applicable Interest Payment Date); provided, however, that such monthly deposits for interest shall not be required to be made to the extent that money on deposit therein is sufficient for such purpose;

(ii) to the credit of the Debt Service Subaccount of the Debt Service Account, such sums as shall be required to pay one-twelfth of the amount of principal which will become payable on the next principal payment date on all Bonds, other than Senior Bonds, then Outstanding (including the Accreted Value and Appreciated Value of any Serial Capital Appreciation Bonds and Capital Appreciation and Income Bonds, respectively, coming due on such maturity dates); provided, however, that such monthly deposits for principal shall not be required to be made to the extent that money on deposit therein is sufficient for such purpose;

(iii) to the credit of the Redemption Subaccount of the Redemption Account, an amount equal to one-twelfth of the principal amount of Term Bonds, other than Term Senior Bonds, then Outstanding required to be retired in satisfaction of the Amortization Requirements, if any, for such Bond Year (including the Accreted Value and Appreciated Value of any Term Capital Appreciation Bonds and Capital Appreciation and Income Bonds, respectively, which are required to be redeemed during such Bond Year).

In the event that with respect to any Series of Bonds, other than Senior Bonds, the periods to elapse between Interest Payment Dates for the purposes of subsection (i) above or between the date of delivery of the Bonds and the next principal payment date for the purposes of subsection (ii) above will be other than six months or twelve months, respectively, then such monthly payments shall be increased or decreased accordingly, in sufficient amounts to provide, as to such Series, the required interest or principal amount maturing on the next Interest Payment Date or principal payment date, as applicable.

(d) To the credit of the Reserve Account, such amount, if any, of any balance remaining after making the transfers under clauses (a), (b) and (c) above as may be required to make the amount transferred in such month to the credit of the Reserve Account equal to the Reserve Account Deposit Requirement for such month for the Bonds then Outstanding; provided, however, that no such transfer shall be required in any month if the amount then to the credit of the Reserve Account shall not be less than an amount equal to the Reserve Account Requirement applicable to the Outstanding Bonds.

(e) To the credit of the Renewal and Replacement Fund, such amount, if any, of any balance remaining after making the transfers under clauses (a), (b), (c) and (d) above as may be required to make the amount transferred under the provisions of this section in the then current Fiscal Year to the credit of the Renewal and Replacement Fund equal to the amount, if any, as the County shall, in its discretion, determine in one or more Series Resolutions as such amount may, from time to time, be modified by recommendations of the Consulting Engineers pursuant to the Bond Resolution.

(f) The balance, if any, remaining in the Gross Revenue Fund after making the deposits under clauses (a), (b), (c), (d) and (e) above shall be deposited to the credit of the General Fund and expended as permitted by the Bond Resolution.

The County has retained the right to prepay amounts which would become due in any Bond Year. If the amount transferred in any month to the credit of any of the Funds or Accounts shall be less than the amount required to be transferred under the foregoing provisions, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be transferred in each month thereafter until such time as all such deficiencies have been made up.

Outstanding Obligations

As of the date of issuance of the Series 2011 Bonds, there will be no notes, bonds or other evidences of indebtedness of the County other than the Series 2011 Bonds, the Outstanding Bonds and the Series 2008 Subordinate Obligations which are secured by a pledge of and lien on the Net Revenue or the amounts on deposit from time to time in the Funds and Accounts established pursuant to the Bond Resolution. However, only the Series 2011 Bonds will be secured by the Series 2011 Reserve Subaccount. Any Additional Bonds and Refunding Bonds that may be issued under the Bond Resolution will be secured on a parity with the Series 2011 Bonds and the Outstanding Bonds by the pledge of Net Revenue under the Bond Resolution. The pledge of Net Revenue to secure the Bonds will be senior to the pledge thereof to secure any Subordinated Obligations. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2011 BONDS – Issuance of Subordinated Obligations" herein.

Issuance of Additional Bonds

The County may issue Additional Bonds secured by the Bond Resolution from time to time on a parity with the Series 2011 Bonds, the Outstanding Bonds, and any other Additional Bonds or Refunding Bonds theretofore issued under and secured by the Bond Resolution and then Outstanding for the purpose of providing funds, together with other legally available funds, to pay all or any part of the Cost of a Project, and to make deposits to the Funds and Accounts and to pay other costs of issuance and expenses relating thereto.

As a condition precedent to or simultaneously with the delivery of Additional Bonds under the Bond Resolution, in addition to other requirements, the following must be obtained and filed with the Authorized Officer:

(a) Either

(i) a certificate signed by the Finance Director, demonstrating that the "Adjusted Net Revenue" (as hereafter defined) for the immediately preceding Fiscal Year or for any twelve consecutive months in the eighteen months immediately preceding the date of issuance of the Additional Bonds with respect to which the certificate is made ("Test Period"), as selected by the Finance Director, is equal to not less than 125% of the maximum Principal and Interest Requirements for all Bonds then Outstanding, including the Additional Bonds with respect to which the certificate is made. Adjusted Net Revenue shall mean, for the purposes hereof, the Net Revenue during the Test Period, as determined by the Accountant (excluding investment income on funds on deposit in the Construction Fund), adjusted by the Finance Director to reflect (A) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been received by the County from increases in tariffs, rates, fees, rentals and other charges for the use of Port Facilities or the services furnished by the County if such increases had been implemented and in effect during such Test Period, provided that such increases must be adopted as of the date the certification required by this paragraph is made and such increase must be effective on, or scheduled to become effective no later than six months from, the date on which such certificate is made; and (B) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been realized during such Test Period but for the inclusion, in Operating Expenses during such Test Period, of specified sums of extraordinary, non-recurring, expenditures which materially and adversely distort Net Revenue during the Test Period as a fair basis upon which to project future Net Revenue; or

(ii) a certificate of the Rate Consultant demonstrating that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant for each Bond Year from issuance of the Additional Bonds through the fifth Bond Year after the Bond Year in which the Project financed with the proceeds of such Additional Bonds is scheduled to be completed is equal to not less than 125% of the annual Principal and Interest Requirements in each of such years for all Bonds then Outstanding, including the Additional Bonds to which the certificate is made.

(b) A certificate of an Authorized Officer stating that provision has been made in an applicable Series Resolution to fund the Reserve Account Requirement as same will exist following issuance of such Additional Bonds.

As a further condition precedent for the issuance of Additional Bonds, the following additional test is required by the Trust Indenture dated May 1, 1998, as supplemented (the "Trust Indenture") which authorizes the Series 2008 Subordinate Bonds (collectively with any refunding bonds issued pursuant to the Trust Indenture, the "Subordinate Bonds"), either:

(a) a certificate signed by the Finance Director demonstrating that the "Adjusted Net Revenue" (as hereinafter defined) for the immediately preceding Fiscal Year or for any twelve (12) consecutive months in the eighteen (18) months immediately preceding the date of issuance of the Additional Bonds with respect to which the certificate is made (the "Test Period"), as selected by the Finance Director, is equal to not less than 110% of the maximum Composite Principal and Interest Requirements in the current or any future Bond Year for all Bonds then outstanding under the provisions of the Bond Resolution, including the Additional Bonds with respect to which the certificate is made, and for all Subordinate Bonds then Outstanding. Adjusted Net Revenue shall mean the Net Revenue during the Test Period, as determined by the Accountant (excluding investment income on funds on deposit in the Construction Fund), adjusted by the Finance Director to reflect (x) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been received by the County from increases in tariffs, rates, fees, rentals and other charges for the use of Port Facilities or the services furnished by the County if such increases had been implemented and in effect during such Test Period, provided that such increases must be adopted as of the date the certification required by this paragraph is made and such increase must be effective on, or scheduled to become effective no later than six months from, the date on which such certificate is made; and (y) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been realized during such Test Period but for the inclusion, in Operating Expenses during such Test Period, of specified sums of extraordinary, non-recurring, expenditures which materially and adversely distort Net Revenue during the Test Period as a fair basis upon which to project future Net Revenue; or

(b) a certificate of the Rate Consultant demonstrating that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant for each Bond Year from issuance of the Additional Bonds through the fifth Bond Year after the Bond Year in which the Project financed with the proceeds of such Additional Bonds is scheduled to be completed is equal to not less than 110% of the annual Composite Principal and Interest Requirements in each of such Bond Years for all Bonds then Outstanding under the provision of the Bond Resolution, including the Additional Bonds with respect to which the certificate is made, and for all Subordinate Bonds then Outstanding.

For purposes of the latter test and the hereinafter described test for issuing Refunding Bonds set forth in the Trust Indenture, "Composite Principal and Interest Requirements" means, for any applicable period, the sum of the Principal and Interest Requirements for the Bonds and Principal and Interest Requirements for the Subordinate Bonds for such period.

Issuance of Refunding Bonds

The County may issue refunding Bonds ("Refunding Bonds") secured by the Bond Resolution from time to time on a parity with the Series 2011 Bonds, the Outstanding Bonds and any other Additional Bonds or Refunding Bonds theretofore issued under and secured by the Bond Resolution and then Outstanding for the purpose of providing funds, together with other legally available funds, for refunding all or any portion of the Bonds of any one or more Series issued under the Bond Resolution, or refunding any Subordinated Obligation, or refunding any other outstanding bonds or indebtedness of the County which were not issued under the provisions of the Bond Resolution.

In addition to other requirements described in the Bond Resolution, as a condition precedent to or simultaneously with the delivery of Refunding Bonds, one of the following tests must be met:

(a) the maximum Principal and Interest Requirements for all Outstanding Bonds after the issuance of the Refunding Bonds (excluding any Bonds being defeased by proceeds of the Refunding Bonds) is not greater than the maximum Principal and Interest Requirements for all Outstanding Bonds prior to issuance of the Refunding Bonds; or

(b) the Average Annual Debt Service Requirement for all Outstanding Bonds after issuance of the Refunding Bonds (excluding any Bonds being defeased by proceeds of the Refunding Bonds) is not greater than the Average Annual Debt Service Requirement for all Outstanding Bonds prior to issuance of the Refunding Bonds; or

(c) the sum of the present values of the Principal and Interest Requirements for each year for all Outstanding Bonds after issuance of the Refunding Bonds (excluding any Bonds being defeased by proceeds of the Refunding Bonds) is not greater than the sum of the present values of the Principal and Interest Requirements for each year for all Outstanding Bonds prior to issuance of the Refunding Bonds, using as a discount factor for such computation the yield on the Bonds being defeased; or

(d) the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant, in writing, for each Bond Year from issuance of the Refunding Bonds through the fifth Bond Year after the Bond Year in which the Refunding Bonds are issued is equal to not less than 125% of the annual Principal and Interest Requirements in each of such years for all Bonds then Outstanding, excluding any Bonds being defeased by proceeds of the Refunding Bonds and including the Refunding Bonds with respect to which the certificate is made.

As a further condition precedent for the issuance of Refunding Bonds required by the Trust Indenture, the following additional test must be met:

If the Refunding Bonds are being issued under clause (d) above, then the Finance Director must also file with the Trustee a certificate confirming that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant, in writing, for each Bond Year from issuance of the Refunding Bonds through the fifth Bond Year after the Bond Year in which the

Refunding Bonds are issued is equal to not less than 110% of the annual Composite Principal and Interest Requirements in each of such Bond Years for all Bonds then Outstanding under the provisions of the Bond Resolution (excluding any Bonds being defeased by proceeds of the Refunding Bonds and including the Refunding Bonds with respect to which the certificate is made), and for all Subordinate Bonds then Outstanding.

Rate Covenant

Pursuant to the Bond Resolution, the County has covenanted:

(a) that it will continue in effect the present tariff of rates and fees for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County until the same are revised as provided in the Bond Resolution;

(b) that it will not change, revise or reduce any such rates, fees, rentals and other charges if such change, revision or reduction will result in producing less Gross Revenue, unless such rates, fees, rentals and other charges as so changed, revised or reduced will produce sufficient Gross Revenue to comply with the following paragraph (c); and

(c) that, subject to the two preceding paragraphs, from time to time and as often as it appears necessary it will revise the rates, fees, rentals and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund) will at all times be sufficient in each Fiscal Year to provide an amount at least equal to the sum of:

- (i) 100% of the Current Expenses for the current Fiscal Year,
- (ii) 125% of the Principal and Interest Requirements for the current Fiscal Year,
- (iii) 100% of the Reserve Account Deposit Requirement for the current Fiscal Year, and
- (iv) 100% of the amount required by the Bond Resolution to be deposited to the Renewal and Replacement Fund in the current Fiscal Year.

The deposit to the credit of the Sinking Fund in any Fiscal Year of an amount in excess of the amounts required under the Bond Resolution for such Fiscal Year shall be taken into account in adjusting the rates, fees, rentals and other charges for any subsequent Fiscal Years. Any deficiency in the amounts deposited to the credit of the Sinking Fund or the Renewal and Replacement Fund in any Fiscal Year shall, as promptly as may be practicable, be added to the amounts referred to above for the remaining Fiscal Years in adjusting such rates, fees, rentals and other charges.

The County covenanted in the Bond Resolution, that if at any time the total amount of Gross Revenue realized in any Fiscal Year shall be less than the amounts referred to above for such Fiscal Year, it will, before the 45th day of the following Fiscal Year, request (i) the Rate Consultant to make it s recommendations as to a revision of the rates, fees, rentals and other charges and (ii) the Rate Consultant or the Consulting Engineers shall be filed with the Finance Director.

Anything in the Bond Resolution to the contrary notwithstanding, if the County shall comply with all above recommendations of the Rate Consultant and the Consulting Engineers, the failure to meet the requirements above in any Fiscal Year will not constitute an event of default under the provisions the

Bond Resolution if Net Revenue is sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds payable in such Fiscal Year.

Notwithstanding any of the foregoing provisions, leases and other agreements and contracts for the use of Port Facilities or any services of the County in effect on the date of the adoption of the Bond Resolution shall not be subject to revisions except in accordance with their terms, and the County may enter into new leases or other agreements or contracts for the use of such services or facilities on such terms and for such periods of time it shall determine to be proper.

The rate covenant shall not be applicable to any principal and interest requirement attributable to any notes issued in anticipation of Bonds to be issued under the Resolution unless such notes are issued as Additional Bonds pursuant to the Bond Resolution.

Issuance of Subordinated Obligations

The County may issue obligations other than Bonds from time to time other than under the Bond Resolution which are payable in whole or in part from the Net Revenue, but only if such obligations are, by their terms, subordinated to the lien on Net Revenue in favor of all Bonds issued under the provisions of the Bond Resolution.

The County has previously issued its Series 2008 Subordinate Bonds which constitute Subordinated Obligations under the Bond Resolution. The Trust Indenture, which authorized the issuance of the Series 2008 Subordinate Bonds, further limits the issuance of Bonds, as described in "Additional Bonds" above, and other Subordinated Obligations.

Special Purpose Bonds

Notwithstanding any other provision of the Bond Resolution, the County may issue obligations from time to time, other than under the Bond Resolution ("Special Purpose Bonds") for purposes of financing "Special Purpose Facilities," and, in connection therewith, funding any required sinking funds, reserve and other payments, paying costs of issuance, and paying the cost of any credit enhancement devices, all as more fully set forth in one or more resolutions ("Special Purpose Bonds Resolution") adopted by the County authorizing the issuance of the Special Purpose Bonds. "Special Purpose Facilities" means any Improvements to the County that can be financed on a self-liquidating basis, as hereinafter described, and which are not part of any Project for which Outstanding Bonds have been issued, or included within any revenue projections used to assist in the sale of any Outstanding Bonds. Special Purpose Bonds shall be secured solely by the rentals, loan payments, other charges and revenue derived by the County pursuant to, or resulting from, a lease, loan agreement, installment sales agreement or other agreement or financing arrangement relating to the Special Purpose Facilities to be financed thereby and/or from the operations thereof.

Special Purpose Bonds shall not be issued unless the Consulting Engineers shall have filed with an Authorized Officer a certificate to the effect that the Special Purpose Facilities can be financed on a self-liquidating basis in that the estimated rentals, loan payments or other charges to be derived by the County under the applicable agreements relating to the Special Purpose Facilities, or revenue otherwise resulting therefrom, will be at least sufficient to pay the direct operating expenses related thereto and the principal of, redemption premium, if any, and interest on the Special Purpose Bonds that finance same, as the same mature and become due and all sinking fund, reserve or other payments required by the Special

Purpose Bonds Resolution, as the same become due. In addition to the foregoing, Special Purpose Bonds may not be issued until a lease, loan agreement, installment sales agreement or other agreement or financing arrangement has been entered into by and between the County and such person or entity (including an entity controlled by the County) who shall lease or use the Special Purpose Facilities, which lease, loan agreement, installment sales agreement or other agreement or financing arrangement shall be for a term as long as the period during which such Special Purpose Bonds are outstanding and unpaid. Special Purpose Bonds shall be secured solely by a lien on the revenues generated by the Special Purpose Facilities in connection with which they were issued and by other legally available funds, and shall not be secured by a lien on Net Revenue other than as Subordinated Obligations. There are currently no outstanding Special Purpose Bonds.

RISK FACTORS

The County's ability to derive Net Revenue from its operation of the Port in amounts sufficient to pay debt service on the Series 2011 Bonds and the Outstanding Bonds depends upon many factors, many of which are not subject to the control of the County. These factors include the financial strength of the petroleum, cruise passenger and cargo shipping industries in general, and of the firms in those industries that operate at the Port in particular. While the Port Department is of the view that the diverse nature of business activities at the Port provides a degree of financial stability and insulation from downturns in particular economic sectors, a worsening of general economic conditions, including inflation, general cost increases, international trade or oil embargoes, or continued trade deficit imbalances, nonetheless could affect the Port's operations and the County's income by either increasing operating costs without corresponding revenue increases, or decreasing cargo or cruise volume. Described below are certain factors that could affect future operations of the Port and certain related matters.

Cruise/Tourist Industry Fluctuations

Unaudited results from the first nine (9) months of Fiscal Year 2011 indicate that cruise revenues accounted for 43.7% of the Port's revenue. For Fiscal Year 2010, the Port derived approximately 36.7% of its total revenues from the passenger cruise industry, which is a part of the tourist industry. In addition, approximately 42.1% of the cruise revenue for the Port for Fiscal Year 2010 was generated by one company, Carnival Corporation ("Carnival"), which is the parent corporation for several of the cruise lines providing passenger cruises from the Port. See "THE PORT — Business Operations — Cruise" herein. The cruise/tourist industry is subject to economic fluctuation due to any one or more of many factors, including fuel prices and the health of the economy in general, which are beyond the control of the County. While recent experience has been that the cruise lines reduce passenger fares to sustain passenger volumes at capacity, any significant change in such factors (e.g., a significant increase in fuel prices or a significant downturn in the economy) could produce a substantial and/or extended decrease in cruise travel, which decrease could have a material adverse impact on Net Revenue.

Economic Downturn Impacts on Cargo

Containerized cargo trade declined 1.4 million tons from Fiscal Year 2008 to Fiscal Year 2009, which represented a decline of 21.0% from its peak in 2008. Containerized cargo continued to be affected by the economic downturn similar to other major U.S. seaports in Fiscal Year 2010, increasing by only 0.2% from Fiscal Year 2009. Total cargo tonnage increased by 0.6% from Fiscal Year 2009 to Fiscal Year 2010. However, the Fiscal Year 2011 performance for the first nine (9) months indicates a recovery from

the previous years. Unaudited data from the first nine (9) months of Fiscal Year 2011 indicates that containerized cargo twenty-foot equivalent units ("TEU") throughput and tonnage increased 13.4% from the same period in Fiscal Year 2010.

Competition

The Port currently faces competition in certain of its business operations from other ports in the southeastern Atlantic region, including the Port of Miami. In the future, the level of competition could increase if these ports were to expand or establish additional facilities and services, which may have an adverse impact on Net Revenue. In addition, it is possible that other means of transporting cargoes presently handled at the Port could be devised and implemented that would have the effect of reducing the volume of such cargoes at the Port. For example, the Port's market area has seen an expansion of international seaport facilities in Caucedo, Dominican Republic; Kingston, Jamaica; Freeport, Bahamas; and Colon, Panama, among others, in the Caribbean basin. While the cargo volume of these ports represents a small percentage of the Port's containerized cargo, these international seaport facilities are well positioned to handle transshipment cargo for the hemisphere. Transshipment cargo is cargo that is transferred from one vessel to another to reach its final destination. This is also a business activity which is projected to grow with the expansion of the Panama Canal in 2014. Within the State of Florida ("Florida"), both of the ports in Tampa and Jacksonville have added new container terminals which have been leased to international shipping lines. In addition, the major ports on the east coast, including the Port, are seeking approval and funding to increase channel depths.

In the cruise sector, the Port primarily competes with the Port of Miami and Port Canaveral for the largest share of cruise passengers. Secondary competition has been increasing as a result of the modernization of the cruise fleet. While the Port continues to handle the newer and larger cruise ships, smaller ports throughout the United States have benefited by redeployment of the older fleet to these smaller markets. This expansion of smaller market cruise ports has increased the options for cruise lines and could potentially impact the length of seasonal deployments in South Florida. The most recent deployments have seen an increase in European and Asian markets, which is reducing ships calling at the Port. Cruises continue to demonstrate their value in the competition for shrinking vacation dollars. Multi-day passengers have grown 34.7% since 2006, more than offsetting the loss of revenue related to declines in day cruise activity. As of September 6, 2011, all day cruise operators had ceased operations at the Port, however the Port is negotiating with another cruise line to restore daily service to the Bahamas beginning in December 2011.

A 2009 Master/Vision Plan Update Report commissioned by the Port included a review of its petroleum operations and determined that the recently completed expansion of liquid bulk terminal capacity at Port Canaveral could be expected to take over 44,000 barrels per day in gasoline and diesel demand from the Port beginning in 2010, which would substantially impact the Port's petroleum operations and associated Port revenues. However, the Port has not experienced the projected volume impact as of June 30, 2011 and maintained a throughput rate of approximately 300,000 barrels per day.

Labor Relations

The Port Department considers its relations with its employees, some of whom are members of unions, to be good. As public employees, under Florida law, unionized employees of the Port Department are prohibited from striking.

Certain operations at the Port are dependent on good labor relations among the stevedoring firms, marine terminal operators, shipping lines and other franchisees operating at the Port and the longshoremen, cargo checkers and other workers who work at the Port, but are not employed by the Port Department. Florida is a "right to work" state, and some of these workers are unionized, while others are not. The International Longshoreman's Association ("ILA") Local 1526 represents some of the longshoremen at the Port and ILA Local 1922 represents some of the cargo checkers at the Port. Some of the franchisees at the Port use ILA union labor and are presently operating under an eight-year contract which is due to expire on September 30, 2012. One of the firms at the Port uses Teamsters labor represented by International Brotherhood of Teamsters Local 390.

In the opinion of the Port, the Port and its franchisees enjoy good labor relations with both the ILA and the Teamsters. There has not been a strike at the Port by the ILA since 1970, and there has never been a strike at the Port by the Teamsters. However, there can be no assurance that strikes or other labor disruptions will not occur in the future. Any prolonged strike or disruption could adversely affect Net Revenue, although certain large users of the Port would be required to honor minimum wharfage guaranties, notwithstanding the occurrence of a strike.

Improvement of Port Facilities

No assurance can be given that, as a result of unanticipated circumstances, the cost of capital improvements currently under consideration by the County will not exceed the amount of funds available to the County for such purposes. To the extent that such funds are insufficient to pay for the cost of acquiring and constructing these capital improvements, the County would be required to provide additional moneys or reduce the scope of its 5-Year Capital Improvement Program (the "5-Year CIP"). Either of these alternatives could have an adverse impact on Net Revenue. Additionally, the Port received a tariff increase averaging 3.0% for Fiscal Year 2012 and intends to seek the same tariff increase in each of the Fiscal Years 2013 through 2016, which may impact the Port's competitiveness. See "THE PORT – Capital Improvement Plan (CIP)."

Regulation

The County is subject to the general requirements of Florida and federal environmental laws, including the regulations of the Florida Department of Environmental Protection ("FDEP"). Projects involving dredging at the Port require the approval of the U.S. Army Corps of Engineers ("ACOE"). The County, in compliance with Section 15 of the United States Shipping Act, publishes and files with the Federal Maritime Commission a port tariff establishing the rate, rules and regulations that apply to all users of the Port Facilities. To the best knowledge of the Port, the County is currently in compliance with all Florida and federal regulations requiring (i) approval of projects that have been or are being implemented or (ii) reporting of operations conducted at the Port. To the best knowledge of the Port, no failure to obtain a required approval has occurred and no regulatory action has been taken or threatened which, in either case, would have a material adverse impact on the operations of the Port or the revenues generated or to be generated by the Port Facilities. No assurance can be given, however, that the County will be able to obtain approvals that may be required in the future (i) to implement improvements that are contemplated for the Port or (ii) to maintain existing Port Facilities, or that it will meet all of the reporting and other requirements that have been or may be imposed by Florida or federal agencies or authorities. A failure to obtain such approvals or to meet such reporting or other requirements could result in a loss of revenue for the Port or a failure to realize projected revenue, which loss or failure could have a material adverse impact on Net Revenue.

Hurricanes

Florida is generally susceptible to hurricanes and similar storms in which winds and tidal surges are powerful enough to cause severe destruction. Located on the Atlantic Ocean, the Port, specifically, and the County, generally, are particularly susceptible to such storms and their effects. The County has adopted a Hurricane Plan in an effort to, among other things, establish protective measures to be effected at the Port and to make the Port Facilities safer in case a hurricane occurs. The Port Facilities are presently included under the County's property casualty insurance policies. However, the insurance for wind and flood damage under such policies has a separate \$25,000,000 deductible for any one occurrence for the Port location. The County does not maintain a designated fund for the deductible. Any such funding would be subject to the availability of funds at the time of the loss and at the Board's direction. In addition, the amount of Net Revenue that would be lost during any period of repair required after the effects of a hurricane or other casualty cannot be predicted with any reasonable degree of certainty. The County's property insurance includes time element (also known as business interruption) insurance coverage that covers certain events and is subject to various deductibles and a 4-day waiting period for Port Blockage and a \$250,000 property damage deductible regarding collapse and/or impact of/to bulkheads, piers, wharves docks, and dolphins. No assurance can be given that such insurance would be adequate to cover all damages and losses including lost Net Revenue during any repair or reconstruction period resulting from a hurricane or other casualty.

Environmental Hazards

Any owner or operator of real estate may be adversely affected by legislative, regulatory, administrative and enforcement actions involving environmental controls. For example, if any of the property on which Port Facilities are located or other property operated by the County is determined to be contaminated, the County could be liable for significant clean-up costs, even if it is not responsible for the contamination. The costs of decontamination or clean-up could be significant and the incurrence of such costs could have a material adverse impact on Net Revenue.

Through voluntary agreement, several petroleum companies having operations located at the Port created and funded an independent corporation, Port Everglades Environmental Corporation ("PEECO"). PEECO was created to address the problem of, and clean up of historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths and roadways adjacent to oil company properties, used by the petroleum companies for transportation of their petroleum products. The majority of common areas on which petroleum contamination is known to exist have been accepted for state funded clean-up under Florida's Early Detection Incentive Program. The Port believes that the likelihood of having material financial liability for petroleum contamination costs not covered by Florida or the oil industry is remote.

THE COUNTY

General

The County, created in October 1915 by the Legislature of Florida, is located on the southeast coast of Florida and has an area of approximately 1,197 square miles. The County is bordered to the south by Miami-Dade County and to the north by Palm Beach County. Located within the County are 31 municipalities. The County ranks second in Florida and 15th in the nation with a 2010 population of

1,748,066. In addition, the County is located in the center of the eighth largest U.S. metropolitan area with a population of 5.6 million. Four airports, including the Fort Lauderdale-Hollywood International Airport, are located in the County. The Port is located less than two miles from Fort Lauderdale-Hollywood International Airport. General governance, finance, economic and demographic information concerning the County may be found in "APPENDIX A - General Information Concerning Broward County, Florida" herein.

County Governance

The County is governed by the provisions of its Charter as amended, originally adopted by the electors of the County on November 5, 1974. Under the Charter, the County functions as a home rule government consistent with the provisions of the Florida Constitution and the general laws of Florida.

The nine-member Board is the legislative body of the County government. The Board annually elects a Mayor who serves as presiding officer. The Charter provides for one County Commissioner to be elected from each of the nine Commission districts. Elections are held every two years for staggered four-year terms. Each candidate must be a registered elector and a legal resident of the district to be represented.

The County Commissioners and expiration of their terms are as follows:

Sue Gunzburger, Mayor*	November 2014
John E. Rodstrom, Jr., Vice Mayor*	November 2012
Dale V. C. Holness	November 2014
Kristin Jacobs	November 2014
Chip LaMarca	November 2014
Ilene Lieberman	November 2012
Stacy Ritter	November 2012
Barbara Sharief	November 2014
Lois Wexler	November 2012

The County Administrator, appointed by the Board, is the chief administrative officer of the County government. The County Administrator directs the functions of County government through several offices, eight major departments, and various divisions within each department. Pursuant to an Administrative Code adopted by the Board, unless otherwise stated in the Charter, the County Administrator can appoint, suspend, or remove all County employees, with the exception of the County Auditor and the County Attorney. The County Administrator also serves as ex-officio Clerk of the Board.

*On November 15, 2011, John E. Rodstrom, Jr. and Kristin Jacobs shall begin their one-year terms as Mayor and Vice Mayor, respectively, of the County.

THE PORT

The information presented in this section, unless otherwise attributed to a specific source, was obtained from the Port Department.

Port Everglades Department

The Broward County Port Authority was originally created in 1927 by a Special Act of the Florida Legislature. Upon its creation, the Broward County Port Authority assumed the then-existing debt of the Cities of Fort Lauderdale and Hollywood, Florida incurred in constructing the Port. The name of the Broward County Port Authority was changed to the Port Everglades Authority in 1965. This entity exercised governmental authority over the Port from 1927 until 1992, when a transition of authority from the Port Everglades Authority to the County commenced, which was completed in 1994. This transition of authority was occasioned by a referendum held on March 10, 1992, in which the voters of the County voted to dissolve the Port Everglades Authority. As a result of this referendum, the Florida Legislature, by special act, dissolved the Port Everglades Authority. All powers, duties, responsibilities, obligations and functions of the Port Everglades Authority were transferred to the County, and the County assumed, subject to its terms, all indebtedness of the Port Everglades Authority, including all obligations and rights under the Bond Resolution as in effect at the time of such transfer. The County now operates the Port Facilities through the Port Department. Key management personnel of the Port Department are described immediately below.

Phillip C. Allen, Chief Executive/Port Director, joined the Port in 2005 after serving as the CFO for the County's Board of County Commissioners. He served as Interim Port Director in 2001-2002. His previous experience includes positions as the County's Director of Finance, Director of the Office of Management and Budget, and Executive Assistant to the Mayor for the City of Cleveland, Ohio and the Budget Director for the City of Akron, Ohio. Mr. Allen holds a BBA degree with a major in accounting from Ohio University and a MBA from the University of Akron. He is a member of the American Association of Port Authorities and currently serves as Chair of the Florida Ports Council. He has also previously served as an Executive Board Member of the Government Finance Officers Association of the United States and Canada. Mr. Allen has announced his intent to retire in January 2012; the County is currently pursuing a competitive search process for his replacement.

Glenn A. Wiltshire, Deputy Port Director, was appointed to his present position in August 2006. Prior to that, he served as an officer in the United States Coast Guard, retiring with the rank of Captain at the end of a 30-year career in June 2006. During his Coast Guard career, he held numerous positions with strategic planning, environmental protection, marine safety, and maritime security responsibilities, ending with him serving as U.S. Coast Guard Captain of the Port and Sector Commander for the New York/New Jersey area. Mr. Wiltshire has a Bachelor of Science degree in Ocean Sciences from the U.S. Coast Guard Academy and a Masters of Public Administration degree from the John F. Kennedy School of Government, Harvard University.

Carlos Buqueras, Director of Business Development, joined the Port in 1990 and was appointed to Director of Cargo Marketing in 1993. He previously served as an International Distribution Manager for Corning Inc.'s corporate headquarters in Corning, New York. Mr. Buqueras has a Master of Science degree in economics from the University of Barcelona and a MBA degree in international business from Fairleigh Dickinson University. He is a Board Member and past Chair of the International Marketing Committee of the Broward Economic Development Council, a member of the International Trade

Advisory Board of the Fort Lauderdale Chamber of Commerce and a past President and Board Member of the Florida Free Trade Zone Association, Inc. Mr. Buqueras has been offered the position of Executive Director of Port Manatee, Florida, and he is currently negotiating employment terms with Port Manatee representatives.

Robert J. Flint, Director of Operations, was appointed to his present position in May, 1989, and has forty-five (45) years of experience in the maritime industry, having served as the Senior Vice-President of Eller & Company, President of South Atlantic Terminals, Inc., and Manager of Operations for Pittston Stevedoring Corporation. Mr. Flint has also served as a licensed deck officer with an American flag steamship company. Mr. Flint is a graduate of New York Maritime College where he received a Bachelor of Science Degree in Maritime Transportation.

Mary Spiegel Meynarez, C.P.A., Director of Finance, joined the Port in May, 1989 after serving as the Finance Director for the Broward County Aviation Department. Previous experience included positions as the Assistant Director of Finance for the City of Miami and with a private accounting firm. Ms. Meynarez holds a BBA degree with a major in accounting from Florida International University and is a Florida registered Certified Public Accountant (CPA), a Certified Public Finance Officer (CPFO) from the Government Finance Officers Association of the United States and Canada and a Certified Government Finance Officer (CGFO) from the Florida Government Finance Officers Association.. She is a member of the Finance Committee of the American Association of Port Authorities, the Florida Institute of Certified Public Accountants and the American Institute of Certified Public Accountants. Ms. Meynarez has announced her intent to retire on or before April 30, 2012.

Pia Thompson, Director of Business Administration, joined the Port in 1977 and was appointed to her present position in 2007. Ms. Thompson had been the Port's Assistant Director of Business Administration since 2001. She also previously served as Property Manager for 12 years as well as Contract Compliance Officer for the Port. A graduate of Prospect Hall College, Ms. Thompson is a Certified Property Manager (CPM) by the Institute of Real Estate management (IREM) and currently serves as the President of IREM's South Florida Chapter 19. She holds the Real Property Administrator (RPA) designation by the Building Owners and Managers Institute International. Ms. Thompson has announced her intent to retire in June 2012.

General Attributes

Port Everglades is a deep-water Atlantic Ocean port located on the southeast coast of Florida, approximately 23 miles north of the City of Miami and 48 miles south of the City of West Palm Beach. The Port is located within the Cities of Fort Lauderdale, Hollywood and Dania Beach, Florida, as well as within unincorporated areas in the southeastern portions of the County. It is comprised of more than 2,190 acres, of which approximately 1,277 acres are County-owned. Of the 2,190 acres in the jurisdictional area of the Port, approximately 1,742 are upland, and 448 are submerged. The Port is the deepest port in Florida, with a design depth of 42 feet at mean low water. The Port's piers and wharves are less than two miles from the open-ocean shipping lanes offshore.

The Port is divided into three distinct adjacent geographic areas: (i) Northport, which is the site of the Greater Fort Lauderdale/Broward County Convention Center, cruise operations and petroleum and container operations; (ii) Midport, which is the site of container operations, cruise terminals, bulk cement operations, and neo-bulk operations; and (iii) Southport, which is currently dedicated to container operations as well as the Foreign-Trade Zone.

The Port is close to major inland transportation routes. It is within two miles of the Fort Lauderdale-Hollywood International Airport. Interstate 595 terminates at the Port; it gives the Port direct access to major local interstate highways, including I-95, I-75, the Florida Turnpike and the Sawgrass Expressway. The Florida Department of Transportation is currently constructing a \$42 million overpass project at the main entrance to the Port to be completed by the end of 2013 that will restore a previously abandoned rail spur to Northport used for petroleum delivery and allow for an at-grade rail spur to be extended to the Southport area of the Port to connect with a planned near-dock Intermodal Container Transfer Facility to the major U.S. freight train lines.

In Fiscal Years 2010 and 2011, the Port hosted 4,079 and 4,183 port calls, respectively, from vessels ranging from mega cruise ships to container ships and tankers of all sizes. For Fiscal Year 2012, the Port Department has forecasted 4,171 port calls at the Port. Despite the decline in calls, the Port has seen growth in containerized cargo and continued growth in multi-day passengers during Fiscal Year 2011. Container lines have been placing larger ships in services and reducing calls to reduce operating costs. For cruise lines, the Port has benefited from the deployment of the world's newest and largest ships. In calendar year 2010, the Port ranked second busiest among the world's multi-day cruise ports, largest petroleum port in Florida, second in Florida in terms of total cargo tonnage handled and twelfth in the nation in terms of foreign waterborne container cargo. The Port receives refined petroleum products that are distributed over a 12-county area in southern Florida.

Within the Port, the Port Department provides traditional municipal services, including public safety and public works. The Port Department is responsible for road maintenance on County-owned roads within the Port, as well as the provision of water and sewer service within this area.

Revenue Sources

The County owns the Port Facilities and authorizes independent firms to provide services and to operate the enterprises located at the Port. The Port derives revenue from the following business activities: passenger cruise ships, containerized cargo, petroleum cargo, dry bulk and neobulk cargo, naval port calls, vessel lay-in, parking, real estate and related property leases, and Foreign-Trade Zone transactions. Each of these activities is described below.

Rules and regulations, as well as a complete schedule of all charges assessed for the use of Port Facilities, are contained in a tariff published by the Port Department and approved by the Board as part of the County's Administrative Code. The Port is not subject to regulation as to the rate levels by any governmental body other than the Board. However, the Federal Maritime Commission prescribes the form of tariff utilized by the Port Department. Charges are levied for services provided by private enterprise as well as services supplied directly by the Port Department. The Port Department reviews tariffs annually, with revisions traditionally effective on October 1st of each year. The Port Department adjusts its tariff based upon the costs associated with providing such services as well as a review of competitive factors, including tariffs of competing ports.

Wharfage charges are applied against cargo and passengers moving between vessels and the Port's terminal facilities and are based on handling units—for example, barrels, tons or passengers. Dockage charges are applied against a vessel for berthing at a wharf, pier or other bulkhead structure and are based on the vessel's size (typically gross registered tonnage) and the period that the vessel is berthed. The charges for wharfage and dockage are computed separately, so that a vessel which ties up at a berth pays a dockage charge whether or not cargo is handled.

In an effort to give the Port a competitive advantage in attracting additional shipping lines and maintaining those presently using the Port, contracts between the Port and certain shipping lines and cruise lines provide for discounted fees based on guaranteed levels of throughput. Petroleum and other liquid bulk items using pipeline connections on the piers are charged wharfage based on the number of barrels unloaded. Beginning in Fiscal Year 2011, most multiday passenger activity is being billed at negotiated Passenger User Charge ("PUC") rates via long term agreements with Royal Caribbean Cruises, Ltd. ("RCL"), MSC Cruises, and Carnival. PUC rates bundle most Port Tariff charges and provide for discounts of up to 20% off Tariff wharfage and dockage rates. Under the current Tariff wharfage fees are \$8.98 for each passenger embarking on or disembarking from multi-day cruises and \$2.06 for each passenger embarking on or disembarking from single-day cruises.

Port Everglades Department
Port Everglades Versus Selected Port Cruise Tariff Comparisons
Tariffs as Currently Posted on Related Port Websites with Varying Effective Dates

Wharfage – Passenger (Embark/Debark)	Units	Port				Port	Port of
		Everglades ⁽¹⁾	Miami ⁽²⁾	Jaxport	Tampa	Canaveral	Palm Beach
- Multi-day (Less than 12 calls per year)	Each	\$8.984	\$9.72	\$8.89	\$6.00	\$6.62	\$6.00
- Multi-day	Each	\$8.984	\$9.72	\$8.89	\$6.00	\$6.43	\$6.00
- Daily (25 sailings per month)	Each	\$2.060	\$1.94	N/S	N/S	N/S	\$1.75
- Security Fee	Each	*	\$ -	\$2.06	\$ -	\$ -	\$1.50

* Cruise lines billed directly by the Port for security overtime incurred during each ship call.

⁽¹⁾ The Port Everglades Department reflects a 3.5% tariff increase for cruise activity effective October 1, 2011. See discussion "THE PORT – Capital Improvement Plan."

⁽²⁾ Rate effective October 1, 2010, not updated.

N/S = Not Specified

Cruise related activity for the Port, including parking, accounted for nearly 44% of the operating revenue for Fiscal Year 2010. The largest increase in revenue was generated in the cruise sector, where Port Everglades celebrated a record number of multi-day cruise passengers. Cruise traffic generated a record \$45.7 million in revenue for Fiscal Year 2010, which is 22.2% higher than in Fiscal Year 2009. Parking revenue, derived from cruise ship passengers and attendees at the Greater Fort Lauderdale/Broward County Convention Center, decreased by 1.8% from Fiscal Year 2009 to Fiscal Year 2010 due to an increased number of passengers traveling from international locations. The total number of embarking and debarking passengers, including single-day, multi-day and port of call passengers, increased 17% from 3,139,820 passengers in Fiscal Year 2009 to 3,674,226 in Fiscal Year 2010.

Most ports allow a specified number of days of "free time" during which cargo may be left without charge, either in covered transit sheds or in uncovered storage areas. The Port Department currently allows between 12 and 48 calendar days of free time, depending on the commodity, and quantity after which storage or demurrage charges are assessed. The Port Department provides, either through Port Department personnel or third-party contractors, vessel and on-shore services that are necessary to operate a modern port facility and receives revenue for charges made for these services.

As an additional source of income, the Port Department leases land, office space, and warehouse space to various private entities, including steamship lines, agents, stevedoring firms, Foreign-Trade Zone users and others under the terms of approximately 110 separate leases. The majority of office and warehouse space leases are for terms from one to three years. Land leases with terminal operators usually have initial terms of five to ten years with options to renew for additional five- to ten-year terms. In addition, the County has a 99-year lease agreement with a separate private entity which operates a retail marketplace in Northport. In 2010, leases of real property, including the Foreign-Trade Zone discussed below, generated approximately \$9.7 million, or approximately 8% of the Port's operating revenues.

The County (or its predecessor, the Port Everglades Authority) has operated a foreign-trade zone at the Port since 1978, when Port Everglades' Foreign-Trade Zone No. 25 ("FTZ #25" or the "Foreign-Trade Zone") became Florida's first such facility offering businesses duty-related advantages for import and export goods. A foreign-trade zone is a duty-free and quota-free area in a United States Customs port of entry that handles foreign and domestic cargo imported from, or exported or re-exported to, a foreign country. Those who ship goods through a foreign-trade zone can postpone, reduce or eliminate customs duties, excise taxes and other state and federal charges. Goods resting in a foreign-trade zone are not within the limits of United States commerce for customs purposes. Total acreage designated for FTZ #25 status in the County is 388 acres, 142 of which are located within the boundaries of the Port. Site 1 of FTZ #25 located at the Port has activated space consisting of a 22.7-acre fenced and lighted security area. Five warehouse buildings totaling 388,600 square feet (9.7 million cubic feet) are located within this area. All facilities in Site 1 of FTZ #25 at the Port are owned by the County. Twelve other sites throughout the County are privately owned. The entire Foreign-Trade Zone, including special-purpose subzones typically receives and ships goods valued at more than \$4.5 billion per year (in/out). Nearly 880 different commodities from more than 168 countries of origin moved through FTZ #25 in Fiscal Year 2010. The top five commodities for 2010 were jet fuel, cosmetics, alcoholic beverages, tools & hardware, and auto parts, and the top five countries of origin for 2010 were France, United Kingdom, China, Japan and Taiwan. Site 1 of The Foreign-Trade Zone is primarily a landlord operation; most of the Port's revenues from this business are derived from lease rentals. User fees from all Foreign-Trade Zone activity provide additional Port revenues.

Business Operations

Cruise. The Port currently has nine passenger terminals, which are equipped with hydraulic loading bridges, elevators and escalators for efficient embarkation and disembarkation, large waiting rooms and customs inspection areas. It also has a two-terminal facility (Terminal 22/24) without loading bridges that is being used to handle disembarking passengers for the larger cruise ships berthed at Terminals 25.

The volume of cruise passengers embarking and debarking at the Port has grown significantly in the past decade, rising from 3,072,343 passenger movements in Fiscal Year 2001 to a high of 4,075,406 passenger movements in Fiscal Year 2004 and settling to 3,674,226 passenger movements in Fiscal Year 2010 as daily cruise ships calling the Port declined from three to one. During this period, the passenger mix shifted towards higher revenue generating multiday cruise passengers. In Fiscal Year 2001, the mix was 64% multiday and 36% daily. This mix improved in Fiscal Year 2010 to 90% multiday and 10% daily, with multiday passengers more than doubling over the ten years. As the multiday passengers have increased, so has the cruise industry's revenue contributions to the Port. In Fiscal Year 2001, cruises accounted for 25.7% of the Port's annual revenue. In Fiscal Year 2010, cruise revenue totaled

\$45.7 million and represented 36.7% of operating revenues. Unaudited results from the first nine (9) months of Fiscal Year 2011, indicate cruise passengers increased by 12.8% from the same period in Fiscal Year 2010. During Fiscal Year 2011, fifteen (15) cruise lines offered services at the Port via a 55-ship cruise fleet, including Carnival, Celebrity Cruises, Costa Cruise Lines, Cunard Line, Discovery Cruise Line, Holland America Line, MSC Cruises, P&O Cruises, Princess Cruises, Regent Seven Seas Cruises, RCL, Seabourn, and Silversea Cruises. Cruise ships embarking from the Port range in size from the 9,961 gross registered ton ("GRT") *Seabourn Legend*, with a passenger capacity of 204, to the 220,000 GRT Oasis of the Seas and Allure of the Seas, with a passenger capacity of 5,400 each.

Two of the world's largest cruise organizations, Carnival and RCL, have long-term agreements with the Port guaranteeing annual business volumes as described below. The Port has historically been a seasonal cruise port, with cruise lines operating typically from October to May offering Eastern and Western Caribbean cruises as well as South America, Panama Canal and round-the-world cruises. In recent years this has changed to some degree with Carnival and RCL homeporting ships year-round at the Port. This trend has been strengthened under the long-term agreements with RCL and Carnival. These agreements increased the guaranteed passenger activity to levels which exceed their historical volumes. RCL's guarantees more than doubled their highest actual passenger levels at the Port and Carnival's agreement with the Port is the largest homeport commitment for the world's largest cruise organization. Under the agreements with RCL and Carnival, cruise schedules must be provided to the Port twelve (12) months in advance of both the winter and summer seasons. This requirement mitigates the frequency of schedule changes and enables the Port to better accommodate smaller cruise lines that call the Port without agreements.

The RCL agreement is for a ten-year term which commenced January 1, 2008 and also provides for two additional five-year option terms. In addition to the higher passenger guarantees, the RCL agreement provides for \$54.5 million in capital cost recovery fees plus interest from RCL related to the expansion of Terminal 18. Most capital costs are to be recovered from the line within the first six contract years of the initial ten-year term. During the initial ten-year term, both the Port and RCL have an option to terminate the agreement after a written notice twelve months prior to the anticipated termination. The terminating party is obligated to pay \$20,000,000 when the Termination Option is exercised. If RCL initiates the Termination Option, they will also be obligated for any unpaid capital cost recovery fees. If the Port initiates the Termination Option, RCL will be released from any unpaid balance of the total capital cost recovery charge. RCL further has an option to terminate the RCL agreement under the Material Adverse Change Clause by giving twelve (12) months prior written notice to County, if a new levy, charge or fee is imposed or assessed under any applicable law, rule, regulation, directive or other legal requirement of any federal, state or local governmental authority during any Contract Year (as defined in the RCL Agreement) resulting in an adjustment to the then current Port User Charge (as defined in the RCL agreement) of twenty-five percent (25%) or greater to the RCL Lines (as defined in the RCL agreement) and if the RCL Lines were to continue using the Port as a home port. If RCL and the County are unable to reach an agreement satisfactory to RCL within ninety (90) calendar days following written notice to RCL of the imposition or assessment date of such new charge, termination of the RCL agreement pursuant to this clause would not obligate RCL to pay the \$20,000,000 penalty. Additional costs and expenses related to increases by the U.S. Coast Guard of the maritime security level at the Port are subject to the rights of RCL under this clause.

The Carnival agreement is for a fifteen-year term which commenced October 1, 2010, and provides an option for one additional five-year term. The Carnival agreement also provides for improvements to preferential cruise terminals No. 2, 19, 21, and 26 at a projected cost of \$34 million.

Carnival's Passenger User Charge ("PUC") rate provides coverage for their portion of the capital improvement costs. The PUC rate agreed upon by Carnival includes a reduction in their previous dockage and wharfage incentives from 20% to 11%. Carnival has no provisions for early termination.

In Fiscal Year 2010, as noted in the following chart, the Port ranked second in the world behind the Port of Miami as a port offering cruise ship service. As a cruise port, Port Everglades holds several advantages over competing ports, including a deeper channel and turning basin, close proximity to deep water, major hotels and nearby Fort Lauderdale-Hollywood International Airport. The Port holds a world record of handling 53,365 cruise passengers in one day on March 20, 2010.

**Top Ten Cruise Ports
Multi-Day Passenger Traffic in Millions**

<u>Port</u>	<u>Passengers</u>
Miami	4.1
Everglades	3.1
Canaveral	2.8
Cozumel	2.9
Barcelona	2.3
St. Thomas	1.9
Civitavecchia (Rome)	1.9
Caymans	1.6
Hong Kong	1.5
San Juan (P.R.)	1.0

Source: Extracted from calendar year 2010 multi-day passenger activity reported in the "Cruise Industry News Annual Report 2011."

The following table sets forth the Port's annual cruise passenger traffic from Fiscal Year 2001 through 2010.

Total Cruise Passenger Traffic

<u>Year</u>	<u>Number of Passengers</u>
2001	3,072,343
2002	3,485,857
2003	3,375,671
2004	4,075,406
2005	3,801,464
2006	3,239,154
2007	3,409,946
2008	3,227,770
2009	3,139,820
2010	3,674,226

Source: Port Everglades Annual Commerce Report Fiscal Year 2010, a publication of the Port Department and Fiscal Year 2010 Waterborne Commerce Chart.

Containerized Cargo. Containerized cargo accounted for approximately 23.6% of operating revenue in Fiscal Year 2010. Unaudited results from the first nine (9) months of Fiscal Year 2011 indicate container related revenues declined to 20.8% of the Port's total revenue; however, actual revenue increased 6% from the previous year. Containerization is a method of carrying, loading and unloading waterborne cargo in large metal containers of standard shapes and sizes. Containers permit shippers to move cargo from ship to shore and truck or rail to ship without intermediate handling steps. Port-owned rail-mounted gantry cranes as well as privately owned stick cranes are largely used to unload containers from ships directly onto trucks. Containerization requires less labor and is less costly than breakbulk cargo shipping, which requires manual loading and unloading. Containerization has replaced breakbulk cargo as a transportation mode in appropriate cargo categories. This past year, the Port completely refurbished one rail mounted crane in Midport and replaced its oldest Midport crane with a new mobile harbor crane.

The Port ranks third in container cargo activity for Florida based on total twenty-foot equivalent unit ("TEU") count, as noted in the Continental U.S. Port Container Volumes, Fiscal Years 2009 and 2010 table. Port Everglades also ranks twelfth among U.S. seaports for international containerized cargo trade, and in Fiscal Year 2011 grew at double the average for ports in the United States. From Fiscal Year 2001 to 2010, the volume of containerized cargo billed at Port Everglades increased from 3,907,890 tons to 5,216,831 tons, representing growth of 33.5%. In Fiscal Year 2010, containerized cargo remained relatively constant at 5,216,831 tons compared to 5,204,103 tons in Fiscal Year 2009. Fiscal Year 2009 was the first year for which the Port had not experienced growth in containerized cargo. Unaudited results from the first nine (9) months of Fiscal Year 2011 indicate container throughput in TEU's related activity increased 13.4% from the same period in Fiscal Year 2010.

Continental U.S. Port Container Volumes, Fiscal Years 2010 and 2009
(Includes loaded and empty containers) In TEU's

Rank <u>2010</u>	<u>Seaport</u>	<u>2010</u>	<u>2009</u>	Absolute <u>Change</u>	% <u>Change</u>	2009 <u>Rank</u>
1	Los Angeles	7,831,902	6,748,995	1,082,907	16%	1
2	Long Beach	6,263,499	5,067,597	1,195,902	24%	2
3	New York/New Jersey	5,292,025	4,561,528	730,497	16%	3
4	Savannah*	2,825,179	2,356,512	468,667	20%	4
5	Oakland	2,330,214	2,050,030	280,184	14%	5
6	Seattle	2,133,548	1,584,596	548,952	35%	9
7	Hampton Roads*	1,895,017	1,745,228	149,789	9%	8
8	Houston*	1,812,268	1,797,198	15,070	1%	7
9	Tacoma	1,455,466	1,545,853	(90,387)	-6%	10
10	Charleston*	1,364,504	1,818,353	(453,849)	-25%	6
11	Jacksonville	857,374	754,352	103,022	14%	13
12	Miami	847,249	807,069	40,180	5%	11
13	Port Everglades	793,227	796,160	(2,933)	0%	12
14	Baltimore	610,922	525,296	85,626	16%	14
15	Anchorage	445,814	467,880	(22,066)	-5%	15
16	New Orleans	427,518	325,857	101,661	31%	16
17	Philadelphia	276,106	222,900	53,206	24%	19
18	Wilmington (NC)	265,074	225,176	39,898	18%	15
19	Wilmington (DE)	263,040	259,964	3,076	1%	17
20	Gulf Port	223,740	198,900	24,840	12%	20

*Primary Florida competitors.

Data source: American Association of Port Authorities.

There are 22 container shipping lines that maintain regular service at the Port. Cargo shippers at the Port provide service to over 200 ports in 129 countries. Most of these shipping lines primarily serve the regional Caribbean and Central and South America, which represents nearly 80% of cargo movements. Of that amount, 34.8% of the Port's containerized cargo volume was destined for Central America. Please see the chart below for a summary of activity by trade lane and related percentage shares.

**Port Everglades Market Share Report for Fiscal Year 2010
Comparison with Activity in U.S. South Atlantic Seaports**

	Containerized Cargo Volume in Tons		Port's % of <u>Market</u>	% of <u>the Port</u>
	<u>The Port</u>	<u>Grand Total</u>		
Trade Lane				
Caribbean	1,141,167	7,557,762	15.10%	21.1%
Central America	1,745,325	3,533,822	49.39%	34.8%
East Coast South America	334,527	2,263,574	14.78%	6.7%
Mediterranean	314,064	2,976,128	10.55%	6.3%
Middle East	224,231	4,112,433	5.45%	4.5%
North Coast South America	441,956	1,314,034	33.63%	8.8%
Northern Europe	198,940	6,216,911	3.20%	4.0%
Northern Far East	234,099	13,562,612	1.73%	4.7%
Others	49,208	2,080,196	2.37%	1.0%
Southeast Asia	35,931	3,144,780	1.14%	0.7%
West Coast South America	377,468	1,583,518	23.84%	7.5%
Grand Total	5,096,916	48,345,770	10.54%	100.0%
Regional Total	4,040,443	16,252,710		
% of Regional Cargo	25%			

Source: Data extracted from The Journal of Commerce's Port Import Export Reporting System.

As noted in the chart above, the Port handles 25% of the international containerized trade for U.S. South Atlantic seaports versus its closest rival, the Port of Jacksonville, which handles 28%. The Port is particularly dominant in the Central America trade lane, where it not only is first among the South Atlantic seaports, with 49% of the market, but also first among all U.S. seaports, with 17.5% of the entire market in the calendar year 2010 (see chart below).

**Top Five Container Seaports
Loaded Twenty-Foot Equivalent Units (TEUs)
Central American Market**

<u>Port</u>	<u>TEUs</u>
Everglades	227,614
Gulfport	177,812
Miami	173,953
Wilmington, DE	137,562
Los Angeles	86,425
Other U.S. Ports	496,380
Total Central America	1,299,746
% Port Everglades	17.5%

Source: Data extracted from Journal of Commerce's Port Import Export Reporting System Issue.

Since the signing of a long-term, guaranteed-revenue terminal operating agreement with the Mediterranean Shipping Company ("MSC") in 2004, the Port has secured long-term Far East trade connections. Far East trade currently represents 5.4% of the Port's activity. Expansion of the Panama Canal in 2014 is anticipated to increase Far East services calling the east coast of the U.S. directly.

The table below sets forth the total container cargo tonnage billed by the Port from Fiscal Year 2001 through 2010.

Container Cargo Tonnage Billed

<u>Year</u>	<u>Tonnage</u>
2001	3,907,890
2002	3,425,269
2003	3,633,610
2004	4,145,394
2005	5,076,403
2006	5,688,442
2007	6,060,149
2008	6,584,747
2009	5,204,103
2010	5,216,831

Source: Fiscal Year 2010 Waterborne Commerce Chart included in the Port Everglades Annual Commerce Report.

The tables below set forth the 10 top export and import countries for the Port for Fiscal Year 2010 related to containerized trade, as well as the 10 top export and import containerized commodities for the Port during that period.

Top 10 Export Countries			Top 10 Import Countries		
<u>Rank</u>	<u>Country</u>	<u>Short Tons</u>	<u>Rank</u>	<u>Country</u>	<u>Short Tons</u>
1	Honduras	240,851	1	Honduras	374,911
2	Venezuela	166,234	2	Guatemala	272,213
3	India	163,840	3	Costa Rica	178,509
4	Bahamas	157,736	4	Colombia	126,084
5	Netherland/Antilles	146,723	5	Brazil	125,074
6	Costa Rica	145,402	6	Italy	124,244
7	Dominican Republic	137,350	7	China	119,146
8	Panama	96,403	8	Spain	88,561
9	China	93,272	9	Ecuador	74,082
10	Guatemala	91,781	10	Netherlands	72,402

Source: Data extracted from the Journal of Commerce's Port Import Export Reporting System.

Top 10 Export Commodities

Top 10 Import Commodities

<u>Rank</u>	<u>Commodity</u>	<u>Short Tons</u>	<u>Rank</u>	<u>Commodity</u>	<u>Short Tons</u>
1	Paper & paperboard, including waste	260,804	1	Fruits, Misc.	317,553
2	Grocery products, miscellaneous	246,008	2	Bananas	255,895
3	General cargo, miscellaneous	176,836	3	Ceramics & Mosaic Tiles	162,761
4	Mixed Metal Scrap	165,482	4	Vegetables	142,826
5	Yarns, Misc	103,966	5	Non Alcoholic Beverage	120,577
6	Auto Parts	96,112	6	Beer & Ale	86,793
7	Building Materials	94,091	7	Underwear & T-Shirts	68,900
8	Poultry, Chiefly Fresh & Frozen	77,861	8	Paper & paperboard, including waste	54,830
9	Apparels, Misc.	69,940	9	Pineapples, except canned	52,011
10	Electronics & Electronic Products	59,273	10	Marble, Onyx	49,827

Source: Data extracted from The Journal of Commerce's Port Import Export Reporting System.

Petroleum. Petroleum accounted for approximately 22% of the Port's operating revenues in Fiscal Year 2010. The Port is the second largest storage and distribution center for petroleum products in Florida. During Fiscal Year 2010, approximately 110 million barrels of petroleum products were transferred from/to vessels at the Port. Most of the Port's petroleum arrives from refineries located along the U.S. Gulf Coast, in Venezuela, Europe and throughout the Caribbean. Twelve petroleum terminal operators receive product across Port docks to their privately-owned storage facilities within the Port Jurisdictional Area. Most of the petroleum products imported to the Port are shipped via tanker truck to retail outlets in the twelve counties of southern Florida, and to Palm Beach International Airport, and by pipeline to Fort Lauderdale-Hollywood International Airport and Miami International Airport. Petroleum products handled at the Port include asphalt, diesel fuel, gasoline, residual fuel oil, jet fuel, propane, crude oil and alternative fuels such as ethanol and biodiesel.

Bulk Cargo. In addition to containerized cargo and petroleum, the Port also handles dry bulk and neobulk (break bulk) cargoes. The Port historically has been a major south Florida gateway for dry bulk and neobulk (breakbulk) commodities. Cement, alumina sand and gypsum are the primary dry bulk commodities handled at the Port. Steel and yachts are the primary neobulk commodities handled at the Port.

Cement imports, which constitute most of the dry bulk handled at the Port, are unloaded from ships pneumatically into privately-owned silos where they are stored until distributed by enclosed truck or in bags. Through 34 silos on two major cement terminals (owned by Continental Cement Co. of Florida, Inc. and CEMEX), prior to the recession, the Port handled nearly 2 million tons of cement and related materials per year. Gypsum and alumina sand are handled by automated buckets and open dump trucks. Volumes of cement, alumina sand and gypsum have been highly variable and are affected by the demands of the construction industry which have been negatively impacted by population growth in southern Florida and has declined with the slump in the housing market. In Fiscal Year 2010, dry bulk tonnage declined 9.8% to 511,467 tons. The volume of breakbulk steel imports is also affected by the level of activity of the construction industry in the southern Florida region, dropping from a peak of 256,271

tons in Fiscal Year 2006 to 15,192 tons in Fiscal Year 2010. Yacht activity peaked in Fiscal Year 2008 at 76,000 cargo tons and has remained at 54,000 tons the last two years.

The Port has twelve berths available for general cargo loading. Support facilities available for general cargo handling include several transit warehouses adjacent to the ship berths for storing cargo temporarily. Specialized facilities for general cargo have been built at the Port by private entities on land leased from the Port. These include cement silos and a cold storage warehouse for frozen meats and produce.

Navy. The Port is a liberty port for navy ships from throughout the world. A number of United States Navy ships have historically called at the Port. On an annual basis 15-20 Navy ships visit the Port with stays ranging up to 10 days. Department management does not foresee any significant increases or decreases in naval activity at the Port in the near-term.

Lay-In. In addition to the vessels that call at the Port to load or discharge cargo or passengers, as described above, vessels lay-in at the Port for a number of other reasons, including maintenance and repair, awaiting orders from their owners, and fueling.

Recent Developments

In Fiscal Year 2010, the Port was ranked second in the world based on passenger count, as noted in the chart in the cruise section above. The Port's current strategy is to continue entering into long-term, guaranteed agreements with major cruise lines to expand its market share. That objective was realized this past year with the signing of a new long-term cruise agreement with Carnival, the world's largest cruise operator. See "THE PORT - Business Operations" herein. In addition, the agreement with MSC Cruises (USA), Inc. was extended an additional two years to 2013.

Construction was completed on an additional 41 acres of container yard in Southport in May 2011. Negotiations were concluded with the Port's largest container terminal operator, Crowley Liner Services, Inc. ("Crowley"), to expand their terminal by 12 acres. This new agreement provides a ten-year term with a five-year option and will increase Crowley's guaranteed maritime revenue five-fold in the first year. In addition, a new ten-year agreement providing two five-year options was finalized and approved with SeaFreight Agencies (USA), Inc. ("SeaFreight") for 25 acres. SeaFreight had been operating on grid acres at the Port without guarantees for over 17 years. Under this new agreement, the Port locked in 96% of SeaFreight's Fiscal Year 2009 container cargo activity and those guarantees will increase an additional 27% in the first six years.

Negotiations are also in progress with King Ocean Service de Venezuela, S.A. for a new long-term agreement and with Florida International Terminal, LLC to expand their existing marine terminal. H.T. Shipping, Inc. ("Hyde Shipping") relocated their operations to a marine terminal in Midport with access to new/refurbished Port crane equipment. Sea Star also relocated from grid acres in Southport to a new grid location in Midport adjacent to the Hyde Shipping terminal.

The Port has been both negatively and positively impacted by changes in container cargo services in the Fiscal Year 2011. A service to Manaus, Brazil operated by Bringer and K-Line was discontinued this summer, as was CSAV's service to the Far East. Much of this volume appears to have been offset by the addition of Maersk to Hapag-Lloyd's Mediterranean service under a vessel sharing agreement that started in February of 2011.

The last daily cruise line ceased operations September 6, 2011. However, there are additional multiday cruise vessels that will call at the Port during the 2011-2012 cruise season that were not included in the budget forecast for Fiscal Year 2012 which more than offset the revenue reduction from the ceased daily cruise operation. The Port is also negotiating with a cruise line to restore daily service to the Bahamas beginning in December 2011.

Capital Improvement Plan (CIP)

On December 4, 2007, the Board adopted the Port Everglades 2006 Master/Vision Plan which covered a 20-year planning horizon from 2006 through 2026. The 2006 Master/Vision Plan analyzed maritime business trends from regional, national, international and Port perspectives. It included a physical evaluation of existing Port deepwater facilities as well as the cargo, cruise, and petroleum storage infrastructure and a review of the Port's interstate highway, freight, rail and airport connections and synergies. Marketing assessments and forecasts were produced for containerized cargo, non-containerized cargo and cruise operations. The 2006 Master/Vision Plan identified opportunities and constraints that could impact the 10- and 20-Year vision plans and devised business, financial and asset utilization strategies which resulted in the final long term vision for the Port.

The projects in the Port Everglades 2006 Master/Vision Plan 5-Year Plan were incorporated with the Port's continuing infrastructure, maintenance, and renewal programs to create the 5-Year CIP starting with Fiscal Year 2008 through Fiscal Year 2012. Master Plan projects in that 5-Year CIP were selected because of their added value, i.e., revenue generation, economic impact and customer need in the near term. Cruise terminal expansion and improvements were included in that 5-Year CIP because the Port would receive additional revenue from increased passenger throughput, allowing the Port to recover the capital and financing costs of constructing the cruise projects. A proposed crushed rock/aggregate facility was included because it introduced a new service and revenue stream to the Port that at the time responded to the construction industry's need for this material, with the capital cost of the construction paid by private investment. The Port would receive throughput charges and land lease payments for this proposed facility. Road improvements consisting of the By-Pass Road in Northport were included to respond to customer need and mitigate existing traffic concerns.

Since the adoption of the Fiscal Year 2008-2012 CIP, the Port has included projects from the Port Everglades 2006 Master/Vision Plan into the subsequent 5-Year CIP's. The Port has also continued to implement projects, including another series of cruise terminal expansions and improvements, in which the Port will receive additional revenue from increased passenger throughput, allowing the Port to recover the capital and financing costs of constructing the cruise projects. These projects are on-going at this time. The Port has completed a new 41 acre container storage yard area in Southport. Road improvements including a new bridge over the FPL Canal in Midport and a roadway capacity expansion project in Midport have been completed to respond to customer need and mitigate existing traffic concerns.

The County's Board of County Commissioners adopted the first update to the Master/Vision Plan, which covers the 20-year planning period from 2009 through 2029, on March 1, 2011. The Master Plan Update's Executive Summary is included in "APPENDIX C." Given the changes in market conditions since the approval of the original 2006 Master/Vision Plan in 2007, the crushed rock/aggregate facility has been pushed back to the 5 – 10 year planning horizon and the near dock Intermodal Container Transfer Facility (ICTF) has been moved up to the 5 year planning horizon. The Florida Department of Transportation began construction of an approximately \$42 million overpass on Eller Drive, the Ports

main entrance point, in July 2011. This grade separation project will allow for an at-grade rail spur to be extended into Southport to facilitate the development of the ICTF.

The \$52 million ICTF is being implemented as a Public-Private Partnership ("P3") among Florida, the Port Department and the Florida East Coast Railway ("FEC"). The County's only contribution to this strategic project is approximately 42.5 acres of vacant land in Southport. All other funding for design, construction, operation and maintenance of the project will be grants and loans from Florida to the FEC and an equity contribution from the FEC. The ICTF will be used to transfer international containers between ship and rail instead of having trucks haul the containers to and from off-port rail terminals, either at Andrews Avenue in Fort Lauderdale or in Hialeah in Miami-Dade County. The FEC also plans to relocate its existing domestic intermodal service from Andrews Avenue to the ICTF at the Port. Once completed, the ICTF is expected to reduce congestion on interstate highways and local roadways and reduce harmful air emissions by diverting an estimated 180,000 trucks from the roads by 2029.

One of the biggest upcoming projects for the Port is the expansion of its Southport Turning Notch (STN) from its existing 900 feet in length to 2,400 feet in length at its existing depth of 42 feet. This project will create five new cargo berths in Southport. In the future, as part of the ACOE Deepening and Widening program, a portion of the STN is proposed to be deepened to 50 feet to accommodate deeper draft vessels associated with the Panama Canal expansion.

The adopted 5-Year CIP for the Port for Fiscal Years 2012 through 2016 totals \$471,376,090. The project category totals are as follows: general infrastructure \$155,500,000; cargo facilities projects \$121,823,000; passenger facilities projects \$67,635,000; port buildings \$5,895,000 and the other port capital improvements/reserves \$120,523,090. The County expects to finance a portion of the 5-Year CIP through the issuance of Additional Bonds. See "SECURITY AND SOURCES OF PAYMENTS FOR THE SERIES 2011 BONDS – Issuance of Additional Bonds" herein. Funding for the 5-Year CIP is comprised of \$61,348,000 in state grants, \$161,175,000 in net future bond proceeds/financing, and \$251,920,490 in internal funds. The adopted 5-Year CIP also projects funding in the amount of \$97,602,000 being provided through P3 for investment in port facilities.

Funding of major capital improvements over the five year period includes (i) Slip 2 Westward Lengthening (approximately \$23,000,000), (ii) Intermodal Container Transfer Facility (approximately \$18,048,000 in state grants assigned to FEC), (iii) Midport Parking Garage (approximately \$32,000,000), (iv) New Bulkheads at Berths 9 & 10 (approximately \$55,000,000), (v) Southport Turning Notch Contract 1 (approximately \$67,080,000), (vi) Cruise Terminal 4 Redevelopment/Expansion (approximately \$13,000,000), (vii) Mitigation for Westlake Improvements (approximately \$13,800,000), and (viii) Port Everglades Deepening and Widening (\$41,000,000).

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Funding of 5-Year Capital Improvement Plan

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Total</u>
Revenues						
State Grants	\$20,216,000	\$15,000,000	\$ 7,936,000	\$16,371,000	\$1,825,000	\$61,348,000
Federal Grants	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Less Five Percent	(1,010,800)	(750,000)	(396,800)	(818,550)	(91,250)	(3,067,400)
Private Investment	-	-	-	-	-	-
Reimbursement from CVB	-	-	-	-	-	-
Bond Proceeds/ Financing (Net)	-	27,000,000	72,000,000	44,000,000	18,175,000	161,175,000
Transfer from Operating Fund	39,377,460	33,222,430	26,611,030	19,814,450	20,020,360	139,045,730
Fund Balance	50,925,160	41,949,600	20,000,000			112,874,760
Total Revenues	<u>\$109,507,820</u>	<u>\$116,422,030</u>	<u>\$126,150,230</u>	<u>\$79,366,900</u>	<u>\$39,929,110</u>	<u>\$471,376,090</u>

Source: The Port Everglades Department.

Additionally, the Port expects to increase tariffs over the period as a funding source for its 5-year CIP. The Board recently approved a tariff increase averaging 3.0% for Fiscal Year 2012.

Future Projects

The ACOE is nearing completion of a feasibility study for improvements to the Port Everglades Harbor. The improvements are designed to provide safe navigation for vessels transiting the federal channels with vessels at berth as well as provide for a deeper harbor to accommodate the deeper draft cargo and petroleum vessels anticipated to be calling at the Port which may be impacted by the Panama Canal expansion. The current draft Tentatively Selected Plan ("TSP") put forward by the ACOE indicates an outer channel depth of 57 feet which transitions to the inner entrance channel at 50 feet. The channel depth of 50 feet continues in to the Main Turning Basin, Widener, South Access Channel and Turning Notch. The results will provide navigational improvements within the Port Everglades Harbor by increasing the capabilities for larger class vessels to utilize Port facilities, thus increasing the trade and commerce capabilities of Broward County and all of South Florida. The current benefit-to-cost ratio is 1.56, meaning that every dollar spent on the project is expected to generate a U.S. \$1.56 return on the investment. The current cost estimate for the draft TSP is \$320 million, with \$189 million funded through the federal government and the remaining \$131 million from the Port and other sources. The ACOE's final feasibility report is scheduled to be released in February 2013 with a projected construction start date of January 2015 and completion in 2017. The project will be funded through Federal and Florida grants, bond proceeds and funds on hand.

As previously noted in the CIP discussion, one of the most important future projects planned for the Port is the expansion of its Southport Turning Notch ("STN") from its existing 900 feet in length to 2,400 feet in length at its existing depth of 42 feet. This project will create a minimum of five additional cargo berths in Southport. The Port has worked diligently over the last three years with the FDEP and the environmental community to allow this project to move forward. This work led to an agreement with FDEP that provides for the release of approximately 8.68 acres of an existing conservation easement directly west of the existing STN. In exchange the Port will construct approximately 16.5 acres of new wetlands directly adjacent to the remaining portion of the existing conservation easement.

CERTAIN HISTORICAL FINANCIAL INFORMATION

Historical Revenues and Expenses and Debt Service Coverage

Table I included herein depicts the Port's historical total operating revenue, operating expenses and net operating revenue for Fiscal Years 2006 through 2010. Increases in operating revenue and the cost of operations during the past decade reflect increased business operations, in particular container throughput and cruise operations. General and administrative expenses have increased in recent years as the Port Department has developed and implemented its capital improvements program. Table I further depicts the Port's historical debt service coverage based on such net operating revenue. Historical debt service coverage was calculated by adding the Port's interest income to its net operating revenue and dividing the total by the debt service on all of the Port's outstanding capital indebtedness inclusive of principal and interest accrued in each year on all notes and bonds.

Table I
Port Everglades Department
Historical Revenue, Expenses and Debt Service Coverage
(Dollars in Thousands)

	Fiscal Year <u>2006</u>	Fiscal Year <u>2007</u>	Fiscal Year <u>2008</u>	Fiscal Year <u>2009</u>	Fiscal Year <u>2010</u>
Operating Revenues					
Petroleum	\$22,947	\$23,756	\$23,620	\$23,538	\$25,487
Container	25,393	28,557	33,867	28,711	29,474
Cruise	28,146	31,483	35,217	37,429	45,724
Bulk	5,662	3,252	1,599	1,090	926
Breakbulk/Neobulk	2,798	2,803	1,670	886	872
Real Estate ⁽¹⁾	11,151	11,109	11,878	10,383	10,295
All Other	11,480	11,540	13,318	12,405	11,875
Subtotal	<u>107,577</u>	<u>112,500</u>	<u>121,169</u>	<u>114,442</u>	<u>124,653</u>
Non-Operating – Investment	7,053	8,922	6,248	3,608	581
Non-Operating – All Other	1	34	23	--	--
Total Revenues	<u>114,631</u>	<u>121,456</u>	<u>127,440</u>	<u>118,050</u>	<u>125,234</u>
Operating Expenses	69,117	72,111	73,093	73,236	73,951
Non-Operating Expenses ⁽²⁾	1,588	451	4,028	438	288
Total Expenses	<u>70,705</u>	<u>72,562</u>	<u>77,121</u>	<u>73,674</u>	<u>74,239</u>
Net Revenue Available for Debt Service	<u>\$43,926</u>	<u>\$48,894</u>	<u>\$50,319</u>	<u>\$44,376</u>	<u>50,995</u>
Senior Bonds Debt Service	\$21,845	\$21,854	\$21,803	\$21,847	\$28,759
Senior Bonds Debt Service Coverage Ratio	2.01x	2.24x	2.31x	2.03x	1.77x
Subordinated Debt Service	\$25,236	\$25,246	\$25,150	25,156	\$32,043
Subordinated Debt Service Coverage Ratio	1.74x	1.94x	2.00x	1.76x	1.59x

⁽¹⁾ Fiscal Year 2008 Real Estate Revenue includes a one-time lease termination settlement of \$3.8 million.

⁽²⁾ Fiscal Year 2008 Non-Operating Expenses include a one-time swap termination fee of \$3.4 million.

Source: The Port Everglades Department.

Projected Revenues and Expenses and Debt Service Coverage

Table II included herein is a consolidated financial summary of the projected operating revenues and expenses for Fiscal Years 2011 through 2016 prepared by the Port Department. Table II further demonstrates the Port Department's projected aggregate debt service coverage utilizing the Port Department's projected net operating revenue, combined with certain investment income, divided by the aggregate of the debt service payments on all Bonds, including the Series 2011 Bonds, for Fiscal Years 2011 through 2016.

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TABLE II
PORT EVERGLADES DEPARTMENT
PROJECTED REVENUES, EXPENSES AND DEBT SERVICE COVERAGE⁽¹⁾
(Dollars in Thousands)

	Adopted Fiscal Year 2011	Adopted Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Petroleum	\$ 24,234	\$ 25,309	\$ 26,574	\$ 27,878	\$ 28,967	\$ 30,342
Cruise	49,299	55,314	61,490	55,296	55,233	58,352
Container	29,223	31,361	32,787	38,295	44,653	46,631
Bulk	909	1,210	1,520	2,091	2,495	2,710
Breakbulk/Neobulk	830	1,112	1,397	1,921	2,292	2,490
Navy	239	282	296	311	327	343
Lay-in	565	548	576	605	635	666
Real Estate	11,297	12,082	11,450	11,851	12,262	12,684
Foreign Trade Zone	1,373	945	993	1,042	1,094	1,147
Parking	8,362	8,780	9,079	9,385	9,701	10,025
Public Safety	2,518	1,654	1,712	1,772	1,834	1,897
Miscellaneous Finance	154	250	263	276	289	304
Sub-total Revenues	129,003	138,847	148,137	150,723	159,782	167,591
Total Operating Revenues	129,003	138,847	148,137	150,723	159,782	167,591
Total Operating Expenses	(80,788)	(83,794)	(86,451)	(94,945)	(102,261)	(107,258)
Gross Margin	48,215	55,053	61,686	55,778	57,521	60,333
Eligible interest income	1,000	1,000	1,000	1,000	1,000	1,000
(Additional) reduced O&M reserve requirement	(341)	613	(443)	(1,416)	(1,219)	(833)
Amount available for debt service	\$ 48,874	\$ 56,666	\$ 62,243	\$ 55,362	\$ 57,302	\$ 60,500

TABLE II
(Continued)
PORT EVERGLADES DEPARTMENT
PROJECTED REVENUES, EXPENSES AND DEBT SERVICE COVERAGE ⁽¹⁾
(Dollars In Thousands)

	Adopted Fiscal Year 2011	Adopted Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Existing plus new debt covenant tests:						
Eligible bond covenant revenue	\$ 48,874	\$ 56,666	\$ 62,243	\$ 55,362	\$ 57,302	\$ 60,500
Debt Service (125% Test)	28,757	16,608	28,754	31,738	39,682	45,194
Debt Service (110% Test)	32,043	19,907	32,056	35,040	42,986	48,492
Test (125%)	1.70	3.41	2.16	1.74	1.44	1.34
Test (110%)	1.53	2.85	1.94	1.58	1.33	1.25
Debt service computation:						
Existing senior debt service payments	28,757	9,908	6,913	6,915	6,913	6,914
New 2011A Bonds		479	618	618	618	618
New 2011B Bonds		3,810	4,916	4,916	14,751	4,424
New 2011C Bonds		2,411	16,307	16,308	6,475	16,805
Debt service on new capital funds (2013) ⁽²⁾				2,981	2,981	2,981
Debt service on new capital funds (2014) ⁽²⁾					7,944	7,944
Debt service on new capital funds (2015) ⁽²⁾						5,508
Sub-total senior debt	28,757	16,608	28,754	31,738	39,682	45,194
2008 Sub Bonds debt	3,286	3,299	3,302	3,302	3,304	3,298
Total debt service payments	\$ 32,043	\$ 19,907	\$ 32,056	\$ 35,040	\$ 42,986	\$ 48,492

⁽¹⁾ Fiscal year 2011 and 2012 revenues are based upon the adopted budget. Fiscal years 2013 through 2016 revenues include a 1.5% to 3% annual increase.

⁽²⁾ Debt service on anticipated 2013, 2014 and 2015 bond issuances assumes a 10% cost of funds that includes principal and interest payments over a 30 year amortization period.

Source: The Port Everglades Department.

UPDATE TO THE MASTER PLAN

The Master Plan Update's Executive Summary, prepared for the Port by AECOM, provides for an introduction, progress on the projects by area of the Port and the Plan Development (as described therein). The Executive Summary from the 2009 Port Everglades Master Plan Update adopted by the Board on March 1, 2011, is attached hereto as APPENDIX C.

FLORIDA RETIREMENT SYSTEM AND OTHER POSTEMPLOYMENT BENEFIT PLANS

Florida Retirement System

General

The information relating to the Florida Retirement System ("FRS") contained herein has been obtained from the FRS Annual Reports available at www.dms.myflorida.com and the Florida Comprehensive Annual Financial Reports available at http://www.myfloridacfo.com/aadir/statewide_financial_reporting. No representation is made by the County as to the accuracy or adequacy of such information or that there has not been any material adverse change in such information subsequent to the date of such information.

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The Florida State Board of Administration ("SBA") manages the FRS. FRS membership is required for all employees filling a regularly established position in a state agency, city agency, state university, state community college, or district school board. The FRS is currently comprised of 976 participating employers, including 55 state agencies, 396 city agencies, 67 district school boards, 28 community colleges, 182 cities, 231 special districts, 5 hospitals and 12 other agencies.

For those members who enrolled in the FRS defined benefit plan (the "FRS Pension Plan") prior to July 1, 2011, benefits under the FRS Pension Plan vest after six years of service for all membership classes. Regular Class, SMSC and EOC members are eligible for normal retirement with six or more years of creditable service and an age 62 or higher, or 30 years of creditable service regardless of age. Special Risk Class and Special Risk Administrative Support Class members are eligible for normal retirement with six or more years of special risk class service and an age 55 or higher, or 25 years of special risk service regardless of age. With up to four years of active duty wartime service and a total of 25 years of service including special risk service, the retirement age drops to age 52. Without at least six years of Special Risk Class service, members of the Special Risk Administrative Support Class must meet the retirement requirements of the Regular Class. Regardless of class, a member may take early retirement any time after vesting within 20 years of normal retirement age; however, there is a five percent benefit reduction for each year prior to normal retirement age. The State Constitution prohibits increasing benefits without concurrently providing for funding the increase on a sound actuarial basis.

Subject to provisions of Section 121.091, Florida Statutes, the Defined Retirement Option Program (the "DROP") permits employees eligible for normal retirement under the FRS to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months while the member's benefits accumulate in the FRS Trust Fund. For those members who entered DROP prior to July 1, 2011, such member's benefits will earn monthly interest at an equivalent annual rate of 6.50%. For those members who entered DROP on and after July 1, 2011, the annual interest rate shall equal 1.3% per year.

Participating employers must comply with the statutory contribution requirements. Section 121.031(3), Florida Statutes, requires an annual actuarial valuation of the FRS Pension Plan. Employer contribution rates are based on a level percentage of payrolls and are determined using the entry-age actuarial cost method. Pursuant to SB 2100, beginning on July 1, 2011, all FRS Pension Plan and FRS Investment Plan members (except those in DROP) are required to contribute 3% on a pre-tax basis. The County is required to contribute to the FRS an amount equal to a variable percentage of each employee's salary, where the percentage is based upon the employee's statutory classification. The statutory classifications and percentages that affect the County beginning on July 1, 2011 are as follows:

Class or Plan	Percent of Gross Salary	
	<u>Employee</u>	<u>Employer⁽¹⁾</u>
Regular	3%	4.91%
Special Risk	3	14.10
Elected Officials	3	11.14
Deferred Retirement Option Program	0	4.42
Senior Management	3	6.27

⁽¹⁾ In addition to the statutory contributions required by Section 121.71, Florida Statutes, the County's contribution percentages also take into account a 0.03% administrative fee (does not apply to DROP), an educational expense fee and 1.11% retiree health insurance subsidy fee and a required employer contribution to address UAL of 0.49% for regular employees, 2.75% for special risk employees, 0.73% for the elected officials and 0.32% for the senior management employees.

Source: Section 121.71, Florida Statutes.

The annual required contribution for the Port for the fiscal year ended September 30, 2010 and 2009 was approximately \$1.36 and \$1.40 million, or 10.19% and 10.10% of covered payroll, respectively.

Litigation Relating to SB 2100

The State Legislature passed Senate Bill 2100 ("SB 2100") during its 2011 session. SB 2100 has made a number of changes applicable only to members enrolling in the FRS Pension Plan after July 1, 2011, including: (1) changing the vesting requirement from six years to eight years; (2) changing the average final compensation calculation from the average of the five highest fiscal years of salary to the eight highest fiscal years of salary; and (3) changing the normal retirement date for (a) Regular, Senior Management Service, Elected Officers and Special Risk Administrative Support classes to age 65 with eight years of service or 33 years of service regardless of age, and (b) Special Risk Class to age 60 with eight years of Special Risk Class service, or 30 years of Special Risk Class service regardless of age, or age 57 with 30 years of combined Special Risk class service and military service. At the present time, it is uncertain how SB 2100 will impact the County's finances.

Although no further action is required on the part of the Florida Legislature to implement the amendments in SB 2100, on June 20, 2011, the Florida Education Association and the Police Benevolent Association, joined by the Florida Public Services Union, a chapter of the Service Employees International Union and Teamsters Local 385, filed a lawsuit in Circuit Court in Tallahassee, Florida attempting to block SB 2100. The lawsuit alleges that the Florida Legislature infringed on the contractual rights of public employees by asking them to contribute three percent (3%) of their salaries to their pension plans. Additionally, Teamsters Local 79 has also filed a lawsuit alleging that the contribution requirement for

employees is unconstitutional, impairing the collective bargaining agreement between the Citrus County School Board and themselves. At this time, it is uncertain what the outcome of these lawsuits will be and what effect they will have on SB 2100 amendments, if any.

Other Postemployment Benefit Plans

The County has two single employer defined benefit healthcare plans, the County plan and the Broward Sheriff's Office plan. The County plan allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement. The Broward Sheriff's Office plan provides postemployment health insurance benefits for employees and sworn officers upon retirement and subsidizes a portion of the premiums. The provisions of the plan for the Broward Sheriff's Office may be amended through negotiations between the Broward Sheriff's Office and its employee bargaining units. The plans have no assets and do not issue separate financial reports.

In accordance with Section 112.0801, Florida Statutes, because the County provides medical plans to employees of the County and their eligible dependents, the County is required to provide retirees the opportunity to participate in the group employee health plan. Retired employees have the option of continuing the same type of medical, including prescription drug benefits, and dental insurance coverage available to them while they were employed with the County (the "Plan"). The County provides other post-employment benefits ("OPEB") for certain of its retired employees in the form of an implicit rate subsidy by providing access to health insurance plans. The cost of the premiums is paid totally by the retirees. As with all governmental entities of similar size providing similar plans, the County was required to comply with the Governmental Accounting Standards Board's Statement No. 45 – *Accounting and Financial Reporting by Employees for Post-employment Benefit Plans other than Pension Plans* (GASB 45) no later than its fiscal year ended September 30, 2008. Similar to most other jurisdictions, the County has historically accounted for the annual premiums associated with its Plan as part of its annual budget on a pay as you go basis. GASB 45 applies accounting methodology similar to that used for pension liabilities (GASB 27) to OPEB and attempts to more fully disclose the costs of employment by requiring governmental units to include future OPEB costs in their financial statements. While GASB 45 requires recognition and disclosure of the unfunded OPEB liability, there is no requirement that the liability of such Plan be funded.

As disclosed in the County's General Purpose Financial Statements for the fiscal year ended September 30, 2010, the calculation produced an unfunded obligation of \$43,582,000 for County employees and \$251,707,000 for Broward Sherriff's Office employees, and an annual required contribution of \$4,179,000 for County employees and \$20,887,000 for Broward Sherriff's Office employees, respectively. The County implemented GASB 45 in fiscal year 2008; however, it does not intend to fund the "unfunded obligation." See "APPENDIX B-1 – General Purpose Financial Statements of Port Everglades for the Fiscal Year Ended September 30, 2010."

MUNICIPAL BOND INSURANCE

THE INFORMATION RELATING TO ASSURED GUARANTY MUNICIPAL CORP. (THE "INSURER") CONTAINED HEREIN HAS BEEN FURNISHED BY THE INSURER. NO REPRESENTATION IS MADE BY THE COUNTY NOR THE UNDERWRITERS AS TO THE ACCURACY OR ADEQUACY OF SUCH INFORMATION OR THAT THERE HAS NOT BEEN ANY MATERIAL ADVERSE CHANGE IN SUCH INFORMATION SUBSEQUENT TO THE DATE OF SUCH INFORMATION. NEITHER THE COUNTY NOR THE UNDERWRITERS HAVE MADE ANY INVESTIGATION INTO THE FINANCIAL CONDITION OF THE INSURER, AND NO REPRESENTATION IS MADE AS TO THE ABILITY OF THE INSURER TO MEET ITS OBLIGATIONS UNDER THE POLICY.

The Policy

Concurrently with the issuance of the Series 2011 Bonds, the Insurer will issue its municipal bond insurance policy (the "Policy") for the Series 2011A Bonds maturing on September 1 in the years 2024 and 2025, the Series 2011B Bonds maturing on September 1, 2027 and the Series 2011C Bonds maturing on September 1 in the years 2013, 2014 and 2015 (2.500% coupon, CUSIP#11506KCR0) (collectively, referred to hereinafter as the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and of interest on the Insured Bonds when due as set forth in the form of the Policy included as APPENDIX G to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

The Insurer

The Insurer is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or the Insurer is liable for the obligations of the Insurer.

The Insurer's financial strength is rated "AA+" (CreditWatch negative) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of the Insurer in its sole discretion. In addition, the rating agencies may at any time change the Insurer's long-term rating outlooks or, as S&P has done, place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by the Insurer. The Insurer only guarantees scheduled principal and scheduled interest payments payable by the County on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and

does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

The most recent rating action by S&P on the Insurer took place on September 27, 2011, when S&P published a Research Update in which it placed the Insurer's "AA+" (negative outlook) financial strength rating on CreditWatch negative, meaning that S&P may downgrade the Insurer's financial strength rating in the near future. According to S&P, the CreditWatch placement is due to significant concentration risk in the Insurer's insured portfolio; the portfolio contains exposures that are not consistent with S&P's new bond insurance rating criteria and breach the "largest obligor test" in such new criteria. The largest obligor test appears to have the effect of significantly reducing the Insurer and its affiliates' allowed single risk limits and limiting their financial strength rating level. S&P published updated criteria in Bond Insurance Rating Methodology and Assumptions on August 25, 2011, subsequent to its publication of Request for Comment: Bond Insurance Criteria on January 24, 2011. According to S&P, based on statements from AGL's management that it intends to take action such as create capital or utilize additional forms of reinsurance to mitigate these concentration risks, it is likely such actions, if taken, would support financial strength ratings in the "AA" category. AGL is considering transactions that are designed to create capital and/or mitigate its concentration risks but can give no assurance that it will be able to complete the transactions at all or on terms that are acceptable. If it cannot do so, S&P may downgrade the financial strength of the Insurer, which downgrade may have an adverse impact on its financial condition, results of operation, liquidity, business prospects or other aspects of the Insurer's business and on its insured portfolio. S&P noted that it expects to resolve this CreditWatch placement no later than November 30, 2011. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

The most recent rating action by Moody's on the Insurer took place on December 18, 2009, when Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of the Insurer, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moody.com, for the complete text of Moody's comments. Moody's is in the process of reviewing AGL and its subsidiaries and there can be no assurance as to any ratings action that Moody's may take with respect to the Insurer.

For more information regarding the Insurer's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as amended by its Form 10-K/A; its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2011 and June 30, 2011, each as amended by its Form 10-Q/A; and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011.

Capitalization of the Insurer

At September 30, 2011, the Insurer's consolidated policyholders' surplus and contingency reserves were approximately \$3,105,604,840 and its total net unearned premium reserve was approximately \$2,207,101,996, in each case, in accordance with statutory accounting principles.

The Insurer's statutory financial statements for the fiscal year ended December 31, 2010 and for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, which have been filed with the New York State Department of Financial Services and posted on AGL's website at

<http://www.assuredguaranty.com>, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to the Insurer are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as amended by Amendment No. 1 on Form 10-K/A (filed by AGL with the SEC on March 1, 2011 and October 31, 2011, respectively);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, as amended by Amendment No. 1 on Form 10-Q/A (filed by AGL with the SEC on May 10, 2011 and November 14, 2011, respectively);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, as amended by Amendment No. 1 on Form 10-Q/A (filed by AGL with the SEC on August 9, 2011 and November 14, 2011, respectively); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 (filed by AGL with the SEC on November 14, 2011).

All information relating to the Insurer included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Insured Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to the Insurer: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding the Insurer included herein under the caption "MUNICIPAL BOND INSURANCE – The Insurer" or included in a document incorporated by reference herein (collectively, the "Insurer Information") shall be modified or superseded to the extent that any subsequently included Insurer Information (either directly or through incorporation by reference) modifies or supersedes such previously included Insurer Information. Any Insurer Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

The Insurer or one of its affiliates may purchase a portion of the Insured Bonds or any uninsured bonds offered under this Official Statement and may hold such Insured Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Insured Bonds or uninsured bonds at any time or from time to time.

The Insurer makes no representation regarding the Insured Bonds or the advisability of investing in the Insured Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading "MUNICIPAL BOND INSURANCE".

RESERVE ACCOUNT INSURANCE

The Bond Resolution requires the establishment of the 2011 Reserve Subaccount in the Reserve Account in an amount equal to the Reserve Account Requirement for the Series 2011 Bonds. The Bond Resolution authorizes the County to obtain a municipal bond debt service reserve insurance policy issued by the Insurer (the "2011 Reserve Account Credit Facility") in place of fully funding the 2011 Reserve Subaccount in the Reserve Account with cash (see "APPENDIX D – Original Resolution and the Series Resolution" attached hereto). Accordingly, the Insurer has delivered its commitment to issue the 2011 Reserve Account Credit Facility in the amount equal to \$17,250,287.37 for the purpose of funding the 2011 Reserve Subaccount in the Reserve Account. The Series 2011 Bonds will only be delivered upon the issuance of the 2011 Reserve Account Credit Facility and the premium for the 2011 Reserve Account Credit Facility is to be fully paid at or prior to the issuance and delivery of the Series 2011 Bonds. The 2011 Reserve Account Credit Facility provides that upon the later of (i) one (1) day after receipt by the Insurer of a demand for payment executed by the Paying Agent certifying that provision for the payment of principal or interest on the Series 2011 Bonds when due has not been made or (ii) the interest payment date specified in the Demand for Payment submitted to the Insurer, the Insurer will promptly deposit funds with the Paying Agent sufficient to enable the Paying Agent to make such payments due on the Series 2011 Bonds, but in no event exceeding the Policy Limit, as defined in the 2011 Reserve Account Credit Facility. For further information regarding the Insurer, see "MUNICIPAL BOND INSURANCE" herein.

Pursuant to the terms of the 2011 Reserve Account Credit Facility, the Policy Limit is automatically reduced to the extent of each payment made by the Insurer under the terms of the 2011 Reserve Account Credit Facility and the County is required to reimburse the Insurer for any draws under the 2011 Reserve Account Credit Facility with interest at a market rate. Upon such reimbursement, the 2011 Reserve Account Credit Facility is reinstated to the extent of each principal reimbursement up to but not exceeding the Policy Limit. The reimbursement obligation of the County is subordinate to the County's obligations with respect to the Series 2011 Bonds.

The 2011 Reserve Account Credit Facility does not insure against nonpayment caused by the insolvency or negligence of the Paying Agent.

The insurance provided by the 2011 Reserve Account Credit Facility is not covered by the Florida Insurance Guaranty Association.

INVESTMENT POLICY

The County adopted a detailed written investment policy on September 27, 1995, as amended on May 8, 2007 that applies to all funds (cash, cash equivalents and investments) held by or for the benefit of the Board, except for proceeds of refunded bond issues which are deposited in escrow, debt service funds governed by their bond indentures and funds of the constitutional officers and other components of the County governed by independent boards, unless as authorized by mutual agreement.

The objectives of the investment policy are: (a) preservation of capital, (b) liquidity, (c) yield maximization, (d) investment responsibility, and (e) exceeding the average return on the 3-month treasury bill or the average rate on federal funds whichever is highest.

Subject to certain restrictions in the County's investment policy concerning maximum allowable percentages, the County may invest in the following types of securities: (a) direct obligations, or obligations guaranteed by the United States Government, (b) obligations of federal agencies of the United States of America (as outlined in the investment policy), (c) The Florida Local Government Surplus Funds Trust Fund, (d) bonds, debentures or notes issued by Government Sponsored Enterprises, (e) Repurchase Agreements, (f) Commercial Paper, (g) State and/or Local Government Taxable and/or Tax-Exempt Debt, (h) Bank Time Deposits, (i) Registered Investment Companies, (j) SEC registered money market funds, (k) U.S. dollar denominated sovereign debt, (l) Collateralized Mortgage Obligations, (m) World Bank Notes, Bonds and Discount Notes and Notes, (n) Obligations of the Tennessee Valley Authority, and (o) Reserve Repurchase Agreements. Investments in any derivative securities, including interest only or principal only and inverse floaters investments are prohibited unless specifically designated above.

The County utilizes portfolio diversification as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. To control risk of illiquidity, a minimum of 2% of the County's total portfolio shall be held in overnight repurchase agreements, U.S. Treasury instruments and/or money market/mutual funds.

The County's investment policy may be further modified from time to time by the Board.

LITIGATION

There is no pending or, to the knowledge of the County, any threatened litigation against the County of any nature whatsoever which in any way questions or affects the validity of the Series 2011 Bonds, or any proceedings or transactions relating to their issuance, sale, execution, or delivery, or the adoption of the Bond Resolution, or the collection or pledge of the Net Revenue. Neither the creation, organization or existence, nor the title of the present members of the Board, or other officers of the County is being contested.

The County experiences claims, litigation, and various legal proceedings which individually are not expected to have a material adverse effect on the operations or financial condition of the County, but may, in the aggregate, have a material impact thereon. In the opinion of the County Attorney, however, the County will either successfully defend such actions or otherwise resolve such matters without any material adverse consequences on the financial condition of the County.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2011 Bonds upon an event of default under the Bond Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title II of the United States Code, the remedies specified by the federal bankruptcy code and the Bond Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2011 Bonds (including Co-Bond Counsel's approving opinion) will be qualified, as to the enforceability of the remedies provided in the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

LEGALITY

Certain legal matters incident to the validity of the Series 2011 Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, and KnoxSeaton, Miami, Florida, Co-Bond Counsel, whose approving opinions, the proposed form of which is attached hereto as APPENDIX F, will be delivered at the time of issuance of the Series 2011 Bonds. The opinions will speak only as of their respective dates, and subsequent distribution of them by recirculation of the Official Statement or otherwise shall create no implication that Co-Bond Counsel have reviewed or expresses any opinions concerning any of the matters referenced in the opinions subsequent to their respective dates. Co-Bond Counsel has not been engaged to, nor has it undertaken to review compliance with any federal or state law with regard to the sale or distribution of the Series 2011 Bonds. Certain legal matters relating to disclosure will be passed on by Bryant Miller Olive P.A., Tampa, Florida and the Law Offices of Steve E. Bullock, P.A., Miramar, Florida, Co-Disclosure Counsel to the County. Certain legal matters will be passed upon for the County by the Office of the County Attorney. Ruden McClosky, P.A. and Greenspoon Marder, P.A. are serving as Co-Counsel to the Underwriters in connection with the Series 2011 Bonds. Both firms have agreed to combine, which combination is expected to occur prior to the delivery date of the Series 2011 Bonds. If such combination is completed prior to the delivery of the Series 2011 Bonds, Greenspoon Marder, P.A., Fort Lauderdale, Florida, will pass upon certain legal matters as counsel to the Underwriters in connection with the Series 2011 Bonds.

TAX MATTERS

General

The Internal Revenue Code of 1986, as amended (the "Code"), contains a number of requirements and restrictions which apply to the Series 2011A Bonds and Series 2011B Bonds (collectively, the "Series 2011A/B Bonds"), including investment restrictions, a requirement of periodic payments of arbitrage profits to the Treasury of the United States of America, requirements regarding the timely and proper use of bond proceeds and the facilities financed therewith, and certain other matters. The County has covenanted to comply with all requirements of the Code that must be satisfied in order for the interest on the Series 2011A/B Bonds to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Series 2011A/B Bonds to be included in gross income retroactive to the date of issuance of the Series 2011A/B Bonds.

Subject to the condition that the County will comply with the pertinent requirements of the Code, in the opinion of Co-Bond Counsel, under present law, (1) interest on the Series 2011A/B Bonds is excluded from the gross income of the holders thereof for federal income tax purposes, except that, in the case of the Series 2011B Bonds, such exclusion shall not apply during any period while a Series 2011B Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 2011B Bonds or a "related person" within the meaning of Section 147(a) of the Code, (2) interest on the Series 2011A Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, with respect to certain corporations, interest on the Series 2011A Bonds is taken into account in determining adjusted current earnings for purposes of the alternative minimum tax and (3) interest on the Series 2011B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations.

As to questions of fact material to the opinion of Co-Bond Counsel, Co-Bond Counsel will rely upon representations and covenants made on behalf of the County in the Bond Resolution, other finance documents, certificates of appropriate officers of the County and certificates of public officials (including certifications as to the use of Series 2011A/B Bond proceeds and of the property refinanced thereby), without undertaking to verify the same by independent investigation.

The Code contains numerous provisions which could affect the economic value of the Series 2011A/B Bonds to certain Series 2011A/B Bondholders. Prospective Series 2011A/B Bondholders, however, should consult their own tax advisors with respect to the impact of such provisions on their own tax situations.

The Series 2011A/B Bonds will not be "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. Interest or indebtedness incurred or continued to purchase or carry the Series 2011A/B Bonds, or in the case of banks and certain other financial institutions, interest expense allocated to interest on the Series 2011A/B Bonds, will not be deductible for federal income tax purposes.

Taxable Series 2011C Bonds

Interest on the Series 2011C Bonds is not excluded from gross income of holders thereof for federal income tax purposes.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Series 2011A/B Bonds, including, among other things, restrictions relating to the use or investment of the proceeds of the Series 2011A/B Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2011A/B Bonds to the Treasury of the United States of America. Noncompliance with such provisions may result in interest on the Series 2011A/B Bonds being included in gross income for federal income tax purposes retroactive to their date of issuance.

Collateral Tax Consequences

Except as described above, Co-Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2011A/B Bonds. Prospective purchasers of Series 2011A/B Bonds should be aware that the ownership of Series 2011A/B Bonds may result in other collateral federal tax consequences. For example,

ownership of the Series 2011A/B Bonds may result in collateral tax consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Series 2011A/B Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2011A/B Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2011A/B Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2011A/B BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES REFERRED TO ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS FOR INFORMATION IN THAT REGARD.

Other Tax Matters

Interest on the Series 2011A/B Bonds may be subject to state or local income taxation under applicable state or local laws in some jurisdictions. Purchasers of the Series 2011A/B Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2011A/B Bonds in their particular state or local jurisdiction.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2011A/B Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2011A/B Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2011A/B Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2011A/B Bonds. For example, a bill entitled "The American Jobs Act of 2011" was recently introduced in the United States Senate, which bill includes a provision that would subject a portion of the interest on tax-exempt bonds (including the Series 2011A/B Bonds) held by taxpayers with incomes above certain thresholds to taxation for taxable years beginning after 2012. While this proposal has not been passed by the Senate, similar proposals have been discussed in connection with jobs programs and deficit spending reduction that could significantly reduce the benefit of or otherwise affect the exclusion from gross income of interest on obligations such as the Series 2011A/B Bonds. The further introduction or enactment of one or more of such proposals could affect the market price or marketability of the Series 2011A/B Bonds.

Tax Treatment of Original Issue Discount

Co-Bond Counsel is further of the opinion that the difference between the principal amount of the Series 2011B Bond maturing on September 1, 2027 (the "Series 2011B Discount Bond") and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Series 2011B Discount Bond was sold constitutes original issue discount which is excludable from gross income for federal income tax purposes to the same extent as interest on the Series 2011B Discount Bond. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of the Series 2011B Discount Bond and the basis of the Series 2011B Discount Bond acquired at such initial offering

price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Series 2011B Discount Bond, even though there will not be a corresponding cash payment. Owners of the Series 2011B Discount Bond are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Series 2011B Discount Bond.

Tax Treatment of Bond Premium

The difference between the principal amount of the Series 2011B Bonds maturing on September 1, 2015 through and including September 1, 2021 (collectively, the "Non-Callable Premium Bonds") and the Series 2011A Bonds and the Series 2011B Bonds maturing on September 1, 2022 and September 1, 2023 (collectively, the "Callable Premium Bonds" and together with the Non-Callable Premium Bonds the "Premium Bonds") and the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Non-Callable Premium Bond and to the first call date in the case of the Callable Premium Bonds. For the purposes of determining gain and loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering to the public at the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for the purposes of determining various other tax consequences of owning such Premium Bonds. Owners of Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computation of the amounts deposited by the County in the 1989A Bonds Escrow Deposit Fund and the 1998B/C Bonds Escrow Deposit Fund to pay the principal of and interest on the Refunded Bonds will be verified for the County by the Verification Agent. Such verification will be based on certain information supplied to the Verification Agent by Siebert Brandford Shank & Co., L.L.C. and will be relied upon by Co-Bond Counsel in rendering the defeasance opinion described above under the heading "PLAN OF REFUNDING."

RATINGS

Moody's and S&P are expected to assign their municipal bond ratings of "Aa3" (negative outlook) and "AA+" (CreditWatch negative), respectively, to the Insured Bonds with the understanding that upon delivery of the Series 2011 Bonds, the Policy insuring the timely payment of the principal of and interest on the Insured Bonds will be issued by the Insurer. Moody's, S&P and Fitch Ratings have also assigned underlying ratings of "A2," "A-" and "A," respectively to the Series 2011 Bonds without regard to the issuance of such Policy. The ratings reflect only the views of said rating agencies and an explanation of the ratings may be obtained only from said rating agencies. There is no assurance that such ratings will

continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or any of them, if in their judgment, circumstances so warrant. A downward change in or withdrawal of any of such ratings, may have an adverse effect on the market price of the Series 2011 Bonds. An explanation of the significance of the ratings can be received from the rating agencies, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, 23rd Floor, , New York, New York 10007, Standard and Poor's Ratings Services, 55 Water Street, 38th Floor, New York, New York 10041 and Fitch Ratings, One State Street Plaza, New York, New York 10004.

DISCLOSURE PURSUANT TO SECTION 517.051, FLORIDA STATUTES

Pursuant to Section 517.051, Florida Statutes, as amended, no person may directly or indirectly offer or sell securities of the County except by an offering circular containing full and fair disclosure of all defaults as to principal or interest on its obligations since December 31, 1975, as provided by rule of the Office of Financial Regulation within the Florida Financial Services Commission (the "FFSC"). Pursuant to administrative rulemaking, the FFSC has required the disclosure of the amounts and types of defaults, any legal proceedings resulting from such defaults, whether a trustee or receiver has been appointed over the assets of the County, and certain additional financial information, unless the County believes in good faith that such information would not be considered material by a reasonable investor. The County is not and has not been in default on any bond issued since December 31, 1975 that would be considered material by a reasonable investor.

The County has not undertaken an independent review or investigation of securities for which it has served as conduit issuer. The County does not believe that any information about any default on such securities is appropriate and would be considered material by a reasonable investor in the Series 2011 Bonds because the County would not have been obligated to pay the debt service on any such securities except from payments made to it by the private companies on whose behalf such securities were issued and no funds of the County would have been pledged or used to pay such securities or the interest thereon.

UNDERWRITING

The Series 2011 Bonds are being purchased by the Underwriters reflected on the cover page hereof at an aggregate purchase price of \$171,685,471.60 (representing the par amount of \$167,260,000.00 plus net original issue premium of \$5,242,873.70 and less Underwriters' discount of \$817,402.10). The Underwriters' obligations are subject to certain conditions precedent described in the Bond Purchase Agreement entered into between the County and the Underwriters, and they will be obligated to purchase all of the Series 2011 Bonds if any Series 2011 Bonds are purchased. The Series 2011 Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2011 Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

Morgan Stanley, parent company of Morgan Stanley & Co. LLC, one of the Underwriters, has entered into a retail brokerage joint venture with Citigroup Inc. As part of the joint venture, Morgan Stanley & Co. LLC will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Morgan Stanley & Co. LLC will

compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2011 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2011 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Series 2011 Bonds, at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Series 2011 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2011 Bonds that such firm sells.

CO-FINANCIAL ADVISORS

Raymond James & Associates, Inc. and Fidelity Financial Services, L.C. are serving as Co-Financial Advisors to the County in connection with the sale of the Series 2011 Bonds. The Co-Financial Advisors assisted in matters relating to the planning, structuring and issuance of the Series 2011 Bonds and provided other advice. The Co-Financial Advisors will not engage in any underwriting activity with regard to the issuance and sale of the Series 2011 Bonds. The Co-Financial Advisors are not obligated to undertake and have not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

The County will covenant for the benefit of the Series 2011 Bondholders to provide certain financial information and operating data relating to the County and the Series 2011 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events. The County has agreed to file annual financial information and operating data and the audited financial statements with each entity authorized and approved by the SEC to act as a repository (each a "Repository") for purposes of complying with Rule 15c2-12 adopted by the SEC (the "Rule"). Effective July 1, 2009, the sole Repository is the Municipal Securities Rulemaking Board. The County has agreed to file notices of certain enumerated material events, when and if they occur, with the Repository.

The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are described in "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. The Continuing Disclosure Certificate shall be executed by the County upon the issuance of the Series 2011 Bonds. These covenants have been made in order to assist the Underwriters in complying with the continuing disclosure requirements of the Rule.

With respect to the Series 2011 Bonds, no party other than the County is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. In the past five years, the County has never failed to comply with any prior agreements to provide continuing disclosure information pursuant to the Rule.

FINANCIAL STATEMENTS

The basic financial statements of the Port for the fiscal year ended September 30, 2010, attached hereto as "APPENDIX B-1" have been audited by Crowe Horwath LLP, independent certified public accountants, as stated in their report appearing therein. Crowe Horwath LLP has not participated in the preparation of this Official Statement. Unaudited financial statements for the period ended June 30, 2011 are also attached hereto as "APPENDIX B-2." The financial statements are attached hereto as a matter of public record. The consent of Crowe Horwath LLP has not been sought.

MISCELLANEOUS

The references, excerpts, and summaries of all documents, statutes, and information concerning the County and certain reports and statistical data referred to herein do not purport to be complete, comprehensive and definitive and each such summary, excerpt and reference is qualified in its entirety by reference to each such document, statute, report or instrument for full and complete statements of all matters of fact relating to the Series 2011 Bonds, the security for payment of the Series 2011 Bonds and the rights and obligations of the owners thereof and to each such statute, report or instrument.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Series 2011 Bonds.

The appendices attached hereto are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

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AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been duly authorized and approved by the County. At the time of delivery of the Series 2011 Bonds, the County will furnish a certificate to the effect that nothing has come to its attention which would lead it to believe that this Official Statement (other than information herein related to the Insurer, the Policy, DTC, and the book-entry only system of registration as to which no opinion shall be expressed), as of its date and as of the date of delivery of the Series 2011 Bonds, contains an untrue statement of a material fact or omits to state a material fact which should be included herein for the purposes for which this Official Statement is intended to be used, or which is necessary to make the statements contained herein, in the light of the circumstances under which they were made, not misleading.

BROWARD COUNTY, FLORIDA

By: /s/John E. Rodstrom, Jr.
Vice Mayor

By: /s/ Bertha W. Henry
County Administrator

APPENDIX A

GENERAL INFORMATION CONCERNING BROWARD COUNTY, FLORIDA

Broward County, Florida (the "County") created in October 1915 by the legislature of the State of Florida (the "State"), is located on the southeast coast of the State and has an area of approximately 1,197 square miles. The County is bordered on the south by Miami-Dade County and on the north by Palm Beach County. Located within the County are 31 municipalities. The County ranks second in the State and 15th in the nation with a 2010 Census population of 1.78 million persons. The County's Planning Services Division estimates the County's 2010 population to be 1,748,066. Approximately 50% of the County's population lives in its seven largest cities: Coral Springs, Fort Lauderdale, Hollywood, Miramar, Pembroke Pines, Pompano Beach and Davie. Four airports, including the Fort Lauderdale-Hollywood International Airport, are located in the County. Port Everglades, the State's deepest harbor and a leading international cruise port, is located less than two miles from Fort Lauderdale-Hollywood International Airport.

Governmental Structure

The County is governed by the provisions of its Charter as amended, originally adopted by the electors of the County on November 5, 1974 (the "Charter"). Under the Charter, the County functions as a home rule government consistent with the provisions of the Florida Constitution and the general laws of the State.

The nine member Board of County Commissioners of the County (the "Board") is the legislative body of the County government. The Board annually elects a Mayor who serves as presiding officer. The Charter provides for one County Commissioner to be elected from each of the nine Commission districts. Elections are held every two years for staggered four year terms. Each candidate must be a registered elector and a legal resident of the district to be represented.

The County Commissioners and expiration of their terms are as follows:

Sue Gunzburger, Mayor*	November 2014
John E. Rodstrom, Jr., Vice Mayor*	November 2012
Dale V. C. Holness	November 2014
Kristin Jacobs	November 2014
Chip LaMarca	November 2014
Ilene Lieberman	November 2012
Stacy Ritter	November 2012
Barbara Sharief	November 2014
Lois Wexler	November 2012

*On November 15, 2011, John E. Rodstrom, Jr. and Kristin Jacobs shall begin their one-year terms as Mayor and Vice Mayor, respectively, of the County.

The County Administrator, appointed by the Board, is the chief administrative officer of the County government. The County Administrator directs the functions of County government through several offices, eight major departments, and various divisions within each department. Pursuant to an Administrative Code adopted by the Board, unless otherwise stated in the Charter, the County Administrator can appoint, suspend, or remove all County employees, with the exception of the County Auditor and the County Attorney. The County Administrator also serves as ex-officio Clerk of the Board.

Under the Charter, checks and balances are provided by the Office of the County Auditor. The County Auditor, appointed by the Board, maintains an advisory position to that body.

Legal services are provided to the County government by the Office of the County Attorney. The County Attorney is appointed by the Board. Staff attorneys, appointed by the County Attorney, represent the Board and all other departments, divisions, boards, and offices in all legal matters affecting the County.

Population

In the 95 years since it began as an agricultural community of 5,000, the County has steadily grown and is the second largest county in the State and the 15th largest county in the nation according to the 2010 census.

Year	Broward County		State of Florida		United States	
	Population	Change ⁽¹⁾	Population	Change ⁽¹⁾	Population	Change ⁽¹⁾
1960	333,946	–	4,951,560	–	179,323,000	–
1970	620,100	85.7%	6,789,443	37.1%	203,212,000	13.3%
1980	1,018,257	64.2	9,747,061	43.6	226,505,000	11.5
1990	1,255,488	23.3	13,003,362	33.4	249,632,692	10.2
2000	1,623,018	29.3	15,982,378	22.9	281,421,906	12.7
2010	1,748,066	7.7	18,801,310	17.6	308,745,538	9.1

Source: U.S. Department of Commerce, Bureau of Census and Florida Research and Economic Database.

⁽¹⁾ Percentage increase over the preceding period.

Labor Force and Unemployment Rates

<u>Year Ended December 31</u>	<u>Estimated Broward County Civilian Labor Force</u>	<u>Unemployment Rates</u>		
		<u>Broward County</u>	<u>Florida</u>	<u>United States</u>
2001	852,300	4.9%	4.8%	4.7%
2002	860,005	6.0	5.5	5.8
2003	877,270	5.5	5.1	6.0
2004	899,880	4.7	4.6	5.5
2005	947,447	3.8	3.9	5.1
2006	974,486	3.1	3.3	4.6
2007	991,155	3.4	3.8	4.6
2008	1,001,139	6.6	7.3	6.5
2009	1,002,039	10.1	11.5	9.4
2010	993,076	10.5	12.0	9.2

Source: Florida Research and Economic Database.

**Estimated Nonagricultural Employment by Economic Sector
Fort Lauderdale Metropolitan Statistical Area
(in thousands)**

	2006 Total	2006 Percent of Total	2007 Total	2007 Percent of Total	2008 Total	2008 Percent of Total	2009 Total	2009 Percent of Total	2010 Total	2010 Percent of Total
Grand Total	<u>784.0</u>	<u>100.0%</u>	<u>789.8</u>	<u>100.0%</u>	<u>772.3</u>	<u>100.0%</u>	<u>772.3</u>	<u>100.0%</u>	<u>696.9</u>	<u>100.0%</u>
Goods Producing	92.0	11.7%	90.7	11.5%	77.8	10.1%	77.8	8.8%	56.4	8.1%
Construction	60.0	7.7%	59.5	7.5%	49.4	6.4%	49.4	5.1%	32.0	4.6%
Manufacturing	32.0	4.1%	31.1	3.9%	28.3	3.7%	28.3	3.6%	24.3	3.5%
Service Providing	691.9	88.3%	699.1	88.5%	694.5	89.9%	694.5	91.2%	640.5	91.9%
Trade, Transportation and Utilities	173.5	22.1%	174.9	22.1%	170.4	22.1%	170.4	22.5%	158.2	22.7%
<i>Wholesale Trade</i>	47.0	6.0%	47.2	6.0%	46.4	6.0%	46.4	6.5%	43.2	6.2%
<i>Retail Trade</i>	102.6	13.1%	103.7	13.1%	100.6	13.0%	100.6	12.9%	93.6	13.4%
<i>Transportation, Warehousing, and Utilities</i>	23.9	3.0%	24.0	3.0%	23.4	3.0%	23.4	3.2%	21.4	3.1%
Financial Activities	67.7	8.6%	65.6	8.3%	59.6	7.7%	59.6	7.2%	51.0	7.3%
Information	20.3	2.6%	19.9	2.5%	19.8	2.6%	19.8	2.5%	15.5	2.2%
Professional and Business Services	125.4	16.0%	129.2	16.4%	123.7	16.0%	123.7	16.4%	113.4	16.3%
Education and Health Services	89.0	11.4%	91.4	11.6%	98.6	12.8%	98.6	12.8%	97.9	14.0%
Leisure and Hospitality	78.3	10.0%	79.5	10.1%	80.7	10.4%	80.7	10.5%	73.5	10.5%
Other Services	34.3	4.4%	34.3	4.3%	34.8	4.5%	34.8	4.6%	31.5	4.5%
Government	103.4	13.2%	104.2	13.2%	106.9	13.8%	106.9	14.7%	99.5	14.3%
<i>Federal</i>	7.9	1.0%	7.8	1.0%	7.8	1.0%	7.8	1.0%	7.3	1.0%
<i>State & Local</i>	95.5	12.2%	96.4	12.2%	99.1	12.9%	99.1	13.7%	92.2	13.2%

Source: Florida Agency for Workforce Innovation, Labor Market Statistics, Current Employment Statistics Program (year-to-date average for the years ended December 31).

Largest Employers

The County has a diversified economy with a balance among technology, manufacturing, financial, international and domestic tourism, residential and commercial construction, and retail trade. There were approximately 71,907 business establishments with operations in the County at the end of fiscal year 2010. According to the 2002 Economic Census conducted by the United States Census Bureau, more than 70% of firms within the County have fewer than 20 employees; while this is a smaller percentage than at the state or national level, the County's small businesses provide more employment and payroll than the state and national average. Additionally, approximately 100 of these businesses are Fortune 500 companies or divisions thereof. The table below shows the principal employers in the County for 2011.

<u>Company</u>	<u>Employees</u>
Broward County School Board	27,000
Broward County Government	11,282
Memorial Healthcare System	10,600
Broward Health	8,300
American Express	4,846
Nova Southeaster University	3,919
Kaplan Higher Education	3,000
PRC	3,000
The Answer Group	2,800
City of Fort Lauderdale	2,547

Source: Greater Fort Lauderdale Broward Economic Development Alliance.

Per Capita Personal Income⁽¹⁾ Broward County, Florida and United States

<u>Year Ended December 31</u>	<u>Broward County</u>	<u>Percent of Florida</u>	<u>Percent of U.S.</u>	<u>State of Florida</u>	<u>Percent of U.S.</u>	<u>United States</u>
1998	\$28,015	107.1%	104.2%	\$26,161	97.3%	\$26,893
1999	27,950	105.1	100.4	26,593	95.5	27,843
2000	29,409	105.9	99.8	27,764	94.2	29,469
2001	30,702	105.9	101.0	29,048	95.5	30,413
2002	31,785	106.8	102.8	29,758	96.3	30,906
2003	32,844	109.1	104.3	30,116	95.6	31,487
2004	34,008	108.0	103.0	31,469	95.2	33,050
2005	36,595	107.6	106.2	34,001	98.6	34,471
2006	39,743	108.2	108.2	36,720	100.0	36,714
2007	41,169	107.2	106.6	38,417	99.5	38,615
2008 ⁽²⁾	41,974	107.5	104.5	39,064	97.3	40,166

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

(1) Stated in current dollars (i.e., actual dollars for each year with no adjustment for inflation).

(2) 2008 is the last year for which data is available.

Taxable Sales for the County

The following table shows the taxable sales within the County for the calendar years 2001-2010 and the percentage increase in such sales for each year.

<u>Year Ended</u> <u>December 31</u>	<u>Taxable Sales</u> <u>(\$ in Thousands)</u>	<u>Percent Change</u> <u>from Prior Year</u>
2001	\$25,422,717	6.88%
2002	25,194,309	(0.90)
2003	25,122,603	(0.28)
2004	27,608,938	9.90
2005	31,941,903	15.70
2006	34,759,141	8.82
2007	30,678,853	(11.70)
2008	29,523,345	(3.77)
2009	26,261,882	(11.1)
2010	26,898,615	2.42

Source: State of Florida, Department of Revenue.

Tourism

Tourism is an important component of the County's economy. The combination of favorable climate (Fort Lauderdale has a mean temperature of 75.5 degrees Fahrenheit), together with diverse recreational opportunities, including theaters, parks, public beaches, yacht basins, fishing, golf, tennis, restaurants, thoroughbred racing, jai alai, and water recreational facilities, have made the County a tourist center. The County's multipurpose convention center expansion was completed in 2002 giving the facility a total of 600,000 gross square feet of space. The three level, 180,000 square foot expansion is mainly comprised of a 50,000 square foot exhibit hall, a 33,000 square foot ballroom and 15,000 square feet of meeting room space. Connecting corridors were built at all levels in order to provide convenient access between the original building and the expansion as well as from the original building to the adjacent parking garage.

Tourists now visit the County over the entire year, instead of merely during winter months, and the tourism industry is currently drawing from a worldwide market. The Greater Fort Lauderdale Convention and Visitors Bureau reported that more than 10.84 million people visited the County in calendar year 2010, and had an economic impact of \$8.69 billion. The County's 2010 hotel occupancy rate was 67.3%, which exceeded the state average of 59.1%, and the Average Daily Rate was \$107.70, a decrease of 1.3% over the previous year.

Building Permits

In the late 1980's, the construction of multi-family units exceeded the construction of single family homes. In contrast, the number of permits issued in the 1990's for single family homes exceeded the number of permits issued for multi-family units. The gap between the two has narrowed significantly

in the recent past due to a number of factors including the very limited availability of vacant land and continued population growth, both of which have contributed to increased housing density. The yearly data for building permits is presented in the following table.

Building Permits Issued in Broward County
(\$ in Thousands)

Calendar Year	Single Family Units	Multi-Family Units	Total Residential Units	Total Residential Valuation⁽¹⁾	Permit Valuation⁽²⁾
2001	8,296	2,490	10,786	1,383,892	1,383,892
2002	5,701	6,319	12,020	1,561,660	1,561,660
2003	3,931	4,432	8,363	1,080,166	1,080,166
2004	4,811	3,980	8,791	1,077,816	1,077,816
2005	3,353	2,817	6,170	1,112,104	1,112,104
2006	3,308	3,378	6,686	991,153	991,153
2007	1,754	2,179	3,933	617,307	617,307
2008	967	1,205	2,172	346,893	346,893
2009	563	486	1,049	159,077	159,077
2010	979	189	1,168	222,589	222,589

Source: Bureau of Economic and Business Research, University of Florida; Sun-Sentinel Research Services; U.S. Bureau of the Census.

⁽¹⁾ Includes valuation of fixtures such as pools and recreation areas.

Education

Broward County Public Schools is the sixth largest school district in the nation with approximately 256,000 students currently enrolled and a fiscal year 2010-2011 budget of \$3.5 billion. The system consists of 298 schools: 140 elementary schools, 1 K-8 school, 41 middle schools, and 31 high schools. In addition, there are 68 charter schools, one virtual school and 16 other sites for adult community, vocational, and training centers. Broward County Public Schools is an independent operating and taxing entity, meaning that it is separate from the County.

There are three four-year colleges and universities in the County: Florida Atlantic University and Florida International University, which are public, and Nova Southeastern University, which is private. Florida Atlantic University and Florida International University are two of the nine universities in the State of Florida University system. Broward College, Prospect Hall College, City College, Fort Lauderdale College, the Art Institute of Fort Lauderdale, and Keiser Institute of Technology are two-year colleges located in the County. There are also seven educational institutions in the County with degree or certificate programs providing vocational and technical education.

Transportation

Surface Transportation: The County is served by three bus lines, two railroads (Florida East Coast Railway and CSX), and major freight carriers. The road system within the County, totaling approximately 4,800 miles, contains over 140 miles of interstate and other expressways (including I-95, I-75, I-595, the Florida Turnpike, and the Sawgrass Expressway) and approximately 375 miles of divided

highways. The County-operated bus system, with an active fleet of 303 fixed route busses and 70 community busses, serviced 36.5 million passengers in fiscal year 2010 and is projected to serve approximately 35.8 million passengers during fiscal year 2011. TRI-Rail, a commuter rail system, provides service along a 66 mile corridor from Palm Beach County to Miami-Dade County.

Sea Transportation: Port Everglades, the State's deepest harbor and one of the top three cruise ports in the world, is located in the County – less than two miles from Fort Lauderdale-Hollywood International Airport. Port Everglades is served by major motor freight carriers and two railroads. All functions, assets, and liabilities of Port Everglades passed over to the County in November, 1994 as the result of a local bill which dissolved the separate governing body of Port Everglades and transferred all related duties and powers to the Board. In fiscal year 2010, Port Everglades handled 109.38 million barrels of petroleum and 5.22 million tons of containerized cargo. A total of 3,674,226 cruise ship passengers went through Port Everglades on 1,015 sailings in fiscal year 2010.

A portion of Port Everglades has been designated a Foreign Trade Zone ("FTZ"), where foreign components can be assembled, packaged, and shipped without usual customs duties. The FTZ at Port Everglades was the first such operating zone established in the State. The FTZ now includes eleven sites within and outside of Port's Everglades boundaries on a total of 388 acres. In fiscal year 2010, cargo valued at more than \$267 million was received and more than \$266 million was shipped from all active general-purpose FTZ areas combined.

Air Transportation: Four airports are located in the County. There are three general aviation airports and the Fort Lauderdale-Hollywood International Airport (the "Airport"), which is used by most major national commercial airlines and several foreign commercial airlines. For fiscal year 2010, enplaned Airport passengers totaled 10,912,918 – an increase of 4.3% over fiscal year 2009. Approximately 95,210 total tons of cargo were handled at the Airport in fiscal year 2010 – a decrease of 6.79% over the amount handled in fiscal year 2009.

Public Works Department

The Public Works Department of the County is made up of the following Divisions: Administration, Construction Management, Seaport Engineering & Construction, Facilities Maintenance, Highway Construction & Engineering, Highway & Bridge Maintenance, Traffic Engineering, Waste and Recycling Services, and Water and Wastewater Services.

The Administration Division provides overall management direction, coordination, technical review, project management review and financial management for the various activities of the department and implements County policies to develop opportunities for small businesses. The Administration Division also provides property and construction project management services.

The Construction Management Division provides County agencies with professional planning and design services for the development of the capital improvement plan, interior space planning, project design, construction management and contract administration.

The Seaport Engineering and Construction Division provides the County's Port Everglades Department with in-house engineering and construction management capability for project design, construction management and contract administration.

The Facilities Maintenance Division oversees the leasing, maintenance, operation and renovation of most County governmental facilities (including courthouses, libraries, social service agencies, and administrative offices), parking areas and grounds. This includes the provision of security services in many of these facilities.

The Highway Construction & Engineering Division oversees project management for major roadway improvement projects and participates in the Land Development Review process. It is also responsible for engineering plan review, permitting and roadway inspections as well as surveying, design and project management services for intersection improvement and congestion management projects.

The Highway & Bridge Maintenance Division provides the essential service of maintaining the County's road system and the unincorporated street system. Roadway maintenance projects include the construction of roadways, paths and curbs, including roadway turn lanes, street widening and resurfacing. The division is also responsible for sidewalk installation and repair, guardrail installation and guardrail repair/replacement, and the maintenance of roadway medians and roadside shoulders, the repair and maintenance of 75 fixed bridges, the operation and maintenance of the three County bascule (draw) bridges, roadway drainage improvements, neighborhood entranceway beautification and maintenance, and street brooming and cleaning of catch basins and storm storm-water pipe to comply with the National Pollution Discharge Elimination Standards (NPDES).

The Traffic Engineering Division operations include the planning, design, engineering, construction and maintenance of all traffic control devices for County maintained roads (traffic signals, signs and markings). In addition, unincorporated area services include school crossing guards and street lighting installation and maintenance.

The Waste and Recycling Services Division offers a comprehensive waste management and recycling system for the residents of the County. Through its operations, the Waste and Recycling Services Division provides community residents with viable methods to address waste management issues by offering program solutions which include land filling and waste-to-energy, garbage collection, trash transfer stations, disposal of household hazardous waste, and electronics recycling collection. The County's resource recovery system includes facilities at three regional sites. The southern site, which began commercial operations in August 1991, consists of a 2,250 tons per day waste-to-energy facility and residue landfill. The northern site, which began commercial operations in March 1992, consists of a 2,250 tons per day waste-to-energy facility operated in conjunction with an adjacent landfill. The third site, located in the western portion of the County, is a contingency landfill backing up the two waste-to-energy facilities. Landfill operations began on this site in September 1988.

The Water and Wastewater Services Division plans, designs, and constructs facilities to ensure adequate capacity for potable water, sewer and storm water, and provides retail water and sewer services for over 50,000 customers. The Water and Wastewater Services Division is also responsible for pumping, treating and distributing water, as well as providing for collection, treatment, reuse and disposal of wastewater for over 600,000 citizens. The division is also involved in the operation of waterways, water control structures and well systems as well as removal of aquatic vegetation from certain bodies of water throughout the County.

Overview of the Budget Process

The County Administrator prepares and submits the proposed annual budget and capital program to the Board and executes the budget and capital program in accordance with ordinances adopted by the Board. A policy-setting workshop is held with the Board in January or February of each year to review major trends and provide staff with policy guidance for developing the budget. Once guidance from the Board has been received, the Director of the Office of Management and Budget distributes specific instructions on budgetary policies and procedures to the County's departments, divisions, and offices. Each department then prepares and submits its budget. Internal meetings to review agency-requested budgets are then held to develop budget recommendations to the County Administrator. After approval by the County Administrator, the proposed budget is submitted to the Board in early July. During August, the Board conducts budget workshops to review the proposed budget. The budget, as amended in the budget workshops, is again reviewed during public hearings held in September before final approval and adoption by the Board. The Board must adopt the final budget and establish the final millage rate necessary to fund the budget no later than September 30th.

Chapter 129, Florida Statutes, defines and places a legal requirement upon county governments to adopt and operate within a balanced annual budget. In addition to being the annual operating plan, the adopted budget represents the legal authority to expend funds. Chapter 129, Florida Statutes, provides penalties for making unbudgeted expenditures. The County has consistently operated within a balanced budget and is required to continue this practice.

The Board's adopted budget for fiscal year 2011 contains a millage rate of 5.5530 mills. With respect to the individual components of the fiscal year 2011 millage rate, the operating millage rate is 5.0399, the capital outlay millage rate is 0.0622 mills, and the remaining 0.4509 mills funds this year's debt service payments associated with various voter-approved general obligation bonds.

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Capital Improvement Program for Public Improvements

The Board requires the County Administrator to develop and submit to the Board for approval a continuous five-year Capital Improvement Program (the "CIP"). In each year, the County Administrator must review the CIP, revise it as necessary, and prepare the CIP for approval and adoption by the Board. An annual update of the CIP provides, upon approval by the Board, a continuous five year program.

The CIP development process is coordinated by the Office of Management and Budget and involves the linking of all County agencies for comprehensive review, input, and development. The CIP also utilizes input from the long range capital improvement plan. The CIP development process includes public participation as well as input from governmental entities for certain joint projects and project requests. The adopted CIP for fiscal years 2011-2015 includes the following:

Transportation and Mass Transit Projects ⁽¹⁾	\$279,075,340
Environmental/Beach Renourishment/Waste Disposal.....	67,176,340
Aviation.....	1,450,446,450
Port	468,010,020
Water/Wastewater	266,582,720
Criminal Justice/Public Safety	10,408,920
Libraries/Parks/Boating Improvement.....	44,292,050
General Government/Court Facilities ⁽¹⁾	230,409,590
Neighborhood Improvement/Redevelopment/Housing/Economic Development	<u>58,401,510</u>
Total	\$2,874,802,940

It is anticipated that the adopted CIP for the fiscal years 2011-2015 will be funded as follows:

Bonds	\$981,730,290
Federal and State Grants.....	710,204,520
Local Sources (Taxes, Fees, Fund Balance).....	<u>1,182,868,130</u>
Total	\$2,874,802,940

⁽¹⁾ Note: Also includes reserves for projects included in the capital program in future years.

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Non-Ad Valorem Revenues

The following table presents the net non-ad valorem revenues available to the County for the payment of debt service for a covenant to budget and appropriate debt and certain special revenue debt for the fiscal year ended September 30, 2010.

Net Available Non-Ad Valorem Revenues for the fiscal year ended September 30, 2010 (Dollars in Thousands)

License and Permit Fees	\$ 14,987
State Revenue Sharing	34,643
Licenses (State Revenue)	593
Local Government Half Cent Sales Tax	46,795
Utility Services Taxes and Fire Rescue Tax	5,811
Fines and Forfeitures	3,999
Interest Earnings	7,179
Charges for Services	356,228
Miscellaneous Revenue	23,057
Non-Revenue Sources/Fund Balance	231,458
Federal/State Grants	96,466
Special Assessments	<u>1,139</u>
Total Gross Non-Ad Valorem Revenues	\$863,973
Less Operations Costs not paid by Ad Valorem Taxes	<u>(636,896)</u>
Total Net Available Non-Ad Valorem Revenues	\$227,077

Florida Constitutional Limitations and Property Tax Reform

During recent years, various legislative proposals and constitutional amendments relating to ad valorem taxation and revenue limitation have been introduced in the State. Many of these proposals sought to provide for new or increased exemptions to ad valorem taxation, limit the amount of revenues that local governments could generate or otherwise restrict the ability of local governments in the State to levy ad valorem taxes at recent, historical levels. There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon the County or either of its finances.

Several Constitutional and Legislative amendments affecting ad valorem taxes have been approved by voters in the past including the following:

Save Our Homes Amendment. By voter referendum held on November 3, 1992, Article VII, Section 4 of the State Constitution was amended by adding thereto a subsection which, in effect, limits the increases in assessed just value of homestead property to the lesser of (1) three percent of the assessment for the prior year or (2) the percentage change in the Consumer Price Index for all urban consumers, U.S. City Average, all items 1967=100, or successor reports for the preceding calendar year as initially reported by the United States Department of Labor, Bureau of Labor Statistics. Further, the amendment provides that (1) no assessment shall exceed just value, (2) after any change of ownership of homestead property or upon termination of homestead status such property shall be reassessed at just value as of January 1 of the year following the year of sale or change of status, (3) new homestead property shall be assessed at

just value as of January 1 of the year following the establishment of the homestead, and (4) changes, additions, reductions or improvements to homestead shall initially be assessed as provided for by general law, and thereafter as provided in the amendment. This amendment is known as the "Save Our Homes" amendment. The effective date of the amendment was January 5, 1993 and, pursuant to a ruling by the Supreme Court of the State, it began to affect homestead property valuations commencing January 1, 1995, with 1994 assessed values being the base year for determining compliance.

Limitations on State Revenue Amendment. In the 1994 general election, State voters approved an amendment to the State Constitution which is commonly referred to as the "Limitation On State Revenues Amendment." This amendment provides that state revenues collected for any fiscal year shall be limited to state revenues allowed under the amendment for the prior fiscal year plus an adjustment for growth. Growth is defined as an amount equal to the average annual rate of growth in State personal income over the most recent twenty quarters times the state revenues allowed under the amendment for the prior fiscal year. State revenues collected for any fiscal year in excess of this limitation are required to be transferred to a budget stabilization fund until the fund reaches the maximum balance specified in the amendment to the State Constitution, and thereafter is required to be refunded to taxpayers as provided by general law. The limitation on state revenues imposed by the amendment may be increased by the State Legislature, by a two-thirds vote in each house.

The term "state revenues," as used in the amendment, means taxes, fees, licenses, and charges for services imposed by the State Legislature on individuals, businesses, or agencies outside state government. However, the term "state revenues" does not include: (1) revenues that are necessary to meet the requirements set forth in documents authorizing the issuance of bonds by the State; (2) revenues that are used to provide matching funds for the federal Medicaid program with the exception of the revenues used to support the Public Medical Assistance Trust Fund or its successor program and with the exception of State matching funds used to fund elective expansions made after July 1, 1994; (3) proceeds from the State lottery returned as prizes; (4) receipts of the Florida Hurricane Catastrophe Fund; (5) balances carried forward from prior fiscal years; (6) taxes, licenses, fees and charges for services imposed by local, regional, or school district governing bodies, or (7) revenue from taxes, licenses, fees and charges for services required to be imposed by any amendment or revision to the State Constitution after July 1, 1994. This amendment took effect on January 1, 1995, and was first applicable to the State's fiscal year 1995-1996.

In its 2011 Regular Session, the State Legislature enacted SJR 958, which currently awaits the signature of the Governor. SJR 958 amends Article VII, Section 1 of the State Constitution and creates Article VII, Section 19 and Article XII, Section 32 of the State Constitution. SJR 958 (1) replaces the existing state revenue limitation based on State personal income growth (as described above) with a new state revenue limitation based on changes in population and inflation; (2) requires excess revenues to be deposited into the Budget Stabilization Fund to support public education or returned to taxpayers; (3) adds fines and revenues used to pay debt service on bonds issued after July 1, 2012 to the state revenues subject to the limitation; (4) authorizes the State Legislature to increase the revenue limitation by a supermajority vote; and (5) authorizes the State Legislature to place a proposed increase before the voters, which would require approval of 60% of the voters. SJR 958 will be on the ballot in the 2012 general election or at an earlier election authorized by law. If approved by 60% of the voters, the new state revenue limitation will be phased in starting in State fiscal year 2014-1015. Overtime the new state revenue limitation is more likely to constrain state revenues than the current state revenue limitation; however, the potential impact on the County or its finances cannot be ascertained at this time.

Millage Rollback Legislation. In recent years, the State Legislature initiated a substantial review and reform of the State's property tax structure. During a special legislative session that ended on June 14, 2007, the State Legislature adopted Chapter 2007-321, Laws of Florida, a property tax plan which may significantly impact ad valorem tax collections for State local governments. One component of the adopted legislation required counties, cities and special districts to rollback their millage rates for the 2007-2008 fiscal year to a level that, with certain adjustments and exceptions, would generate the same level of ad valorem tax revenue as in fiscal year 2006-2007; provided, however, depending upon the relative growth of each local government's own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates were determined after first reducing 2006-2007 ad valorem tax revenues by zero to nine percent (0% to 9%). In addition, the legislation limits how much the aggregate amount of ad valorem tax revenues may increase in future fiscal years. A local government may override certain portions of these requirements by a supermajority, and for certain requirements, a unanimous vote.

The County fell under the 5% ad valorem tax revenue reduction category in fiscal year 2008. As a result, the County's non-voted millage rate was reduced from 5.6433 mills in fiscal year 2007 to 4.8889 mills in fiscal year 2008, resulting in a \$90 million budget gap. To close the gap, the County reduced personnel expenses, operating expenses and capital expenses without using non-recurring reserves. While the constitutional amendments which passed on January 29, 2008 did not impact the County's fiscal year 2008 budget, they did have an impact on the approach the County took to formulate the budget for fiscal year 2009 and beyond. The doubling of the homestead exemption and the personal property exemption resulted in \$55 million of the \$87 million budget gap for fiscal year 2009. Once again, the County reduced personnel expenses, operating expenses and capital expenses without using non-recurring reserves to close the gap. On September 24, 2008, the Board adopted the same non-voted rate of 4.8889 for fiscal year 2009. In the Fiscal Year 2011, for the first time in nine (9) years, the millage rate was increased by 0.0744 to 5.0399 mills. The County's adopted Fiscal Year 2012 rate has been set at 5.1220 mills.

Constitutional Amendments Related to Ad Valorem Exemptions. On January 29, 2008, in a special election held in conjunction with the State's presidential primary, the requisite number of voters approved amendments to the State Constitution exempting certain portions of a property's assessed value from taxation. The following is a brief summary of certain important provisions contained in such amendments:

1. Provides for an additional exemption for the assessed value of homestead property between \$50,000 and \$75,000, thus doubling the existing homestead exemption for property with an assessed value equal to or greater than \$75,000.

2. Permits owners of homestead property to transfer their "Save Our Homes" benefit (up to \$500,000) to a new homestead property purchased within two years of the sale of their previous homestead property to which such benefit applied if the just value of the new homestead is greater than or is equal to the just value of the prior homestead. If the just value of the new homestead is less than the just value of the prior homestead, then owners of homestead property may transfer a proportional amount of their "Save Our Homes" benefit, such proportional amount equaling the just value of the new homestead divided by the just value of the prior homestead multiplied by the assessed value of the prior homestead. As discussed above, the Save Our Homes amendment generally limits annual increases in ad valorem tax assessments for those properties with homestead exemptions to the lesser of three percent (3%) or the annual rate of inflation.

3. Exempts from ad valorem taxation \$25,000 of the assessed value of property subject to tangible personal property tax.

4. Limits increases in the assessed value of non-homestead property to 10% per year, subject to certain adjustments. The cap on increases would be in effect for a 10 year period, subject to extension by an affirmative vote of electors.

The amendments were effective for the 2008 tax year (fiscal year 2008-2009 for local governments). At this time, it is impossible to estimate with any certainty the level of impact that the constitutional amendments will have on the County, but the impact could be substantial.

Over the last few years, the Save Our Homes assessment cap and portability provisions described above have been subject to legal challenge. The plaintiffs in such cases have argued that the Save Our Homes assessment cap constitutes an unlawful residency requirement for tax benefits on substantially similar property in violation of the equal protection provisions of the State Constitution and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution. The plaintiffs also argued that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes. The courts in each case have rejected such constitutional arguments and upheld the constitutionality of such provisions; however, there is not assurance that any future challenges to such provisions will not be successful. Any potential impact on the County or its finances as a result of such challenges cannot be ascertained at this time.

In addition to the legislative activity described above, the constitutionally mandated Florida Taxation and Budget Reform Commission (required to be convened every 20 years) (the "TBRC") completed its meetings on April 25, 2008 and placed several constitutional amendments on the November 4, 2008 General Election ballot. Three of such amendments were approved by the voters of Florida, which, among other things, do the following: (a) allow the State Legislature, by general law, to exempt from assessed value of residential homes, improvements made to protect property from wind damage and installation of a new renewable energy source device; (b) assess specified working waterfront properties based on current use rather than highest and best use; (c) provide property tax exemption for real property that is perpetually used for conservation (began in 2010); and, for land not perpetually encumbered, require the State Legislature to provide classification and assessment of land use for conservation purposes solely on the basis of character or use.

Recently Approved Constitutional Amendments Relating to Ad Valorem Taxation. Additionally, during its 2009 session, the State Legislature passed House Bill 833, which provides an additional homestead exemption for deployed military personnel. The exemption would equal the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the Legislature. The measure was approved by the voters at the November 2010 General election and took effect January 1, 2011. At this time, it is impossible to estimate with any certainty the level of impact that the constitutional amendment will have on the County.

Other Proposals Affecting Ad Valorem Taxation. The State Legislature convened for its 2011 Regular Session on March 8, 2011. During this Regular Session, the State Legislature passed House Joint Resolution 381 ("HJR 381"), which will be placed on the November 2012 ballot for a vote by the electors. Among other things, HJR 381 (1) authorizes the State Legislature to prohibit by general law the increase of assessed value for property whose fair market value declined over the prior year; (2) reduces the

limitation on annual increases of non-homestead property from 10% to 5% (the 5% cap sunsets in 2023); and (3) provides an additional homestead exemption of 50% (is reduced to 0% in five years) of just value of the property for first-time homeowners. The additional homestead exemption for first-time homeowners does not apply to school property taxes. Such proposal requires approval by 60% of the voters. At present, it is uncertain if this proposal will be approved by the voters. If approved, the impact of this proposal on the County's finances cannot be accurately ascertained.

There can be no assurance that similar or additional legislative or other proposals will not be introduced or enacted in the future that would, or might apply to, or have a material adverse effect upon, the County or its finances.

Employee Relations

As of October 1, 2010 (fiscal year 2011), the County had 5,493 full and part-time funded positions, as compared with 5,624 in fiscal year 2010, excluding employees of constitutional officers. The County budget also provides for 294 federal and state grant employee positions in fiscal year 2011. The constitutional officers are funded for 5,610 positions in fiscal year 2011.

There are seven organized collective bargaining units within the County: Amalgamated Transit Union, Local 1267 (Mass Transit, 766 unit employees); Amalgamated Transit Union, Local 1591 (White Collar, 1,070 unit employees); Federation of Public Employees (Blue Collar, 1,086 unit employees); Government Supervisory Association of Florida, Local 100 (GSA Supervisors, 328 unit employees); Federation of Public Employees, Supervisory (Port Everglades Supervisors, 14 unit employees); Federation of Public Employees, Non-Supervisory (Port Everglades White Collar, 67 unit employees); and Government Supervisory Association of Florida, Local 100 (GSA Professionals, 1,162 unit employees). This information is based on data as of September 30, 2010.

All contracts expired September 30, 2010, with the exception of the Mass Transit which expires on September 30, 2011. The County has never experienced a serious work stoppage and State law prohibits public employees from striking.

APPENDIX B-1

**GENERAL PURPOSE FINANCIAL STATEMENTS OF PORT EVERGLADES
FOR FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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REPORT OF INDEPENDENT AUDITORS

Board of County Commissioners
Port Everglades, Broward County, Florida
Fort Lauderdale, Florida

We have audited the accompanying basic financial statements of the Port Everglades Enterprise Fund of Broward County, Florida (the Port) as of and for the year ended September 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the management of the Port. Our responsibility is to express 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements present only the Port Everglades Enterprise Fund and do not purport to, and do not, present fairly the financial position of Broward County, Florida, as a whole, as of September 30, 2010, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Port Everglades Enterprise Fund as of September 30, 2010, and the changes in financial position and cash flows for the Port Everglades Enterprise Fund, for the year ended September 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

The accompanying Statement of net Assets of the Port as of September 30, 2009, and the related statement of revenues, expenses and changes in fund net assets and cash flows for the year the ended, were not audited by us and accordingly, we do not express an opinion on them.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2011, on our consideration of the Port'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 4-15 is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Crowe Horwath LLP
Crowe Horwath LLP

Fort Lauderdale, Florida
January 21, 2011

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2010 and 2009
(Unaudited)

Annual Financial Report

The annual financial report of the Port Everglades Department (the "Port") provides an overview of the Port's financial activities for the fiscal years (FY) ended September 30, 2010, 2009 and 2008. The financial statements include the independent auditor's opinion, balance sheets, statements of revenues, expenses and changes in net assets, statements of cash flows and the accompanying explanatory notes. Management's discussion and analysis should be read in conjunction with the financial statements and notes.

Management's Discussion and Analysis

The Port, a department of Broward County (the "County"), operates as an enterprise fund of the County. The County owns Port Everglades which is operated by the Board of County Commissioners. The Port was originally created in 1927 by a Special Act (Act) of the Florida Legislature, to create and promote commerce and industry through the operation of a deep-water seaport. The Port jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses as approved by the Act. The Port owns approximately 1,277 acres.

The Board of County Commissioners of Broward County, Florida (the "County Commission") is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission. The Port is managed by a Port Director appointed by the County Administrator and confirmed by the County Commission.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the Port, including written or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, which address activities, events or developments that the Port expects or anticipates will or may occur in the future, contain forward-looking information. In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions.

Financial Position

The Port's performance measures (unaudited) during fiscal years ended September 30 are as follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u> (Restated)
Total operating revenues (dollars in thousands)	\$ 124,653	\$ 114,442	\$ 121,169
Total waterborne commerce (in short tons/2,000 pounds)	21,640,144	21,503,720	24,227,435
Total ship calls	4,079	4,251	5,226
Container cargo (tons)	5,216,831	5,204,103	6,584,747
Total TEUs (equivalent number of 20' container units)	793,227	796,160	985,095
Petroleum (tons)	15,483,856	15,337,063	16,143,971
Bulk (tons)	511,467	566,820	895,147
Breakbulk (tons)	69,960	67,462	91,007
Yachts/Boats (tons)	54,396	53,871	75,729

Operating revenue at Port Everglades reached its record high in FY 2010 after a downturn in FY 2009. In FY 2010, operating revenue reached \$124.7 million, which is higher than the Port's previous record high of \$121.1 million achieved in FY 2008, and 9% higher than in FY 2009, when operating revenue was \$114.4 million. Net operating expenses before depreciation remained flat at \$74 million in FY 2010, for a gross margin of \$28 million. The increase in net assets of \$20 million declined over the previous year due to reduction in grant funds assisting in infrastructure investments.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2010 and 2009
(Unaudited)

Total waterborne commerce, which is measured in short tons (2,000 pounds), reached 21,640,144 tons, which is a slight increase over the 21,503,720 tons recorded in FY 2009 and a decrease of 11.2% from 24,227,435 tons in FY 2008. In FY 2010 and FY 2009, the Port hosted 4,079 and 4,251 ship calls, respectively, from vessels ranging from aircraft carriers and mega cruise ships to container ships and tankers of all sizes. For FY 2011, the Port Department forecasts 3,686 ship calls at the Port, as cruise and cargo lines strive to reduce operating costs by utilizing fewer, but larger ships.

Cruise related activity for the Port, including parking, accounted for nearly 44% of the operating revenue for FY 2010. The largest increase in revenue was generated in the cruise sector, where Port Everglades celebrated a record number of multi-day cruise passengers. Cruise traffic generated a record 45.7 million in revenue for FY 2010, which is 22.2% higher than in FY 2009. Parking revenue, derived from cruise ship passengers and attendees at the Greater Fort Lauderdale/Broward County Convention Center, decreased by 1.8% in FY 2010 from FY 2009 and dipped by 5.9% in FY 2009 from significant gains in FY 2008. The drop in FY 2009 resulted from the loss of a daily cruise operator in Northport. The number of multi-day passengers also increased 16.8% from 2,836,954 embarking and debarking passengers in FY 2009 to 3,314,208 passengers in FY 2010. The total number of embarking and debarking passengers -- including single-day, multi-day and port of call passengers -- was up 17% from 3,139,820 passengers in FY 2009 to 3,674,226 in FY 2010. Fourteen cruise lines offer services at the Port via a 54-ship cruise fleet, including Carnival Cruise Lines, Celebrity Cruises, Costa Cruise Lines, Cunard Line, Discovery Cruise Line, Holland America Line, MSC Cruises, P&O Cruises, Princess Cruises, Regent Seven Seas Cruises, Royal Caribbean International, Seabourn, and Silversea Cruises. Cruise ships calling at the Port range in size from the 9,961 gross registered tons (GRT) *Seabourn Legend*, with a berth capacity of 204, to the 225,282 GRT *Oasis of the Seas*, with berth capacity of 5,400. In Fall, 2010, the 225,282 GRT *Allure of the Seas*, with a berth capacity of 5,400, began calling at the Port. The *Oasis of the Seas* and *Allure of the Seas* each have a berth capacity of 5,400 but regularly sail with 6,000 passengers.

FY 2010 Cruise Highlights:

- The largest single-ship cruise terminal in the world to serve the two largest and most revolutionary cruise ships in the world, the *Oasis of the Seas* and the *Allure of the Seas*, officially opened at Port Everglades on November 6, 2009, one week prior to the arrival of Royal Caribbean International's 5,400-berth *Oasis of the Seas*. To accommodate these cruise ships, the Port, through a public-private partnership with Royal Caribbean Cruises, Ltd., invested approximately \$75 million to triple the size of Cruise Terminal 18, install new loading bridges, electronic informational signage and a 600-space parking lot. The terminal's mega-size accommodates the more than 5,400 cruise guests and their luggage so that both arriving and departing guests can go through processing procedures simultaneously, allowing arriving passengers to be processed for boarding within 15 minutes of arriving curbside at the terminal. Renowned international artist Michele Oka Doner was selected through Broward County's Public Art & Design Program to create a work of art on the center floor of the new terminal entitled "Forces of Nature," which combined blue and green terrazzo and brass art pieces to represent the sea and the Earth. Another world-renowned artist, Larry Kirkland, will be creating another art piece for the foyer of the terminal, which is expected to be completed in FY 2011. Each ship is projected to generate approximately 584,000 passenger movements annually at Port Everglades. The terminal construction project was overseen by Broward County's Seaport Engineering and Construction Division. This terminal project was awarded the International Joint Venture award by the Greater Miami Chamber of Commerce and in November, 2010 Port Everglades' Terminal 18 received the Port of Year award in Nice, France given by SeaTrade Insider.

Broward County reached a new 15-year agreement with Carnival Corporation in April, 2010 that calls for an average of 1.7 million passengers embarking and debarking annually from a combination of most Carnival-brand cruise ships, including Princess Cruises, Holland America Line, Carnival Cruise Lines, P&O Cruises, Costa Cruises, Cunard Line, and the Yachts of Seabourn, which already sail to and from Port Everglades. As part of this long-term agreement, the Port will renovate four existing cruise terminals, which will create an estimated 620 new construction jobs over the next three years and provide half-a-billion dollars in Port revenue over the life of the agreement.

(Continued)

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FY 2010 Containerized Cargo Highlights

- Containerized cargo accounted for approximately 25% of operating revenue in FY 2010. The Port ranks second in Florida in international container cargo activity, based on total loaded TEUs. Port Everglades also ranks twelfth among U.S. seaports for international containerized cargo trade. Containerized cargo activity remained steady in FY 2010 at 5,216,831 tons and 793,227 TEUs (20-foot equivalent units which is the standard measuring tool for containerized cargo.) From FY 2000 to FY 2010, the volume of containerized cargo billed at Port Everglades increased from 4,091,936 tons to 5,216,831 tons, representing growth of 27% and from 676,760 TEUs to 793,227 TEUs, representing growth of 17.2%. Revenue from containerized cargo increased by 2.7% in FY 2010 to \$29,473,963 from \$28,711,223 in FY 2009. In FY 2010, imports and exports remained about equally divided. The Port's primary trade lanes remain in the regional Caribbean, Central America and South America markets representing nearly 80% of cargo movements. Of that amount, 38% of the Port's containerized cargo volume was destined for Central America. There are 24 container shipping lines that maintain regular service at the Port. Cargo shippers at the Port provide service to over 200 ports in 129 countries.
- The Port handles 25% of the U.S. South Atlantic regional market versus its closest rival, the Port of Jacksonville, which handles 28%. The Port is particularly dominant in Central America, where it not only is first in the South Atlantic, with 49% of the market, but also first among all U.S. seaports, with 16% of the entire market in 2010.
- In September, 2010, the County Commission awarded a 10-year cargo terminal lease to SeaFreight Agencies (USA,) Inc. (SeaFreight) for a new 25-acre facility at Port Everglades. SeaFreight will be the Port's first tenant to begin operations on a new Southport container yard that is nearing completion in Southport. SeaFreight currently operates eight container ships at Port Everglades with twice weekly fixed-day sailings to and from the Caribbean region, which is a key market for Port Everglades. An 18-year customer of Port Everglades that handled cargo through other terminal operators, SeaFreight achieved record-level performance in FY 2010 and has seen its cargo throughput at the Port increase 89% since FY 2004. The guaranteed value of this agreement to Port Everglades, including rent, over the 10-year lease period, will grow from \$2,410,000 to \$4,129,163 annually. Volume guarantees are expected to grow 23% higher than current cargo levels within the first six years. The construction of the new cargo yard generated an estimated 320 construction jobs. The entire 41-acre project is expected to create 15% more capacity for containerized cargo at the Port.
- Southport Phases VIIA and VIII container terminal yard construction was 75% complete through the end of FY 2010 and is expected to be delivered to the Port by the Seaport Engineering and Construction Division early in 2011. This new 41-acre terminal yard will be home to SeaFreight along with Crowley Liner Services, Inc.
- Chilean line Compañía Sud Americana de Vapores (CSAV) started two new services from Port Everglades. CSAV began a new weekly Far East service, America Express (AMEX) to Port Everglades in May 2010, and its first vehicle carrier service at Port Everglades in September 2010. Together, the new CSAV services are expected to generate an additional \$1.2 million annually for Port Everglades.
- The Port successfully negotiated an amendment to the long-term lease with Crowley Liner Services, Inc. to increase the Crowley's terminal acreage from 68.2 acres to 80 acres, with increased ship movements and container guarantees.

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FY 2010 Petroleum Highlights

A consumer-demand based commodity, petroleum throughput increased by 1% in FY 2010 to 15,483,856 tons from 15,337,063 in FY 2009. The Petroleum sector at Port Everglades accounts for approximately 20% of total Port revenue. The Port is the second largest storage and distribution center for petroleum products in Florida. Most of the Port's petroleum arrives from refineries located along the U.S. Gulf Coast, Venezuela, Europe and throughout the Caribbean. Twelve petroleum terminal operators receive product across Port docks to their privately-owned storage facilities within the Port Jurisdictional Area. Most of the petroleum products imported to the Port are transported via tanker truck to retail outlets in the twelve counties of southern Florida and by pipeline to Fort Lauderdale-Hollywood International Airport and Miami International Airport. Petroleum products handled at the Port include asphalt, diesel fuel, gasoline, residual fuel oil, jet fuel, propane, crude oil and alternative fuels such as ethanol and biodiesel.

FY 2010 Other Highlights

In addition to containerized cargo and petroleum, the Port also handles dry bulk and breakbulk cargoes. The Port historically has been a major South Florida gateway for dry bulk and breakbulk commodities. Cement, alumina sand and gypsum are the primary dry bulk commodities handled at the Port. Steel and yachts are the primary breakbulk commodities handled at the Port. Volumes of cement, alumina sand and gypsum have been highly variable and are affected by the demands of the construction industry, which have been negatively impacted by the housing and commercial construction markets. In FY 2010, dry bulk tonnage declined 9.8% to 511,000 tons. The volume of breakbulk steel imports is also affected by the level of activity of the construction industry in the southern Florida region dropping from a peak of 256,000 tons in FY 2006 to 15,000 in FY 2010. Yacht activity peaked in FY 2008 at 76,000 cargo tons and has remained at 54,000 tons the last two years.

The Port leases land, office space, and warehouse space to various private entities including steamship lines, agents, stevedoring firms, Foreign-Trade Zone users and others under the terms of separate leases. Real estate revenue remained steady in FY 2010 at \$10.3 million compared to \$10.4 million in FY 2009.

Parking, mainly from cruise passengers and activity at the Broward County/Greater Fort Lauderdale Convention Center, generated \$8.4 million in FY 2010 compared to \$8.6 million in FY 2009 and \$9.2 million in FY 2008.

Required Financial Statements

The financial statements of the Port report information about the Port using accounting principles generally accepted in the United States of America. These statements offer short and long-term financial information about its activities.

The Statement of Net Assets (balance sheet) include all of the Port's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to the Port's creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. It also provides the basis for computing rate of return, evaluating the capital structure of the Port and assessing the liquidity and financial flexibility of the Port.

The current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. These statements measure the success of the Port's operations and can be used to determine whether the Port has successfully recovered all its costs through its customer contracts, tariff and other charges, as well as its profitability, and creditworthiness.

The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Port's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provide answers to such questions as where did cash come from, what was it used for, and what was the change in cash balance during the reporting period.

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Analysis of Overall Financial Position and Results of Operations

One of the most important questions asked about the Port's financial statements is "Is the Port as a whole, better off or worse off as a result of the year's activities?" The balance sheets and the statements of revenues, expenses and changes in net assets report information about the Port's activities in a way that will help answer this question. One can think of the Port's net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the Port's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, world events, regulation and new or changed government legislation.

Statements of Financial Position (Balance Sheets)

The balance sheet serves as a useful indicator of the Port's financial position. It distinguishes assets and liabilities as to their expected use for current operations or internally designated use for capital projects. The Port's assets exceeded liabilities by \$499.7 million and \$479.1 million at September 30, 2010 and 2009, respectively, a \$20.6 million increase from September 30, 2009. A condensed summary of the Port's balance sheet and resulting net assets at September 30 is shown below:

Statement of Net Assets (Balance Sheets)
(Dollars In Thousands)

	<u>2010</u>	<u>2009</u>	<u>2008</u>
		(Unaudited)	(Unaudited) (Restated)
Assets			
Current assets	\$ 203,349	\$ 187,420	\$ 176,193
Restricted assets	30,256	69,387	40,373
Other assets	8,261	3,517	2,962
Capital assets, net of depreciation	394,190	380,445	316,906
Capital assets held for leasing, net of depreciation	184,639	186,477	189,075
Total assets	<u>\$ 820,695</u>	<u>\$ 827,246</u>	<u>\$ 725,509</u>
Liabilities			
Current liabilities	\$ 11,006	\$ 27,557	\$ 18,665
Current liabilities payable from restricted assets	18,686	18,380	14,870
Long-term obligations	291,257	302,206	233,946
Total liabilities	<u>320,949</u>	<u>348,143</u>	<u>267,481</u>
Net assets			
Invested in capital assets, net of debt	278,612	271,262	259,881
Restricted for:			
Capital projects	304	18,004	14,726
Debt service	10,333	11,056	4,047
Renewal and replacement, and operating and maintenance	16,465	17,205	16,681
Unrestricted	194,032	161,576	162,693
Total net assets	<u>499,746</u>	<u>479,103</u>	<u>458,028</u>
Total liabilities and net assets	<u>\$ 820,695</u>	<u>\$ 827,246</u>	<u>\$ 725,509</u>

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The largest portion of the Port's net assets represents its investment in capital assets (e.g., land, buildings, improvements, and equipment), less the related debt outstanding used to acquire those capital assets. The Port uses these capital assets to provide services to major steamship lines and their agents for movement of maritime cargo; consequently, these assets are not available for future spending. Although the Port's investment in capital assets reported is shown net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves generally are not sold to liquidate liabilities.

An additional portion of the Port's net assets represents resources that are subject to external restrictions. The remaining unrestricted net assets may be used to meet any of the Port's ongoing obligations as defined by the revenue bond covenants.

Statements of Revenues, Expenses and Changes in Fund Net Assets

A condensed comparative summary of the Port's revenues, expenses and changes in net assets for the years ended September 30 is shown below:

Statement of Revenues, Expenses and Changes in Fund Net Assets
(Dollars In Thousands)

	<u>2010</u>	<u>2009</u> (Unaudited)	<u>2008</u> (Unaudited) (Restated)
Operating revenues	\$124,653	\$114,442	\$121,169
Operating expenses (including depreciation)	<u>96,819</u>	<u>93,486</u>	<u>93,116</u>
Operating earnings	27,834	20,956	28,053
Non-operating income (expense)	(15,784)	(10,509)	(10,379)
Capital contributions	<u>8,593</u>	<u>10,628</u>	<u>4,204</u>
Increase in net assets	<u>\$ 20,643</u>	<u>\$ 21,075</u>	<u>\$ 21,878</u>

The following table breaks down operating revenues by revenue center for each fiscal year ended September 30:

Schedule of Operating Revenues by Revenue Center
(Dollars In Thousands)

	<u>2010</u>	<u>2009</u> (Unaudited)	<u>2008</u> (Unaudited) (Restated)
Operating revenues			
Cruise	\$ 45,724	\$ 37,429	\$ 31,489
Container	29,474	28,711	33,867
Petroleum	25,487	23,538	27,348
Real Estate	10,295	10,383	11,878
Parking	8,421	8,579	9,118
Other	3,454	3,826	4,200
Bulk	926	1,090	1,599
Breakbulk/Neobulk	<u>872</u>	<u>886</u>	<u>1,670</u>
Total operating revenues	<u>\$ 124,653</u>	<u>\$ 114,442</u>	<u>\$ 121,169</u>

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In 2010, operating revenues increased 8.9% from \$114.4 million in 2009 to \$124.7 million. The increase can be attributed to an \$8.2 million or a 22.2% increase in cruise revenue and a \$1.9 million or an 8.3% increase in petroleum revenue. The economic downturn created volume declines in bulk and breakbulk containerized cargo and other services.

In 2009, operating revenues decreased 5.6% from \$121.2 million in 2008 to \$114.4 million. This resulted from a \$3.8 million or 13.9% decrease in petroleum revenue, a \$5.2 million or 15.2% decrease in container revenue, a \$1.5 million or 12.6% decrease in real estate revenue which were partially offset by an increase in cruise revenue of \$5.9 million or 18.9%. A \$2.2 million or 13.3% decrease in other revenue centers was principally due to the domestic and world economic downturn.

The following tables break down operating expenses by function for each fiscal year ended September 30:

Schedule of Operating Expenses by Function
(Dollars In Thousands)

	<u>2010</u>	<u>2009</u> Unaudited	<u>2008</u> Unaudited (Restated)
Operating expenses:			
Contractual Services	\$ 42,436	\$ 39,571	\$ 37,026
Personal services	17,949	18,739	19,351
Insurance	5,419	5,551	5,274
Utilities	4,066	3,967	4,585
General & Administrative	2,097	2,651	3,577
Maintenance	1,983	2,757	3,280
Sub-total operating expenses	<u>73,950</u>	<u>73,236</u>	<u>73,093</u>
Depreciation	22,869	20,250	20,022
Total operating expenses	<u>\$ 96,819</u>	<u>\$ 93,486</u>	<u>\$ 93,115</u>

In 2010, personal services expense decreased by 4.2% from \$18.7 million in FY 2009 to \$17.9 million. The decline is primarily due to a continuing reduction in overtime and an approximately 10% reduction in staffing through attrition. Contractual services in FY 2010 increased over FY 2009 principally due to increased security expenses related to the opening of the new Terminal 18 facility, security contractual increases and security for the hosting of the SuperBowl and ProBowl Media Headquarters and related events. Security costs are expected to decline in FY 2011 and beyond as a result of County Commission approval in December, 2010 to transition certain non-sworn security functions from the Broward Sheriff's Office (BSO) to a private security company, with projected annualized savings of \$2.2 million, and to begin a new security contract with BSO that adjusts staffing levels to reflect current needs. Utilities increased due to water consumption increases relative to new (larger) cruise ships with a partial offset in electrical costs due to the implementation of an energy reduction performance project. The Port placed in service the newly renovated Terminal 18 in FY 2010 along with other asset acquisitions resulting in an increase in depreciation expense in FY 2010 over FY 2009. Outlays for crane repairs and infrastructure repairs were significantly reduced in FY 2010 over FY 2009.

In 2010, income from operations increased by \$6.9 million or 32.8% for the reasons stated above. In 2009, operating earnings decreased by \$7.1 million or 25.3% from 2008 due to the reasons discussed above.

In 2010, nonoperating income (expense), increased from a net expense of \$10.5 million in 2009 to net expense of \$15.8 million. This increase is due principally to a decline in interest income of \$3.7 million, increased interest expense of \$3.1 million, recording of a net difference in the gain on disposal of assets of approximately \$.7 million, and a reduction in deferred charges, amortization and debt service expenses of \$.8 million.

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In 2009, nonoperating income (expense), increased from a net nonoperating expense of \$10.4 million in 2008 to net nonoperating expense of \$10.5 million. This increase is due principally to a decline in interest income of \$3.2 million and a \$3.4 million swap termination fee expense incurred in 2008.

During the years ended September 30, 2010, 2009 and 2008, the Port received approximately \$8.6 million, \$10.6 million, and \$4.2 million, respectively, in state and federal grant money to be used for capital expenditures.

In summary, net assets during fiscal years 2010, 2009 and 2008 increased \$20.6 million, \$21.0 million, and \$21.9 million, respectively.

Statements of Cash Flows

The following shows a summary of the major sources and uses of cash and cash equivalents. Cash equivalents include highly liquid investments generally with a maturity at time of purchase of three months or less. A condensed comparative summary of the statements of cash flows for the years ended September 30 is shown below:

Statement of Cash Flows
(Dollars In Thousands)

	<u>2010</u>	<u>2009</u> <u>(Unaudited)</u>	<u>2008</u> <u>(Unaudited)</u> <u>(Restated)</u>
Cash flows from operating activities	\$ 44,588	\$ 43,798	\$ 47,850
Cash flows from noncapital financing activities	120	(1,040)	(3,667)
Cash flows from capital and related financing activities	(70,257)	(9,475)	(43,684)
Cash flows from investing activities	19,463	(9,908)	(30,178)
	<u> </u>	<u> </u>	<u> </u>
Change in cash and cash equivalents	(6,086)	23,375	(29,679)
Cash and cash equivalents			
Beginning of year	52,100	28,725	58,404
End of year	<u>\$ 46,014</u>	<u>\$ 52,100</u>	<u>\$ 28,725</u>

The Port's available cash and cash equivalents decreased by \$6.1 million from \$52.1 million at the end of 2009 to \$46.0 million at the end of 2010 due to an increased flow of funds provided by operating activities which was offset by the increased use of funds for capital acquisitions and related financing activities including investments.

Capital Improvement Plan

The Port strategically evaluates the need for capital improvements based upon a demand driven strategy that balances the deployment of capital resources with projected cash flows. Intermediate and long range capital investment plans are prepared based on market demand, timing, costs, permitting, financing capabilities and other factors. These plans are periodically updated to reflect changing events. Generally, the Port funds capital projects from a combination of operating cash flows, grants and the issuance of revenue bonds. The Port continuously monitors economic factors and prudently manages its debt against realistic growth and associated cash flow expectations.

Capital Acquisitions and Construction Activities

During FY 2010, the Port expended approximately \$39.9 million for new capital assets. The major capital expenditures were for the continuing Southport Container Yard development, refurbishment of an existing container gantry crane in Midport, purchase of a new mobile harbor crane, completion of the new bridge over the Florida Power and Light (FPL) Discharge Canal and Cruise Terminal 18's expansion.

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During FY 2009, the Port expended approximately \$89.1 million for new capital assets. The major expenditures were for a new bridge over the Florida Power and Light Discharge FPL Discharge Canal, continuing Southport Container Yard development, a port-wide roofing project, and Cruise Terminal 18's expansion.

Capital asset acquisitions are capitalized at cost. Acquisitions are funded primarily with port revenues, grants, and revenue bonds. The Port had construction commitments of approximately \$18.8 million at September 30, 2010. Additional information on the Port's capital assets and commitments can be found in Note D. – Capital Assets.

Overview of Upcoming Projects

Southport Turning Notch Extension

Westward expansion of the existing Southport Turning Notch (TN) is essential to increasing berthing capacity in the Port. This project would extend the TN from its current 900 foot length to 2,400 feet, creating four additional berths for containerized, bulk and breakbulk cargo handling. This project will require excavating approximately 8.7 acres of mangrove habitat that was included in a Conservation Easement granted to the Florida Department of Environmental Protection (FDEP) in 1988. To offset this loss, the Port developed a habitat enhancement proposal that will convert 16.5 acres of Port land into mangrove habitat. The FDEP has approved the proposal, and permitting and design will begin in FY 2011 with construction expected in FY 2012/2013 for the enhancement and FY 2014 for the TN extension.

Deepening

Port harbor deepening is a long-term project which would result in deeper and wider waterways for the future, larger generations of container, cruise, and petroleum vessels. The U.S. Army Corps of Engineers is undergoing a Deepening and Widening Feasibility Study, with completion estimated in 2012.

Master/Vision Plan

The Port Everglades Master/Vision Plan was adopted by the Broward County Board of County Commissioners in December, 2007. This plan developed a comprehensive, realistic 5-year Capital Improvement Plan (CIP) within the framework of 10- and 20-year vision plans for all of the Port's business sectors. The first update to this document began in February, 2009 and is estimated to be completed and adopted by the Board in the Spring of 2011.

Northport/Broward County Convention Center Carve Out

This project will adjust the boundaries of the Port Everglades Jurisdictional Area to remove the Broward County Convention Center from the secure area of the Port, including revisions to the boundary of the Northport Development of Regional Impact (DRI) and the implementation of a Bypass Road in Northport. Construction for the first phase of the Bypass Road, which will move the security checkpoint further south on Eisenhower Drive, is estimated to begin in the Spring of 2011. The second phase will allow unrestricted traffic access through the Port separated from the secure Port areas for vehicles traveling to and from the Broward County Convention Center or to the 17th Street Causeway from US-1 or State Road 84 while maintaining secured access to the Port's operational areas.

Southport Improvements

Port Everglades broke ground for a new 41-acre marine terminal for containerized cargo that is expected to be completed in January, 2011. In addition, McIntosh Road will undergo a re-alignment to create a loop road with ample right-hand turning radii for trucks to directly enter container terminals and eliminating crossing traffic.

Cruise Facility Upgrades

The Port's new fifteen year agreement with Carnival Corporation for cruise passenger terminal and berth use calls for the renovation of four existing cruise terminals (2, 19, 21 and 26) which will create an estimated 620 new construction jobs over the next three years.

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Eller Drive Overpass

The Florida Department of Transportation (FDOT) funded Eller Drive Overpass project consists of a four-lane bridge overpass on the primary entrance to Port Everglades to allow for construction of an at-grade rail spur to Southport while facilitating unrestricted vehicle movement to and from container and cruise terminals and to Interstate 595 and the Florida Turnpike highway systems. The project also involves the widening, realignment, and construction of service roads parallel to the Overpass. FDOT is scheduled to award the contract in January, 2011 with construction to begin Summer of 2011.

Intermodal Container Transfer Facility (ICTF)

The ICTF in Southport will provide a near-dock facility to facilitate the transfer of containerized cargo through the Port onto a rail line via a connecting rail spur without the need for trucks to enter or exit the Port. This will reduce congestion on both the Interstate Highway System and local arterials. The project is planned to be a public/private partnership.

Aggregate Facility

An underground enclosed conveyor, an enclosed storage facility and rail storage tracks will be constructed for handling imported crushed rock aggregate and other bulk material in the Southport area of Port Everglades. It is currently envisioned that this project will be completed as a public/private partnership when commercial demand dictates the need.

Foreign-Trade Zone (FTZ)

The U.S. FTZ Board approved an Expansion and Reorganization of the Port-operated Foreign-Trade Zone No. 25 on August 27, 2009. This approval preserves and expands the number and size of sites where Foreign-Trade Zone activity can take place in Broward County. The dynamic growth in FTZ activity over the last several years, and the future potential of such growth, has necessitated the increase from 305 acres at four sites to over 388 acres at 11 sites. In addition, another Subzone for petroleum storage and two temporary sites totaling 26 acres were approved in 2010 to accommodate the growth of existing companies utilizing FTZ benefits and procedures.

Petroleum

Lease negotiations are underway for a liquid bulk terminal operator to develop and operate a 13.9-acre site where the Port owns 10 tanks that are no longer in use.

Security

The Department of Homeland Security elevated the Port's risk category to Group 2 in 2007, which qualified the Port Everglades port area to be awarded security grants totaling \$11,105,066 for infrastructure improvements by Port users in FY 2008, FY 2009 and FY 2010. The specific projects are approved by the U.S. Coast Guard and the Federal Emergency Management Agency (FEMA) based on a comprehensive Strategic Risk Management Plan and Business Continuity/Resumption of Trade Plan that identifies potential areas for future port security grant investment.

Legal

Through voluntary agreement, several petroleum companies having operations located within the Port's Jurisdictional area created and funded an independent corporation, Port Everglades Environmental Corporation (PEECO). PEECO was created to address the problem of, and clean up historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths and roadways adjacent to oil company properties, used by the petroleum companies for transportation of their petroleum products. The Port believes that the likelihood of having a financial liability for petroleum contamination costs not covered by the state or oil industry is remote.

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Liquidity Outlook

We believe that, based on current and anticipated financial performance, cash flows from operations will be adequate to meet anticipated requirements for capital projects as well as scheduled principal and interest payments for the coming year.

Our strategy for growth includes terminal expansion and new port facilities in the near future. We believe that cash on hand, investments and cash generated from operations will enable us to support our strategy. We have plans to seek additional financing through the issuance of revenue bonds during 2012. We believe we have excess borrowing capacity beyond our current obligations, however there can be no assurance that such financing would be available or, if so, at terms that are acceptable to us.

We are exposed to various market risks. Market risk is the potential loss arising from adverse changes in market prices and rates. Additionally, we are exposed to various market risks associated with an interest rate swap agreement which is more fully discussed in Note E.

Long-Term Debt

At September 30, 2010, the outstanding balance of bonds payable was \$301.5 million. Detailed information regarding the bonds is contained in Note E of the Port Financial Statements.

Series 1989A Bonds

During 1989, the Port issued \$117,454,948 of Port Facilities Refunding Revenue Bonds to refund and defease certain of the County's outstanding Revenue Bonds. The 1989A Bonds consisted of \$79,580,000 issued in the form of current interest bonds and \$37,874,948 issued in the form of capital appreciation bonds.

During FY 1998, the Port placed \$38,497,000 of cash derived from operations in escrow for the purpose of defeasing a portion of the \$117,454,948 Port Facilities Refunding Revenue Bonds Series 1989A. The defeased bonds included approximately \$6,811,000 of original principal amount and \$6,072,000 of accretion on the Capital Appreciation Term Bonds which matured on September 1, 2010, and \$22,150,000 of Current Interest Term Bonds which will mature on September 1, 2012.

Series 1998A, B and C Bonds

During FY 1998, the Port issued \$13,195,000 of Port Facilities Refunding Revenue Bonds Series 1998A, \$80,440,000 of Port Facilities Refunding Revenue Bonds Series 1998B, and \$72,440,000 of Port Facilities Revenue Bonds Series 1998C. The Broward County, Florida Port Facilities Revenue Bonds (Port Everglades) Refunding Bonds Series 1998A, and B were issued to refund and defease certain of the County's outstanding obligations and to pay certain costs of issuing the bonds. The 1998C bonds were issued for capital construction projects and to pay certain costs of issuing the bonds.

Series 2008 Subordinate Bonds

During FY 2008, the Port issued \$46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds, Series 2008 (the "Bonds".) The refunding bonds closed on July 10, 2008 in the form of variable rate bonds to refund \$43,160,000 of previously outstanding Subordinate Port Facilities Refunding Revenue Bonds, Series 1998 (the "Refunded Bonds".) The County entered into an interest rate swap agreement for \$46,145,000 of its variable rate 2008 Series Subordinate Port Facilities Refunding Revenue Bonds for the outstanding period of the bonds as a means to lower its true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap is to effectively change the County's variable interest rate. Based on the swap agreement, the County pays a synthetic fixed rate of 3.642%.

Series 2009A

During FY 2009, the Port issued \$83,235,000 of Port Everglades Revenue Series 2009A Bonds for the purpose of providing funds, together with other legally available funds, to (i) pay all or part of the costs for the Terminal 18 improvements and other capital improvements, (ii) fund a subaccount of the Reserve Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2009A Bonds.

(Continued)

PORT EVERGLADES DEPARTMENT OF BROWARD COUNTY, FLORIDA
Management's Discussion and Analysis
Years Ended September 30, 2010 and 2009
(Unaudited)

Bond Insurance and Credit Ratings

The Port's most recent bond ratings are as follows:

<u>Issue</u>	<u>Insured</u>	<u>Fitch, Inc.</u>	<u>Moody's Investor Services</u>	<u>Standard & Poor's</u>
1989A Port Everglades Refunding	No	A	A2	A-
1998 A Port Facilities Revenue Refunding	MBIA Insurance Corporation	A	A2	A-
1998 B Port Facilities Revenue Refunding	MBIA Insurance Corporation	A	A2	A-
1998 C Port Facilities Revenue	MBIA Insurance Corporation	A	A2	A-
2008 Subordinate Port Facilities Revenue Refunding	Scotia Bank Letter of Credit	AA-	-	AA-
2009A Port Facilities Revenue	No	A	A2	A-

Contacting the Port Department's Financial Management

If you have questions about this report or need additional financial information, contact the Port's Director of Finance, 1850 Eller Drive, Fort Lauderdale, FL 33316 USA.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Net Assets
As of September 30, 2010 and 2009**

<u>ASSETS</u>	<u>2010</u>	<u>2009</u> (Unaudited)
Current assets:		
Cash and cash equivalents (Note B)	\$ 29,221,909	\$ 1,917,386
Investments (Note B)	156,572,968	169,914,445
Accounts receivable - trade (less estimated uncollectible accounts of \$309,564 in 2010 and \$309,564 in 2009)	7,131,263	6,342,038
Accounts receivable - other (less estimated uncollectible accounts and unamortized discounts of \$81,463 in 2010 and \$95,583 in 2009)	142,438	138,854
Due from other governments (Note C)	801,636	2,322,139
Inventories	5,697,556	3,747,808
Prepaid expenses & insurance	<u>3,781,517</u>	<u>3,037,606</u>
Total current assets	<u>203,349,287</u>	<u>187,420,276</u>
Restricted assets:		
Cash and cash equivalents (Note B)	16,791,891	50,182,745
Investments (Note B)	<u>13,464,690</u>	<u>19,203,955</u>
Total restricted assets	<u>30,256,581</u>	<u>69,386,700</u>
Non-current assets:		
Bond issue costs and other deferred charges	3,279,068	3,517,039
Deferred Swap Inflow (Note E)	4,981,824	-
Capital assets, less accumulated depreciation (Note D)	394,889,990	380,445,079
Capital assets held for leasing, less accumulated depreciation (Note D)	<u>183,938,607</u>	<u>186,476,512</u>
Total non-current assets	<u>587,089,489</u>	<u>570,438,630</u>
Total assets	<u>820,695,357</u>	<u>827,245,606</u>

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Net Assets
As of September 30, 2010 and 2009**

<u>LIABILITIES</u>	<u>2010</u>	<u>2009 (Unaudited)</u>
Current liabilities:		
Accounts payable	\$ 3,208,914	\$ 6,289,027
Contracts payable	3,403,188	17,494,963
Salaries and benefits payable	539,136	482,488
Compensated absences (Note I)	1,156,000	1,069,000
Due to other governments (Note C)	2,699,201	2,221,155
Total current liabilities	<u>11,006,439</u>	<u>27,556,633</u>
Current liabilities payable from restricted assets:		
Contracts payable	-	396,118
Security deposits	564,624	533,775
Accrued interest	1,266,829	1,931,004
Unearned grant revenue, capital contributions	-	39,247
Bonds payable - current portion (Note E)	16,855,000	15,480,000
Total current liabilities payable from restricted assets	<u>18,686,453</u>	<u>18,380,144</u>
Noncurrent liabilities:		
Compensated absences (Note I)	1,278,000	1,196,000
Other post employment benefits liability (Note I)	311,593	212,356
Bonds payable, net of discounts and premiums (Note E)	284,685,520	300,797,754
Fair value of interest rate swap (Note E)	4,981,824	-
Total non-current liabilities	<u>291,256,937</u>	<u>302,206,110</u>
Total liabilities	<u>320,949,829</u>	<u>348,142,887</u>
Commitments and contingencies (Notes C,D,E,G, H and L)		
NET ASSETS:		
Invested in capital assets, net of related debt	278,611,648	271,261,572
Restricted for:		
Capital projects	303,754	18,003,585
Debt service	10,333,112	11,056,290
Renewal and replacement, and operating and maintenance	16,464,690	17,205,060
Unrestricted	194,032,323	161,576,212
Total net assets	<u>\$ 499,745,527</u>	<u>\$ 479,102,719</u>

See accompanying notes to financial statements.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended September 30, 2010 and 2009**

	2010	2009 (Unaudited)
Operating revenues:		
Vessel, cargo, and passenger services	\$ 102,031,517	\$ 92,171,381
Lease of facilities	9,686,884	9,610,643
Vehicle parking	8,757,085	8,578,746
Other	4,177,966	4,081,048
Total operating revenue	124,653,452	114,441,818
Operating expenses:		
Salaries & wages	13,314,627	14,983,785
Benefits	4,634,530	3,755,098
Total personal services	17,949,157	18,738,883
Contractual services	42,435,972	39,571,335
Insurance	5,418,700	5,550,875
Utilities	4,066,483	3,966,825
General & administrative	2,097,048	2,650,603
Maintenance	1,983,606	2,757,156
Total general operating	56,001,809	54,496,794
Total operating expenses	73,950,966	73,235,677
Income from operations before depreciation	50,702,486	41,206,141
Depreciation	22,868,577	20,250,286
Income from operations	27,833,909	20,955,855
Non-operating revenues (expenses):		
Interest income - other	384,753	4,016,585
Interest income - from bond proceeds	9,866	176,990
Interest expense	(15,789,310)	(12,727,989)
Gain (loss) on disposal of assets	123,313	(654,006)
Discontinued project costs	-	(26,708)
Other expense, net	(512,226)	(1,294,038)
Total non-operating revenues (expenses)	(15,783,604)	(10,509,166)
Net income before capital contributions	12,050,305	10,446,689
Capital contributions (Note J)	8,592,503	10,628,396
Change in net assets	20,642,808	21,075,085
Total net assets, beginning of period	479,102,719	458,027,634
Total net assets, end of period	\$ 499,745,527	\$ 479,102,719

See accompanying notes to financial statements.

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2010 and 2009**

	2010	2009 (Unaudited)
Cash flows from operating activities:		
Cash received from customers	\$ 123,920,707	\$ 115,637,838
Payments to suppliers for goods and services	(61,708,559)	(53,358,399)
Payments to employees for services	(17,624,272)	(18,480,906)
Net cash provided by (used in) operating activities	44,587,876	43,798,533
Cash flows from noncapital financing activities:		
Other non-operating cash (expended) or received, net	119,699	(1,040,474)
Net cash provided by (used in) noncapital financing activities	119,699	(1,040,474)
Cash flows from capital and related financing activities:		
Capital contributions	10,073,759	8,635,077
Principal payments on commercial paper	-	(5,000,000)
Principal payments on bonds	(15,480,000)	(12,900,000)
Proceeds from bond issue	-	82,731,471
Interest and fiscal charges paid	(16,570,056)	(12,311,054)
Acquisitions of capital assets	(48,404,139)	(70,645,003)
Proceeds from sales of capital assets	123,313	14,422
Net cash provided by (used in) capital and related financing activities	(70,257,123)	(9,475,087)
Cash flows from investing activities:		
Purchase of investments	(220,826,342)	(229,627,880)
Proceeds from sales and maturities of investments	240,047,654	215,278,717
Interest on investments	241,905	4,441,531
Net cash provided by (used in) investing activities	19,463,217	(9,907,632)
Increase (decrease) in cash and cash equivalents	(6,086,331)	23,375,340
Cash and cash equivalents, beginning of period	52,100,131	28,724,791
Cash and cash equivalents, end of period	\$ 46,013,800	\$ 52,100,131
Classified as:		
Current assets	\$ 29,221,909	\$ 1,917,386
Restricted assets	16,791,891	50,182,745
Total	\$ 46,013,800.00	\$ 52,100,131

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Cash Flows
For the Fiscal Year Ended September 30, 2010 and 2009**

	2010	2009 (Unaudited)
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 27,833,909	\$ 20,955,855
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	22,868,577	20,250,286
Decrease(increase) in operating assets:		
Accounts receivable - trade	(789,225)	1,240,459
Accounts receivable - other	25,631	19,482
Inventories	(1,949,748)	(711,637)
Prepaid expenses & insurance	(1,154,935)	(2,234,766)
Increase(decrease) in liabilities:		
Accounts payable	(3,080,113)	4,366,296
Salaries and benefits payable	56,648	23,486
Compensated absences	169,000	124,000
Due to other governments	478,046	(281,497)
Security deposits	30,849	(63,922)
Other post employment benefits liability	99,237	110,491
Total adjustments	16,753,967	22,842,678
Net cash provided by operating activities	\$ 44,587,876	\$ 43,798,533
Supplemental:		
Non-cash capital and related financing activities:		
Amortization of deferred charges, bond issue and discount costs	\$ 986,205	\$ 1,017,373
Amortization of master plan	411,024	822,048
Property and equipment acquired through contractor agreements	3,403,188	17,891,081
Non-cash investing activities(mark to market adjustments on investments)	140,570	196,070
Total	\$ 4,940,987	\$ 19,926,572

See accompanying notes to financial statements.

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
NOTES TO FINANCIAL STATEMENTS – CONTENTS
September 30, 2010

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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

A. Summary of Significant Accounting Policies

Reporting Entity: These financial statements present the financial position, changes in net assets and cash flows of the Port Everglades Department (the "Port") and not Broward County as a whole. The Port, a department of Broward County (the "County"), operates as an enterprise fund of the County. The County owns Port Everglades which is operated by the Board of County Commissioners. The Port, formerly known as Port Everglades Authority, is located in Broward County, Florida, and was originally created in 1927 by a Special Act of the Florida Legislature, to create and promote commerce and industry through the operation of a deep-water seaport. The Port jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses as approved. The Port owns approximately 1,277 acres.

The Board of County Commissioners of Broward County, Florida (the "County Commission") is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission.

On March 10, 1992, voters approved a binding referendum to abolish the Port Everglades Authority and transfer control to the County Commission. The Port remained independent until November 22, 1994 (thereafter known as Port Everglades Department, a department of Broward County, Florida). Chapter 91-346 (resolution 92-1734), Laws of Florida, provided for dissolution and required Broward County to assume all of the Port's assets and obligations. The same law restricts the use of all monies and revenues owned or generated by Port Everglades for port purposes; to the same extent as such revenues could have been used prior to its dissolution and transfer of its assets to Broward County.

Component Units: The Port has no component units.

Basis of Presentation and Accounting: The Port is a major proprietary fund of the County and uses the enterprise fund type to account for all of its operations. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Application of FASB Pronouncements to Proprietary Funds: GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting gave the option of adopting Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter contradict GASB pronouncements, or not following FASB standards issued after such date. The Port elected the option of not following FASB standards issued after that date.

New Accounting Pronouncements: The Port has implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which provides guidance on recognition, measurement and disclosure of derivative instruments entered into by governmental entities.

The County has entered into interest rate swap agreements with Goldman Sachs Bank USA to fix the rate of interest on long term debt. Interest rate swaps are considered derivatives and are carried on the balance sheet at fair value. The County does not enter into financial instruments for trading or speculative purposes.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

A. Summary of Significant Accounting Policies (continued):

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Budgetary Requirements: State of Florida statutes require that all county governments establish budgetary systems and approve balanced annual budgets for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The County Commission, after review of the tentative budgets, holds public hearings and then adopts the annual budget. Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations of the individual fund level. All appropriations for the Port, except capital outlay items, lapse at year-end.

Cash & Cash Equivalents and Investments: Cash equivalents consist of demand deposits with banks, investments with original maturities at time of purchase of three months or less, and equity in the County's cash management pool.

The County maintains an investment pool for substantially all cash and cash equivalents and investments of all funds. All money market investments and participating interest-earning investment contracts with a remaining maturity at time of purchase of ninety days or less are recorded at amortized cost plus accrued interest. All other investments are carried at fair value as determined from quoted market prices. Each fund's portion of the pool is presented as "cash and cash equivalents", "investments" or "restricted assets" as appropriate. Earnings are allocated to each fund based on average daily balances of cash and investments.

Accounts Receivable: The Port records accounts receivable at estimated net realizable value. Accordingly, accounts receivable are shown net of allowances for doubtful accounts as determined by management policies.

Inventories: Inventories, which include crane spare parts, fire retardant chemicals and other supplies, are recorded at the lower of average cost (first-in, first-out method) or market.

Capital Assets: Capital assets are stated at cost or, if donated, fair market value on the date of donation. Capital assets are defined as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Expenditures that materially extend the useful lives of existing assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed. The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts and any resulting gain or loss is included in net income. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Piers	20 – 50 years
Buildings	30 – 50 years
Other improvements	10 – 30 years
Machinery and equipment	3 – 20 years
Cranes	30 years

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

A. Summary of Significant Accounting Policies (continued):

Capitalization of Interest Costs: As required by Statements of Financial Accounting Standards No. 34 and No. 62, the Port has capitalized interest cost relating to construction of property and equipment. Interest cost is capitalized on projects during the construction period. The Port capitalized \$859,337 and \$1,267,939 of interest cost for the fiscal years ended September 30, 2010 and 2009, respectively. The Port incurred interest cost of \$16,648,647 and \$13,995,928 for the fiscal years ended September 30, 2010 and 2009, respectively. Interest related to the 2008 Series Subordinate Port Facilities Bonds is paid monthly. Interest related to all of the other bond issues is paid semi-annually in March and September.

Risk Management: The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the County's Risk Management Program, the Self-Insurance Fund for Worker's Compensation provides coverage for up to a maximum of \$2,000,000 (Self-Insured Retention Limit) for each workers compensation occurrence. In addition, the County has purchased excess coverage for losses above the \$2,000,000 self-insured retention limit. The Port is charged a fee for the County's self-insurance worker's compensation services.

The County (through the Self-Insurance Fund or purchased insurance program) purchases commercial insurance for group health and life, disability, property damage, and numerous smaller policies that are required by lease agreements, union contracts, state statutes, etc. The Port has excess port liability insurance with a \$15,000 self-insurance retention with a maximum limit per occurrence of \$50 million. The County is self-insured for all other general liability and auto liability exposures. The Port's liability insurance expense for the year-ended September 30, 2010 and 2009 was \$5,418,700 and \$5,550,875, respectively.

The Risk Management Division of the County reviews all contractual agreements and determines insurance requirements including the minimum per occurrence amount of environmental impairment liability insurance.

Compensated Absences: It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave and related fringe benefits. The cost of earned but unused vacation pay is accrued when earned. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination.

Long-Term Obligations: Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, deferral amounts on refundings as well as issuance costs, are deferred and amortized on a straight-line basis over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and deferral amounts on refundings. Bond issuance costs are reported as deferred charges.

Net Assets: Net assets are segregated into: invested in capital assets, net of related debt; restricted; and unrestricted components. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and debt issuance costs associated with long-term debt and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets components as the unspent proceeds.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

A. Summary of Significant Accounting Policies (continued):

- Restricted – This component of net assets consists of external constraints placed on net asset use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- The amounts reserved for debt service, renewal and replacement, and operating and maintenance are the amounts legally required by bond indentures.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Revenue and Expense Classification: Amounts reported as program revenues include 1) charges to customers for use of port facilities and services, 2) operating grants and contributions, and 3) capital grants and contributions. The financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Port’s principal ongoing operations. The principal operating revenues of the Port are charges to customers for services rendered. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Reclassifications: Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

Rounding: Numbers may not add to totals due to rounding.

B. Cash & Cash Equivalents and Investments

The County maintains a pool for substantially all cash and cash equivalents and investments. These balances are reflected in the financial statements as “cash and cash equivalents” or “restricted assets” as appropriate. Earnings are allocated daily to each fund based on average daily balances of cash and investments. The Port also maintains separate cash and investments outside the County pool for the purpose of funding debt service payments and bond reserve requirements. The Port considers all investments with an original maturity of three months or less on their acquisition date to be cash equivalents.

Custodial Credit Risk: At September 30, 2010 and 2009 the carrying values of the Port’s bank deposits were \$621,434 and \$2,409,287 and the respective bank balances were \$358,656 and \$2,393,088. The differences are attributable to deposits in transit and checks that have not been presented for payment. The Port’s share of equity in pooled cash and investment pool as of September 30, 2010 and 2009 were \$9,470,473 and \$47,781,592, respectively. All cash deposits are held in qualified public depositories pursuant to State Statutes. Under the Statutes, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depositories’ collateral pledging level. The pledging level may range from 50% to 125% depending on the depositories’ financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

B. Cash & Cash Equivalents and Investments (continued):

Interest Rate Risk: In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio within the following maturity categories:

Overnight	35%
1 – 90 days	80%
90 days – 1 year	70%
1 year – 2 years	40%
2 years – 3 years	20%
3 years – 4 years	15%
4 years – 5 years	10%

As of September 30, 2010, the portfolio weighted average maturity was 513 days.

Credit Risk: Under State Statutes and County Ordinances, the County is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, repurchase agreements, certificates of deposit, the Local Government Surplus Funds Trust Fund, an SEC Rule 2a-7 like fund which has the characteristics of a Money Market Fund, the Florida Tax Collectors Service Corporation and the Florida Local Government Investment Trust. County policy requires that securities underlying repurchase agreements must have a market value of at least 101 percent of the cost of the repurchase agreements. There were no losses during the period due to default by counterparties to investment transactions, and no types of investments during the period other than those enumerated above.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in securities of the U.S. Government or its agencies. The County does limit the amounts that may be invested in repurchase agreements and other investments to 40% and 20% of the countywide portfolio, respectively. These investments, as of September 30, 2010, were substantially below the limits on a countywide basis.

Equity in Pooled Cash and Investment Pool: As of September 30, 2010 and 2009, respectively, the Port's share of the County's equity in pooled cash and investment pool was as follows:

	Reported Amount Fair Value
<u>As of September 30, 2010</u>	
Total equity in pooled cash and investment pool	\$ 1,355,769,731
Port's share of equity in pooled cash and investment pool	\$ 9,470,473
 <u>As of September 30, 2009</u>	
Total equity in pooled cash and investment pool	\$ 1,503,372,239
Port's share of equity in pooled cash and investment pool	\$ 47,781,592

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

B. Cash & Cash Equivalents and Investments (continued):

As of September 30, 2010 and 2009 the Port's cash in banks, cash equivalents, and investments consisted of the following:

	Fair Market Value	Days to Maturity ³	Credit Rating ⁴
<u>2010</u>			
Cash equivalents:			
Cash in banks	\$ 621,434		
Equity in pooled cash	9,470,473		AAAf/S1+
Money market funds:			
Federated Government Obligation Money Market Fund, CUSIP 60934N807, .01 - .03% yield	15,925,704	2	
Commercial paper:			
Intesa Funding LLC, due 10/15/2010, .490% yield	19,996,189	1	A-1
Total cash and cash equivalents	46,013,800		
Investments:			
Commercial paper:			
Natexis US Financial, due 12/22/2010, .610% yield	9,990,661	1	A-1
Natexis US Financial, due 02/10/2011, .410% yield	9,977,633	1	A-1
SwedBank, due 03/04/2011, .590% yield	18,450,277	1	A-1
U.S. Government agencies:			
U.S. Treasury Bills, due 10/21/2010, .200% yield	7,999,425	1	AAA
Federal National Mtg Assn, due 11/08/2010, .300% yield	16,998,300	1	AAA
Federal National Mtg Assn, due 12/01/2010, .310% yield	7,998,400	1	AAA
Federal National Mtg Assn, due 01/03/2011, .370% yield	9,796,080	1	AAA
Federal National Mtg Assn, due 01/18/2011, .380% yield	17,991,000	1	AAA
U.S. Treasury Bills, due 02/10/2011, .350% yield	9,994,792	1	AAA
U.S. Treasury Bills, due 04/30/2011, .875% yield	15,111,763	1	AAA
U.S. Treasury Bills, due 09/30/2011, 1.000% yield	13,594,765	1	AAA
Federal Home Loan Bank, due 09/02/2011, .700% yield	21,084,029	1	AAA
Federal Home Loan Mtg Corp, due 01/26/2012, 1.250% yield	11,050,533	1	AAA
Total investments	170,037,658		
Total September 30, 2010	\$ 216,051,458		

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

B. Cash & Cash Equivalents and Investments (continued):

	<u>Fair Market Value</u>	<u>Days to Maturity³</u>	<u>Credit Rating⁴</u>
2009 (Unaudited)			
Cash equivalents:			
Cash in banks	\$ 2,409,287		
Equity in pooled cash	2,866,285		AAAf/S1+
Money market funds:			
Federated Government Obligation Money Market Fund, CUSIP 60934N807, .03% yield	35,951,336	2	
Commercial paper:			
Federal Home Loan Bank, due 10/15/2009, .200% yield	5,074,605	1	14 AAA
JP Morgan, due 11/03/2009, .260% yield	5,798,618	1	33 A-1
Total cash & cash equivalents	<u><u>52,100,131</u></u>		
Investments:			
Equity in pooled cash investments	44,915,307		AAAf/S1+
U.S. Government agencies:			
Federal Home Loan Bank, due 10/06/2009, .700% yield	19,998,056	1	5 AAA
General Electric Capital Svcs, due 11/23/2009, .450% yield	9,993,375	1	53 A-1+
Federal Home Loan Mtg. Corp., due 01/11/2010, .170% yield	4,998,895	1	102 AAA
ING Funding, due 1/13/2010, .400% yield	12,984,978	1	104 A-1
U.S. Treasury Bills, due 02/11/02010, .533% yield	14,970,491	1	133 AAA
U.S. Treasury Bills, due 04/01/2010, .455% yield	24,942,492	1	182 AAA
Federal Home Loan Mtg. Corp., due 04/30/2010, 2.875% yield	21,675,318	1	211 AAA
Federal Home Loan Bank, due 06/11/2010, .343% yield	7,980,716	1	211 AAA
Federal Farm Credit Bank, due 07/09/2010, .490% yield	12,452,191	1	281 AAA
Federal Agricultural Mortgage Corporation, due 9/22/2010, .400% yield	14,206,581	1	356 AAA
Total investments	<u><u>189,118,400</u></u>		
Total September 30, 2009	<u><u>\$ 241,218,531</u></u>		

¹ Market values are as reported by the Records, Taxes, and Treasury Division of Broward County.

² Market values as reported by Regions Financial Corp. holding the assets as Trustee for Broward County. The Federated Money Market Fund is rated AAAM by Standard & Poor's, AAA by Fitch, and Aaa by Moody's Investors Service.

³ Interest rate risk is managed on a countywide basis. Consequently, the weighted average maturity is determined and reported by Broward County on a countywide basis in the County's Comprehensive Annual Financial Report ("CAFR.") The actual days to maturity are shown in the above tables for informational purposes. Refer to the County's CAFR for required disclosures of weighted average days to maturity information.

⁴ Credit Ratings by Standard & Poor's.

Deposits and investments include restricted and unrestricted assets. These amounts are reconciled as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and cash equivalents	\$ 29,221,909	\$ 16,791,891	\$ 46,013,800
Investments	156,572,968	13,464,690	170,037,658
Total September 30, 2010	<u><u>\$ 185,794,877</u></u>	<u><u>\$ 30,256,581</u></u>	<u><u>\$ 216,051,458</u></u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,917,386	\$ 50,182,745	\$ 52,100,131
Investments	169,914,445	19,203,955	189,118,400
Total September 30, 2009 (Unaudited)	<u><u>\$ 171,831,831</u></u>	<u><u>\$ 69,386,700</u></u>	<u><u>\$ 241,218,531</u></u>

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

C: Due from/to Other Governments

At September 30, 2010 and 2009, amounts due from other governments consisted of the following:

Description	Agency*	Effective Date	Participation Rate %	Maximum Grant	Cumulative Payments Received	Funds Available as Balance of Grant as of September 30, 2010	Amount Due September 30,	
							2010	2009 (Unaudited)
Southport Container Yard, Phse VIII	FDOT	11/15/2005	50.00	\$7,750,000	\$4,274,081	\$ 3,129,858	\$ 346,061	\$ 479,462
New Bridge over FPL Canal	FDOT	11/14/2005	42.90	5,058,536	4,627,786		430,750	1,528,425
Port Security Grant - Federal	DHS	06/01/2009	75.00	4,438,880		4,438,880		
Port Security Grant - Federal	DHS	08/01/2008	75.00	4,435,446	350,000	4,085,446		
McIntosh Road Realignment	FDOT	01/18/2007	50.00	3,128,000	38,485	3,065,011	24,504	9,222
Berth 33 Bulkhead Repair	FDOT	07/27/2009	50.00	2,500,000		2,500,000		
Port Security Grant - Federal	DHS	06/01/2010	0.00	2,230,740		2,230,740		
Terminal 19 Improvements	FDOT	08/27/2010	50.00	1,900,000		1,900,000		
Midport Cranes P1 & P2 Replacement	FDOT	07/31/2006	50.00	1,832,188	1,832,161		27	69,572
High Wind Bollards	FDOT	07/31/2006	50.00	1,277,241	1,277,241			689
Midport Roadway Expansion	FDOT	06/15/2006	50.00	1,150,000	586,565	563,141	294	223,560
People Mover	FDOT	02/05/2004	50.00	1,070,820	783,572	287,248		11,208
Diesel Emission Reduction	FDEP	04/08/2010	75.00	750,000		750,000		
Port Security Grant - Federal	DHS	09/11/2007	75.00	270,000		270,000		
Port Security Grant - Federal	DHS	09/01/2009	100.00	190,000		190,000		
Port Security Grant - Federal	DHS	10/01/2007	75.00	160,290		160,290		
							<u>\$ 801,636</u>	<u>\$ 2,322,139</u>

FDOT - Florida Department of Transportation
USDOT - United States Department of Transportation
DHS - Department of Homeland Security
FDEP-Florida Department of Environmental Protection

At September 30, 2010 and 2009, amounts due to other governments consisted of the following:

Description	Agency	Amount Due	
		2010	2009 (Unaudited)
Payments in lieu of taxes	Municipalities	\$ 1,634,409	\$ 1,430,652
Security services	Broward Sheriff's Office	780,827	543,152
Utilities	Municipalities	154,943	64,951
Background checks	Florida Department of Law Enforcement	75,000	108,792
Sales taxes	State of Florida	46,796	39,744
Water sales taxes	Municipalities	7,226	33,864
		<u>\$ 2,699,201</u>	<u>\$ 2,221,155</u>

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

D. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2010 was as follows:

	Balance beginning September 30, 2009 (Unaudited)	Additions	Deletions/ Adjustments Reclassifications	Balance ending September 30, 2010
Used in operations:				
Buildings, piers and other improvements	\$ 313,737,717	\$ 96,753,345		\$ 410,491,062
Equipment	128,933,732	21,680,215	\$ (69,173)	150,544,774
Total depreciable property	442,671,449	118,433,560	(69,173)	561,035,836
Less accumulated depreciation	(237,603,523)	(19,963,415)	69,173	(257,497,765)
Depreciable property, net	205,067,926	98,470,145	0	303,538,071
Non-depreciable property:				
Land and land improvements	56,715,619			56,715,619
Construction in progress	118,661,534	37,044,564	(121,069,798)	34,636,300
Total non-depreciable property	175,377,153	37,044,564	(121,069,798)	91,351,919
Total operating property, net	380,445,079	135,514,709	(121,069,798)	394,889,990
Held for lease:				
Buildings, piers and other improvements	89,513,195	367,257		89,880,452
Less accumulated depreciation	(54,360,717)	(2,905,162)		(57,265,879)
Depreciable leased property, net	35,152,478	(2,537,905)		32,614,573
Non-depreciable leased property:				
Land and land improvements	151,324,034			151,324,034
Total leased property, net	186,476,512	(2,537,905)		183,938,607
Total property, net	\$ 566,921,591	\$ 132,976,804	\$ (121,069,798)	\$ 578,828,597

As of September 30, 2010, major construction related contracts entered into by the Port, in excess of \$500,000, with unexpended balances, were as follows:

Contract	Contract Amount	Unexpended Balance
Cruise Terminal 18 Expansion — Hewett-Kier	\$ 62,969,809	\$ 3,576,862
Southport Container Yard Expansion — Tran Construction	12,998,201	2,008,074
New Bridge over FPL Canal -- Moss & Associates	11,259,110	1,934,847
Roof Replacements on Various Port Buildings — National Roofing	5,641,712	155,968
Berth 33 Bulkhead repair - Ebsary Foundation	2,980,216	2,980,216
Expand Cargo Handling Facilities at Southport — Craven Thompson	2,743,547	915,576
Northport Parking Garage Phase III Improvements — Merkur Development	2,617,616	16,549
Informational Signage Package — Highway Safety Devices	2,612,162	82,370
Terminal 19 Improvements - Bermello Ajamil	1,685,254	1,386,887
FPL Discharge Canal Bridge — EAC Consulting	1,557,197	20,941
West Lake Master Plan Mitigation Study — Miller, Legg and Associates	1,548,727	228,408
Gantry Crane Painting - Groome Industrial	1,458,000	422,933
Billing & Harbormaster Software Upgrade — Klein Systems	1,339,762	339,139
Midport Road Improvements-Stanford & Sons	1,275,011	21,187
Terminal 21 Improvements - Bermello Ajamil	1,260,664	970,303
Fire Apparatus — Kiddie Fire Fighting	1,259,059	164,573
Southport Berth No. 34 — Gee and Jenson/CH2M Hill	868,400	448,609
Tow Wall Improvements Study — Craven Thompson	811,748	453,400
Terminal 21 Improvements - Bermello Ajamil	795,760	565,775
Spangler Blvd Bypass Road — Craven Thompson	784,712	204,101
Terminal 2 Improvements - Bermello Ajamil	758,312	542,575
Rooftop Airconditioning Units- Turnkey International	758,000	706,000
McIntosh Loop Road Realignment — Craven Thompson	739,870	437,674
Roofing Systems on Various Terminals and Bldgs — Craven Thompson	712,503	3,817
Terminal 4 Expansion — CH2M Hill	533,140	191,257
Total	\$ 121,968,492	\$ 18,778,041

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

E. Bonds Payable

The following is a summary of the major provisions and significant debt service requirements for the outstanding bonds (in thousands):

Bond Issue	Primary Purpose	Type	Interest Payment Rate(%)	Interest Payment Dates	Optional Redemption Year	Optional Redemption Premium	Final Maturity Date	Original Amount Issued	Retired/ Refunded	Outstanding September 30, 2010
1989A Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	N/A	N/A	9-1-2016	\$ 79,580	\$ (26,395)	\$ 53,185
1998A Port Facilities Refunding	Refunding Issue	Serial	4.75 - 4.8	3-1 9-1	2009	N/A	9-1-2012	13,195	(7,615)	5,580
1998B Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	79,825		79,825
1998C Port Facilities	Capital Improvements	Serial	5.375	3-1 9-1	2009	N/A	9-1-2012	43,795	(23,875)	19,920
1998C Port Facilities	Capital Improvements	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	28,645		28,645
2008 Subordinate Port Facilities Refunding	Refunding Issue	Serial	3.642	Monthly	2009	N/A	9-1-2027	46,145	(4,825)	41,320
2009A Port Facilities	Capital Improvements	Serial	3.0 - 6.0	3-1 9-1	2019	N/A	9-1-2029	83,235	(1,940)	81,295
Sub-total										309,770
Less issuance discounts, plus premiums										(8,229)
Total Bonds Payable										<u>\$ 301,541</u>

Bonds payable activity for the fiscal year ended September 30, 2010 was as follows:

Bond Issue:	Balance beginning September 30, 2009 (Unaudited)	Additions	Reductions	Balance ending September 30, 2010	Due Within One Year
1989A Port Facilities, Refunding	\$ 53,185,000			\$ 53,185,000	
1998A Port Facilities, Refunding	8,185,000		\$ (2,605,000)	5,580,000	\$ 2,725,000
1998B Port Facilities, Refunding	79,825,000			79,825,000	
1998C Port Facilities	29,125,000		(9,205,000)	19,920,000	9,700,000
1998C Port Facilities	28,645,000			28,645,000	
2008 Subordinate Port Facilities, Refunding	43,050,000		(1,730,000)	41,320,000	1,795,000
2009A Port Facilities	83,235,000		(1,940,000)	81,295,000	2,635,000
Sub-total	325,250,000	-	(15,480,000)	309,770,000	
Less issuance discounts, plus premiums	(8,972,246)		742,766	(8,229,480)	
Total bonds payable	<u>\$ 316,277,754</u>	<u>\$ -</u>	<u>\$ (14,737,234)</u>	<u>\$ 301,540,520</u>	<u>\$ 16,855,000</u>

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

E. Bonds Payable (continued):

Certain bond indentures contain provisions stipulating annual debt service, sinking fund and minimum net revenue requirements. In addition, certain indentures require maintenance of various accounts and specify the deposits to be made to such accounts. The Port was in compliance with bond indenture requirements as of September 30, 2010.

The annual debt service requirements for all bonds outstanding as of September 30, 2010 are as follows:

Revenue Bonds Payable

Year(s)	Principal	Interest
2011	\$ 16,855,000	\$ 15,188,144
2012	17,700,000	14,349,872
2013	18,590,000	13,453,681
2014	19,495,000	12,553,068
2015	20,445,000	11,605,655
2016-2020	77,125,000	45,026,799
2021-2025	86,145,000	26,495,883
2026-2029	53,415,000	5,470,439

Series 1989A: In August, 1989, the Port issued \$117,454,948 of Port Facilities Refunding Revenue Bonds to refund and defease certain of the County's outstanding Revenue Bonds. The 1989A Bonds consisted of \$79,580,000 issued in the form of current interest bonds and \$37,874,948 issued in the form of capital appreciation bonds.

During fiscal year 1998, the Port placed \$38,497,000 of cash derived from operations in escrow for the purpose of defeasing a portion of the \$117,454,948 Port Facilities Refunding Revenue Bonds Series 1989A. The defeased bonds included approximately \$6,811,000 of original principal amount and \$6,072,000 of appreciation on the Capital Appreciation Term Bonds which matured on September 1, 2010, and \$22,150,000 of Current Interest Term Bonds which will mature on September 1, 2012.

Series 1998: In June, 1998, the Port issued \$13,195,000 of Port Facilities Refunding Revenue Bonds Series 1998A, \$80,440,000 of Port Facilities Refunding Revenue Bonds Series 1998B, and \$72,440,000 of Port Facilities Revenue Bonds Series 1998C. The County issued the Series 1998 Bonds to provide funds, together with other available funds of the County, which: (i) in the case of the Series 1998A Bonds, were used to refund and defease certain outstanding bonds of the County and to pay certain costs of issuing the Series 1998A Bonds; (ii) in the case of the Series 1998B Bonds, were used to refund and defease certain outstanding notes of the County and to pay certain costs of issuing the Series 1998B Bonds; and (iii) in the case of the Series 1998C Bonds, were used to pay the cost of construction projects and to pay certain costs of issuing the Series 1998C Bonds.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

E. Bonds Payable (continued):

Series 2008: In July, 2008, the County issued \$46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds, Series 2008 (the "Bonds".) The refunding bonds closed on July 10, 2008 in the form of variable rate bonds to refund \$43,160,000 of previously outstanding Subordinate Port Facilities Refunding Revenue Bonds, Series 1998 (the "Refunded Bonds".) The preliminary variable rate and the variable rate are each required to be the lowest rate of interest which, in the judgment of the remarketing agent, would cause the Series 2008 Bonds to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination of the preliminary variable rate or variable rate. In no event may the preliminary variable rate or the variable rate for any variable rate period exceed 15%.

2008 Interest Rate Swap Agreement:

Objective of the interest rate swap – The County entered into an interest rate swap agreement for \$46,145,000 of its variable rate 2008 Series Subordinate Port Facilities Refunding Revenue Bonds for the outstanding period of the bonds as a means to lower its true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap was to effectively change the County's variable interest rate. Based on the swap agreement, the County pays a synthetic fixed rate of 3.642%.

The County terminated the previous interest rate swap agreement with AMBAC in order to remove AMBAC as the insurer on the Refunded Bonds and issue the new 2008 Bonds. The cost of the funds swap with AMBAC was terminated at a market value of \$3,390,000 payable by the County to AMBAC. On July 10, 2008, the termination was funded by \$1,663,600 of cash on hand and \$1,726,400 of proceeds from the 2008 Bonds.

Terms – The bonds and the related swap agreement mature on September 1, 2027, and the swap's notional amount of \$46,145,000 matches the principal amount of the bonds issued. The swap was entered into at the same time that the bonds were issued (July 2008). The notional value of the swap and the principal amount of the associated debt declined beginning in fiscal 2008. The bonds are also subject to optional redemption under certain conditions. Under the swap, the County pays the counterparty a fixed payment of 3.642% and receives a variable payment computed by the remarketing agent that would cause the bonds to have a market value equal to the principal thereof plus accrued interest, under prevailing market conditions as of the date of the determination.

Fair value – As of September 30, 2010 and 2009, the swap had a negative fair value of \$4,981,824 and \$2,850,519, respectively. The 2010 value is reported in "Deferred Swap Inflow" and "Fair Value of Interest Rate Swap Liability" in the accompanying Statement of Net Assets. The swap's notional amount of \$41,320,000 matches the principal amount of the outstanding bonds.

Credit risk – As of September 30, 2010, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates changes and the fair value become positive, the County could be exposed to credit risk in the amount of the swap's fair value. The swap agreement is subject to termination prior to September 1, 2027, upon the occurrence of certain termination events.

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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

E. Bonds Payable (continued):

Basis risk - Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called "basis risk." Under the swap, the County will be paid the actual market-determined variable borrowing rate on the swap, as determined by the remarketing agent, which eliminates the basis risk.

Termination risk - Under certain conditions, the County or the counterparty may terminate the swap. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate but would become variable-rate bonds as per the ISDA master agreement. While this could increase the County's total debt services if, at the time of termination, the swap has a negative fair value by approximately the amount of such negative fair value, the counterparty would have no claim against the County for any other compensation.

Swap payment and associated debt - As interest rates vary, the variable-rate interest payments and swap payments will vary. Using rates as of September 30, 2010, debt service requirements of the variable-rate bonds and the swap payments, assuming current interest rates remain the same for their term, were as follows:

Year(s)	Variable-Rate Bonds		Total
	Principal	Interest	
2011	\$ 1,795,000	\$ 1,491,066	\$ 3,286,066
2012	1,860,000	1,429,857	3,289,857
2013	1,930,000	1,358,281	3,288,281
2014	2,000,000	1,288,168	3,288,168
2015	2,075,000	1,215,505	3,290,505
2016-2020	11,560,000	4,896,549	16,456,549
2021-2025	13,840,000	2,632,445	16,472,445
2026-2030	6,260,000	323,077	6,583,077
Total	<u>\$ 41,320,000</u>	<u>\$ 14,634,948</u>	<u>\$ 55,954,948</u>

The interest rate swap agreement does not affect the obligation of the County under the Indenture to repay the principal and variable interest on the Series 2008 bonds. However, during the term of the swap agreement, the County effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds (presented in this note) are based on that fixed rate. The County will be exposed to variable rates if the counter party to the swap defaults or if the swap agreement is terminated. A termination or default of the swap agreement may also result in the County making or receiving a termination payment.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

E. Bonds Payable (continued):

An irrevocable transferable direct-pay Letter of Credit ("2008 Letter of Credit") was issued by The Bank of Nova Scotia ("BONS") pursuant to the "Reimbursement Agreement" dated July 1, 2008 between the County and BONS. The 2008 Letter of Credit is an irrevocable obligation of BONS. The 2008 Letter of Credit was issued in an amount equal to the aggregate principal amount of the outstanding Series 2008 bonds, plus 56 days' interest thereon at the rate of 15% per annum. The Trustee, upon compliance with the terms of the 2008 Letter of Credit, is authorized and directed to draw amounts sufficient to pay principal and interest of the Series 2008 Bonds when due because of maturity, redemption or acceleration, delivered for purchase, pursuant to a demand for purchase by the owner thereof or a mandatory tender for the purchase and not remarketed among other provisions.

The Letter of Credit will terminate upon the earliest to occur of the banks close of business on (a) July 8, 2011 (as extended from time to time, the "Stated Expiration Date") or earlier dates as defined in the Letter of Credit agreement.

Redemption of Series 2008 Bonds:

Optional Redemption.

- (A) The Series 2008 Bonds bearing interest at Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rates (but only if the Extended Rate Period is one year) are subject to optional redemption prior to their stated maturity upon request of the County in whole or in part at any time at a price equal to the principal amount thereof, together with interest accrued to the redemption date, without premium.
- (B) The Series 2008 Bonds bearing interest at Extended Rates (but only if the Extended Rate Period is more than one year in duration) or Fixed Rates are subject to optional redemption prior to their stated maturity upon request of the County in whole or in part at any time at least ten years after the conversion to a fixed rate date at 100% of the principal amount thereof, and in such maturities as the County shall direct, plus accrued interest thereon to the redemption date, without premium.

Series 2009A Bonds: In July, 2009, the County issued \$83,235,000 of Port Everglades Revenue Series 2009A Bonds for the purpose of providing funds, together with other legally available funds, to (i) pay all or part of the costs for the Terminal 18 improvements (see Note L) and other capital improvements, (ii) fund a subaccount of the Reserved Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2009A Bonds. The Series 2009A Bonds, Outstanding Bonds, along with any Additional Bonds or Refunding Bonds hereafter issued under the Bond Resolution, are payable from and are equally and ratably secured pursuant to the Bond Resolution by a pledge of and a lien on the Net Revenue of the County derived from the operation of the Port Facilities and the moneys on deposit from time to time in the Funds and Accounts established pursuant to the Bond Resolution (excluding the Rebate Fund and the Operation and Maintenance Fund and the accounts therein), subject to the provisions of the Bond Resolution permitting application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution. The Series 2009A Bonds interest rate ranges from 3% to 6%.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

E. Bonds Payable (continued):

The County has established a separate subaccount in the Reserve Account for the Series 2009A Bonds. Upon the deposit of \$6,916,488 of proceeds of the Series 2009A Bonds into the subaccount of the Reserve Account for the Series 2009A Bonds, the amounts on deposit in such subaccount of the Reserve Account equals the Reserve Account Requirement for the Series 2009A Bonds. Funds held in such subaccount are pledged specifically and exclusively for the payment of the Series 2009A Bonds.

Redemption of Series 2009A Bonds:

Optional Redemption – The Series 2009A Bonds maturing on or prior to September 1, 2019 are not subject to optional redemption prior to maturity. The Series 2009A Bonds maturing on or after September, 2020 are subject to redemption prior to maturity, at the option of the County, as a whole or in part, at any time on or after September 1, 2019, at par, plus accrued interest to the redemption date.

The remaining Series 2009A Bonds are subject to a redemption price equal to 100% of the principal amount of the Series 2009A Bonds to be redeemed on the redemption date.

Bond Covenants: The Series 1989A, 1998, and 2009A bond covenants require the Port to:

- (a) Continue in effect the present tariff of rates and fees, for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County until the same are revised as provided in the Bond Resolution;
- (b) Not change, revise, or reduce any such rates, fees, rentals and other charges if such change, revision or reduction will result in producing less Gross Revenue unless such rates, fees rentals and other charges as so changed, revised or reduces will produce sufficient Gross Revenue to comply with the following paragraph (c); and
- (c) Subject to the two preceding paragraphs, from time to time and as often as it appears necessary, revise the rates, fees, rentals and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund, Ad Valorem Tax, Rebate and Operating and Maintenance trust accounts) will at all times be sufficient in each Fiscal Year to provide an amount at least equal to the sum of:
 - a) 100% of the current expenses,
 - b) 125% of the current bond principal and interest requirements,
 - c) 100% of the bond reserve requirement,
 - d) 100% of the required current deposits to the renewal & replacement fund.

The 2008 Subordinate bond covenants further require that gross revenue (excluding investment income on funds on deposit in the Construction Fund) and on investment income on funds on deposit in the Sinking fund and the Debt Service Reserve Fund will at all times be sufficient in each current fiscal year to provide an amount at least equal to the sum of a, c and d above and the following:

- a) 100% of the aggregate of current expenses, the Reserve Account Deposit Requirement and the amount required to be deposited in the Renewal and Replacement Fund (as each of such terms is defined in the Senior Bond Resolution) for the current Fiscal Year,
- b) 100% of the Administrative Expenses for the current Fiscal Year,
- c) 110% of the Composite Principal and Interest Requirements for the current Fiscal Year, and
- d) 100% of the Debt Service Reserve Fund Deposit Requirement for the current Fiscal Year.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

E. Bonds Payable (continued):

Schedule of Revenues, Expenses and Debt Service Coverage
For the Fiscal Year Ended September 30, 2010
(Dollars In Thousands)

Operating Revenues:	
Cruise	\$ 45,724
Container	29,474
Petroleum	25,487
Other	11,875
Real Estate	10,295
Bulk	926
Breakbulk/Neobulk	872
Subtotal	<u>124,653</u>
Non-Operating Income (eligible interest plus gain on sale of fixed assets)	581
Total Revenues	<u>125,234</u>
Operating Expenses	73,951
Non-Operating Expenses (debt service fee payments)	288
Total Expenses	<u>74,239</u>
Net Income Available for Debt Service-Senior Lien Bonds and Subordinate Bonds	<u>\$ 50,995</u>
Debt Service Requirements-Senior Lien Bonds	\$ 28,759
Actual Coverage	<u>1.77</u>
Required Coverage	<u>1.25</u>
Composite Debt Service Requirements - Senior Lien Bonds and Subordinate Bonds	\$ 32,043
Actual Coverage	<u>1.59</u>
Required Coverage	<u>1.10</u>

The Port was in compliance with bond indenture requirements as of September 30, 2010.

The Port issued bonds that are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds as of September 30, 2010 was as follows (in thousands):

Current pledged revenue:	\$ 50,995
Current year debt service:	\$ 32,043
Total future pledged revenue:	\$453,914

Current pledged revenue is equivalent to "Net Income Available for Debt Service-Senior Lien Bonds and Subordinate Bonds", as shown in the table above. Total future pledged revenue reflects principal and interest payment requirements through Fiscal Year 2029.

All of the bonds are payable from the net revenue of the Port derived from the operation of Port facilities and the monies on deposit in accounts established pursuant to the bond resolutions. No recourse to the credit or taxing power of the County exists for payment of principal and interest on the bonds. Payment of principal and interest on the Series 1998 A, B, and C bonds is insured by a non-cancelable Financial Guaranty Insurance Policy issued by MBIA Insurance Corporation (MBIA). This policy unconditionally guarantees the payment of that portion of the principal and interest on the bonds that has become due for payment, but is unpaid by reason of nonpayment by the Port.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

E. Bonds Payable (continued):

The Series 1989A, 1998, 2008, and 2009A bond covenants require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. Concurrently with the issuance of the Series 1998 bonds, MBIA issued a Debt Service Reserve Surety Bond in the amount of \$21,854,005 to meet this requirement. The reserve account requirement applicable to the 2008 Subordinate Bonds is fulfilled by U.S. Treasury obligations and the money market funds collateralized by U.S. Treasury obligations in an amount totaling \$3,410,502 at September 30, 2010. The reserve account requirement applicable to the 2009A Bonds is fulfilled by U.S. Treasury obligations and the money market funds collateralized by U.S. Treasury obligations in an amount totaling \$6,921,711 at September 30, 2010. The Port was in compliance with bond indenture requirements as of September 30, 2010.

The Tax Reform Act of 1986 arbitrage rebate regulations require earnings from investment of tax-exempt debt proceeds which exceed the yield on the debt to be remitted to the federal government every five years. There was no rebate liability attributable to the Series 1989A, Series 1998, Series 2008, or Series 2009A bonds at September 30, 2010. The next rebate computation period is September 30, 2011.

Defeased Bonds: The Port has entered into refunding transactions whereby refunding bonds have been issued to facilitate the retirement of the Port's obligation with respect to certain bond issues already outstanding. Certain proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the bond issues being refunded.

The following is a summary of the Port's defeasance transactions:

Year of Defeasance	Bond Issue Defeased	Principal Outstanding September 30, 2010
1989	Port Facilities Revenue Bonds Series 1986	\$ 45,590,000

F. Commercial Paper (Unaudited)

On September 9, 2005, the Port and the Broward County Aviation Department, in a 50/50 joint venture, purchased approximately 18.55 acres upon which to build facilities to be used for parking and baggage sorting, handling and transfer services. The Port financed \$5,000,000 of its obligation through the issuance of Commercial Paper Notes under the then existing County's commercial paper program (the "Program"). The Program was used for financing a variety of public projects. The Program was supported by a \$125,000,000 credit facility agreement and a pledge of the County's share of the Local Government Half Cent Sales Tax. Although the County's Sales Tax served as the primary pledged revenue for the Program, the commercial paper issued for the Port was repaid using the revenues of the Port. Under the Program, maturing commercial paper was either refunded with new commercial paper or retired from general or project related revenues, proceeds from new bond issues or proceeds from State or Federal grants.

The Commercial paper liability was paid on January 28, 2009 and the Program expired in February, 2009.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

G. Operating Lease Revenue

The Port recognizes a significant portion of its revenue through leasing of real property. A summary of future minimum rentals for non-cancelable leases for the next five fiscal years and in the aggregate is as follows:

Year(s)	Amount
2011	\$ 6,167,452
2012	5,889,350
2013	5,671,739
2014	4,859,776
2015	3,340,172
2016-2020	12,628,524
2021-2025	5,706,765
2026-2030	7,065,931
2031-2035	3,078,961
2036-2040	3,282,633
2041-2045	3,993,825
2046-2050	4,859,099
2051-2055	5,911,838
2056-2060	7,192,655
2061-2065	8,750,965
2066-2070	10,646,887
2071-2075	12,953,565
2076-2080	15,759,993
2081-2085	19,174,441
2086-2090	23,328,639
2091-2093	11,148,663
Total	\$ <u>181,411,873</u>

H. Pension Plan

The County participates in the Florida Retirement System (FRS), a cost sharing, multiple-employer, Public Employment Retirement System (PERS), which covers substantially all permanent full and part-time County employees. The Port's covered payroll for employees for the fiscal year ended September 30, 2010 and 2009 was approximately \$13.3 million and \$13.9 million, respectively.

The FRS is non-contributory and is totally administered by the State of Florida. Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest fiscal years of earnings. Benefits vest after six years of creditable service.

Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. FRS also provides death and disability benefits. These benefit provisions and all other requirements are established by Florida Statutes.

FRS issues an annual financial report. A copy can be obtained by sending a written request to Division of Retirement, Cedars Executive Center, Building C, and 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

The Port's required contribution rate ranges from 9.85% and 13.12% of covered payroll based on employee risk groups. The required contribution for the Port for the fiscal year ended September 30, 2010 and 2009 was approximately \$1.36 and \$1.40 million each or 10.19% and 10.10% of covered payroll, respectively.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

I. Other Non-current Liabilities

Compensated absences: It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave and related fringe benefits. The cost of earned but unused vacation pay is accrued when earned. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination. A liability for these amounts is reported only if they have matured due to employee retirement or resignation. The activity in these accounts was as follows for the year ended September 30, 2010:

	Balance beginning September 30, 2009 (Unaudited)	Additions	Reductions	Balance ending September 30, 2010	Due Within One Year
Accrued vacation pay	\$ 966,000	\$ 103,000		\$ 1,069,000	\$ 1,050,000
Accrued sick pay	1,299,000	66,000		1,365,000	106,000
Total accrued compensated absences	<u>\$ 2,265,000</u>	<u>\$ 169,000</u>	<u>\$ -</u>	<u>\$ 2,434,000</u>	<u>\$ 1,156,000</u>

Other post employment benefits: The County allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement but does not directly contribute to the cost of such benefits. Retirees and their beneficiaries pay the same group rates as are charged to the County for active employees. This constitutes a single-employer defined benefit healthcare plan, and the benefits conform with Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a financial report.

The County makes no direct contribution to the plan. However, the County's actuaries in their actuarial valuation calculate an offset to the cost of these benefits that is called the Employer Contribution. The Employer Contribution equals the total age-adjusted costs paid by the County or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

	Broward County Employees (in '000s)
Required contribution rates:	
Employer	Pay-as-you-go
Active Plan members	N/A
Annual required contribution	\$4,208
Interest on net OPEB obligation	266
Adjustment to annual required contribution	<u>(213)</u>
Annual OPEB cost	4,261
Contributions made	<u>(1,219)</u>
Increase in net OPEB obligation	3,042
Net OPEB obligation – beginning of year	<u>6,657</u>
Net OPEB obligation – end of year	<u>\$9,699</u>

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

I. Other Non-current Liabilities (continued):

	Broward County <u>Employees</u>	
Fiscal year ended	9/30/2010	9/30/2009 (Unaudited)
	<u>(in '000s)</u>	<u>(in '000s)</u>
Annual OPEB cost	\$4,208	\$5,081
Percentage of OPEB cost		
Contributed	28.96%	32.20%
Net OPEB obligation	\$9,699	\$6,657

Funded Status and Funding Progress

The funded status of the plans as of October 1, 2009 was as follows:

Actuarial accrued liability	\$43,581,820
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	43,581,820
Funded Ratio	0.00%
Covered payroll	\$270,611,701
Unfunded actuarial accrued liability as a percentage of covered payroll	16.10%
Health care inflation rates	10% Initial 5% Ultimate

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the County has not contributed assets to the plans at this time.

Actuarial Methods and Assumptions:

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Broward County <u>Employees</u>
Actuarial valuation date	10/1/2009
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	28 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	4.5% - 9.5%

The Port's share of the net other post employment benefits liability for the year ended September 30, 2010 and 2009 was \$311,593 and \$212,356, respectively.

(Continued)

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements
September 30, 2010 and 2009 (Unaudited)**

J. Capital Contributions

For the fiscal years ended September 30, 2010 and 2009, capital contributions were as follows, with details contained within Note C:

Contributor - Purposes	2010	2009 (Unaudited)
State of Florida - Southport New Client - Container Yard (Phase VIII)	\$ 2,892,649	\$ 1,727,492
State of Florida - FPL Discharge Canal Bridge	2,641,639	2,203,875
State of Florida - Midport Crane P-1 & P-2	1,762,616	69,572
Federal - US Army Corp of Engineers - Dredging	727,000	1,435,000
State of Florida - Midport Roadway Expansion	323,912	239,495
State of Florida - High Wind Bollards	84,495	422,926
State of Florida - People Mover	68,849	33,942
State of Florida - McIntosh Road Realignment	52,096	10,893
Federal - Port Security Improvements	39,247	288,607
State of Florida - Cruise Terminal 18 Expansion	-	4,071,594
Broward County Convention & Visitors Bureau - Spangler Blvd Bypass Road	-	125,000
Total capital contributions for the year ended September 30,	<u>\$ 8,592,503</u>	<u>\$ 10,628,396</u>

K. Passenger Cruise Terminal and Berth User Agreement

On December 4, 2007, the Broward County Board of County Commissioners (the Board) approved a Passenger Cruise Terminal and Berth User Agreement (the Agreement) between Royal Caribbean Cruises, Ltd. (RCL) and Broward County. The Agreement included an expansion of Cruise Terminal No. 18 (the Project) at Port Everglades to accommodate the planned home porting of a new class of cruise ships which can accommodate in excess of 5,000 passengers. The cost of the renovations is shared with RCL. Negotiations continued with RCL as to the cruise terminal expansion project and on October 23, 2008, the First Amendment to the Agreement was approved. The multi-year agreement requires both minimum annual guaranteed payments based upon passenger movements in lieu of published Port tariff charges and minimum annual guaranteed payments based upon passenger movements to pay the RCL share of terminal renovation costs. These minimum annual guaranteed payments are treated as operating revenues in the financial statements. At September 30, 2010 and 2009, the amount recognized was \$20,406,421 and \$13,165,748, respectively.

L. Commitments and Contingencies

Through voluntary agreement, several petroleum companies having operations located at the Port created and funded an independent corporation, Port Everglades Environmental Corporation (PEECO). PEECO was created to address the problem of, and clean up historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths and roadways adjacent to oil company properties, used by the petroleum companies for transportation of their petroleum products. The Port believes that the likelihood of having a financial liability for petroleum contamination costs not covered by the state or oil industry is remote.

Federal and state grants are subject to audit by the granting agencies to determine if activities comply with conditions of the grant. Management believes that no material liability will arise from any such audits.

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APPENDIX B-2

**UNAUDITED GENERAL PURPOSE FINANCIAL STATEMENTS
OF PORT EVERGLADES FOR PERIOD ENDED JUNE 30, 2011**

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**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Net Assets
as of June 30, 2011 and 2010 (Unaudited)**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and cash equivalents (Note B)	\$ 15,068,819	\$ 20,580,919
Investments (Note B)	192,436,038	150,913,725
Accounts receivable - trade (less estimated uncollectible accounts of \$309,564 in 2011 and \$309,564 in 2010)	6,927,019	9,910,546
Accounts receivable - other (less estimated uncollectible accounts and unamortized discounts of \$73,026 in 2011 and \$84,282 in 2010)	142,973	142,254
Due from governments (Note C)	1,222,789	3,287,549
Inventories	5,828,333	5,156,808
Prepaid expenses & insurance	4,347,034	5,171,562
Total current assets	<u>225,973,005</u>	<u>195,163,363</u>
Restricted assets:		
Cash and cash equivalents (Note B)	32,774,681	31,229,245
Investments (Note B)	13,464,690	30,088,261
Total restricted assets	<u>46,239,371</u>	<u>61,317,506</u>
Non-current assets:		
Bond issue costs and other deferred charges	3,099,416	3,340,289
Deferred Swap Inflow (Note E)	4,981,824	2,850,519
Capital assets, less accumulated depreciation (Note D)	391,007,317	394,634,748
Capital assets held for leasing, less accumulated depreciation (Note D)	180,402,895	183,072,286
Total non-current assets	<u>579,491,452</u>	<u>583,897,842</u>
Total assets	<u>851,703,828</u>	<u>840,378,711</u>

(Continued)

See accompanying notes to financial statements

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Net Assets (continued)
as of June 30, 2011 and 2010 (Unaudited)

<u>LIABILITIES</u>	<u>2011</u>	<u>2010</u>
Current liabilities:		
Accounts payable	\$ 3,224,264	\$ 3,570,114
Contracts payable	2,212,635	4,382,909
Salaries and benefits payable	231,140	881,737
Compensated absences (Note H)	1,156,000	1,069,000
Due to other governments (Note C)	1,970,756	2,060,818
Due to other county funds (Note C)	806,430	1,563,752
Total current liabilities	<u>9,601,225</u>	<u>13,528,330</u>
Current liabilities payable from restricted assets:		
Contracts payable	-	309,672
Security deposits	583,088	589,882
Accrued interest	4,698,590	4,836,377
Unearned grant revenue, capital contributions	344,573	-
Bonds payable - current portion (Note E)	16,855,000	15,480,000
Total current liabilities from restricted assets	<u>22,481,251</u>	<u>21,215,931</u>
Noncurrent liabilities:		
Compensated absences (Note H)	1,278,000	1,196,000
Other post employments benefits liability (Note H)	311,593	212,356
Bonds payable, net of discounts and premiums (Note E)	285,301,902	301,354,682
Fair value of interest rate swap (Note E)	4,981,824	2,850,519
Total noncurrent liabilities	<u>291,873,319</u>	<u>305,613,557</u>
Total liabilities	<u>323,955,795</u>	<u>340,357,818</u>
Commitments and contingencies (Notes, C, D, E, F, G, H, and K)		
NET ASSETS:		
Invested in capital assets, net of related debt	283,299,140	273,541,400
Restricted for:		
Capital projects	7,107	14,937,995
Debt service	10,417,364	11,078,388
Renewal and replacement, and operating and maintenance	16,464,690	17,205,060
Unrestricted	217,559,731	183,258,050
Total net assets	<u>\$ 527,748,033</u>	<u>\$ 500,020,893</u>

See accompanying notes to financial statements

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Nine Months Ended June 30, 2011 and 2010 (Unaudited)

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Vessel and cargo services	\$ 96,582,256	\$ 82,135,903
Lease of facilities	7,723,724	7,270,592
Vehicle parking	7,440,903	7,634,307
Other	1,896,169	1,879,882
Total	<u>113,643,052</u>	<u>98,920,684</u>
Operating expenses:		
Salaries & wages	10,749,678	10,820,460
Benefits	2,930,889	2,709,571
Total personal services	<u>13,680,567</u>	<u>13,530,031</u>
Contractual services	31,932,796	32,406,017
Insurance	3,530,359	4,136,888
Utilities	3,210,031	2,982,970
General & administrative	2,128,833	1,463,895
Maintenance	2,287,577	2,184,105
Total general operating	<u>43,089,596</u>	<u>43,173,875</u>
Total operating expenses	<u>56,770,163</u>	<u>56,703,906</u>
Income from operations before depreciation	56,872,889	42,216,778
Depreciation	19,434,150	18,283,650
Income from operations	<u>37,438,739</u>	<u>23,933,128</u>
Non-operating revenues (expenses):		
Interest income - other	480,258	973,721
Interest income - from bond proceeds	-	48,248
Interest expense	(11,854,578)	(11,694,506)
Gain (loss) on disposal of assets	-	91,020
Discontinued projects costs	(149,166)	-
Other expense, net	(687,736)	(555,327)
Non-capital grant revenue	12,701	-
Total	<u>(12,198,520)</u>	<u>(11,136,844)</u>
Net income before capital contributions	25,240,218	12,796,284
Capital contributions (Note I)	<u>2,762,287</u>	<u>8,121,890</u>
Change in net assets	28,002,505	20,918,174
Total net assets, beginning of period	499,745,527	479,102,719
Total net assets, end of period	<u>\$ 527,748,032</u>	<u>\$ 500,020,893</u>

See accompanying notes to financial statements

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Cash Flows
For the Nine Months Ended June 30, 2011 and 2010 (Unaudited)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from customers	\$ 113,881,202	\$ 95,526,805
Payments to suppliers for goods and services	(44,001,117)	(48,340,596)
Payments to employees for services	(13,988,563)	(13,130,782)
Net cash provided by operating activities	<u>55,891,522</u>	<u>34,055,427</u>
Cash flows from noncapital financing activities:		
Other non-operating cash (expended) or received, net	(195,545)	(182,510)
Net cash used by noncapital financing activities	<u>(195,545)</u>	<u>(182,510)</u>
Cash flows from capital and related financing activities:		
Capital contributions	2,685,707	7,117,233
Interest and fiscal charges paid	(7,973,773)	(8,994,243)
Acquisitions of capital assets	(13,188,147)	(41,505,556)
Proceeds from sales of capital assets	-	91,020
Net cash used by capital and related financing activities	<u>(18,476,213)</u>	<u>(43,291,546)</u>
Cash flows from investing activities:		
Proceeds from investments	(222,921,587)	(163,970,200)
Proceeds from sales and maturities of investments	187,058,517	172,086,614
Interest on investments	473,006	1,012,248
Net cash used by investing activities	<u>(35,390,064)</u>	<u>9,128,662</u>
Increase (decrease) in cash and cash equivalents	1,829,700	(289,967)
Cash and cash equivalents, beginning of period	46,013,800	52,100,131
Cash and cash equivalents, end of period	<u>\$ 47,843,500</u>	<u>\$ 51,810,164</u>
Classified as:		
Current assets	\$ 15,068,819	\$ 20,580,919
Restricted assets	32,774,681	31,229,245
Total	<u>\$ 47,843,500</u>	<u>\$ 51,810,164</u>

(Continued)

See accompanying notes to financial statements

PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Statement of Cash Flows (continued)
For the Nine Months Ended June 30, 2011 and 2010 (Unaudited)

	<u>2011</u>	<u>2010</u>
Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ <u>37,438,739</u>	\$ <u>23,933,128</u>
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation	19,434,150	18,283,650
Decrease (increase) in operating assets:		
Accounts receivable - trade	204,244	(3,568,508)
Accounts receivable - other	15,442	118,522
Inventories	(130,777)	(1,409,000)
Prepaid expenses & insurance	(874,079)	(2,442,224)
Increase (decrease) in liabilities:		
Accounts payable	15,350	(2,718,913)
Salaries and benefits payable	(307,996)	399,249
Due to other governments	52,382	1,097,075
Due to other county funds	25,603	306,341
Security deposits	18,464	56,107
Total adjustments	<u>18,452,783</u>	<u>10,122,299</u>
Net cash provided by operating activities	<u>\$ 55,891,522</u>	<u>\$ 34,055,427</u>
Supplemental:		
Non-cash capital and related financing activities:		
Amortization of deferred charges, bond issue and discount costs	\$ 796,034	\$ 739,146
Amortization of master plan	308,562	205,512
Property and equipment acquired through contractor agreements	2,212,635	4,692,581
Non-cash investing activities (Mark to market adjustments on investments)	<u>(142,333)</u>	<u>-</u>
Total	<u>\$ 3,174,898</u>	<u>\$ 5,637,239</u>

See accompanying notes to financial statements

**PORT EVERGLADES DEPARTMENT
of Broward County, Florida
Notes to Financial Statements - Content
Nine Months Ended June 30, 2011 (Unaudited)**

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PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

A. Summary of Significant Accounting Policies

Reporting Entity: These financial statements present the financial position, changes in net assets and cash flows of the Port Everglades Department (the "Port") and not Broward County as a whole. The Port, a department of Broward County (the "County"), operates as an enterprise fund of the County. The County owns Port Everglades which is operated by the Board of County Commissioners. The Port, formerly known as Port Everglades Authority, is located in Broward County, Florida, and was originally created in 1927 by a Special Act of the Florida Legislature, to create and promote commerce and industry through the operation of a deep-water seaport. The Port jurisdictional area consists of approximately 2,190 acres, inclusive of land and water, designated for shipping, warehousing, and all other non-residential uses as approved. The Port owns approximately 1,277 acres.

The Board of County Commissioners of Broward County, Florida (the "County Commission") is responsible for legislative and fiscal control of the County. A County Administrator is appointed by the County Commission and is responsible for administrative and fiscal control of all County departments through the administration of directives and policies established by the County Commission.

On March 10, 1992, voters approved a binding referendum to abolish the Port Everglades Authority and transfer control to the County Commission. The Port remained independent until November 22, 1994 (thereafter known as Port Everglades Department, a department of Broward County, Florida). Chapter 91-346 (resolution 92-1734), Laws of Florida, provided for dissolution and required Broward County to assume all of the Port's assets and obligations. The same law restricts the use of all monies and revenues owned or generated by Port Everglades for port purposes; to the same extent as such revenues could have been used prior to its dissolution and transfer of its assets to Broward County.

Component Units: The Port has no component units.

Basis of Presentation and Accounting: The Port is a major proprietary fund of the County and uses the enterprise fund type to account for all of its operations. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Application of FASB Pronouncements to Proprietary Funds: GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting gave the option of adopting Financial Accounting Standards Board (FASB) standards issued after November 30, 1989, unless the latter contradict GASB pronouncements, or not following FASB standards issued after such date. The Port elected the option of not following FASB standards issued after that date.

New Accounting Pronouncements: The Port has implemented GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which provides guidance on recognition, measurement and disclosure of derivative instruments entered into by governmental entities.

The County has entered into interest rate swap agreements with Goldman Sachs Bank USA to fix the rate of interest on long term debt. Interest rate swaps are considered derivatives and are carried on the balance sheet at fair value. The County does not enter into financial instruments for trading or speculative purposes.

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

A. Summary of Significant Accounting Policies (continued):

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Budgetary Requirements: State of Florida statutes require that all county governments establish budgetary systems and approve balanced annual budgets for such funds as may be required by law or by sound financial practices and generally accepted accounting principles. The County Commission, after review of the tentative budgets, holds public hearings and then adopts the annual budget. Budgets are monitored at varying levels of classification detail. However, expenditures cannot legally exceed total appropriations of the individual fund level. All appropriations for the Port, except capital outlay items, lapse at year-end.

Cash & Cash Equivalents and Investments: Cash equivalents consist of demand deposits with banks, investments with original maturities at time of purchase of three months or less, and equity in the County's cash management pool.

The County maintains an investment pool for substantially all cash and cash equivalents and investments of all funds. All money market investments and participating interest-earning investment contracts with a remaining maturity at time of purchase of ninety days or less are recorded at amortized cost plus accrued interest. All other investments are carried at fair value as determined from quoted market prices. Each fund's portion of the pool is presented as "cash and cash equivalents", "investments" or "restricted assets" as appropriate. Earnings are allocated to each fund based on average daily balances of cash and investments.

Accounts Receivable: The Port records accounts receivable at estimated net realizable value. Accordingly, accounts receivable are shown net of allowances for doubtful accounts as determined by management policies.

Inventories: Inventories, which include crane spare parts, fire retardant chemicals and other supplies, are recorded at the lower of average cost (first-in, first-out method) or market.

Capital Assets: Capital assets are stated at cost or, if donated, fair market value on the date of donation. Capital assets are defined as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. Expenditures that materially extend the useful lives of existing assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are expensed. The cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts and any resulting gain or loss is included in net income. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Piers	20 – 50 years
Buildings	30 – 50 years
Other improvements	10 – 30 years
Machinery and equipment	3 – 20 years
Cranes	30 years

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

A. Summary of Significant Accounting Policies (continued):

Capitalization of Interest Costs: As required by Statements of Financial Accounting Standards No. 34 and No. 62, the Port has capitalized interest cost relating to construction of property and equipment. Interest cost is capitalized on projects during the construction period. The Port capitalized \$167,338 and \$762,038 of interest cost for the nine months ended June 30, 2011 and 2010, respectively. The Port incurred interest cost of \$12,021,916 and \$12,456,544 for the nine months ended June 30, 2011 and 2010, respectively. Interest related to the 2008 Series Subordinate Port Facilities Bonds is paid monthly. Interest related to all of the other bond issues is paid semi-annually in March and September.

Risk Management: The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the County's Risk Management Program, the Self-Insurance Fund for Worker's Compensation provides coverage for up to a maximum of \$2,000,000 (Self-Insured Retention Limit) for each workers compensation occurrence. In addition, the County has purchased excess coverage for losses above the \$2,000,000 self-insured retention limit. The Port is charged a fee for the County's self-insurance worker's compensation services.

The County (through the Self-Insurance Fund or purchased insurance program) purchases commercial insurance for group health and life, disability, property damage, and numerous smaller policies that are required by lease agreements, union contracts, state statutes, etc. The Port has excess port liability insurance with a \$15,000 self-insurance retention with a maximum limit per occurrence of \$50 million. The County is self-insured for all other general liability and auto liability exposures. The Port's liability insurance expense for the nine months ended June 30, 2011 and 2010 was \$3,530,359 and \$4,136,888, respectively.

The Risk Management Division of the County reviews all contractual agreements and determines insurance requirements including the minimum per occurrence amount of environmental impairment liability insurance.

Compensated Absences: It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave and related fringe benefits. The cost of earned but unused vacation pay is accrued when earned. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination.

Long-Term Obligations: Long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, deferral amounts on refundings as well as issuance costs, are deferred and amortized on a straight-line basis over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount and deferral amounts on refundings. Bond issuance costs are reported as deferred charges.

Net Assets: Net assets are segregated into: invested in capital assets, net of related debt; restricted; and unrestricted components. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation, and debt issuance costs associated with long-term debt and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets components as the unspent proceeds.

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

A. Summary of Significant Accounting Policies (continued):

- Restricted – This component of net assets consists of external constraints placed on net asset use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- The amounts reserved for debt service, renewal and replacement, and operating and maintenance are the amounts legally required by bond indentures.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”.

Revenue and Expense Classification: Amounts reported as program revenues include 1) charges to customers for use of port facilities and services, 2) operating grants and contributions, and 3) capital grants and contributions. The financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Port’s principal ongoing operations. The principal operating revenues of the Port are charges to customers for services rendered. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Reclassifications: Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

Rounding: Numbers may not add to totals due to rounding.

B. Cash & Cash Equivalents and Investments

The County maintains a pool for substantially all cash and cash equivalents and investments. These balances are reflected in the financial statements as “cash and cash equivalents” or “restricted assets” as appropriate. Earnings are allocated daily to each fund based on average daily balances of cash and investments. The Port also maintains separate cash and investments outside the County pool for the purpose of funding debt service payments and bond reserve requirements. The Port considers all investments with an original maturity of three months or less on their acquisition date to be cash equivalents.

Custodial Credit Risk: At June 30, 2011 and 2010 the carrying values of the Port’s bank deposits were \$15,662,192 and \$5,252,763 and the respective bank balances were \$15,607,177 and \$4,538,125. The differences are attributable to deposits in transit and checks that have not been presented for payment. The Port’s share of equity in pooled cash and investment pool as of June 30, 2011 and 2010 were \$11,981 and \$13,702,782 respectively. All cash deposits are held in qualified public depositories pursuant to State Statutes. Under the Statutes, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits times the depositories’ collateral pledging level. The pledging level may range from 50% to 125% depending on the depositories’ financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

B. Cash & Cash Equivalents and Investments (continued):

Interest Rate Risk: In accordance with its investment policy, the County manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio within the following maturity categories:

Overnight	35%
1 – 90 days	80%
90 days – 1 year	70%
1 year – 2 years	40%
2 years – 3 years	20%
3 years – 4 years	15%
4 years – 5 years	10%

As of June 30, 2011, the portfolio weighted average maturity was 588 days.

Credit Risk: Under State Statutes and County Ordinances, the County is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, commercial paper, repurchase agreements, certificates of deposit, the Local Government Surplus Funds Trust Fund, an SEC Rule 2a-7 like fund which has the characteristics of a Money Market Fund, the Florida Tax Collectors Service Corporation and the Florida Local Government Investment Trust. County policy requires that securities underlying repurchase agreements must have a market value of at least 101 percent of the cost of the repurchase agreements. There were no losses during the period due to default by counterparties to investment transactions, and no types of investments during the period other than those enumerated above.

Concentration of Credit Risk: The County places no limit on the amount that may be invested in securities of the U.S. Government or its agencies. The County does limit the amounts that may be invested in repurchase agreements and other investments to 40% and 20% of the countywide portfolio, respectively. These investments, as of June 30, 2011, were substantially below the limits on a countywide basis.

Equity in Pooled Cash and Investment Pool: As of June 30, 2011 and 2010, respectively, the Port's share of the County's equity in pooled cash and investment pool was as follows:

	Reported Amount Fair Value
<u>As of June 30, 2011</u>	
Total equity in pooled cash and investment pool	\$ <u><u>1,450,636,363</u></u>
Port's share of equity in pooled cash and investment pool	\$ <u><u>11,981</u></u>
 <u>As of June 30, 2010</u>	
Total equity in pooled cash and investment pool	\$ <u><u>1,672,033,548</u></u>
Port's share of equity in pooled cash and investment pool	\$ <u><u>13,702,782</u></u>

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

B. Cash & Cash Equivalents and Investments (continued):

As of June 30, 2011 and 2010 the Port's cash in banks, cash equivalents, and investments consisted of the following:

	Fair Market Value	Days to Maturity ³	Credit Rating ⁴
2011			
Cash equivalents:			
Cash in banks	\$ 15,667,541		
Equity in pooled cash	11,981		AAA/s 1+
Money market funds:			
Federated Government Obligation Money Market Fund, CUSIP 60934N807, .20% yield	32,163,978	2	
Total cash and cash equivalents	47,843,500		
Investments:			
Commercial paper:			
Intesa Funding, due 7/8/2011, .440% yield,	10,999,059	1	98 A1
ING Funding, due 8/19/2011, .250% yield	19,993,194	1	140 A1
ING Funding, due 9/6/2011, .240% yield	9,495,756	1	158 A1
General Electric Capital Services, due 12/12/2011, .190%	11,989,613	1	255 A1+
	52,477,623		
U.S. Government agencies:			
U.S. Treasury Bills, due 07/31/2011, 1.000% yield	29,797,350	1	121 AAA
Federal Home Loan Mortgage Corp., due 8/3/2011, .200% yield	19,996,333	1	124 AAA
Federal Home Loan Bank, due 09/02/2011, .700% yield	21,047,181	1	154 AAA
U.S. Treasury Bills, due 09/30/2011, 1.000% yield	13,557,092	1	182 AAA
Federal National Mtg. Assn, due 10/12/2011, .125% yield	16,993,920	1	194 AAA
Federal Home Loan Mtg Corp., due 10/20/2011, .08% yield	8,997,780	1	202 AAA
U.S. Treasury Bills, due 11/17/2011, .210% yield	12,989,459	1	230 AAA
Federal Home Loan Bank, due 11/18/2011, .11% yield	9,995,761	1	231 AAA
Farmer Mac, due 4/3/2012, .180% yield	9,986,150	1	368 AAA
Farmer Mac, due 2/3/2014, 1.510% yield	10,062,078	1	1039 AAA
	153,423,105		
Total investments	205,900,728		
Total June 30, 2011	\$ 253,744,228		

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

B. Cash & Cash Equivalents and Investments (continued):

	Fair Value Amount	Days to Maturity ³	Credit Rating ⁴
2010			
Cash equivalents:			
Cash in Bank	6,520,622		
Equity in pooled cash	13,702,782		
Money market funds:			
Federated Federated Government Obligation Money Market Fund, CUSIP 60934N807, .01 - .03% yield	31,586,760	2	
Total cash and cash equivalents	51,810,164		
Investments:			
Commercial paper:			
GECC, due 8/27/10, .270% yield	7,996,580	1	57 A1+
	7,996,580		
U.S. Government agencies:			
Federal Farm Credit Bank, due 7/9/2010, .490% yield	12,498,640	1	8 AAA
Federal Home Loan Bank, due 07/09/2010, .175% yield	4,999,806	1	8 AAA
Federal National Mtg Corp, due 08/30/2010, .235% yield	5,088,006	1	60 AAA
Federal Home Loan Mtg Corp, due 09/14/2010, .210% yield	12,494,531	1	75 AAA
Farmer Mac, due 09/22/2010, .400% yield	14,249,846	1	83 AAA
International Bank for Reconstruction and Development, due 10/15/2010, .270% yield	5,795,389	1	106 AAA
U.S. Treasury Bills, due 10/21/2010, .200% yield	7,995,022	1	112 AAA
Federal National Mtg Assn, due 11/08/2010, .300% yield	16,981,583	1	130 AAA
Federal National Mtg Assn, due 12/01/2010, .310% yield	7,989,460	1	153 AAA
Federal National Mtg Assn, due 01/03/2011, .370% yield	9,781,266	1	186 AAA
Federal National Mtg Assn, due 01/18/2011, .380% yield	17,961,810	1	201 AAA
U.S. Treasury Bills, due 02/10/2011, .350% yield	9,978,222	1	224 AAA
U.S. Treasury Bills, due 04/30/2011, .875% yield	15,070,205	1	303 AAA
Federal Home Loan Bank, due 09/02/2011, .700% yield	21,038,855	1	428 AAA
Federal Home Loan Mtg Corp, due 01/26/2012, 1.250% yield	11,082,765	1	574 AAA
	173,005,406		
Total Investments	181,001,986		
Total June 30, 2010	232,812,150		

¹ Market values are as reported by the Records, Taxes, and Treasury Division of Broward County.

² Market values as reported by Regions Financial Corp. holding the assets as Trustee for Broward County. The Federated Money Market Fund is rated AAAm by Standard & Poor's, AAA by Fitch, and Aaa by Moody's Investors Service.

³ Interest rate risk is managed on a countywide basis. Consequently, the weighted average maturity is determined and reported by Broward County on a countywide basis in the County's Comprehensive Annual Financial Report ("CAFR".) The actual days to maturity are shown in the above tables for informational purposes. Refer to the County's CAFR for required disclosures of weighted average days to maturity information.

⁴ Credit Ratings by Standard & Poor's.

Deposits and investments include restricted and unrestricted assets. These amounts are reconciled as follows:

	Unrestricted	Restricted	Total
Cash and cash equivalents	\$ 15,068,819	\$ 32,774,681	\$ 47,843,500
Investments	192,436,038	13,464,690	205,900,728
Total June 30, 2011	\$ 207,504,857	\$ 46,239,371	\$ 253,744,228
	Unrestricted	Restricted	Total
Cash and cash equivalents	\$ 20,580,919	\$ 31,229,245	\$ 51,810,164
Investments	150,913,725	30,088,261	181,001,986
Total June 30, 2010	\$ 171,494,644	\$ 61,317,506	\$ 232,812,150

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

C: Due from/to Governments

At June 30, 2011 and 2010, amounts due from governments consisted of the following:

Description	Agency*	Effective Date	Participation Rate %	Maximum Grant	Cumulative Payments Received	Funds Available as Balance of Grant as of June 30, 2011	Amount Due June 30,	
							2011	2010
Southport Container Yard, Phse VIII	FDOT	11/15/2005	50.00	\$5,869,041	\$5,608,431	\$ 56,013	\$ 204,597	\$ 833,920
New Bridge over FPL Canal	FDOT	11/14/2005	42.90	5,058,536	5,058,536			1,001,618
Port Security Grant - Federal	DHS	06/01/2009	75.00	4,438,880		4,438,880		
Port Security Grant - Federal	DHS	08/01/2008	75.00	4,435,446	350,000	4,085,446		
McIntosh Road Realignment	FDOT	01/18/2007	50.00	5,859,642	108,919	5,750,723		20,870
Berth 33 Bulkhead Repair	FDOT	07/27/2009	50.00	2,500,000	54,709	1,636,351	808,940	
Port Security Grant - Federal	DHS	06/01/2010	100.00	2,230,740		2,230,740		
Terminal 19 Improvements	FDOT	08/27/2010	50.00	1,900,000	140,594	1,622,131	137,275	
Midport Cranes P1 & P2 Replacement	FDOT	07/31/2006	50.00	1,832,188	1,832,188			1,169,964
Midport Roadway Expansion	FDOT	06/15/2006	50.00	586,565	586,565	-		261,177
People Mover	FDOT	02/05/2004	50.00	783,572	783,572	-		
Diesel Emission Reduction	FDEP	04/08/2010	75.00	750,000	264,927	413,096	71,977	
Port Security Grant - Federal	DHS	09/11/2007	75.00	270,000		270,000		
Port Security Grant - Federal	DHS	09/01/2009	100.00	190,000		190,000		
Port Security Grant - Federal	DHS	10/01/2007	75.00	80,000	80,000	-		
							<u>\$ 1,222,789</u>	<u>\$ 3,287,549</u>

FDOT - Florida Department of Transportation
USDOT - United States Department of Transportation
DHS - Department of Homeland Security
FDEP-Florida Department of Environmental Protection

At June 30, 2011 and 2010, amounts due to governments consisted of the following:

Description	Agency	Amount Due	
		2011	2010
Payments in lieu of taxes	Municipalities	\$ 1,663,172	\$ 1,658,407
Sales taxes	State of Florida	23,399	67,124
Utilities	Municipalities	99,851	274,222
Background checks	Florida Department of Law Enforcement	181,929	48,873
Water sales taxes	Municipalities	2,406	12,192
	Total Other Governments	<u>\$ 1,970,756</u>	<u>\$ 2,060,818</u>
Security services	Broward Sheriff's Office	648,502	1,257,411
County overhead costs	Broward County General Funds	157,928	306,341
	Total Other County Funds	<u>\$ 806,430</u>	<u>\$ 1,563,752</u>

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

D. Capital Assets

Capital asset activity for the quarter ended June 30, 2011 was as follows:

	Balance beginning September 30, 2010	Additions	Deletions/ Adjustments Reclassifications	Balance ending June 30, 2011
Used in operations:				
Buildings, piers and other improvements	\$ 410,491,062	\$ 986,713		\$ 411,477,775
Equipment & Vehicles	150,544,774	5,206,711	\$ (51,575)	155,699,910
Total depreciable property	561,035,836	6,193,424	(51,575)	567,177,685
Less accumulated depreciation	(257,497,765)	(15,898,438)	51,575	(273,344,628)
Depreciable property, net	303,538,071	(9,705,014)		293,833,057
Non-depreciable property:				
Land and land improvements	56,715,619	10,750		56,726,369
Construction in progress	34,636,300	5,811,591		40,447,891
Total non-depreciable property	91,351,919	5,822,341		97,174,260
Total operating property, net	394,889,990	(3,882,673)		391,007,317
Held for lease:				
Buildings, piers and other improvements	89,880,452			89,880,452
Less accumulated depreciation	(57,265,879)	(3,535,712)		(60,801,591)
Depreciable leased property, net	32,614,573	(3,535,712)		29,078,861
Non-depreciable leased property:				
Land and land improvements	151,324,034			151,324,034
Total leased property, net	183,938,607	(3,535,712)		180,402,895
Total property, net	\$ 578,828,597	\$ (7,418,385)	\$ -	\$ 571,410,212

As of June 30, 2011, major contracts entered into by the Port, in excess of \$500,000, with unexpended balances, were as follows:

Contract	Contract Amount	Unexpended Balance
Cruise Terminal 18 Expansion — Hewett-Kier	\$ 56,564,495	\$ 2,595,127
Southport Container Yard Expansion — Tran Construction	13,011,902	300,111
Berth 33 Bulkhead repair - Ebsary Foundation	2,893,094	687,398
Expand Cargo Handling Facilities at Southport — Craven Thompson	2,743,547	896,463
Terminal 19 Improvements - Bermello Ajamil	1,685,254	891,617
FPL Discharge Canal Bridge — EAC Consulting	1,557,197	17,768
West Lake Master Plan Mitigation Study — Miller, Legg and Associates	1,548,727	228,408
Gantry Crane Painting - Groome Industrial	1,458,000	98,742
Billing & Harbormaster Software Upgrade — Klein Systems	1,339,762	339,139
Spangler Blvd Bypass Road — Craven Thompson	1,325,712	471,350
Fenders - Sojitz Corporation	1,299,062	1,299,062
Terminal 21 Improvements - Bermello Ajamil	1,260,664	744,896
McIntosh Loop Road Realignment — Craven Thompson	989,865	562,289
Southport Berth No. 34 — Gee and Jenson/CH2M Hill	868,400	447,114
Custom Industrial Fire Truck- Ten - 8 Fire	867,537	867,537
Rehabilitation of Southport Trolley Support System -	832,600	832,600
Terminal 21 Improvements - Bermello Ajamil	795,760	442,181
Terminal 2 Improvements - Bermello Ajamil	758,312	471,791
Rooftop Air Conditioning Units- Turnkey International	758,000	886
Roofing Systems on Various Terminals and Bldgs — Craven Thompson	712,503	3,817
Terminal 4 Expansion — CH2M Hill	533,140	191,257
Total	\$ 93,803,533	\$ 12,389,553

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

E. Bonds Payable

The following is a summary of the major provisions and significant debt service requirements for the outstanding bonds (in thousands):

Bond Issue	Primary Purpose	Type	Interest Payment Rate(%)	Interest Payment Dates	Optional Redemption Year	Optional Redemption Premium	Final Maturity Date	Original Amount Issued	Retired/ Refunded	Outstanding June 30, 2011
1989A Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	N/A	N/A	9-1-2016	\$ 79,580	\$ (26,395)	\$ 53,185
1998A Port Facilities Refunding	Refunding Issue	Serial	4.75 - 4.8	3-1 9-1	2009	N/A	9-1-2012	13,195	(7,615)	5,580
1998B Port Facilities Refunding	Refunding Issue	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	79,825		79,825
1998C Port Facilities	Capital Improvements	Serial	5.375	3-1 9-1	2009	N/A	9-1-2012	43,795	(23,875)	19,920
1998C Port Facilities	Capital Improvements	Term	5.0	3-1 9-1	2009	N/A	9-1-2027	28,645		28,645
2008 Subordinate Port Facilities Refunding	Refunding Issue	Serial	3.642	Monthly	2009	N/A	9-1-2027	46,145	(4,825)	41,320
2009A Port Facilities	Capital Improvements	Serial	3.0 - 6.0	3-1 9-1	2019	N/A	9-1-2029	83,235	(1,940)	81,295
Sub-total										<u>309,770</u>
Less issuance discounts, plus premiums										(7,613)
Total Bonds Payable										<u>\$ 302,157</u>

Bonds payable activity for the nine months ended June 30, 2011 was as follows:

Bond Issue:	Balance beginning September 30, 2010	Additions	Reductions	Balance ending June 30, 2011 (Unaudited)	Due Within One Year
1989A Port Facilities, Refunding	\$ 53,185,000			\$ 53,185,000	
1998A Port Facilities, Refunding	5,580,000			5,580,000	\$ 2,725,000
1998B Port Facilities, Refunding	79,825,000			79,825,000	
1998C Port Facilities	19,920,000			19,920,000	9,700,000
1998C Port Facilities	28,645,000			28,645,000	
2008 Subordinate Port Facilities, Refunding	41,320,000			41,320,000	1,795,000
2009A Port Facilities	81,295,000			81,295,000	2,635,000
Sub-total	<u>309,770,000</u>	-	-	<u>309,770,000</u>	
Less issuance discounts, plus premiums	(8,229,480)		616,382	(7,613,098)	
Total bonds payable	<u>\$ 301,540,520</u>	<u>\$ -</u>	<u>\$ 616,382</u>	<u>\$ 302,156,902</u>	<u>\$ 16,855,000</u>

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

E. Bonds Payable (continued):

Certain bond indentures contain provisions stipulating annual debt service, sinking fund and minimum net revenue requirements. In addition, certain indentures require maintenance of various accounts and specify the deposits to be made to such accounts. The Port was in compliance with bond indenture requirements as of June 30, 2011.

The annual debt service requirements for all bonds outstanding as of June 30, 2011 are as follows:

<u>Revenue Bonds Payable</u>		
<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 16,855,000	\$ 11,439,324
2013	17,700,000	14,016,375
2014	18,590,000	13,054,623
2015	19,495,000	12,061,468
2016	20,445,000	11,093,975
2017-2021	77,125,000	43,055,048
2022-2026	86,145,000	24,275,312
2027-2030	53,415,000	4,064,720

Series 1989A: In August, 1989, the Port issued \$117,454,948 of Port Facilities Refunding Revenue Bonds to refund and defease certain of the County's outstanding Revenue Bonds. The 1989A Bonds consisted of \$79,580,000 issued in the form of current interest bonds and \$37,874,948 issued in the form of capital appreciation bonds.

During fiscal year 1998, the Port placed \$38,497,000 of cash derived from operations in escrow for the purpose of defeasing a portion of the \$117,454,948 Port Facilities Refunding Revenue Bonds Series 1989A. The defeased bonds included approximately \$6,811,000 of original principal amount and \$6,072,000 of appreciation on the Capital Appreciation Term Bonds which matured on September 1, 2010, and \$22,150,000 of Current Interest Term Bonds which will mature on September 1, 2012.

Series 1998: In June, 1998, the Port issued \$13,195,000 of Port Facilities Refunding Revenue Bonds Series 1998A, \$80,440,000 of Port Facilities Refunding Revenue Bonds Series 1998B, and \$72,440,000 of Port Facilities Revenue Bonds Series 1998C. The County issued the Series 1998 Bonds to provide funds, together with other available funds of the County, which: (i) in the case of the Series 1998A Bonds, were used to refund and defease certain outstanding bonds of the County and to pay certain costs of issuing the Series 1998A Bonds; (ii) in the case of the Series 1998B Bonds, were used to refund and defease certain outstanding notes of the County and to pay certain costs of issuing the Series 1998B Bonds; and (iii) in the case of the Series 1998C Bonds, were used to pay the cost of construction projects and to pay certain costs of issuing the Series 1998C Bonds.

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

E. Bonds Payable (continued):

Series 2008: In July, 2008, the County issued \$46,145,000 of Subordinated Port Facilities Refunding Revenue Bonds, Series 2008 (the "Bonds".) The refunding bonds closed on July 10, 2008 in the form of variable rate bonds to refund \$43,160,000 of previously outstanding Subordinate Port Facilities Refunding Revenue Bonds, Series 1998 (the "Refunded Bonds".) The preliminary variable rate and the variable rate are each required to be the lowest rate of interest which, in the judgment of the remarketing agent, would cause the Series 2008 Bonds to have a market value equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the date of determination of the preliminary variable rate or variable rate. In no event may the preliminary variable rate or the variable rate for any variable rate period exceed 15%.

2008 Interest Rate Swap Agreement:

Objective of the interest rate swap – The County entered into an interest rate swap agreement for \$46,145,000 of its variable rate 2008 Series Subordinate Port Facilities Refunding Revenue Bonds for the outstanding period of the bonds as a means to lower its true borrowing costs when compared against fixed-rate bonds at the time of issuance. The intention of the swap was to effectively change the County's variable interest rate. Based on the swap agreement, the County pays a synthetic fixed rate of 3.642%.

The County terminated the previous interest rate swap agreement with AMBAC in order to remove AMBAC as the insurer on the Refunded Bonds and issue the new 2008 Bonds. The cost of the funds swap with AMBAC was terminated at a market value of \$3,390,000 payable by the County to AMBAC. On July 10, 2008, the termination was funded by \$1,663,600 of cash on hand and \$1,726,400 of proceeds from the 2008 Bonds.

Terms – The bonds and the related swap agreement mature on September 1, 2027, and the swap's notional amount of \$46,145,000 matches the principal amount of the bonds issued. The swap was entered into at the same time that the bonds were issued (July 2008). The notional value of the swap and the principal amount of the associated debt declined beginning in fiscal 2008. The bonds are also subject to optional redemption under certain conditions. Under the swap, the County pays the counterparty a fixed payment of 3.642% and receives a variable payment computed by the remarketing agent that would cause the bonds to have a market value equal to the principal thereof plus accrued interest, under prevailing market conditions as of the date of the determination.

Fair value – As of September 30, 2010 and 2009, the swap had a negative fair value of \$4,981,824 and \$2,850,519, respectively. The 2010 value is reported in "Deferred Swap Inflow" and "Fair Value of Interest Rate Swap Liability" in the accompanying Statement of Net Assets. Fair value is only adjusted annually at fiscal year end, September 30. The swap's notional amount of \$41,320,000 matches the principal amount of the outstanding bonds.

Credit risk – As of September 30, 2010, the County was not exposed to credit risk because the swap had a negative fair value. However, should interest rates changes and the fair value become positive, the County could be exposed to credit risk in the amount of the swap's fair value. The swap agreement is subject to termination prior to September 1, 2027, upon the occurrence of certain termination events.

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

E. Bonds Payable (continued):

Basis risk - Municipal interest rate swaps are normally based on a fixed payment and an indexed variable receipt instead of the actual variable debt payment. Any difference between the indexed variable receipt and the actual market-determined variable rate paid on the bonds is called "basis risk." Under the swap, the County will be paid the actual market-determined variable borrowing rate on the swap, as determined by the remarketing agent, which eliminates the basis risk.

Termination risk - Under certain conditions, the County or the counterparty may terminate the swap. If the swap is terminated, the variable-rate bonds would no longer carry a synthetic interest rate but would become variable-rate bonds as per the ISDA master agreement. While this could increase the County's total debt services if, at the time of termination, the swap has a negative fair value by approximately the amount of such negative fair value, the counterparty would have no claim against the County for any other compensation.

Swap payment and associated debt - As interest rates vary, the variable-rate interest payments and swap payments will vary. Using rates as of June 30, 2011, debt service requirements of the variable-rate bonds and the swap payments, assuming current interest rates remain the same for their term, were as follows:

Year(s)	Variable-Rate Bonds		Total
	Principal	Interest	
2012	\$ 1,795,000	\$ 1,446,398	\$ 3,241,398
2013	1,860,000	1,375,429	3,235,429
2014	1,930,000	1,305,953	3,235,953
2015	2,000,000	1,233,943	3,233,943
2016	2,075,000	1,162,450	3,237,450
2017-2021	11,560,000	4,579,923	16,139,923
2022-2026	13,840,000	2,257,206	16,097,206
2027-2030	6,260,000	153,352	6,413,352
Total	<u>\$ 41,320,000</u>	<u>\$ 13,514,654</u>	<u>\$ 54,834,654</u>

The interest rate swap agreement does not affect the obligation of the County under the Indenture to repay the principal and variable interest on the Series 2008 bonds. However, during the term of the swap agreement, the County effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds (presented in this note) are based on that fixed rate. The County will be exposed to variable rates if the counter party to the swap defaults or if the swap agreement is terminated. A termination or default of the swap agreement may also result in the County making or receiving a termination payment.

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

E. Bonds Payable (continued):

An irrevocable transferable direct-pay Letter of Credit ("2008 Letter of Credit") was issued by The Bank of Nova Scotia ("BONS") pursuant to the "Reimbursement Agreement" dated July 1, 2008 between the County and BONS. The 2008 Letter of Credit is an irrevocable obligation of BONS. The 2008 Letter of Credit was issued in an amount equal to the aggregate principal amount of the outstanding Series 2008 bonds, plus 56 days' interest thereon at the rate of 15% per annum. The Trustee, upon compliance with the terms of the 2008 Letter of Credit, is authorized and directed to draw amounts sufficient to pay principal and interest of the Series 2008 Bonds when due because of maturity, redemption or acceleration, delivered for purchase, pursuant to a demand for purchase by the owner thereof or a mandatory tender for the purchase and not remarketed among other provisions.

The Letter of Credit will terminate upon the earliest to occur of the banks close of business on (a) July 8, 2014 (as extended from time to time, the "Stated Expiration Date") or earlier dates as defined in the Letter of Credit agreement.

Redemption of Series 2008 Bonds:

Optional Redemption.

- (A) The Series 2008 Bonds bearing interest at Daily, Weekly, Monthly, Quarterly, Semiannual or Extended Rates (but only if the Extended Rate Period is one year) are subject to optional redemption prior to their stated maturity upon request of the County in whole or in part at any time at a price equal to the principal amount thereof, together with interest accrued to the redemption date, without premium.
- (B) The Series 2008 Bonds bearing interest at Extended Rates (but only if the Extended Rate Period is more than one year in duration) or Fixed Rates are subject to optional redemption prior to their stated maturity upon request of the County in whole or in part at any time at least ten years after the conversion to a fixed rate date at 100% of the principal amount thereof, and in such maturities as the County shall direct, plus accrued interest thereon to the redemption date, without premium.

Series 2009A Bonds: In July, 2009, the County issued \$83,235,000 of Port Everglades Revenue Series 2009A Bonds for the purpose of providing funds, together with other legally available funds, to (i) pay all or part of the costs for the Terminal 18 improvements (see Note J) and other capital improvements, (ii) fund a subaccount of the Reserved Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2009A Bonds. The Series 2009A Bonds, Outstanding Bonds, along with any Additional Bonds or Refunding Bonds hereafter issued under the Bond Resolution, are payable from and are equally and ratably secured pursuant to the Bond Resolution by a pledge of and a lien on the Net Revenue of the County derived from the operation of the Port Facilities and the moneys on deposit from time to time in the Funds and Accounts established pursuant to the Bond Resolution (excluding the Rebate Fund and the Operation and Maintenance Fund and the accounts therein), subject to the provisions of the Bond Resolution permitting application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution. The Series 2009A Bonds interest rate ranges from 3% to 6%.

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

E. Bonds Payable (continued):

The County has established a separate subaccount in the Reserve Account for the Series 2009A Bonds. Upon the deposit of \$6,916,488 of proceeds of the Series 2009A Bonds into the subaccount of the Reserve Account for the Series 2009A Bonds, the amounts on deposit in such subaccount of the Reserve Account equals the Reserve Account Requirement for the Series 2009A Bonds. Funds held in such subaccount are pledged specifically and exclusively for the payment of the Series 2009A Bonds.

Redemption of Series 2009A Bonds:

Optional Redemption – The Series 2009A Bonds maturing on or prior to September 1, 2019 are not subject to optional redemption prior to maturity. The Series 2009A Bonds maturing on or after September, 2020 are subject to redemption prior to maturity, at the option of the County, as a whole or in part, at any time on or after September 1, 2019, at par, plus accrued interest to the redemption date.

The remaining Series 2009A Bonds are subject to a redemption price equal to 100% of the principal amount of the Series 2009A Bonds to be redeemed on the redemption date.

Bond Covenants: The Series 1989A, 1998, and 2009A bond covenants require the Port to:

- (a) Continue in effect the present tariff of rates and fees, for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County until the same are revised as provided in the Bond Resolution;
- (b) Not change, revise, or reduce any such rates, fees, rentals and other charges if such change, revision or reduction will result in producing less Gross Revenue unless such rates, fees rentals and other charges as so changed, revised or reduces will produce sufficient Gross Revenue to comply with the following paragraph (c); and
- (c) Subject to the two preceding paragraphs, from time to time and as often as it appears necessary, revise the rates, fees, rentals and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund, Ad Valorem Tax, Rebate and Operating and Maintenance trust accounts) will at all times be sufficient in each Fiscal Year to provide an amount at least equal to the sum of:
 - a) 100% of the current expenses,
 - b) 125% of the current bond principal and interest requirements,
 - c) 100% of the bond reserve requirement,
 - d) 100% of the required current deposits to the renewal & replacement fund.

The 2008 Subordinate bond covenants further require that gross revenue (excluding investment income on funds on deposit in the Construction Fund) and on investment income on funds on deposit in the Sinking fund and the Debt Service Reserve Fund will at all times be sufficient in each current fiscal year to provide an amount at least equal to the sum of a, c and d above and the following:

- a) 100% of the aggregate of current expenses, the Reserve Account Deposit Requirement and the amount required to be deposited in the Renewal and Replacement Fund (as each of such terms is defined in the Senior Bond Resolution) for the current Fiscal Year,
- b) 100% of the Administrative Expenses for the current Fiscal Year,
- c) 110% of the Composite Principal and Interest Requirements for the current Fiscal Year, and
- d) 100% of the Debt Service Reserve Fund Deposit Requirement for the current Fiscal Year.

Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

E. Bonds Payable (continued):

Schedule of Revenues, Expenses and Debt Service Coverage
For the Nine Months Ended June 30, 2011
(Dollars In Thousands)

Operating Revenues:	
Cruise	\$ 49,680
Container	23,659
Petroleum	19,885
Other	9,985
Real Estate	8,275
Bulk	1,092
Breakbulk/Neobulk	1,067
Subtotal	<u>113,643</u>
Non-Operating Income (eligible interest plus gain on sale of fixed assets)	480
Total Revenues	<u>114,123</u>
Operating Expenses	56,770
Non-Operating Expenses (debt service fee payments)	2,362
Total Expenses	<u>59,132</u>
Net Income Available for Debt Service-Senior Lien Bonds and Subordinate Bonds	<u>\$ 54,991</u>
Debt Service Requirements-Senior Lien Bonds	\$ 21,568
Actual Coverage	<u>2.55</u>
Required Coverage	<u>1.25</u>
Composite Debt Service Requirements - Senior Lien Bonds and Subordinate Bonds	\$ 24,032
Actual Coverage	<u>2.29</u>
Required Coverage	<u>1.10</u>

The Port was in compliance with bond indenture requirements as of June 2011.

The Port issued bonds that are secured by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of revenue bonds as of June 30, 2011 was as follows (in thousands):

Current pledged revenue:	\$ 54,991
Current year to date debt service:	\$ 24,032
Total future pledged revenue:	\$ 442,831

Current pledged revenue is equivalent to "Net Income Available for Debt Service-Senior Lien Bonds and Subordinate Bonds", as shown in the table above. Total future pledged revenue reflects principal and interest payment requirements through Fiscal Year 2029.

All of the bonds are payable from the net revenue of the Port derived from the operation of Port facilities and the monies on deposit in accounts established pursuant to the bond resolutions. No recourse to the credit or taxing power of the County exists for payment of principal and interest on the bonds. Payment of principal and interest on the Series 1998 A, B, and C bonds is insured by a non-cancelable Financial Guaranty Insurance Policy issued by MBIA Insurance Corporation (MBIA). This policy unconditionally guarantees the payment of that portion of the principal and interest on the bonds that has become due for payment, but is unpaid by reason of nonpayment by the Port.

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

E. Bonds Payable (continued):

The Series 1989A, 1998, 2008, and 2009A bond covenants require that sufficient funds be available to meet the largest debt service requirement in any ensuing fiscal year. Concurrently with the issuance of the Series 1998 bonds, MBIA issued a Debt Service Reserve Surety Bond in the amount of \$21,854,005 to meet this requirement. The reserve account requirement applicable to the 2008 Subordinate Bonds is fulfilled by U.S. Treasury obligations and the money market funds collateralized by U.S. Treasury obligations in an amount totaling \$3,410,502 at June 30, 2011. The reserve account requirement applicable to the 2009A Bonds is fulfilled by U.S. Treasury obligations and the money market funds collateralized by U.S. Treasury obligations in an amount totaling \$6,932,072 at June 30, 2011. The Port was in compliance with bond indenture requirements as of June 30, 2011.

The Tax Reform Act of 1986 arbitrage rebate regulations require earnings from investment of tax-exempt debt proceeds which exceed the yield on the debt to be remitted to the federal government every five years. There was no rebate liability attributable to the Series 1989A, Series 1998, Series 2008, or Series 2009A bonds at June 30, 2011. The next rebate computation period is September 30, 2011.

Defeased Bonds: The Port has entered into refunding transactions whereby refunding bonds have been issued to facilitate the retirement of the Port's obligation with respect to certain bond issues already outstanding. Certain proceeds of the refunding issues have been placed in irrevocable escrow accounts and invested in U.S. Treasury obligations that, together with interest earned thereon, will provide amounts sufficient for future payment of interest and principal on the bond issues being refunded.

The following is a summary of the Port's defeasance transactions:

Year of Defeasance	Bond Issue Defeased	Principal Outstanding June 30, 2011
1989	Port Facilities Revenue Bonds Series 1986	\$ 40,340,000

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
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F. Operating Lease Revenue

The Port recognizes a significant portion of its revenue through leasing of real property. A summary of future minimum rentals for non-cancelable leases for the next five fiscal years and in the aggregate is as follows:

Year(s)	Amount
2012	\$ 6,812,068
2013	6,544,966
2014	5,461,218
2015	4,619,456
2016	3,743,629
2017-2021	17,579,595
2022-2026	5,891,610
2027-2031	6,786,298
2032-2036	2,824,720
2037-2041	3,380,796
2042-2046	4,113,256
2047-2051	5,004,405
2052-2056	6,088,624
2057-2061	7,407,742
2062-2066	9,012,650
2067-2071	10,965,268
2072-2076	13,340,926
2077-2081	16,231,276
2082-2086	19,747,829
2087-2091	24,026,254
2091-2096	7,231,205
Total	\$ 186,813,791

G. Pension Plan

The County participates in the Florida Retirement System (FRS), a cost sharing, multiple-employer, Public Employment Retirement System (PERS), which covers substantially all permanent full and part-time County employees. The Port's covered payroll for employees for the nine months ended June 30, 2011 and 2010 was approximately \$10.00 million and \$10.07 million, respectively.

The FRS is non-contributory and is totally administered by the State of Florida. Benefits are computed on the basis of age, average final compensation and service credit. Average final compensation is the average of the five highest fiscal years of earnings. Benefits vest after six years of creditable service.

Early retirement may be taken any time after vesting; however, there is a 5% benefit reduction for each year prior to normal retirement age or date. FRS also provides death and disability benefits. These benefit provisions and all other requirements are established by Florida Statutes.

FRS issues an annual financial report. A copy can be obtained by sending a written request to Division of Retirement, Cedars Executive Center, Building C, and 2639 North Monroe Street, Tallahassee, Florida 32399-1560.

The Port's required contribution rate ranges from 10.77% and 14.57% of covered payroll based on employee risk groups. The required contribution for the Port for the nine months ended June 30, 2011 and 2010 was approximately \$1.088 and \$.985 million each or 10.87% and 9.78% of covered payroll, respectively.

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

H. Other Non-current Liabilities

Compensated absences: It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave and related fringe benefits. The cost of earned but unused vacation pay is accrued when earned. A liability for earned but unused sick leave is accrued only to the extent that the leave will result in cash payments at termination. A liability for these amounts is reported only if they have matured due to employee retirement or resignation. The liability is only adjusted annually at fiscal year end, September 30.

Other post employment benefits: The County allows its employees and their beneficiaries to continue obtaining health, dental and other insurance benefits upon retirement but does not directly contribute to the cost of such benefits. Retirees and their beneficiaries pay the same group rates as are charged to the County for active employees. This constitutes a single-employer defined benefit healthcare plan, and the benefits conform with Florida Statutes, which are the legal authority for the plan. The liability is only adjusted annually at fiscal year end, September 30. The plan has no assets and does not issue a financial report.

The County makes no direct contribution to the plan. However, the County's actuaries in their actuarial valuation calculate an offset to the cost of these benefits that is called the Employer Contribution. The Employer Contribution equals the total age-adjusted costs paid by the County or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

	Broward County Employees (in '000s)
Required contribution rates:	
Employer	Pay-as-you-go
Active Plan members	N/A
Annual required contribution	\$4,208
Interest on net OPEB obligation	266
Adjustment to annual required contribution	<u>(213)</u>
Annual OPEB cost	4,261
Contributions made	<u>(1,219)</u>
Increase in net OPEB obligation	3,042
Net OPEB obligation – beginning of year-10/1/09	<u>6,657</u>
Net OPEB obligation – end of year-9/30/10	<u>\$9,699</u>

(Continued)

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

H. Other Non-current Liabilities (continued):

	Broward County Employees	
Fiscal year ended	9/30/2010	9/30/2009
	<u>(in '000s)</u>	<u>(in '000s)</u>
Annual OPEB cost	\$4,208	\$5,081
Percentage of OPEB cost		
Contributed	28.96%	32.20%
Net OPEB obligation	\$9,699	\$6,657

Funded Status and Funding Progress

The funded status of the plans as of October 1, 2009 was as follows:

Actuarial accrued liability	\$43,581,820
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	43,581,820
Funded Ratio	0.00%
Covered payroll	\$270,611,701
Unfunded actuarial accrued liability as a percentage of covered payroll	16.10%
Health care inflation rates	10% Initial 5% Ultimate

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, the County has not contributed assets to the plans at this time.

Actuarial Methods and Assumptions:

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the County and plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Broward County Employees
Actuarial valuation date	10/1/2009
Actuarial cost method	Entry age
Amortization method	Level percent, closed
Remaining amortization period	28 years
Asset valuation method	Unfunded
Actuarial assumptions:	
Investment rate of return	4.00%
Projected salary increases	4.5% - 9.5%

The Port's share of the net other post employment benefits liability for the year ended September 30, 2010 and 2009 was \$311,593 and \$212,356, respectively.

PORT EVERGLADES DEPARTMENT
Broward County, Florida
Notes to Financial Statements
June 30, 2011 and 2010 (Unaudited)

I. Capital Contributions

For the nine months ended June 30, 2011 and 2010, capital contributions were as follows, with details contained within Note C:

Contributor - Purposes	2011	2010
State of Florida - Southport New Client - Container Yard (Phase VIII)	\$ 1,192,886	\$ 2,579,885
State of Florida - Bulkhead Repair & Replacement	863,649	
State of Florida -Diesel Emission Reduction	324,203	
State of Florida - Terminal 19 Expansion	277,869	
Federal - Port Security Improvements	57,750	39,247
State of Florida - McIntosh Road Realignment	45,930	28,701
State of Florida - FPL Discharge Canal Bridge		2,553,720
Federal - US Army Corp of Engineers - Dredging		727,000
State of Florida - Midport Crane P-1 & P-2		1,619,025
State of Florida - Midport Roadway Expansion		420,969
State of Florida - High Wind Bollards		84,494
State of Florida - People Mover		68,849
Total capital contributions for the Nine months ended June 30, 2011	\$ 2,762,287	\$ 8,121,890

J. Passenger Cruise Terminal and Berth User Agreement

On December 4, 2007, the Broward County Board of County Commissioners (the Board) approved a Passenger Cruise Terminal and Berth User Agreement (the Agreement) between Royal Caribbean Cruises, Ltd. (RCL) and Broward County. The Agreement included an expansion of Cruise Terminal No. 18 (the Project) at Port Everglades to accommodate the planned home porting of a new class of cruise ships which can accommodate in excess of 5,000 passengers. The cost of the renovations is shared with RCL. Negotiations continued with RCL as to the cruise terminal expansion project and on October 23, 2008, the First Amendment to the Agreement was approved. The multi-year agreement requires both minimum annual guaranteed payments based upon passenger movements in lieu of published Port tariff charges and minimum annual guaranteed payments based upon passenger movements to pay the RCL share of terminal renovation costs. Both minimum annual guaranteed payments are treated as operating revenues in the financial statements. At June 30, 2011 and 2010, the amount recognized was \$25,152,858 and \$14,251,669 respectively.

K. Commitments and Contingencies

Through voluntary agreement, several petroleum companies having operations located at the Port created and funded an independent corporation, Port Everglades Environmental Corporation (PEECO). PEECO was created to address the problem of, and clean up historical petroleum contamination on common areas owned by the Port, including pipeline right-of-ways, loading berths and roadways adjacent to oil company properties, used by the petroleum companies for transportation of their petroleum products. The Port believes that the likelihood of having a financial liability for petroleum contamination costs not covered by the state or oil industry is remote.

Federal and state grants are subject to audit by the granting agencies to determine if activities comply with conditions of the grant. Management believes that no material liability will arise from any such audits.

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APPENDIX C

2009 PORT EVERGLADES MASTER/VISION PLAN EXECUTIVE SUMMARY

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PORT EVERGLADES MASTER VISION PLAN

ADOPTED ON MARCH 1, 2011

EXECUTIVE SUMMARY

PRESENTED BY

AECOM



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LIST OF ACRONYMS

ACOE	U.S. ARMY CORPS OF ENGINEERS
AGL	ABOVE GROUND LEVEL
APM	AUTOMATED PEOPLE MOVER
BCAD	BROWARD COUNTY AVIATION DEPARTMENT
BCEMD	BROWARD COUNTY EMERGENCY MANAGEMENT DIVISION
BCEP&GMD	BROWARD COUNTY ENVIRONMENTAL PROTECTION AND GROWTH MANAGEMENT DEPARTMENT
BMP	BEST MANAGEMENT PRACTICES
BOARD	BROWARD COUNTY BOARD OF COUNTY COMMISSIONERS
BSO	BROWARD SHERIFF'S OFFICE
CBP	U.S. CUSTOMS AND BORDER PROTECTION
CIP	CAPITAL IMPROVEMENT PROGRAM
CLIA	CRUISE LINES INTERNATIONAL ASSOCIATION
CHHA	COASTAL HIGH HAZARD AREAS
CSXT	CSX TRANSPORTATION INC.
DCC	DANIA CUT-OFF CANAL
DERA	DIESEL EMISSIONS REDUCTION ACT
DR-CAFTA	CENTRAL AMERICA FREE TRADE AGREEMENT WITH THE DOMINICAN REPUBLIC, BELIZE, EL SALVADOR, HONDURAS, NICARAGUA, GUATEMALA, AND COSTA RICA
DRI	DEVELOPMENT OF REGIONAL IMPACT
EPA	ENVIRONMENTAL PROTECTION AGENCY
FAA	FEDERAL AVIATION ADMINISTRATION
FDEP	FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION
FDOT	FLORIDA DEPARTMENT OF TRANSPORTATION
FEC	FLORIDA EAST COAST RAILWAY
FG	FUNCTIONAL GAIN
FHWA	FEDERAL HIGHWAY ADMINISTRATION
FLL	FORT LAUDERDALE-HOLLYWOOD INTERNATIONAL AIRPORT
FONSI	FINDING OF NO SIGNIFICANT IMPACT
FPC	FLORIDA PORTS COUNCIL
FPL	FLORIDA POWER AND LIGHT
FSTED	FLORIDA SEAPORT TRANSPORTATION AND ECONOMIC DEVELOPMENT COUNCIL
FWC	FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION
FY	FISCAL YEAR
G	GRANTS
GPS	GLOBAL POSITIONING SYSTEM
HOV	HIGH-OCCUPANCY VEHICLE
I	INTERNAL REVENUE
ICTF	INTERMODAL CONTAINER TRANSFER FACILITY
IEC	INNER ENTRANCE CHANNEL

IMC	BROWARD COUNTY INTERMODAL CENTER
ITS	INTELLIGENT TRANSPORTATION SYSTEM
LF	LINEAR FEET
LOA	LENGTH OVERALL
LO/LO	LIFT-ON/LIFT-OFF (USED TO DESIGNATE CARGO THAT IS LIFTED ON AND OFF A VESSEL RATHER THAN BEING ROLLED ON AND OFF)
LPG	LIQUEFIED PETROLEUM GAS
LPP	LOCALLY PREFERRED PLAN
LRTP	LONG-RANGE TRANSPORTATION PLAN
MARAD	U.S. MARITIME ADMINISTRATION
MIA	MIAMI INTERNATIONAL AIRPORT
MPO	METROPOLITAN PLANNING ORGANIZATION
MSA	METROPOLITAN STATISTICAL AREA
MSC	MEDITERRANEAN SHIPPING COMPANY
MSL	MEAN SEA LEVEL
NCL	STAR/NORWEGIAN CRUISE LINE
MTB	MAIN TURNING BASIN
NFA	NO FURTHER ACTION
NMFS	NATIONAL MARINE FISHERIES SERVICE
NPV	NET PRESENT VALUE
NS	NORFOLK SOUTHERN
OCR	OPTICAL CHARACTER RECOGNITION
ODMDS	OCEAN DREDGED MATERIAL DISPOSAL SITES
OEC	OUTER ENTRANCE CHANNEL
OPA 90	OIL POLLUTION ACT OF 1990
P	PRIVATE INVESTMENT
P&G	PURVIN & GERTZ
PADDS	PETROLEUM ADMINISTRATION FOR DEFENSE DISTRICTS
PANAMAX VESSEL	VESSEL WHOSE DIMENSIONS (BEAM, LENGTH, AND/OR DRAFT) ALLOW IT TO TRAVERSE THE PANAMA CANAL
PBI	PALM BEACH INTERNATIONAL AIRPORT
PD&E	PROJECT DEVELOPMENT AND ENVIRONMENTAL STUDY
PED	PORT EVERGLADES DEPARTMENT
PEDD	PORT EVERGLADES DEVELOPMENT DISTRICT
PET	PORT EVERGLADES TERMINALS
PJA	PORT JURISDICTIONAL AREA
PLAN	PORT EVERGLADES MASTER PLAN
POST-PANAMAX VESSEL	VESSEL TOO LARGE TO TRAVERSE THE PRESENT CONFIGURATION OF THE PANAMA CANAL
POV	PRIVATELY OWNED VEHICLES
RCCL	ROYAL CARIBBEAN CRUISE LINES
RFP	REQUEST FOR PROPOSAL
RLI	REQUEST FOR LETTERS OF INTEREST

RMG	RAIL-MOUNTED GANTRY CRANE
RO/RO	ROLL-ON/ROLL-OFF (USED TO DESIGNATE CARGO THAT IS ROLLED ON AND OFF A VESSEL RATHER THAN BEING LIFTED ON AND OFF)
ROI	RETURN ON INCREMENTAL INVESTMENT
ROM	ROUGH ORDER OF MAGNITUDE
RTG	RUBBER-TIRED GANTRY CRANE
SAC	SOUTH ACCESS CHANNEL
SFECC	SOUTH FLORIDA EAST COAST CORRIDOR STUDY
SFRC	SOUTH FLORIDA RAIL CORRIDOR
SFWMD	SOUTH FLORIDA WATER MANAGEMENT DEPARTMENT
SIS	STRATEGIC INTERMODAL SYSTEM
SOLAS	SAFETY OF LIFE AT SEA
STS	SHIP-TO-SHORE CRANE
TEU	TWENTY-FOOT EQUIVALENT CONTAINER UNIT
TGS	TWENTY-FOOT GROUND SLOT
TOS	TERMINAL OPERATING SYSTEM
TSP	TENTATIVELY SELECTED PLAN
U	UNFUNDED (POTENTIAL DEBT)
UMAM	UNIFORM MITIGATION ASSESSMENT METHOD
USCG	UNITED STATES COAST GUARD
VFR	VISUAL FLIGHT RULES
WOA	WINDOW OF ACCESSIBILITY

EXECUTIVE SUMMARY

Introduction

The Broward County Board of County Commissioners (Board) approved the *2006 Port Everglades Master Plan* in December 2007. At that time, the Board also provided direction to the Port Everglades Department (Port) to prepare an update to the *2006 Master Plan* every two years. To prepare the update for the 20-year period between 2009 and 2029, the Port contracted with AECOM USA, Inc. f/k/a DMJM Harris, Inc., the firm and its sub-consultants that prepared the *2006 Port Everglades Master Plan*.

Similar to that in the *2006 Plan*, the goal of this three-phase *2009 Port Everglades Master/Vision Plan* is to

Create a plan to maximize market share and revenue through a realistic 5-year facility development program within a framework of 10- and 20- Year Vision Plans.

To carry out this planning assignment, the Consultant Team updated the following key work products in Phases I and II to reflect the new planning horizon and the changes that have occurred regionally, nationally, and internationally since 2007:

- Port facility assessment.
- Market assessment for the Port's core business lines.
- Business, financial, and asset utilization strategies.
- 10- and 20- Year Vision Plans and 5-Year Master Plan.
- 5-Year Capital Improvement Plan (CIP).

Phase III consists of the update to the Deepwater Port Component of the Coastal Management Element in Broward County's *Comprehensive Plan* and Port-related goals, objectives, and policies in the Transportation Element, consistent with the requirements of Chapter 163, Florida Statutes. It is scheduled for completion following Board approval of this *2009 Plan*.

Planning Principles

A guiding principle of this Plan is to consistently reflect the Port's mission statement:

The mission of Port Everglades is to manage the County's Port-related assets to maximize the economic benefits to the citizens and businesses of Broward County and of the State of Florida. The Port will manage the County's assets in a financially responsible, environmentally sound manner, consistent with local, state, and federal rules and regulations which govern international and domestic trade, transportation and the Port industry.



In addition, the Port's operating principle of sustainability is reflected in an emphasis throughout the planning process on the economy, the environment, and the community.

In this *2009 Plan*, the 5-Year Master Plan covers Fiscal Years (FY) 2011 to 2015; the 10-Year Vision Plan covers FY 2016 to 2019, and the 20-Year Vision Plan covers FY 2020 to 2029.

Consensus-Building and Public Outreach Participation

The Public Outreach Program for 2009 master planning initiative was developed to invite input into the planning process from everyone interested in the Port's growth and expansion. The program was designed to dispense information to the public, tenants, governmental entities, regulatory agencies, and other stakeholders and to encourage their participation and comments. Through workshops and one-on-one interviews conducted by the Consultant Team as an essential part of Plan preparation, the input and concerns of all interested stakeholders have been recorded and taken into account to the maximum extent possible.

Public Meetings. One public meeting was held on August 31, 2010, at the Broward County Main Library during Phase II. The purpose of the meeting was to inform the public about the intended goals, planning process, and progress of Plan development, and receive input. To encourage awareness and participation, advertisements appeared in local newspapers, postcards were mailed to homeowners groups and community publications, and television and radio stations were contacted. An audio tape and video tape was made of the meeting. The Power Point presentation made during the meeting is available on-line through the project website.

Tenant, Stakeholder, and Agency Meetings. An initial tenant/stakeholder meeting was conducted in March 2009 to introduce the Plan update process. Subsequent tenant/stakeholder charrette meetings were held at the Port in June 2009 to receive first-hand input concerning potential modifications to the previous Plan. Once the market assessment updates were completed, another meeting was held in January 2010 to present the findings to tenants and other stakeholders. Additional tenant and stakeholder meetings were held in July and August 2010 to discuss critical planning issues. These included the status of the U.S. Army Corps of Engineers (ACOE) Deepening and Widening study, the release of a portion of the Conservation Easement, alternatives for the Turning Notch expansion, and berthing alternatives for new post-Panamax ships and gantry cranes to minimize Broward County Aviation Department (BCAD)/Federal Aviation Agency (FAA) obstacle clearance concerns. In addition, two environmental outreach meetings were held to update the environmental community and regulatory agencies on the progress of the planning process. The environmental community was invited to the tenant/stakeholder meetings as well.

In addition to these meetings, the Port Director organized "Focus Group" workshops whose participants were individuals from each of the Port's business sectors; these participants were asked to advise the Director on the progress and provide direction to Plan development.

One-on-One Interviews with Port Tenants and Stakeholders. In addition to the group workshops, one-on-one interviews were held with many of the Port's terminal operators, tenants, and other stakeholders to update information regarding their current operations, future plans, and any concerns. These interviews provided input into the respective market assessment updates.

Workshops with the Board and County Administration. One-on-one meetings were held with each of the County Commissioners during April and May 2010 and a public workshop was held in January 2011 at the Broward County Governmental Center. Comments and input received from Board members were incorporated into the Plan. Meetings were also conducted with the Broward County Administrator to discuss project progress.

Website. To present accurate information to those interested in this planning process and receive their comments, a project website was created. The project website address is www.portevergladesmasterplan.com. The website has proved to be a valuable tool that has given stakeholders an opportunity to check current meeting schedules, and access meeting presentations they may have missed or wish to review. They may also communicate their questions, comments, and concerns via an email link. All questions submitted are answered, and general questions are posted on the FAQ page of the website. The website is also a vehicle by which Port Everglades can convey additional information concerning this project.

Summary. Through the Public Outreach Program, everyone with a stake in Plan development had an opportunity to participate in the planning process. Port Everglades recognizes the impact the Port has, not only on its tenants and users, but also on the surrounding communities. Addressing and resolving issues and concerns throughout the planning process have fostered an effective working relationship and consensus between the various stakeholders' interests and the recommendations contained in the ultimate Plan.

Planning Process Summary

Phase I

The specific tasks completed in Phase I and submitted in October 2009 include the following:

Overview of Local and Regional Context for Port Development. The Consultant Team highlighted the socioeconomic factors in South Florida that help create the dynamic climate that contributes to Port Everglades' success across diverse business lines. Also included was an update of the various intermodal mobility programs affecting local and regional landside access and a comprehensive review of the environmental conditions in the Port area.

Review of Port Facilities and Infrastructure Assets. The Consultant Team evaluated the Port's deepwater facilities as well as the cargo, cruise, and petroleum storage infrastructure; and reviewed the Port's highway, freight rail, and airport connections and synergies among them.

Updated Market Assessments. Specialized sub-consultants on the Consultant Team updated the 2006 market assessments to forecast the markets for the Port's core cargo and cruise businesses through the new planning horizon. Because of the economic changes resulting from the global recession and its impact on international and domestic trade, this update of market conditions was critical to the Plan update.

Identification of Unconstrained Infrastructure Needs to Reach the 2029 Capacity "Goal Line" Established by the Market Assessments. The Consultant Team integrated the results of the respective market assessments for cargo and cruise businesses with the results of one-

on-one tenant and stakeholder interviews to identify the ideal number of berths and the terminal areas needed to achieve the forecasted throughputs by the 2029 planning horizon.

Application of Site-Specific Physical Constraints to Identify Potential Opportunities to Reach the 2029 Capacity “Goal Line.” Keeping in mind the Port’s mission statement, with its emphasis on economic benefit and environmental stewardship, and the Port’s operating principle of sustainability, the Consultant Team reviewed the physical opportunities and constraints within the Port to develop realistic infrastructure improvement concepts.

Identification of Cargo and Cruise Needs to Meet Market Forecasts. The previous tasks, performed in an iterative process and facilitated by workshops with the Port’s senior staff, resulted in the identification of the following key parameters of Port development:

- Ability to berth fully laden Post-Panamax vessels carrying up to 7,000 twenty-foot equivalent container units or TEUs.
- More and longer cargo berths with appropriate cranes.
- Rail to Southport and the intermodal container transfer facility (ICTF).
- Cruise berths able to handle 1,100-foot ships and larger cruise terminals.
- Reconfiguration of Northport slips to enhance efficiency and safety.
- Upland improvements to terminals and intermodal access.
- New berth for a crushed rock/aggregate ship.

Figure ES-1 shows the Port Jurisdictional Area and the locations of Northport, Midport, and Southport.¹

Interface with On-Going Programs of Sister County Agencies and Other Stakeholders. Planning for Port Everglades’ development and expansion cannot occur in a vacuum as several of the entities located in proximity to the Port are engaged in their own concurrent planning initiatives. The Consultant Team, in conjunction with Port staff, maintained contact with these entities to address issues of mutual interest and coordinate planning efforts. In several cases, these planning efforts have not been concluded in the same timeframe as the Port’s Plan. The summary below notes two ongoing initiatives addressed during the planning process.

Fort Lauderdale-Hollywood International (FLL) Airport. Flight arrival and departure patterns from FLL extend over portions of the Port devoted to cargo operations. The flight paths restrict the height of structures as well as vessels located under the flight paths. As discussed in the Phase I Plan document, Jacobs Consultancy prepared a study for the BCAD which identifies the maximum height of cranes and vessels that would be permitted in these portions of Southport and Midport. During Phase II, the Port and the Consulting Team continued to coordinate with the BCAD as to the optimum locations for the cranes that will serve the larger ships expected to call at the Southport berths and for the ships themselves. It is understood

¹ **Northport** accommodates cruise ships and petroleum tankers as well as other bulk ships; **Midport** is the Port’s main cruise ship berthing area, but also accommodates both containerized and non-containerized cargo; **Southport** is the location planned for most of the Port’s containerized cargo growth.

that FAA approval will be needed prior to implementation of any projects in these Port areas which could penetrate FLL’s approach and departure surfaces. Based on the work completed, Port Everglades has submitted an application to the FAA for approval of the proposed berth and crane locations.

Figure ES-1
Port Everglades Jurisdictional Area



Automated People-Mover and Intermodal Center. Port Everglades and FLL, in conjunction with the Florida Department of Transportation (FDOT) jointly conducted a Project Development & Environmental (PD&E) Study for the Broward County Intermodal Center (IMC) and Automated People Mover (APM) system, followed by an Environmental Assessment, which is 95 percent complete. Since August 2009, the process has been on hold, pending the formation of a financial plan for the project. Once potential funding is identified, the County and FDOT may restart the process and proceed to obtain a Finding of No Significant Impact (FONSI), which would then allow the County to seek federal funds for the project. The Port’s

2009 Master/Vision Plan is compatible with the recommended alternative for the APM system and right-of-way for the system has been preserved on Port property.

Intermodal Initiative. The Consultant Team assessed the market potential and physical requirements of implementing an ICTF in Southport to accommodate both international containerized cargo movements and the potential addition of imported crushed rock and other bulk products used in the cement and ready-mix concrete industry.

ACOE Deepening and Widening Program. The Consultant Team with Port staff provided input into the ACOE's evaluation of the deepening and widening program for the Port.

Preparation of Conceptual 20-Year Vision Plan. The culmination of the Phase I planning process was the development of a conceptual 20-Year Vision Plan. This conceptual Plan reflected a variety of factors, including the updated market assessments, the ACOE *Deepening and Widening Study*, changed bulkhead replacement scheduling, Southport Turning Notch expansion planning, and airspace object height restrictions. It also reflected industry trends for cargo and cruise operations and terminal design, alternative berthing configurations, operational enhancement opportunities, and potential circulation and parking requirements.

Phase II

The following tasks were completed in Phase II and submitted to the Board for approval in March 2011:

Identification of the Economic Impact of Port Operations. The Consultant Team updated the previous analysis of the impact of Port operations, identifying the employment, employee earnings, business revenue, and state and local taxes attributable to those operations.

Development of Financial Strategies for Plan Implementation. To assist in Plan implementation, the Consultant Team worked with Port staff to assess potential 5-Year Master Plan projects using the previously developed Project-Decision Matrix tool created to assess the environmental, economic, and other aspects of a given project.

Identification of Goals, Objectives and Policies. To fulfill Chapter 163 planning requirements, the Consultant Team developed preliminary goals, objectives, and policies to be incorporated into the Deepwater Port Component of the Broward County *Comprehensive Plan* during Phase III.

Plan Refinement. With input from Port staff, tenants, and other stakeholders, including agencies such as the BCAD, the Florida Department of Environmental Protection (FDEP) and the ACOE, the Consultant Team engaged in an iterative process to refine the conceptual 20-Year Vision Plan into 10- and 20-Year Vision Plans and a 5-Year Master Plan and CIP.

Reflecting market changes and the iterative discussions with Port staff, tenants, and other stakeholders, including county, state, and federal agencies, as well as the Board, the following modifications were made to the *2006 Plan* in this *2009 Plan Update*:

- A new upland enhancement program to obtain release of a portion of the Conservation Easement.

- A single-phase approach to Turning Notch expansion and decoupling from the ACOE deepening and widening program.
- Refinement of ACOE deepening and widening program.
- Vessel and crane positioning to reflect FAA object height restrictions.
- Revised phasing of bulkhead projects.
- Inclusion of potential ferry operations.
- Advancing ICTF and delaying crushed rock facility implementation.

Figures ES-2, ES-3, and ES-4 summarize the key differences between the 2006 Plan and the 2009 Plan. These changes are discussed in more detail in the Element 5 section later in this document.

Preparation of a Cost-Feasible 5-Year Capital Improvement Plan. The Consultant Team worked with Port staff to identify the various types of funding available for the projects proposed for the first five years of Plan implementation and developed a cost-feasible, affordable document.

Figure ES-2
Differences between the 2006 5-Year Master Plan and the 2009 5-Year Master Plan

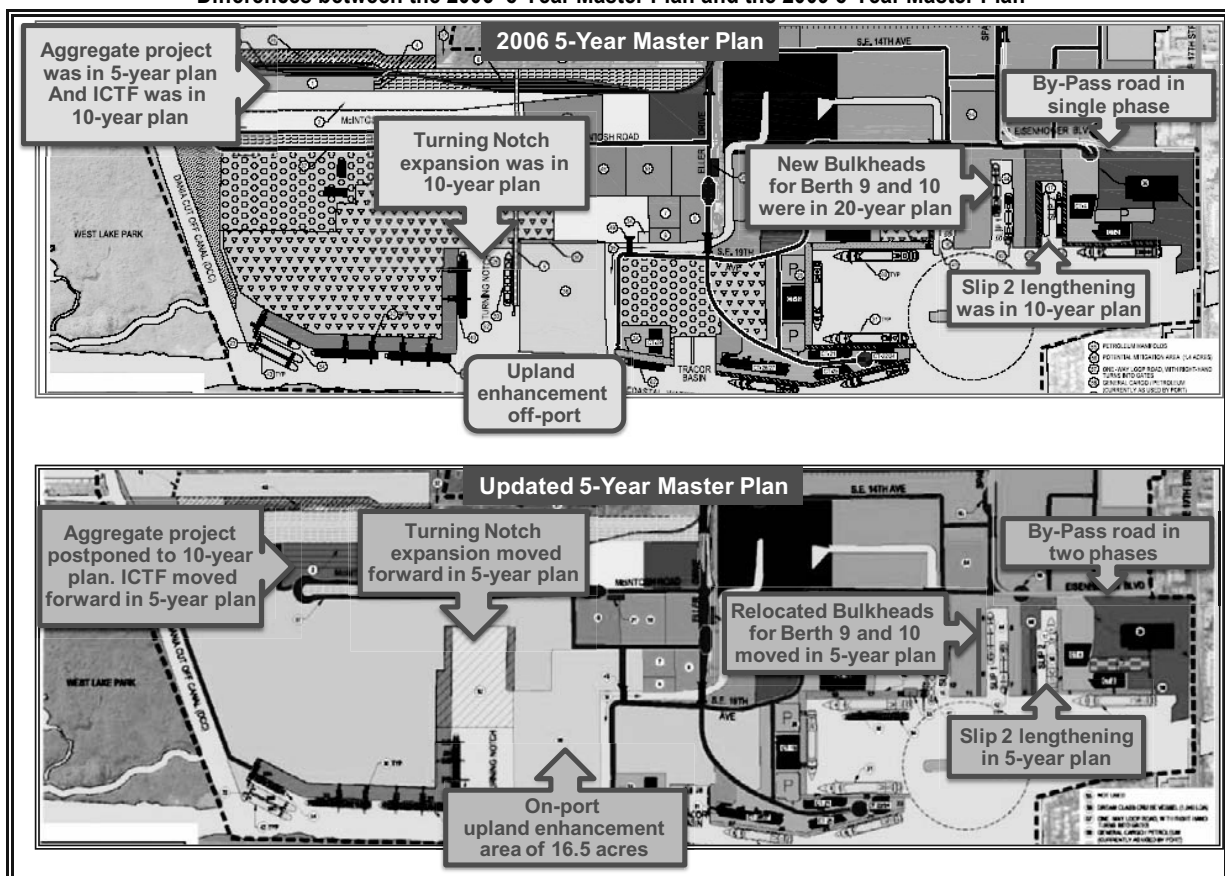


Figure ES-3
Differences between the 2006 10-Year Vision Plan and the 2009 10-Year Vision Plan

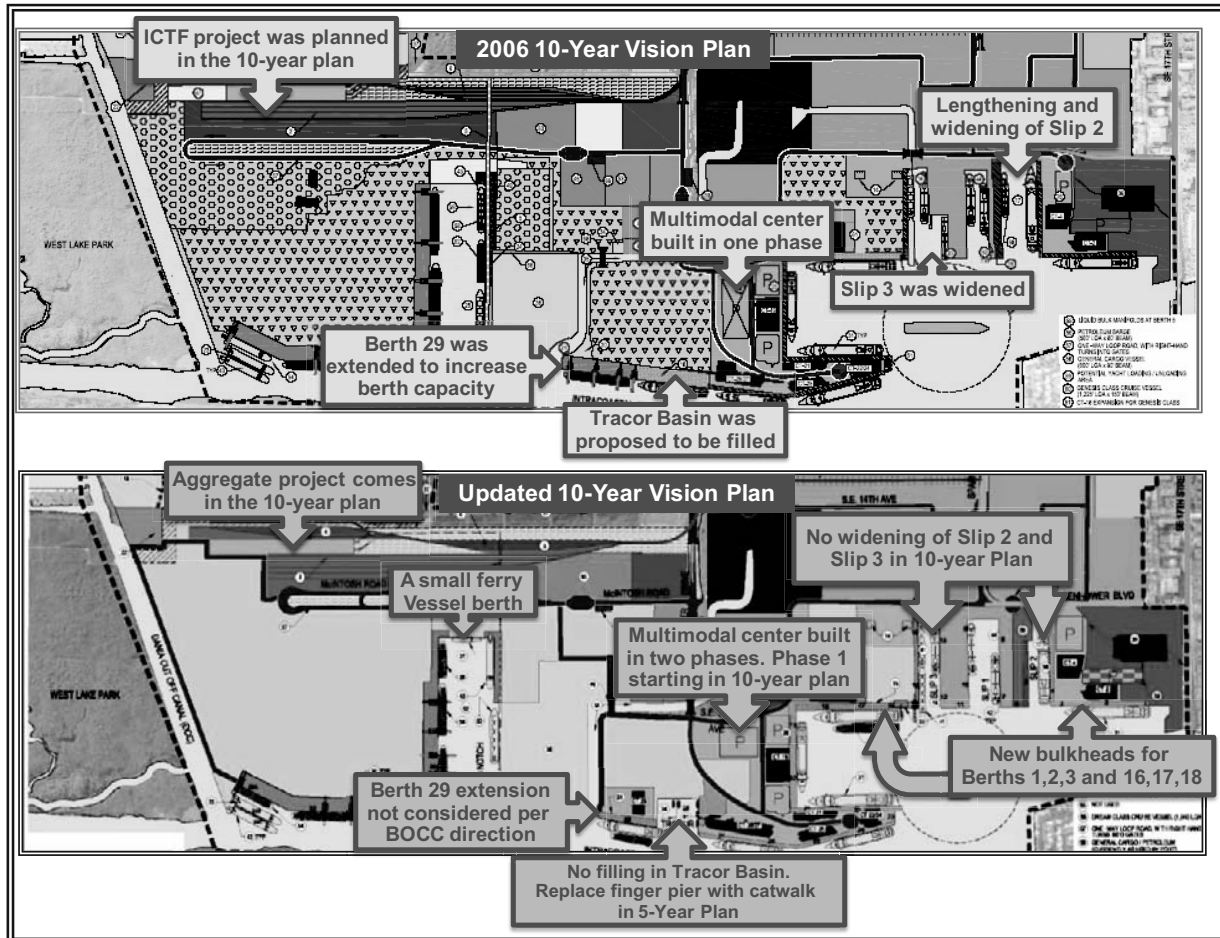
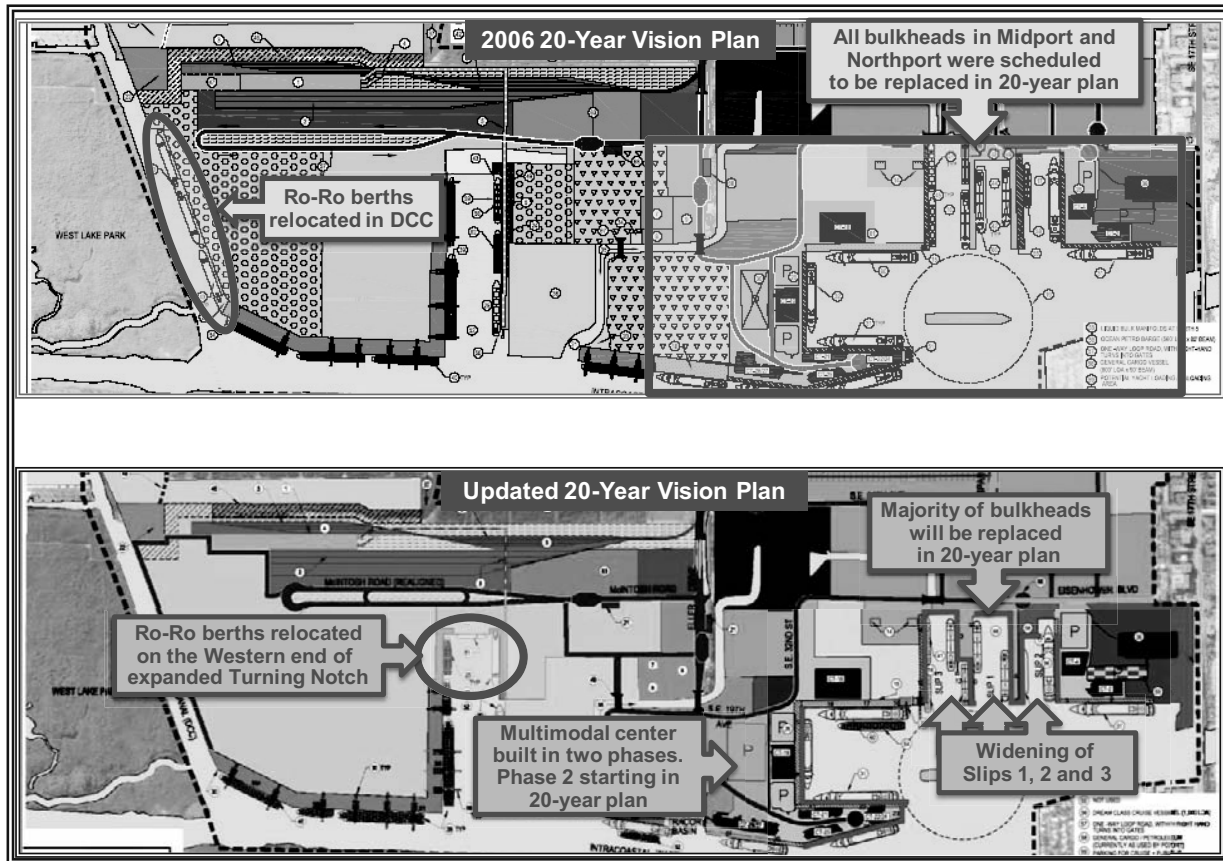


Figure ES-4
Differences between the 2006 20-Year Vision Plan and the 2009 20-Year Vision Plan



Phase III

Upon approval of the *2009 Master/Vision Plan*, the Consultant Team will update the Deepwater Port Component of the Coastal Management Element and the relevant Transportation Element goals, objectives, and policies and will assist with their incorporation in the Broward County *Comprehensive Plan*. This task will be conducted in cooperation with the Broward County Environmental Protection and Growth Management Department (BCEP&GMD). The updated document will be transmitted for review and approval to the Florida Department of Community Affairs and the other regulatory state and local agencies charged with commenting on the Plan.

Master Plan Elements

Phase I and Phase II of the *2009 Master/Vision Plan* contain six Elements. The contents of each Element are summarized below.

Element 1: Existing Conditions Assessment

Element 1 of the 2009 Plan presents an overview of the Port, including land uses, planning opportunities and constraints, berthing and capacity analyses, on-port traffic circulation and parking, the intermodal transportation network, and environmental conditions.

Port Everglades, portions of which are located in the Cities of Fort Lauderdale, Hollywood, and Dania Beach, and in unincorporated Broward County, encompasses an area of about 2,190 acres adjacent to the Intracoastal Waterway. With its containerized cargo, liquid and dry/neo-bulk commodities, and cruise activities, the Port is one of the most diversified in Florida.

Port Everglades ranks among the top 12 U.S. container ports, moving more than 985,000 TEUs in FY 07/08, when Phase I of the 2009 Plan was prepared, a 14 percent increase over the more than 864,000 moved in FY 05/06, when the 2006 Plan was prepared. Table ES-1 shows the Port’s container movements in the subsequent years, reflecting the impact of the global recession. As international trade rebounds, the Port’s container throughput is expected to surpass 1 million TEUs in the next five years. As discussed below, the Port is pursuing aggressive strategies to deal with this projected growth, including the development of an intermodal complex to increase container capacity.

**Table ES-1
Three-Year Summary of Operations at Port Everglades**

Operation	FY 09/10	FY 08/09	FY 07/08
Containers (TEUs)	793,227	796,159	985,095
Cargo Tonnage	21,640,144	21,503,720	24,227,435
Cruise Passengers	3,674,226	3,139,820	3,227,770

In FY 07/08, the Port handled 24.2 million tons of cargo. Reflecting the impact of the global recession, this tonnage declined to 21.5 million tons in FY 08/09, but has rebounded to 21.6 million tons in FY 09/10 (see Table ES-1). The Port is the primary storage and distribution seaport for refined petroleum product in South Florida. Every day, about 12.5 million gallons of petroleum product are delivered on oceangoing tankers to Port Everglades for distribution to facilities in a 12-county area, including jet fuel to the area’s three major airports as well as smaller regional airports.

The Port’s Foreign-Trade Zone No. 25 extends to several non-contiguous sites, including acreage in Davie, about six miles west of the Port, and farther west in the Miramar Park of Commerce. These off-port locations help diversify and spread the economic opportunities and jobs generated by Port operations.

In addition to its substantial cargo operations, Port Everglades also serves more than 50 cruise ships, which embarked and disembarked 3.2 million multi-day and one-day cruise passengers in FY 07/08. With its continuing capacity expansion to serve industry growth, including the arrival of the two largest cruise ships in the world, the *Oasis of the Seas* and the *Allure of the Seas*, the Port’s cruise passenger counts have surged to almost 3.7 million in FY 09/10 (see Table ES-1). Approximately 65 percent of these passengers are reported to fly through South Florida airports to and from their cruises from Port Everglades.

An April 2010 analysis of the economic impacts of the Port's diverse operations in FY 2009 identified 25,876 direct, induced, and indirect jobs as well as an additional 117,310 related user jobs throughout the state, for a total of 143,185 jobs. The value of the Port's economic activities totaled \$13.9 billion; these activities generated \$5.4 billion in total personal income and \$400 million in total state and local taxes.²

Element 2: Market Assessment

Element 2 presents the findings of the market assessments conducted for each of the four core businesses at the Port: containerized cargo, non-containerized cargo, liquid bulk, and cruise.

Containerized Cargo Assessment. Port Everglades, as part of the South Florida "Gateway to the Americas," conducts significant trade with the countries in Latin America and the Caribbean. In recent years, approximately 85 percent of Port Everglades' container activity was dedicated to this trade. Honduras, Guatemala, Costa Rica, Brazil, and Colombia were the Port's top trading partners in FY 09/10. Key conclusions from the containerized market analysis for the Port include the following:

- **Growth in Asian Import Market and All-Water Service.** Import cargo from Asia continues to fuel the growth in the U.S. container trade, historically dominated by the West Coast ports. Events -- including the impact of 9/11 on the distribution supply chain, the 2002 West Coast port shutdown, and major congestion issues that arose in 2004 -- have, however, resulted in increased diversification to all-water services of containerized cargo via various U.S. East Coast ports.

Asian growth is likely to sustain double-digit growth in the near-term, with all-water service to the South Atlantic port range continuing. A significant share of Asian cargo consumed in Central and South Florida moved intermodally via the West Coast ports; this cargo represents an all-water service market for the Port to target, particularly with the expansion of the Panama Canal in 2014. To target this market, the Port should pursue the infrastructure-- water depth, berths, cranes, storage capacity, and circulation system -- needed to accommodate ships carrying up to 7,000 TEUs.

The Port of Savannah, a strong competitor of Florida's seaports, is penetrating the Central and South Florida markets, primarily due to the growth of all-water services. This penetration is also a target for Port Everglades. The Port should continue to market global carriers in this trade and target the Central and South Florida accounts that are currently moving through the Port of Savannah, as well as using intermodal service via West Coast ports.

- **Distribution Center Growth.** The containerized import growth exhibited by several East Coast ports (Norfolk and Savannah, particularly) is closely related to the regional development of distribution centers. The majority of the distribution center development that will serve Central and South Florida is occurring along the I-4 Corridor, although the

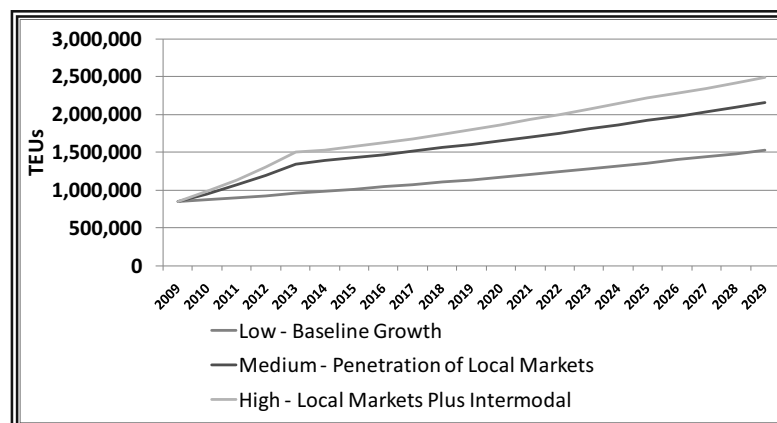
²Additional details about the economic analysis published in April 2010 are presented later in this Executive Summary and in Appendix F of the Phase II document.

Port of Jacksonville, with its Asian liner service, has also seen the number of its distribution centers increase in recent years.

- **Latin American and Caribbean Export Market.** The South Florida ports have historically dominated the Latin American and Caribbean export markets. This has been facilitated by the concentration of Latin American- and Caribbean-related businesses located in South Florida, including export distribution and consolidation centers, and a strong local truck market. It is likely that Port Everglades and the Port of Miami will remain strong and compete directly for these export cargoes. Furthermore, free trade agreements with Chile and DR-CAFTA (the Dominican Republic, Belize, El Salvador, Honduras, Nicaragua, Guatemala, and Costa Rica) strengthen and sustain the Latin American and Caribbean economies that rely on this U.S. export market.
- **Port Everglades’ Competitive Position.** A port’s competitive position is defined by the total delivered cost per box, which includes ocean voyage costs, port charges, terminal charges, and inland freight rates. The base tariff rates and terminal charges are relatively competitive between Port Everglades, the Port of Miami, and the Port of Jacksonville. Because of these competitive rate structures, the inland freight rate becomes the deciding factor in port selection. The Port of Tampa holds a freight rate advantage to the Central Florida I-4 Corridor market which will emerge as the key competitive environment.

Port Everglades’ Containerized Cargo Forecast – Based on the estimated FY 2009 containerized volume and interviews with Port Everglades’ tenants, a low scenario container forecast by terminal assumes a 3 percent growth of base cargo and no new market penetration. The medium scenario assumes a 50 percent capture of the local truck hinterland market and a 25 percent capture of the Central Florida market by 2014, with a 3 percent growth thereafter. The high scenario assumes the capture of the local truck hinterland and Central Florida market shares as well as an initial 10 percent additional intermodal market, growing to 15 percent as the Port’s proposed ICTF develops. By 2029, the unconstrained container throughput at Port Everglades is projected to range between 1.5 million and 2.5 million TEUs. The low (baseline), medium, and high container forecasts are depicted in Figure ES-5.

Figure ES-5
Low/Medium/High Container Forecast

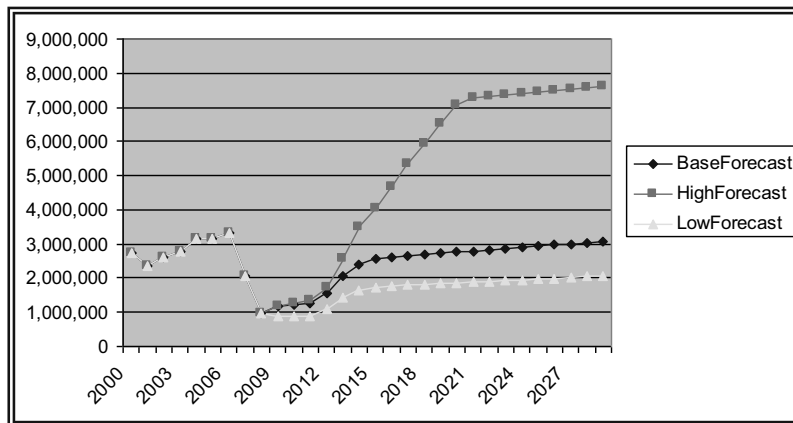


Non-Containerized Cargo: Dry Bulk and Neo-Bulk Assessment. The overwhelming proportion of the dry bulk and neo-bulk (also called break-bulk) cargoes handled through Port Everglades are related to the construction industry, which experienced dramatic declines as the recession hit the local, regional, and statewide economies. Dry bulk cargoes are dominated by cement and aggregates, which are used in the production of cement, including gypsum, bauxite, and fero (iron oxides and slag). Other than these commodities, Port Everglades’ dry bulk revenue category includes only tallow exports and, previously, an occasional coal shipment.

Similarly, the largest proportion of the neo-bulk cargoes is related to the construction industry, including steel (rebar and sheets) and, previously, lumber.

Port Everglades Non-Containerized Cargo Forecast. Figure ES-6 shows the base, high, and low forecasts for the dry bulk and neo-bulk cargoes at the Port, through the 2029 planning horizon. On the downside, these forecasts reflect the decline in the local and regional construction industry during the recessionary period; on the upside, they reflect the eventual addition of 2 to 4 million tons of crushed rock to replace high quality local sources that may be affected by permitting issues. The dry bulk and neo-bulk markets for Port Everglades are projected to recover to 92.1 percent of the peak 2006 levels by 2029 under the base line forecast. Continued depressed tonnages and more muted recovery result in a low forecast that reaches only 61.9 percent of the peak 2006 levels. Under the high forecast, Port Everglades dry bulk and neo-bulk cargoes reach 7.626 million tons or 229.1 percent of the peak volumes in 2006.

Figure ES-6
Base, High, Low, and Needs
Non-Containerized Cargo Forecast

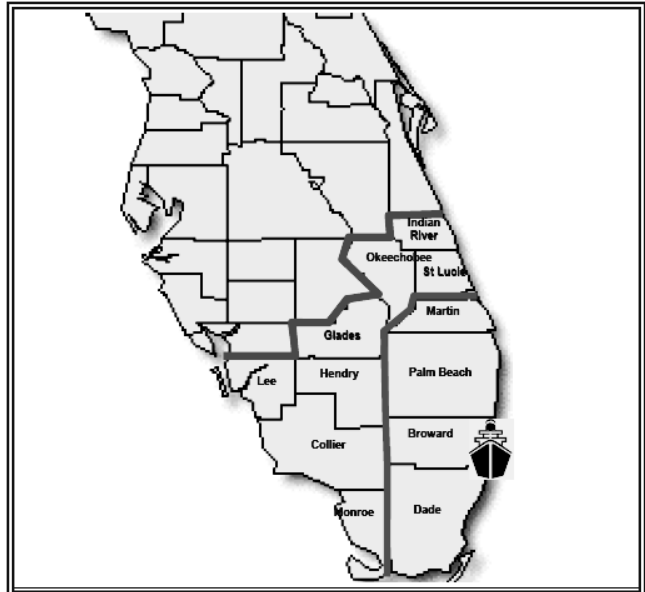


Liquid Bulk Assessment (Petroleum Products). Purvin & Gertz (P&G), which conducted the *Petroleum Sector Strategy Study* for Port Everglades in 2005, updated that study for the 2009 Master/Vision Plan update. Their findings are discussed below.

U.S. Petroleum Product Demand. Overall, U.S. light petroleum product demand was expected to fall in 2009 before recovering in 2010, growing at an average rate of 0.6 percent per year through 2017 and then declining slowly through the end of the forecast period. The eastern U.S. (PADD I)³ is forecast to follow a similar path as the U.S. Annual growth rates were expected to recover in 2010 and increase at an average of 0.5 percent per year through 2017 before declining at an average of 0.5 percent annually.

Florida’s annual demand growth rate for light products is greater than that of every other state in PADD I, with the exception of Georgia. Florida’s light product annual demand growth is higher than that of the U.S. and PADD I, averaging 1.2 percent per year from 2010 through 2020 before slowing down to an annual growth rate of 0.1 percent through 2029. For the same period, the 12-county market served by Port Everglades (see Figure ES-7) will experience flat light product demand through 2010 before rebounding at a 1.3 percent annual average through 2019 and then seeing demand growth slow to 0.2 percent annually through 2029.

Figure ES-7
Port Everglades Petroleum Service Area



Florida Petroleum Sector. Of the seven major commercial ports in Florida, three currently have major petroleum terminaling capabilities: Port Everglades, the Port of Tampa, and the Port of Jacksonville. A major petroleum terminal expansion at Port Canaveral has also recently become operational. Of these ports, only Tampa and Canaveral are within reasonable trucking distances and, therefore, are considered competitors with Port Everglades.

The petroleum sector has been and will remain vital to the future success of Port Everglades and the region as a whole. The Port literally fuels the growth of the extended South Florida region, supplying 87 percent of the gasoline demand in the region and 37 percent of Florida’s gasoline requirements. Petroleum products moving through the Port thus support the region’s diverse transportation demands and facilitate its economic development. Industry services include

- Selling gasoline to retail gas stations in the region.
- Supplying the region’s international airports.

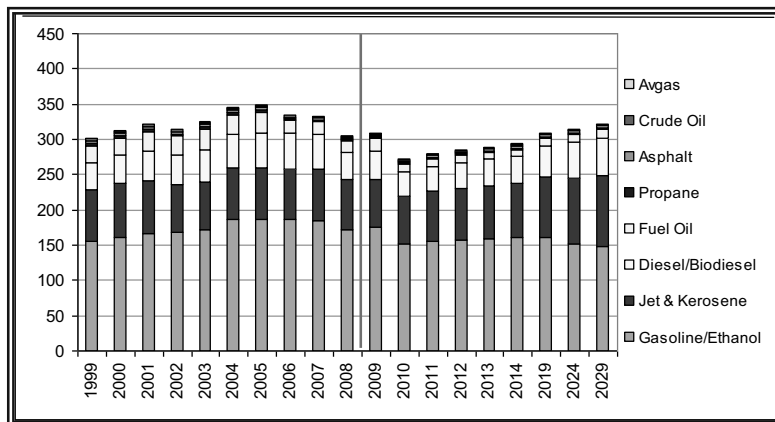
³ The U.S. Department of Energy divides the country into five Petroleum Administration for Defense Districts (PADDs) for planning purposes. Florida, along with seventeen other East Coast states, is part of PADD I.

- Fueling the Port’s cargo and cruise ships.
- Serving the FPL electric power plant.
- Serving military needs.

The Port’s petroleum sector has grown significantly over the years as South Florida’s population and commerce have expanded. The Port receives and distributes a variety of fuels, including gasoline, diesel, and jet fuel to the 12-county market of 7.2 million people (outlined in blue in Figure ES-7), which represents 38 percent of Florida’s estimated 2010 population of 18.8 million.⁴ Over 30 percent of these residents live in the Port’s immediate 4-county market alone (Miami-Dade, Broward, Palm Beach, and Martin Counties) (outlined in red in Figure ES-7). The 8-county secondary market includes Collier, Glades, Hendry, Indian River, Lee, Monroe, Okeechobee, and St. Lucie Counties.

Port Everglades Petroleum Product Forecast. Figure ES-8 provides the Port Everglades petroleum throughput forecast summary. Total throughput volumes are expected to grow from just over a projected 300,000 barrels per day (B/D) in 2008 to 323,000 B/D by 2029. Gasoline will continue to be the leading product; however, due to a more rapid diesel demand growth, the percentage of the throughput attributed to gasoline will fall over the forecast period from 53 percent of the total in 2008 to 42 percent by 2029.

Figure ES-8
Petroleum Product Forecast
(Barrels per Day)



A variety of U.S. and foreign-owned vessels ranging in size will continue to call at Port Everglades through 2029. These vessels will consist of ocean-going tankers and ocean-going barges (integrated tug-barges (ITB)). For facility planning purposes over the forecast period, it is projected that the size characteristics of the four main vessel groups -- i.e., foreign tankers, U.S. Jones Act tankers, petroleum barges, and liquefied petroleum gas (LPG) barges -- will remain largely similar to those of the fleet of vessels that called at Port Everglades between 2000 and 2008. Nevertheless, after discussions with several of the terminal operators, it was

⁴ Florida Office of Economic and Demographic Research estimate April 2010.

determined that an increase in the average size of foreign tankers is expected in the coming years. Interest was expressed in bringing in larger tankers, particularly for gasoline and jet fuel, to lower per barrel shipping costs.

Cruise Assessment. The attractiveness of Port Everglades as a cruise port is confirmed by feedback from cruise line stakeholders and an assessment of the overall properties that make up the cruise tourism infrastructure (both soft and hard) for Port Everglades. Figure ES-9 illustrates the strengths and challenges existing at the Port today and those that should be addressed to support cruise growth opportunities.

Figure ES-9
Cruise Infrastructure Assessment of Port Everglades

Criteria	Assessment
Marine Access	(short channel for large ships) ■ / ⬆
Terminal Location(s)	⬆
Pier / Berthing	(length of berths) ■ / ⬆
Apron	■
Gangways	(new systems installed) ■ / ⬆
Terminal Operations	■
Ground Transportation Areas (GTA)	■ / ⬆
Parking	(proximity to terminals) ■
Provisioning	⬆
Security	■ / ⬆
Landside Access	(gate and roadway access) ■ / ⬆
Airport and Airlift	(proximity and capacity) ■ / ⬆
Lodging	⬆
Attractions and Venues	⬆
Access to Consumers	⬆
General Appeal	⬆
Marketing / Communications	■ / ⬆
Key: Strong (⬆), Fair (■), Weak (⬆)	

As shown, the primary strengths of Port Everglades are the short marine access for large cruise ships coupled with the terminal locations and length of berths overall. Provisioning for the lines based in South Florida is excellent due to the convenient locations of their warehouses and short drive distances for trucks. Additionally, the tourism infrastructure of the region as a whole is very supportive of cruise operations, including lodging, attractions and venues, access to consumers, convenient airport location and airlift, access to the major roadway network of I-595, I-95, Florida’s Turnpike, and I-75, and a strong appeal for visitors.

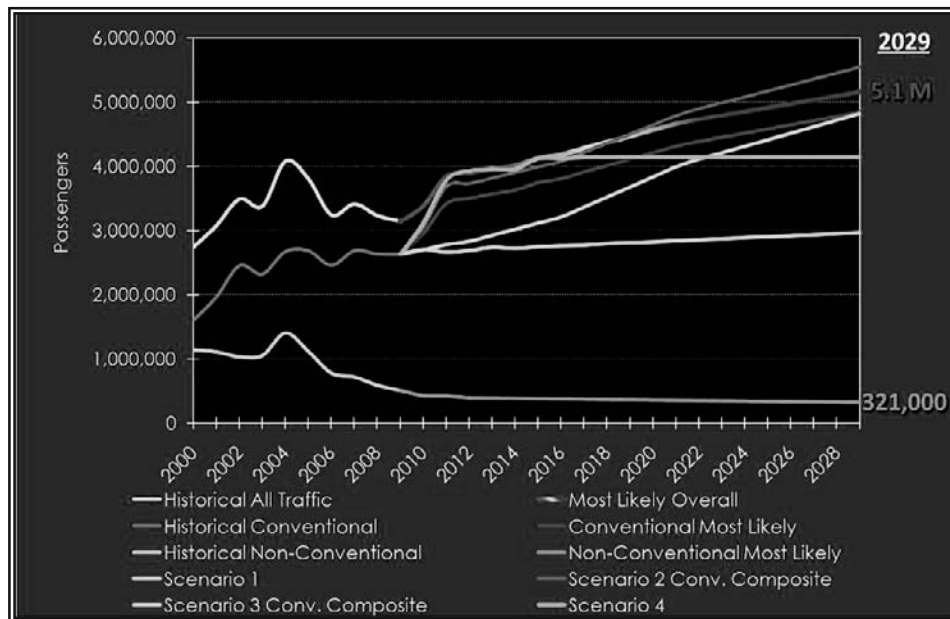
Key Study Conclusions. The assessment of the Port’s future passenger and vessel throughput, berth demand, and utilization for future cruise operations resulted in the following key conclusions:

- The larger ships in the cruise fleet will require longer berths to support them.

- New terminals and the adjacent landside infrastructure will also be needed to support these larger ships. Terminal 18, completed in the fall of 2009 to accommodate the *Oasis of the Seas* and *Allure of the Seas*, is an example of this new terminal infrastructure. In addition, the Port recently executed an agreement with Carnival Corporation that will expand/upgrade Terminals 2, 19, 21 and 26.
- Partnerships with cruise line stakeholders and service providers are among the means of meeting the needs and expectations of the industry. Partnering with a key cruise line or lines to develop a new super post-Panamax cruise terminal facility was completed as part of the recommendations in the Port’s 2006 Master Plan.
- The Port should continue to manage existing berths and work with cruise line partners to increase weekday use, taking the burden off weekend infrastructure requirements.

Port Everglades Cruise Passenger Forecast. Figure ES-10 illustrates the overall projection ranges combining the Port’s multi-day and daily and non-conventional⁵ revenue passenger forecasts. As shown, the most likely combined projection provides for 5.1 million revenue passengers in 2029. Overall, continued, albeit slower-paced, growth is envisioned for the Port over the mid- to long-term. Much of the growth opportunities will depend on addressing the infrastructure requirements of future cruise vessels entering the Caribbean region.⁶

Figure ES-10
Revenue Cruise Passenger Forecast



⁵ The “non-conventional” category comprises cruises that are variations on the typical one-day sailings.

⁶ Most cruise ports, including those in Florida, derive revenue when the cruise passenger embarks on the cruise and then again when he or she disembarks. The term “revenue passenger” refers to this dual movement of a single passenger.

Summary Comparison of Cargo and Cruise Forecasts in FY 2006 and FY 2009 Plans.

Figure ES-11 summarizes the 20-year changes in the market assessments for the 2006 and 2009 Plans. These changes have driven the Plan development presented in Elements 5 and 6 later in this document. The red lines in the figure show the Port’s operational results for FY 09/10. Table ES-2 summarizes the updated 2009 market forecast for the 5- 10- and 20-year milestones for all four business segments.

Figure ES-11
Comparison of 2009 and 2006 Market Forecasts for the Port’s Core Business Segments

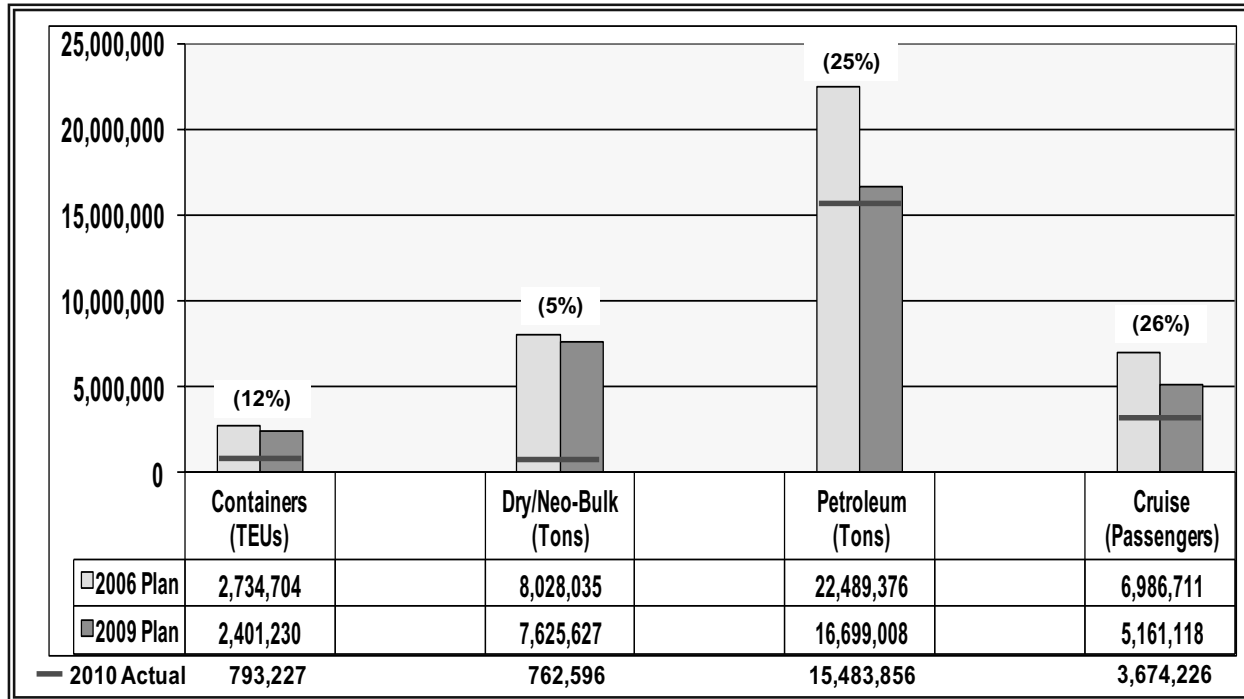


Table ES-2
Summary of 2009 Updated Market Forecasts by Business Segment for the Plan Milestones

Business Line	5-Year Plan	10-Year Plan	20-Year Plan
Containerized Cargo (TEUs)	1,541,258	1,786,740	2,401,230
Non-Containerized Cargo (Dry/Neo-bulk) (Tons)	3,476,035	6,517,482	7,625,627
Liquid Bulk Cargo (Petroleum) (Tons)	15,199,717	16,026,912	16,699,008
Cruise (Revenue Passengers)	4,014,910	4,471,527	5,161,118

Element 3: Plan Development

Element 3 presents the results of the iterative process the Consultant Team conducted with continual input from the Port's senior staff, tenants, and other stakeholders as well as the County Administration, governmental agencies, and the Board. It presents the alternative development concepts evaluated during Phase I, which resulted in the Conceptual 20-year Vision Plan. The infrastructure improvements identified in Phase I were refined in Phase II and evaluated for their economic benefits, return on incremental investment, and environmental and transportation impacts as input into the final 20-Year and 10-Year Vision Plans and realistic, cost-feasible 5-Year CIP. The discussion of the projects proposed for these milestone years is presented in Element 5 later in this document.

Element 4: Strategy Development

Element 4 assesses business, financial, and asset utilization strategies the Port can implement to achieve its planning goals.

Business and Asset Utilization Strategies. To build on the considerable initiatives of the Port's ongoing strategic development program, the Consultant Team looked at the diverse opportunities for Port-generated economic benefits.

The Port's *2009-2013 Strategic Business Plan* identifies seven key focus areas:

- **Deepwater facilities:** Harbor facilities must be expanded and deepened to meet the demands of larger vessels.
- **Containerized cargo:** Operational efficiencies and infrastructure improvements are required to support containerized cargo increases.
- **Petroleum:** Operational efficiencies at the petroleum berths and expanded petroleum terminal infrastructure and capabilities are required to maintain the Port's market share and ability to serve the community.
- **Cruise:** Substantially larger cruise ships and passenger volumes must be accommodated to increase the multi-day passenger count.
- **Infrastructure needs:** Port infrastructure must keep pace with global market changes to remain competitive, including the upgrade of ancillary landside assets (e.g., drainage, road resurfacing, and other elements).
- **Community education:** Responsible and responsive corporate citizenship must remain a focus.
- **Security:** Security must be a priority, responsive to the needs identified by risk assessments while facilitating Port commerce and minimizing costs.

Business Strategy Considerations. To maximize business and asset utilization the Port must consider:

- Lease opportunities.
- The ACOE study findings.
- Potential air-draft and crane-height restrictions from aviation flight surfaces.
- Diversification to increase berth utilization.
- Higher density terminal operations.
- Greater operational efficiencies.
- Phasing of proposed infrastructure improvements to balance available funding with construction cost needs.
- Design parameters to increase operational savings.
- A balance between commerce and security

Financial Strategies. The 10- and 20-Year Vision Plans are the road maps to identify the infrastructure that is projected to meet market demand at those respective milestones. The Vision Plans answer the question: “If Port Everglades is to meet the expected market demand at a milestone year, what infrastructure will be needed?” The 5-year Master Plan has been further refined by establishing estimated design and construction costs and schedules for project construction, within the 5-year fiscal period.

Project-Decision Matrix. The Consultant Team and the Port’s senior staff developed “tools for the toolbox” to assist and guide future Master Plan decision-making. A critical tool in the toolbox is the Project-Decision Matrix, which is a set of sensitivities to be utilized when market demand indicates that a project would be needed in the near term. At that time, accurate information can be entered into the Project-Decision Matrix.

The Project-Decision Matrix comprises six sensitivities:

- Project Cost
- Return on Incremental Investment (ROI)
- Net Present Value (NPV)
- Economic Impact
- Environmental Impact
- Customer/Regulatory Need

These six sensitivities, or indicators, are described below.

- **Project Cost.** The cost of a project includes professional design and inspection services during construction. It is recommended that, in appropriate projects, value-engineering services should be added to the design process; these services would depend on the nature of the project. Initial capital costs must be evaluated against long-term operating costs. Construction costs for all projects in the 5-Year Master Plan and 10- and 20-Year Vision Plans use present dollars in the order-of-magnitude cost estimates to avoid discrepancies in projected escalation factors.
- **Return on Incremental Investment.** The Port’s investment may be the value of land or the cost of capital improvements made by the Port for the project. In addition to revenue received from wharfage charges, dockage fees, land lease, or passenger throughput,

the Port may also be reimbursed for the cost of new cruise or cargo facilities in the form of a capital cost recovery charge.

- **Net Present Value.** NPV is the dollar amount by which the future net revenues, discounted at 6.50 percent per year, would exceed the initial investment by the Port on a project.
- **Economic Impact.** Economic impact is quantified in terms of income, jobs, and taxes, and can be an indicator of the sustainability of a project.
- **Environmental Impact.** Environmental impact is not only evaluated in terms of the additional cost to a project, but must acknowledge acceptance of the project by both the regulatory agencies and the public.
- **Customer/Regulatory Need.** Some infrastructure projects do not directly generate revenue, but need to be implemented. For example, without traffic and security improvements, the needs of the tenants/stakeholders, regulatory agencies, and the public cannot be met.

Project Cost, Return on Incremental Investment, Net Present Value, and Economic Impact can be quantified and evaluated analytically. Environmental Impact and Customer/Regulatory Need also have quantifiable impacts, but may have specific issues such as permits or other mandatory regulations that influence the Go/No Go decision.

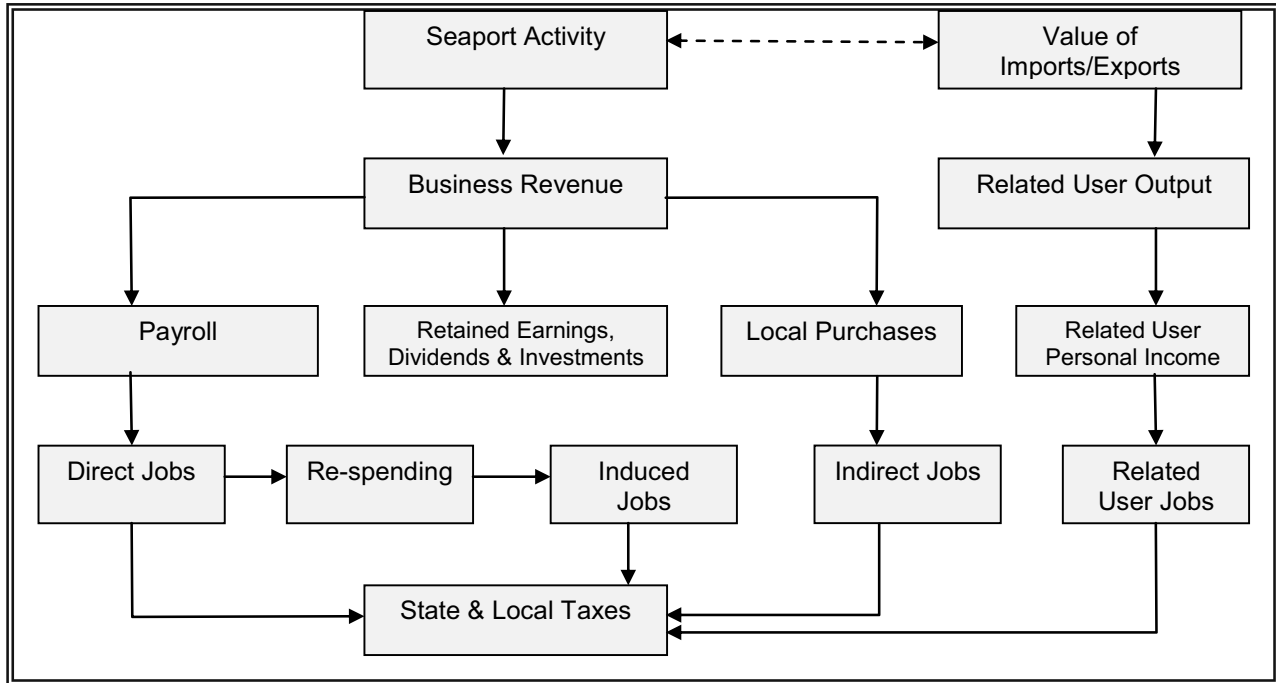
The financial strategy used in the development of the 5-Year CIP is to incorporate sustainable, high added-value projects. This strategy is recommended for future CIPs throughout the 20-year planning horizon. Some projects in the 5-Year CIP do not produce revenue directly, but, as in the case of road improvements, are needed to move goods and passengers efficiently and to mitigate existing traffic congestion. These projects are essential to maintaining Port tenants and user satisfaction and meet regulatory requirements. In other words, revenue from a project should not be the only indicator, but other key factors should be evaluated.

Economic Impact. Economic impact -- consisting of income, jobs, and taxes -- is one of the six key indicators in the Project-Decision Matrix. The economic impact analysis model the Consultant Team prepared measures the local, regional, and state economic impacts generated by maritime activity at the Port's cargo and cruise terminals.

Figure ES-12 graphically demonstrates how seaport activity impacts the local and regional economies. As Figure ES-12 illustrates, four impact categories are measured:

- Jobs
- Employee earnings
- Business revenue
- State and local taxes

Figure ES-12
Flow of Seaport Activity Impacts through the Economy



Analytical Findings. The economic impact findings resulting from the analysis prepared during the master planning process are based on interviews with 248 firms providing services to the cargo, passengers, and vessels handled at the Port’s cargo and cruise terminals. These 248 firms represent 99 percent of the firms in the Port Everglades seaport community, underscoring the accuracy of the findings. Furthermore, the impacts can be traced back to the individual firms. In addition to the overall economic impact findings, the data collected from the interviews were used to develop operational models of the Port’s terminals.

Table ES-3 summarizes the economic impacts generated by the cargo and cruise terminals.

Table ES-3
Summary of the FY 2009 Local and Regional Economic Impacts Generated by Port Everglades

	CARGO	CRUISE	TOTAL
JOBS			
DIRECT	5,617	4,331	9,948
INDUCED	6,283	2,941	9,225
INDIRECT	3,771	2,932	6,703
RELATED USER JOBS	117,310	NA	117,310
TOTAL JOBS	132,980	10,204	143,185
PERSONAL INCOME (1,000)			
DIRECT	\$254,778	\$124,602	\$379,380
INDUCED	\$731,902	\$283,646	\$1,015,548
INDIRECT	\$179,414	\$93,147	\$272,561
RELATED USER INCOME	\$3,741,229	NA	\$3,741,229
TOTAL PERSONAL INCOME	\$4,907,324	\$501,395	\$5,408,718
VALUE OF ECONOMIC ACTIVITY (1,000)			
BUSINESS SERVICES REVENUE	\$808,957	\$1,329,358	\$2,138,315
RELATED USER OUTPUT	\$11,729,694	NA	\$11,729,694
TOTAL VALUE OF ECONOMIC ACTIVITY	\$12,538,650	\$1,329,358	\$13,868,008
LOCAL PURCHASES (1,000)			
	\$334,049	\$129,861	\$463,910
STATE & LOCAL TAXES (1,000)			
DIRECT, INDUCED AND INDIRECT	\$86,291	\$37,103	\$123,394
RELATED USER TAXES	\$276,851	NA	\$276,851
TOTAL STATE AND LOCAL TAXES	\$363,142	\$37,103	\$400,245

The vessel, cargo, and passenger activities at the cargo and cruise facilities at Port Everglades generated the following impacts in the regional economy in FY 2009:

- **143,185 jobs in Florida are in some way related to the cargo and cruise activity at Port Everglades. Of the 143,185 total jobs:**
 - **9,948 direct jobs** are generated by the ocean cargo and cruise activity.
 - Local and regional purchases by those 9,948 individuals holding the direct jobs support an additional **9,225 induced jobs** in the regional economy.
 - **6,703 indirect jobs** are supported by \$463.9 million of local purchases by businesses supplying services at the cargo and cruise terminals and by businesses dependent upon the Port for the shipment and receipt of cargo.
 - The import and export cargo moving via Port Everglades supports **117,310 related user jobs** with the state’s manufacturing, retail and wholesale, and distribution industries and the in-state industries supporting the movement and

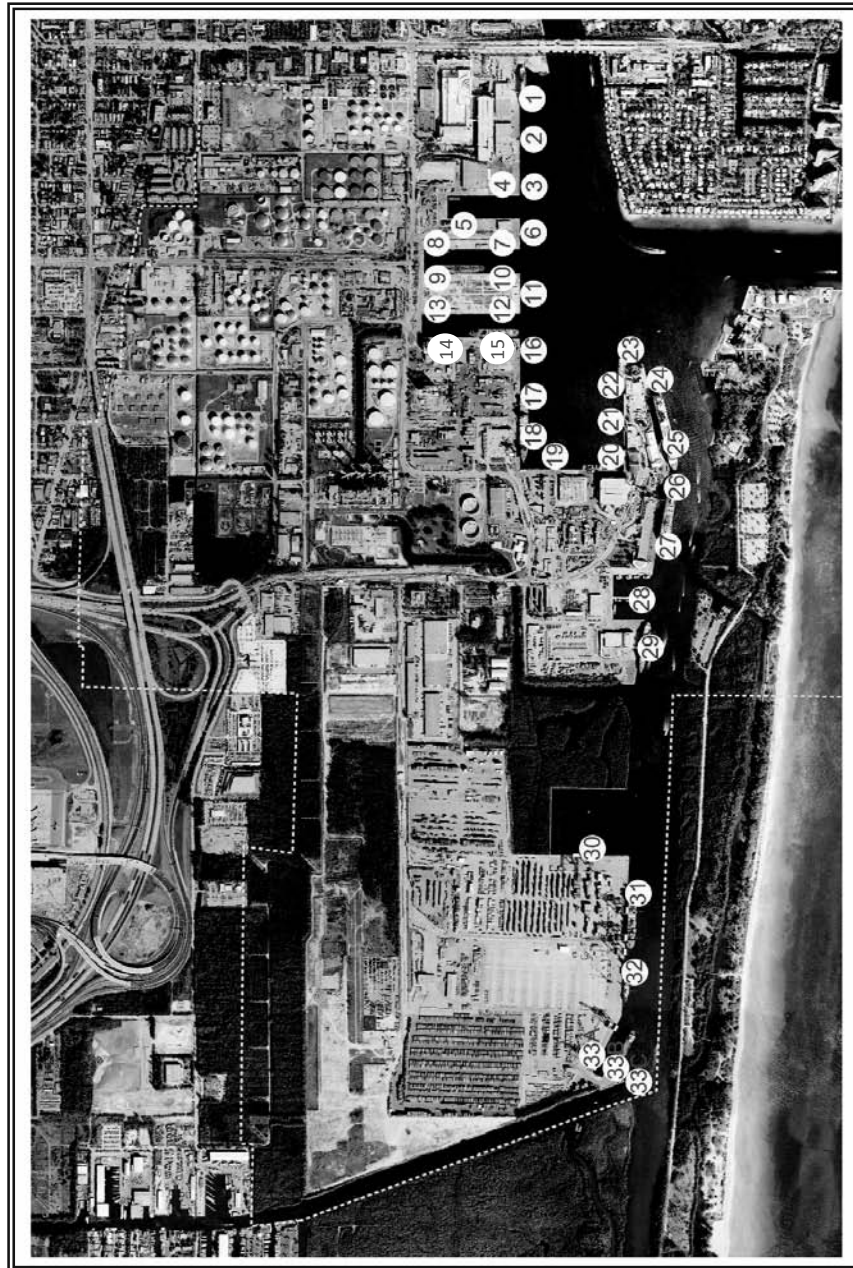
distribution of all commodities, primarily concentrated in containerized cargo imports and exports using the seaport's terminals for cargo shipment and receipt.

- **Approximately \$5.4 billion of wages and salaries were generated by Port Everglades' cargo and cruise activity in FY 2009.**
 - **\$379.4 million of direct wages and salaries** were received by those 9,948 directly employed.
 - As a result of re-spending this direct jobholder income, an **additional \$1.0 billion of income and consumption expenditures was created** and supported the 9,225 induced jobs.
 - The 6,703 indirect jobholders received **\$272.6 million of indirect wages and salaries.**
 - The 117,310 related user jobholders generated **\$3.7 billion in personal income.**
- **The FY 2009 cargo and cruise activity at Port Everglades generated \$13.9 billion in economic value to the State of Florida.**
 - Businesses providing services to the cargo and cruise terminals received **\$2.1 billion of revenue.**
 - In addition, the cargo activity at the Port created an additional **\$11.7 billion of related economic output** in the state, the majority of which is created by the movement of containers and the in-state industries supporting this activity.
- Local businesses and suppliers to the cargo and cruise industries at Port Everglades made **\$463.9 million of local purchases.**
- **\$400.2 million of state and local taxes** was generated by activity at the cargo and cruise terminals, including **\$276.9 million generated by the related users** throughout the state.

Element 5: The Final Plan

Element 5 summarizes the factors leading up the development of the Final Master/Vision Plans for the Port through the 2029 planning horizon and presents the resulting 5-Year Master Plan and the 10- and 20-Year Vision Plans. It discusses, in detail, all the projects in the respective plans, their investment costs, and their derived benefits. It also provides a summary of changes to the *2006 Port Master Plan* the Board approved in December 2007 which are recommended in this *2009 Plan Update*. For reference in the following project discussions, berth locations are shown in Figure ES-13.

Figure ES-13
Berth Location Map



Key Plan Refinement Factors

Southport Turning Notch Expansion. Because of its importance in providing additional berth capacity for diverse cargo ships, opportunities to expand the Southport Turning Notch to the west were evaluated in coordination with environmental studies and the ACOE deepening and widening program. To determine the best approach to the expansion and its relationship to the ACOE program, three alternatives were examined with respect to their respective throughput capacities, infrastructure costs, and potential revenue from the additional throughput capacity:

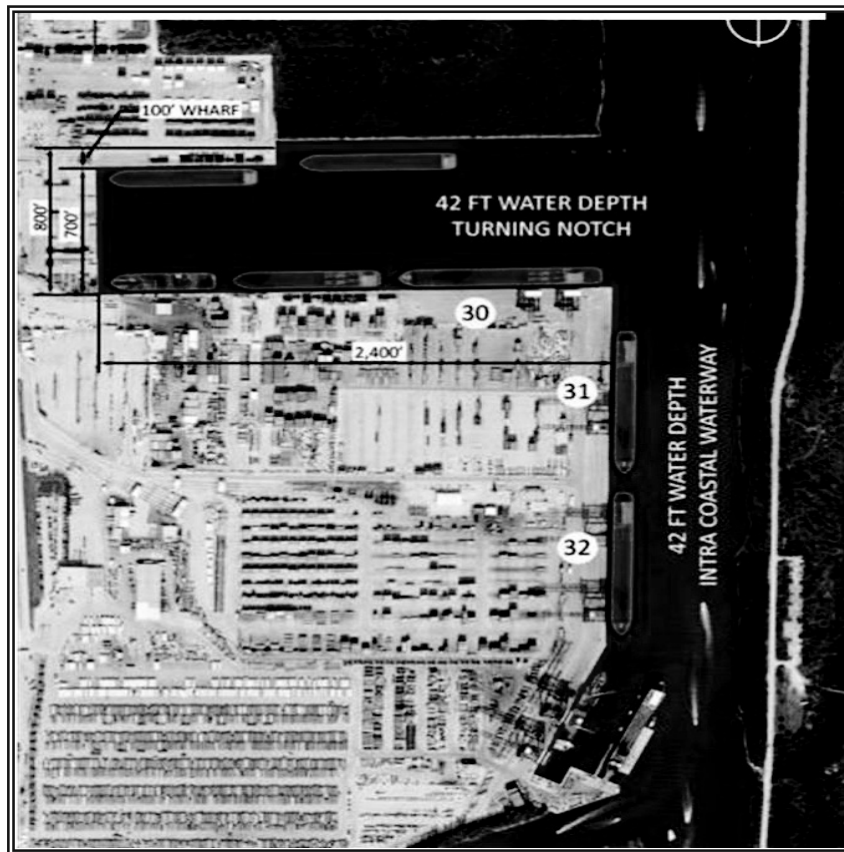
- Alternative 1: Expansion without Harbor Deepening (2,400 feet x 750 feet. x 42 feet).

- Alternative 2: Expansion with Harbor Deepening (2,400 feet. x 800 feet. x 50 feet).
- Alternative 3: Expansion with Harbor Deepening (1,450 feet. x 800 feet x 50 feet).

After analysis of the three alternatives, Alternative 1 was selected for implementation. This alternative, which decouples the Turning Notch expansion from the ACOE deepening and widening program, allows the expansion to proceed in a more timely fashion, reflecting its strategic importance to the Port’s competitive position in global shipping. Alternative 1 was selected with the understanding that the ACOE Deepening and Widening study will be completed and proceed to the design phase. Moving forward with the Southport Turning Notch Expansion in advance of the ACOE Deepening and Widening program will ensure the port’s ability to handle increased cargo needs by creating four additional berths.

Figure ES-14 shows the future Turning Notch after its expansion to 2,400 feet at the existing water depth.

Figure ES-14
Turning Notch Expansion Project 1 (at Existing 42-foot Depth)

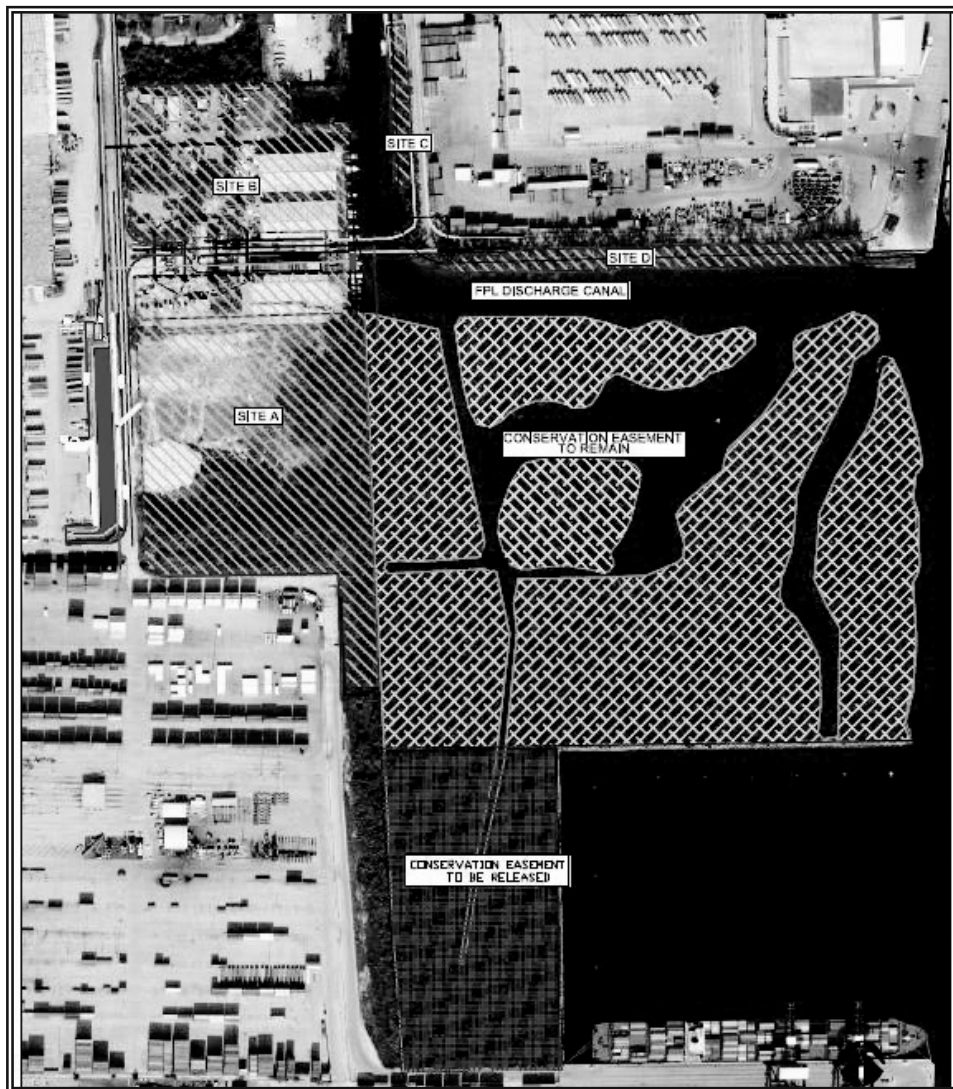


New Upland Enhancement – Conservation Easement/On-Port Mitigation Strategy. To address the concerns the Board expressed about the Turning Notch expansion when they approved the rest of the 2006 Plan in December 2007, the Port worked with FDEP to gain approval for an approximately 16.5-acre on-Port environmental enhancement area to offset

release of the approximately 8.7 acres of mangroves in the Conservation Easement required for the westward expansion. Additional mitigation will occur at West Lake Park.

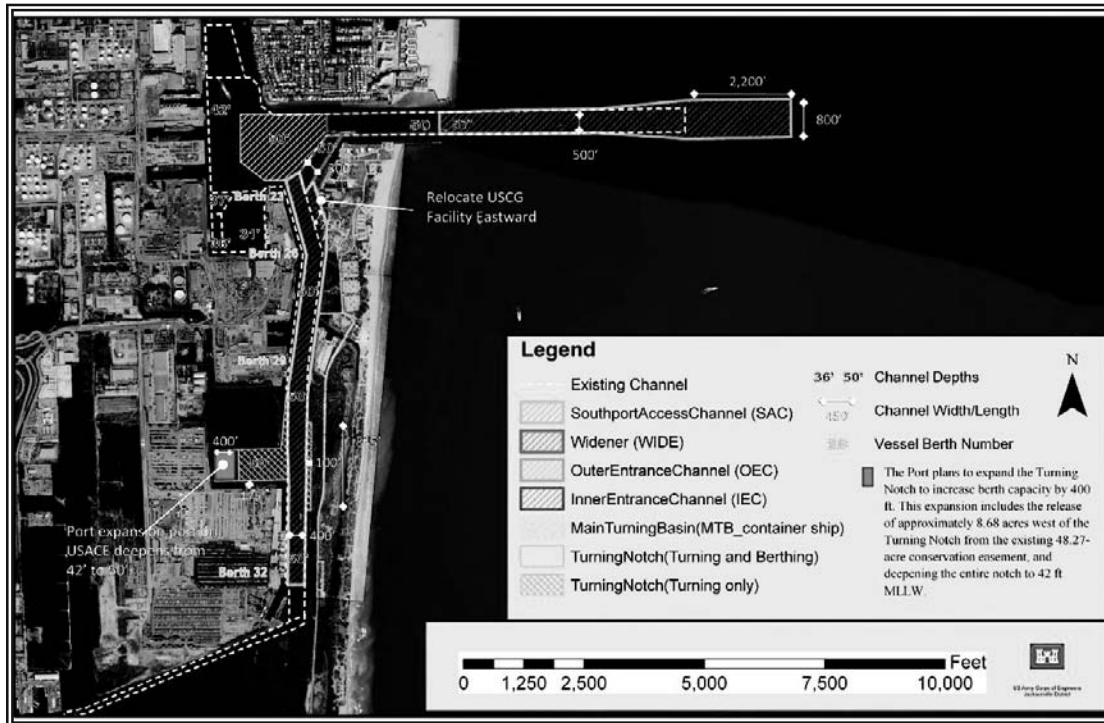
The large mangrove stand located to the west and north of the existing Turning Notch is encumbered by a 57-acre conservation easement issued to FDEP. FDEP agreed that it would be feasible to release 8.7 acres of the existing easement in exchange for the Port's creating approximately 16.5 acres of mangrove wetlands on an uplands site adjacent to the Notch. Once the mangroves have been established, the Port will transfer ownership of the approximately total 60-acre site to the state in fee simple with the Conservation Easement transferred to the Broward County Audubon Society, provided that they manage the area on behalf of the state. Figure ES 15 shows the new wetlands enhancement areas.

Figure ES-15
Port Everglades Wetlands Enhancement Areas



ACOE Deepening and Widening Program. The ACOE provided the Port with a draft Tentatively Selected Plan (TSP) which has a preliminary benefit to cost ratio of 2 to 1 and consists of the navigation improvements shown in Figure ES-16. This TSP is subject to further review and approval by the ACOE South Atlantic Division and Headquarters and ultimately by the Board.

Figure ES-16
ACOE Draft Tentatively Selected Plan:



Vessel and Crane Siting in Response to FAA Object Height Restrictions. Extension of the Turning Notch is an important infrastructure improvement to increase the number of cargo berths at the Port; however, moving both ship and ship-to-shore low-profile cranes further west in the Notch, moves them closer to the FLL north runway. Coordination with the BCAD is continuing to determine the optimum locations for the cranes that will serve the larger ships expected to call at the Southport berths and for the ships themselves. As noted earlier, FAA approval will be needed prior to implementation of any projects in these Port areas which could penetrate FLL’s flight arrival and departure surfaces.

New Bulkhead Scheduling. The 2006 Plan, based on an assessment of bulkhead conditions, included replacement of all the bulkheads from Berths 1 through 29 by 2026. An updated study performed for the 2009 Plan, however, recommended a different schedule for constructing new bulkheads for Berths 1 through 29. Based on the updated Bulkhead Study, only two new bulkheads will be constructed in the 5-Year Master Plan (2011-2015); six will be constructed in the 10-Year Vision Plan (2016-2019). An additional 19 new bulkheads will be constructed in the 20-Year Vision Plan (2020-2029), several as part of the realignment of Slips 1, 2, and 3.

Potential Ferry Operations. Planning for potential ferry operations to provide service to the Bahamas and other Caribbean islands, including Cuba when trade with that country resumes, is another change to the approved *2006 Plan*. A review of potential locations led to the conclusion that Berth 4 would provide the most appropriate location to service potential ferry vessels. When a long-term contract is finalized with a new cruise line for use of Berth 4, the ferry service operator either would share the berth with the cruise line or would have to move to another location. Once the expanded Turning Notch is available and Berth 4 can no longer accommodate ferry operations due to higher berth demand by the potential cruise line, then a limited size (less than 450-foot' LOA) ferry operation could be relocated to the west end of the Notch.

Progress on Master Plan Projects since 2007

Since the *2006 Plan* was approved in December 2007, many projects have been completed. Table ES-4 summarizes the status of all the projects that were identified in the *2006 Plan* which have been completed or are in planning/design phase.

Table ES-4
Summary of Master Plan Projects since 2007

Project	Status
Midport Roadway (Eller Drive) Improvements	Completed and in operation
New Mobile Harbor Crane at Midport	Completed
Cruise Terminal 18 Expansion	Completed and in operation
Intermodal Bridge over FPL Canal	Opened June 2010
Southport Container Yard Improvements	Construction completed in February 2011
Eller Drive Overpass	FDOT Construction begins in 2011
McIntosh Road Improvements	Construction procurement begins in 2011
By-Pass Road	Design in progress Phase 1 construction procurement begins in early 2011 Phase 2 programming underway
Cruise Terminal Improvements at CT 2, CT 19, CT 21 and CT 26	In design
Cruise Terminal 4	90% design Pending issue of permit from City of Fort Lauderdale and use agreement with cruise line

The 5-Year Master Plan (2011-2015)

The projects proposed for implementation in the 5-Year Master Plan are discussed below by Port area.

Northport

Slip 1 New Bulkheads and Reconfiguration – Phase 1. The updated Bulkhead Study, as discussed above, concluded that Berths 9 and 10 in Slip 1 would require new bulkheads in the

five-year planning period. The new bulkheads would not, however, be built at the locations of the existing bulkheads because Slips 1, 2, and 3 in Northport need to be reconfigured to accommodate future longer and wider petroleum tankers.

Slip 1 will be widened from approximately 300 linear feet (LF) to 475 LF. This widening will take place in two phases. In Phase 1, Slip 1 will be widened to the south by 125 LF; in Phase 2, it will be widened to the north by 50 LF. The Phase 1 widening is included in the 5-Year Master Plan. The Phase 2 expansion is included in the 20-Year Vision Plan.

By-Pass Road. The tragic events of Sept. 11, 2001 changed access into ports forever. At Port Everglades, where once the public could pass through the Port to reach local destinations, post-9/11 security mandates eliminated this access. The By-Pass Road, a two-phase project included in the 5-Year Master Plan, has been designed to allow the public to travel between the intersection at Eisenhower Boulevard and 17th Street to Spangler Boulevard and U.S. 1 without passing through a Port security gate. It essentially “carves out” the Convention Center from the Port, thus allowing the public direct access to the Convention Center from 17th Street.

As shown in Figure ES-17, Phase 1 will see the Port’s security checkpoint shift to the south by approximately 1,500 feet. In addition to offering swift, direct access to the Convention Center, Phase 1 construction will enable the Port to retain a security checkpoint on Eisenhower Boulevard, thus continuing to allow cruise passengers and others wishing to enter the Port access from 17th Street.

As shown subsequently in Figure ES-18, Phase 2 of the By-Pass Road construction will allow through traffic to the Convention Center or to 17th Street all the way from SR 84, while also providing for regular Port traffic to continue entering the Port through the main security gate. Phase 2 will alleviate Convention Center-related through-traffic congestion from 17th Street, by providing an alternative access route to the Convention Center from SR 84.

Cruise Terminal 2 Improvements. Renovations to Cruise Terminal 2 are required due to changes in defining the Port-secured area from the public space at and around the Convention Center. These renovations include relocation of the at-grade air-conditioning condensing units, relocation of fire-service water piping, security enhancements, and a new entrance lobby.

Cruise Terminal 4 Improvements. Improvements to Cruise Terminal 4 are necessary to accommodate larger passenger ships and increase the baggage-handling area in the terminal. The project includes moving the terminal entrance from the east side to the west to be serviced by a new passenger intermodal zone, i.e., ground transportation area, on the west side of the terminal. As discussed earlier, Berth 4 is a possible location for potential ferry operations. These improvements could potentially move forward in tandem with the Slip 2 Westward Lengthening project which is described below.

Slip 2 Westward Lengthening. Slip 2 lengthening to the west will increase the slip’s length from 900 LF to 1,150 LF to accommodate larger cruise ships.

New Petroleum Tank Farm. The new oil terminal at the Port is expected to store various petroleum products. The existing terminal, which was built during World War II, will be rebuilt as a modern terminal by the operator the County chooses through a competitive selection process.

The operator will meet existing code requirements and place the tanks in service based on market needs.

Figure ES-17
By-Pass Road Phase 1 Improvements

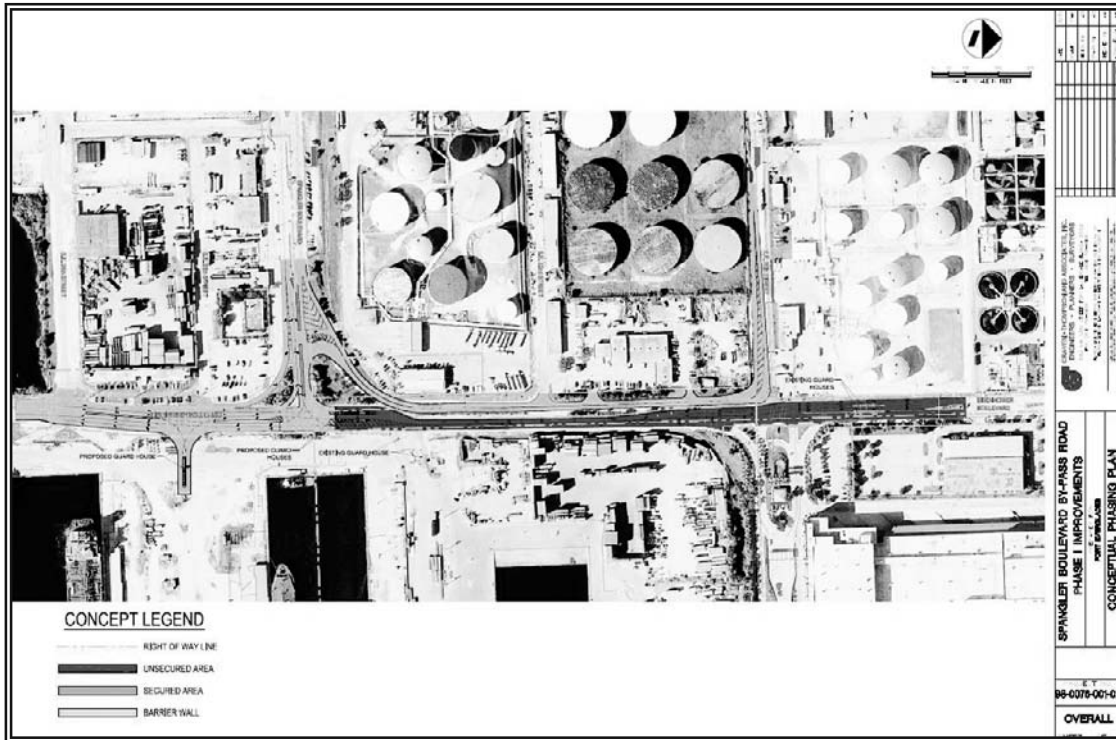
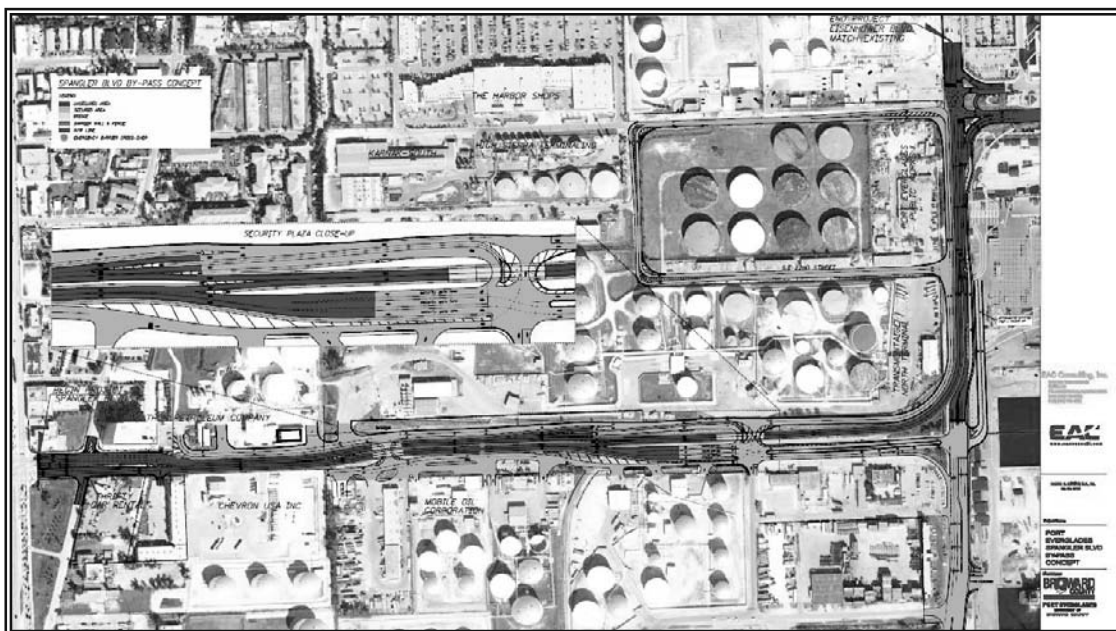


Figure ES-18
By-Pass Road Phase 2 Improvements



Midport

Cruise Terminal 19 Improvements. To increase the terminal's capacity for cruise operations, in accordance with the Port's long-term agreement with Carnival Corporation, the facility will be extensively renovated.

Cruise Terminal 21 Improvements. The planned improvements will enable the facility to accommodate larger cruise ships, in accordance with the Port's long-term agreement with Carnival Corporation. Currently, the berth that serves these terminals is adequately sized for the ships, but the landside facilities need to be expanded to serve the increased passenger volumes and baggage-handling requirements.

Cruise Terminal 26 Improvements. The improvements to this terminal are designed to enhance passenger flows and other aspects of the embarkation and debarkation processes. These improvements reflect the Port's long-term agreement with Carnival Corporation.

Cruise Terminal 18 Parking Garage. This new facility will add 1,600 structured parking spaces above a passenger intermodal zone to serve the Port's Midport cruise passengers and provide 400 spaces for employee parking.

Tracor Basin Finger Pier Replacement with Catwalk + Dolphin. The Tracor Basin in Midport is used to berth tugboats. Rather than being filled, as previously proposed in the *2006 Plan*, the Basin will remain unchanged over in the 20-year planning horizon. Due to its age, however, the existing finger pier will be replaced with a steel girder catwalk, with a dolphin at the front, to allow for vessel mooring.

Southport

ICTF Tracks and Storage Yard. A near-dock ICTF will be constructed in Southport to transfer international intermodal containers between ship and rail, and the reverse. Currently such containers must be drayed to and from the Port to off-Port rail terminals, either at Andrews Avenue in Fort Lauderdale or in Hialeah in Miami-Dade County.

The ICTF project consists of initially bringing a new rail track under the Eller Drive Overpass (scheduled for construction in FY 2011) with a second track to be provided later if demand warrants. The new rail track expands into five working tracks totaling approximately 15,000 LF to service up to an 8,000-LF train. The total ICTF area, including the tracks, is approximately 35 acres; the marshaling area (between McIntosh Road and the easternmost track) is approximately 17 acres.

Implementing a near-dock rail facility at the Port will have several potential advantages. These include:

- Increased freight throughput beyond the local market.
- Further leverage of Latin American and Asian markets.
- Enhanced menu of services offered to shipping lines.
- Reduced truck congestion on the I-595 and I-95 corridors.
- Reduced drayage on Port moves.

- Enhanced opportunities once the Panama Canal expansion is completed by 2014
- Expanded exposure to rail land bridge routes.
- Reduced air emissions.

McIntosh Road Improvements. The McIntosh Road realignment project was recommended in the *2006 Plan* and is currently in design. McIntosh Road is the entry road to the Southport container terminals. The new alignment creates a loop road with through lanes and lanes for de-acceleration, queuing, and acceleration. The design, which maximizes turning radii and mandates right-hand turns, also provides lanes for making a U-turn at two places, eliminating the need for vehicles to go through the security gate twice. Appropriate signage will be provided for all truck routes.

Upland Enhancement. As discussed above, the Port's upland enhancement project, to be initiated in the 5-Year Master Plan, consists of creating approximately 16.5 acres of mangrove wetlands on an uplands site adjacent to the Turning Notch in exchange for releasing 8.7 acres of the existing Conservation Easement at the west end of the existing Notch.

Westlake Mitigation. In addition to easement replacement, the impacts caused by removal of the 8.7 acres of mangroves must be mitigated in accordance with local, state, and federal environmental permitting requirements. The Port proposes to accomplish this mitigation at West Lake Park, and has shared the design and permitting costs of restoration activities at West Lake with the BCAD to provide mitigation credits for impacts associated with needed expansion at the Port and other county properties.

Super Post Panamax Crane (1). This is the first of five cranes the Port will be purchasing over 20 years to handle the forecast container volume. In the 5-Year Master Plan, the Port will purchase one 100-foot-gauge super Post-Panamax crane to serve the lightly loaded Post-Panamax vessels currently calling at the Port. The crane will be able to serve 22-row-wide container vessels and will be specially designed as a low-profile crane to meet the FAA height restriction of 185 feet.

Turning Notch Expansion – Contract 1. For capital planning purposes, the Turning Notch expansion at the existing 42-foot water depth is to be broken into two contracts. Contract 1, to be implemented in the 5-Year Master Plan, will cover the expenses related to the waterside expansion work, including excavation, dredging, and bulkhead construction; the related landside work, is programmed to be spent under a separate Contract 2.

Portwide Improvements

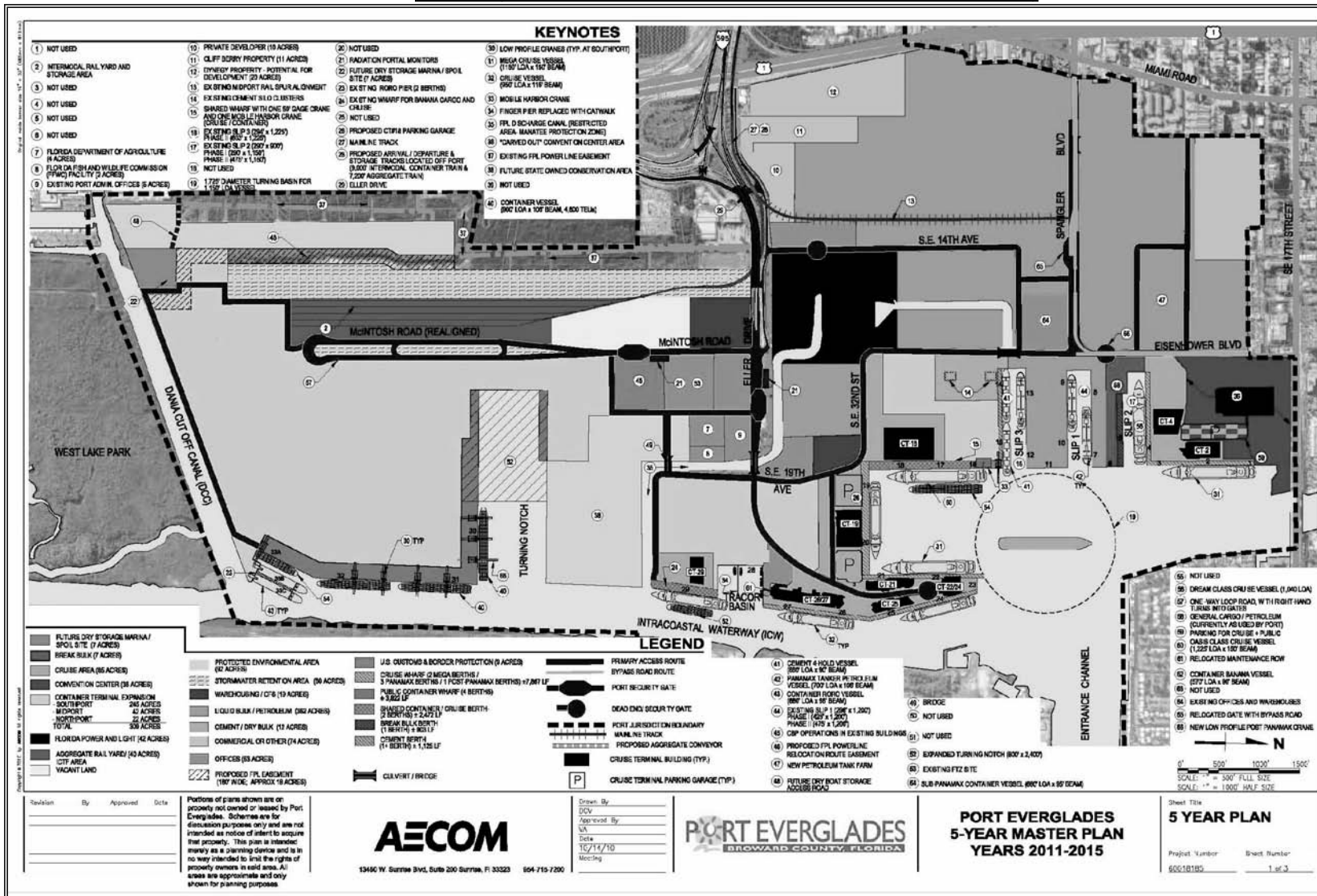
ACOE Deepening and Widening Design. The design expenditures of \$4 million (of which \$1 million is the Port's estimated share) for the ACOE deepening and widening program, in addition to the Port's share of the initial construction cost of \$20 million, are included in the 5-Year Plan.

The Master Plan projects in the 5-Year Plan are shown in Table ES-5; the 5-Year Plan is illustrated in Figure ES-19.

Table ES-5
5-Year Master Plan Project Cost Estimate

5-Year Master Plan	Years 2011 - 2015	Estimated Cost (Millions)
Northport	Slip 1 New Bulkheads and Reconfiguration - Phase 1	\$ 55.00
	By-Pass Road - Phase 1	\$ 6.00
	By-Pass Road - Phase 2	\$ 30.00
	Cruise Terminal #2 Improvements	\$ 4.20
	Cruise Terminal #4 Improvements	\$ 13.00
	New Petroleum Tank Farm	\$ 75.00
	Slip 2 Westward Lengthening	\$ 23.00
Midport	Cruise Terminal #19 Improvements	\$ 11.43
	Cruise Terminal #21 Improvements	\$ 5.05
	Cruise Terminal #26 Improvements	\$ 13.32
	CT #18 Parking Garage	\$ 32.00
	Tracor Basin Finger Pier Replace with Catwalk+Dolphin	\$ 5.20
Southport	McIntosh Road Improvements	\$ 11.20
	Upland Enhancement	\$ 11.00
	Westlake Mitigation	\$ 12.60
	Super Post Panamax Crane (1)	\$ 12.00
	Turning Notch Expansion - Contract 1	\$ 67.08
	ICTF- Rail & Yard	\$ 42.00
Port-wide	ACOE Deepening and Widening Design	\$ 4.00
	ACOE Deepening and Widening Construction (Depending on schedule)	\$ 20.00
Total		\$ 453.08

Figure ES-19
Five-Year Master Plan



The 10-Year Vision Plan (2016-2019)

The projects proposed for implementation in the 10-Year Vision Plan are discussed below by Port area.

Northport

Berths 1, 2, and 3 New Bulkheads. New bulkheads will be constructed for Berths 1, 2, and 3 in the 10-Year Vision Plan, based on recommendations in the *Bulkhead Study*.

Cruise Terminal 4 Parking Garage. A new 1,680-space structured parking facility will be constructed west of Cruise Terminal 4 and over a passenger intermodal zone to serve future parking needs for both Cruise Terminal 4 and Cruise Terminal 2.

Midport

Berths 16, 17, and 18 New Bulkheads. New bulkheads will be constructed for Berths 16, 17, and 18 in the 10-Year Vision Plan, based on recommendations in the Bulkhead Study.

Multimodal Facility - Phase 1. This passenger intermodal center will integrate an at-grade intermodal zone, or ground transportation area, with a structured parking facility above to serve all the Midport cruise terminals. In the 10-Year Vision Plan, the first phase of the multimodal facility will be built, which will include a structured parking facility with approximately 2,000 parking spaces. When fully completed, the facility will provide 4,000 additional parking spaces at Midport and will have an elevated transport concourse with moving walkways to connect the Midport cruise terminals. The intermodal center will provide a central location for the loading/unloading of buses, shuttles, and taxis and will relieve congestion at peak times in front of the cruise terminals.

Southport

Turning Notch Expansion – Contract 2. For capital planning purposes, Contract 2 of the Turning Notch expansion was programmed in the 10-Year Vision Plan, to cover the landside work, including wharf construction, crane rails, utilities and filling.

Crushed Rock Aggregate Terminal. This facility is envisioned to meet a portion of Florida's needs for crushed rock aggregate with supplies imported from off-shore locations. The vessel carrying the crushed rock aggregate will be unloaded at one of the newly constructed berths in the expanded Turning Notch onto a conveyor belt, which will transfer the product via an underground conveyance, crossing McIntosh Road, for storage inside a covered warehouse. From there, the product will be loaded directly onto rail cars, operating on the new set of rail tracks located west of the ICTF tracks.

Foreign-Trade Zone plus CBP Relocation. A new facility to house the Customs and Border Protection (CBP) inspection services will be constructed west of McIntosh Road in the Port-secured area on an approximately 21-acre site, along with a new Foreign-Trade Zone (FTZ) facility. The proximity of the new FTZ facility to the new CBP facility will improve the traffic flow in and out of Southport in support of the Port's growing cargo throughput.

Super Post-Panamax Cranes (2). Two additional ship-to-shore 100-foot gauge gantry cranes will be added to Southport in the 10-Year Vision Plan to serve larger vessels. This addition will

provide a total of ten gantry cranes at Southport (three super Post-Panamax cranes plus seven existing low-profile cranes).

Container Yard Improvements. After the Turning Notch is expanded, the increase in Southport cargo throughput will require storage densification in the container yard. This project installs the necessary site infrastructure to accommodate future rubber-tired gantry cranes to increase container storage densification in the Southport terminal yards.

Portwide Improvements

ACOE Deepening and Widening. In the 5-Year Master Plan, for the ACOE deepening and widening project, \$4 million was programmed for design fees and \$20 million was programmed for construction. The remaining \$235 million in construction expenditures related to the ACOE deepening and widening is programmed in the 10-Year Vision Plan. Project construction is scheduled to start in January 2015 and be completed by January 2017.

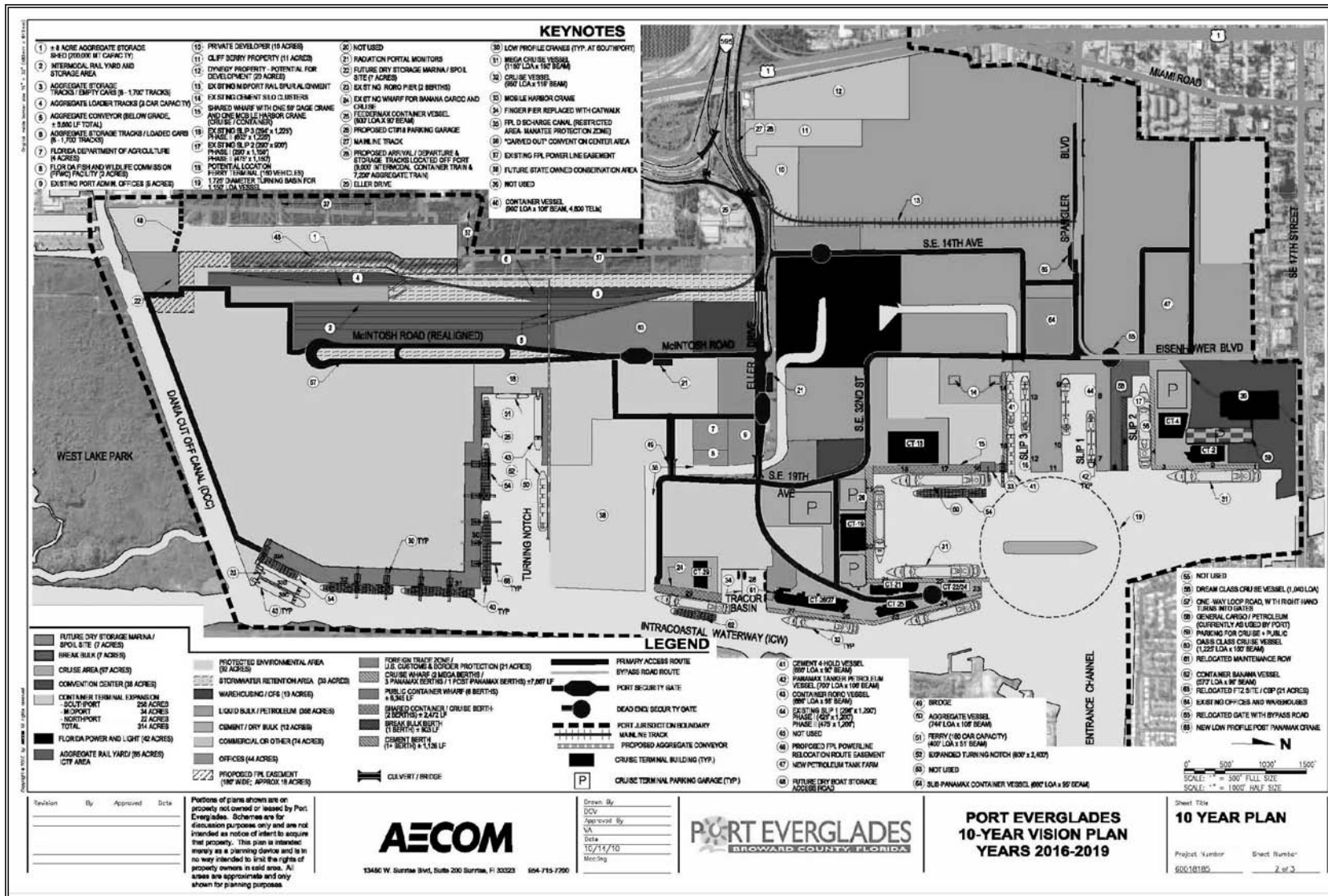
While the 5-Year Master Plan and 10-Year Vision Plan identify the funding required for the design and construction of the ACOE Deepening and Widening project, the realities of the federal budget process may limit funds available nationally for such projects. To account for this possibility, as previously noted, the Port’s Turning Notch Expansion project was decoupled from the ACOE project and will proceed independently in the 5-Year Master Plan. This strategic decision to move forward with the Southport Turning Notch Expansion in advance of the ACOE project will ensure the Port’s ability to handle increase cargo needs by creating four additional berths at existing depths. Federal funding would be used to deepen the eastern portion of the Notch when it becomes available. As discussed later, the Affordability Analysis completed by Port staff was also adjusted to account for two scenarios: Master/Vision Plan projects *with* the ACOE Channel Deepening and Widening project and Master/Vision Plan projects *without* the ACOE Channel Deepening and Widening project.

The projects in the 10-Year Vision Plan are shown in Table ES-6; the 10-Year Vision Plan is illustrated in Figure ES-20.

**Table ES-6
10-Year Vision Plan Project Cost Estimates**

<u>10-Year Vision Plan</u>	<u>Years 2016 - 2019</u>	<u>Estimated Cost (Millions)</u>
Northport	Berth 1, 2, 3 New Bulkheads	\$ 31.00
	CT#4 Parking Garage	\$ 32.00
Midport	Berth 16, 17, 18 New Bulkheads	\$ 32.00
	Multimodal Facility - Phase 1	\$ 35.00
Southport	Turning Notch Expansion - Contract 2	\$ 28.81
	Crushed Rock Facility	\$ 55.00
	Foreign Trade Zone + Customs & Border Protection Relocation	\$ 44.41
	Super Post Panamax Cranes (2)	\$ 24.00
	Container Yard Improvements	\$ 30.00
Port-wide	ACOE Deepening and Widening	\$ 235.00
Total		\$ 547.22

Figure ES-20
10-Year Vision Plan



The 20-Year Vision Plan (2020-2029)

The projects proposed for implementation in the 20-Year Vision Plan are discussed below by Port area.

Northport

Slip 2 New Bulkheads and Widening. New bulkheads will be constructed for existing Berths 4 and 5 in Slip 2 and for the connection between these two berths. The new bulkhead for Berth 5 will be positioned so that the overall width of Slip 2 can accommodate a 1,040-foot length overall (LOA) Dream-class cruise vessel on the north side and a general cargo vessel on the south side.

Slip 1 New Bulkheads and Reconfiguration - Phase 2. New bulkheads will be required for Berths 7, 8 and between Berths 8 and 9 in Slip 1 during the 20-Year Plan timeframe. The Phase 2 reconfiguration will increase the Slip 1 width to the north by an additional 50 LF. After the Phase 2 reconfiguration, Slip 1 will reach its ultimate 475-LF width, the dimension required by the Port's pilots to accommodate two large petroleum tankers side by side.

Slip 3 New Bulkheads and Widening. Berths 11, 12, 13 and the connection between Berths 13 and 14 in Slip 3 will require new bulkheads in the 20-Year Vision Plan time frame. The new bulkheads will be put in place when Slip 3 is widened from approximately 300 LF to 600 LF to accommodate large petroleum tankers and cement vessels as well as a petroleum barge slip at the end of Pier 1.

Berths 14 and 15 New Bulkheads. New bulkheads will also be constructed for Berths 14 and 15 in the 20-Year Vision Plan.

Midport

Berths 19, 20, 21, 22, 23, 24, and 26. New bulkheads will be constructed for these seven berths in the 20-Year Vision Plan.

Multimodal Facility – Phase 2. Phase 2 of the multimodal facility will extend the work completed in the 10-Year Vision Plan. It will add 2,000 spaces and the implementation of the elevated pedestrian moving walkway connecting the 4,000-space parking structure with all the Midport cruise terminals. As discussed, this passenger intermodal center will integrate an at-grade intermodal zone, or ground transportation area, with a structured parking facility above to serve the Midport cruise terminals. It will provide a central location for the loading/unloading of buses, shuttles, and taxis and will relieve congestion at peak times in front of the cruise terminals.

Southport

Super Post-Panamax Cranes (2). Two additional ship-to-shore 100-foot-gauge gantry cranes will be added to Southport in the 20-Year Vision Plan to serve larger vessels. This addition will provide a total of twelve gantry cranes at Southport (five super Post-Panamax cranes plus seven existing low-profile cranes).

Berth 33A Extension. To accommodate the larger share of lift-on/lift-off (LO/LO) vessels and the declining share of roll-on/roll-off (RO/RO) vessels expected to be calling at the Port, the existing RO/RO ramps and structured pier at Southport will be removed and Berth 33A will be

expanded, resulting in a 1,100-foot berth to accommodate a 900-foot LOA container ship. The remaining RO/RO operations will be relocated to the Turning Notch where RO/RO ramps will be provided on the north and south side of the west end of the expanded facility.

The Master Plan projects in the 20-Year Vision Plan are shown Table ES-7; the 20-Year Vision Plan is illustrated in Figure ES-21. Implementation of the projects proposed over the 20-year planning period will result in the Port's being able to berth the ships shown in ES-22.

Table ES-7
20-Year Vision Plan Project Cost Estimate

20-Year Vision Plan	Years 2020 - 2029	Estimated Cost (Millions)
Northport	Slip 2 New Bulkheads and Widening	\$ 71.00
	Slip 1 New Bulkheads and Reconfiguration - Phase 2	\$ 48.00
	Slip 3 New Bulkheads and Widening	\$ 85.00
	Berth 14, 15 New Bulkheads	\$ 22.00
Midport	Berth 19, 20 New Bulkheads	\$ 25.00
	Berth 21, 22 New Bulkheads	\$ 29.00
	Berth 23 New Bulkhead	\$ 8.00
	Berth 24, 25 New Bulkheads	\$ 27.00
	Multimodal Facility - Phase 2	\$ 100.00
Southport	Super Post Panamax Cranes (2)	\$ 24.00
	Demolish RORO Berths and Lengthen Berth 33	\$ 22.00
Port-wide		
Total		\$ 461.00

Figure ES-21
20-Year Vision Plan

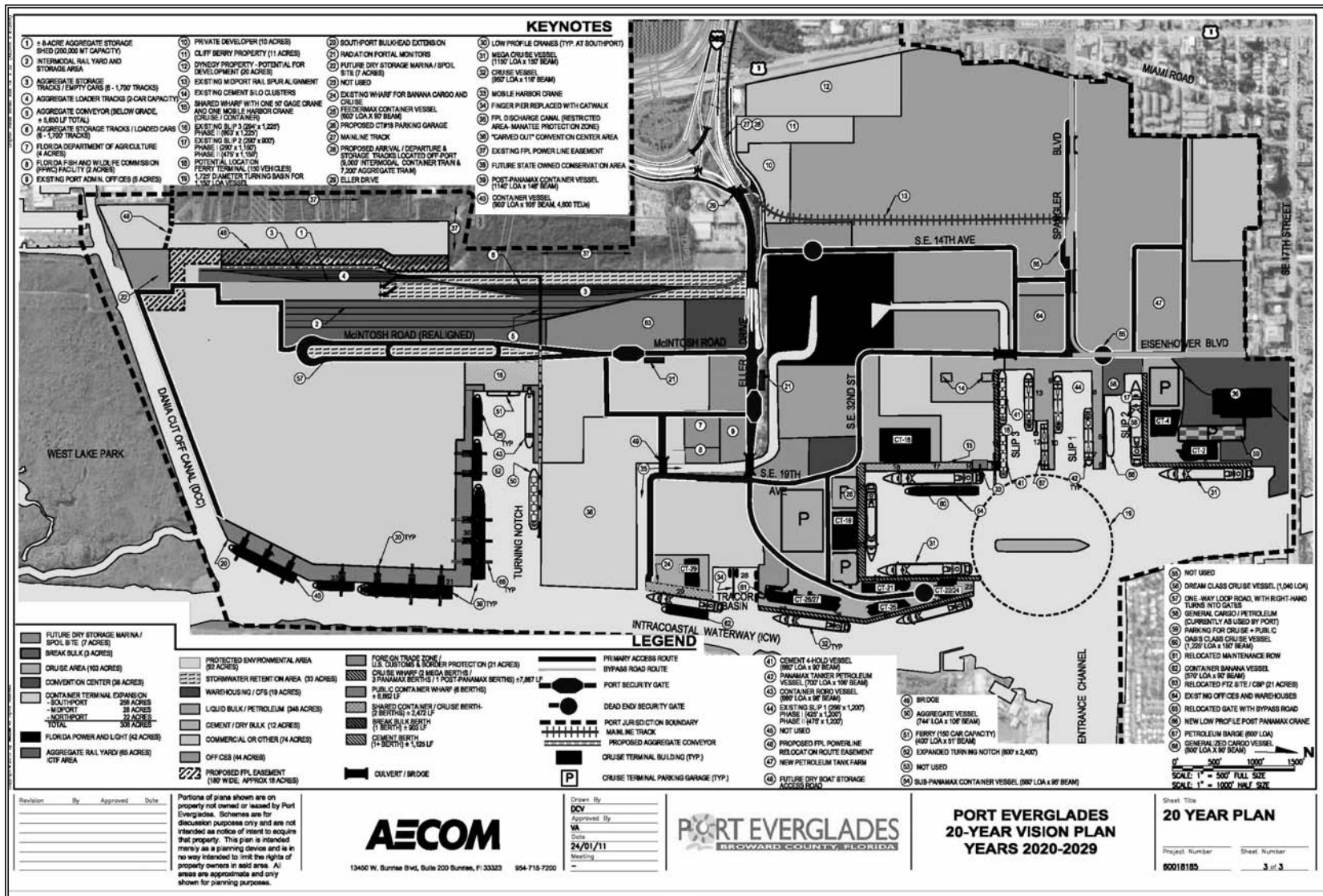
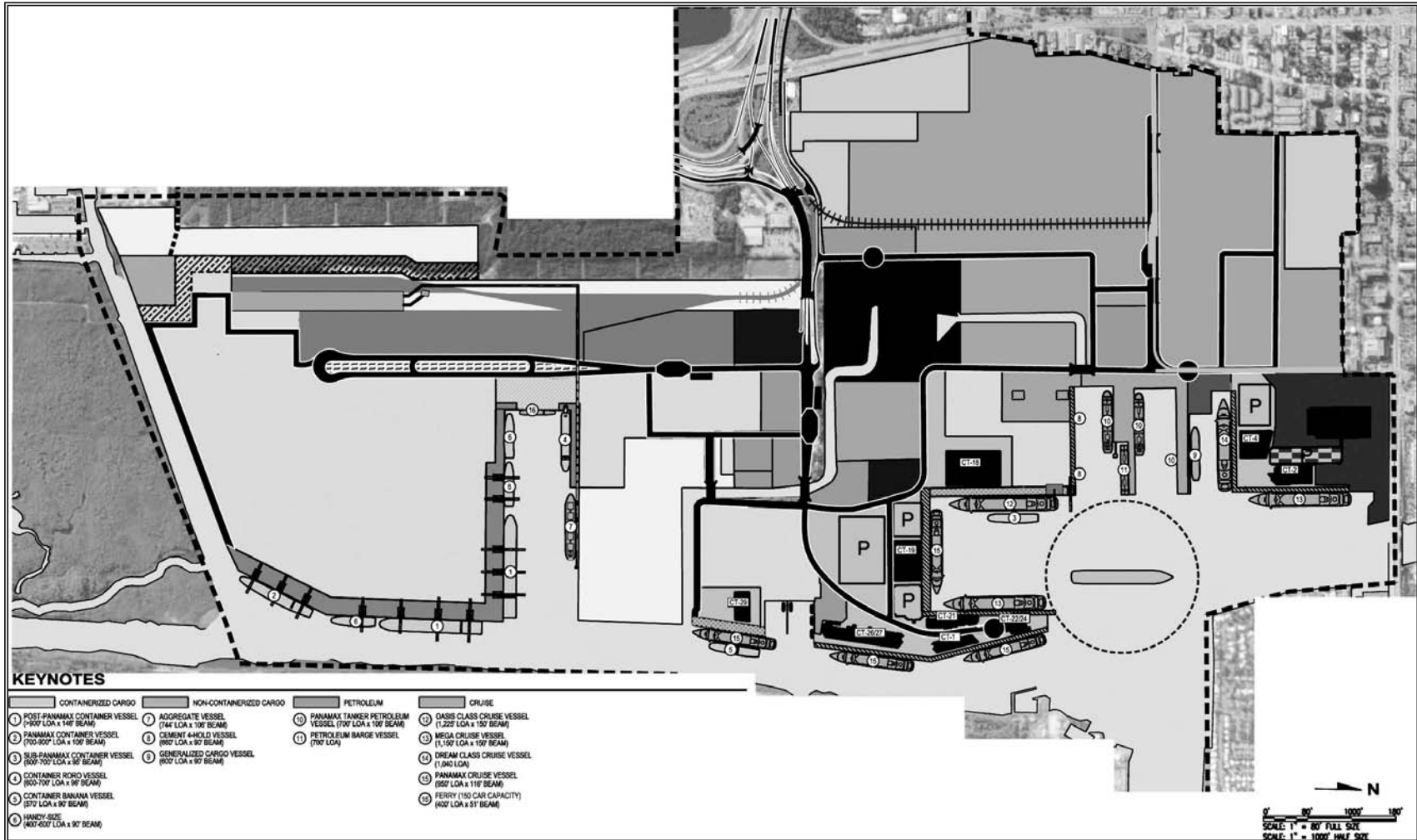


Figure ES-22
20-Year Vision Plan Showing Ship Types



Element 6: Plan Implementation

This Element discusses implementation of the *2009 Plan*, presents the Port's 5-Year CIP, and summarizes the estimated costs of the Port's complete 20-year development program.

Master Plan Impacts

As required by Chapter 163, Florida Statutes, port master plans must include an assessment of plan impacts such as vehicular traffic; utilities, including water, wastewater, and power; and environmental resources. The detailed impacts of Plan implementation will be quantified in Phase III, when the Deepwater Port Component of the Coastal Management Element and the Port-related goals, objectives, and policies in the Transportation Element of the Broward County *Comprehensive Plan* are updated to reflect the contents of the *2009 Plan*, specifically the Port's 5- and 10-year maintenance and expansion program. Summarized below, however, in general terms are some of the traffic and environmental improvements that will mitigate the potential impacts of the development program.

Traffic Impacts Resulting from Plan Implementation

The following traffic and circulation improvements will result from Plan implementation:

- Constructing the By-Pass Road will mitigate traffic congestion on U.S. 1, between Spangler Boulevard and 17th Street and on 17th Street between U.S. 1 and Eisenhower Boulevard.
- Routing buses, taxis, and privately owned vehicles (POVs) to/from Cruise Terminal 2 over the By-Pass Road rather than through the Port's security gates will alleviate peak cruise traffic congestion.
- Carving out the Broward County Convention Center from the Port's secured area will eliminate the existing traffic that flows through the Port to and from the Convention Center.
- Relocating the existing security gate on Eisenhower Drive further south will eliminate non-Port traffic from queuing at that gate.
- Developing the ICTF, programmed in the 5-Year Master Plan, to move containers by rail in lieu of by truck will eliminate 171,500 annual truck trips at full operational use.
- Developing the crushed rock aggregate facility, programmed in the 10-Year Vision Plan, will allow some of Florida's needs for this commodity to be fulfilled without generating additional truck trips. Since the rock will leave the Port by rail, the import of this commodity will not generate additional truck trips. The facility will transport 4 million tons of crushed rock by rail, rather than using the 200,000 trucks that would otherwise be needed. The use of rail, therefore, will eliminate 400,000 truck trips to/from the Port and the regional roadway system.
- Locating CBP inspection facility inside the secured Port area will reduce traffic through the Eller Drive gate.

- Adding a new parallel road and cruise passenger intermodal center south of Cruise Terminal 19 will reduce taxi and POV traffic on Eller Drive and eliminate bus traffic from that roadway segment.
- Entering buses into a centralized intermodal facility at 19th Avenue, west of East Eller Drive, will reduce traffic on that roadway segment.
- Reconfiguring the McIntosh Road alignment and road section with separate queue lanes with only right-hand turns into each container terminal will alleviate congestion on that critical road.
- Developing the first phase of the cruise passenger intermodal center at Midport, programmed in the 10-Year Vision Plan, and the second phase, to be developed in the 20-Year Vision Plan, will have positive cumulative effects on the circulation of cruise-related vehicles, including buses, shuttles, and taxis as well as baggage trucks from FLL and provision trucks.

Environmental Improvements Resulting from Plan Implementation.

In addition to mitigating potential environmental impacts, the Master Plan projects encourage environmental improvements due to the nature of the respective projects. Examples are:

- When completed, the mitigation program for the Southport Turning Notch Expansion will create 16.5 acres of mangrove wetland within uplands adjacent to the Southport Turning Notch to replace the 8.7-acre easement being released. In addition, mitigation credits will be allocated from the West Lake Park comprehensive restoration project, to offset impacts associated with the Turning Notch expansion.
- Importing crushed rock aggregate will reduce the existing environmental issues with the present quarries in Florida. The new facility at Port Everglades will be enclosed for dust containment and not generate any air pollutants from the rock.
- Expanding the three slips at Northport and reducing the widths of the existing Piers 1 and 2, will remove a portion of the petroleum contamination currently contained within the Pier bulkheads. Any remaining product will be contained within new bulkheads with greater lifespan and durability.
- Widening the navigation channels with environmentally friendly bulkheads, that is, bulkheads that do not penetrate the water surface, wherever possible, will allow tidal flows to be maintained at the shoreline and critical habitat areas.
- Implementing the Port's Diesel Emissions Reduction grant to retrofit, upgrade, or replace diesel engines to reduce emissions will result in healthier air at the Port and in surrounding communities.
- Reducing traffic congestion and trip generation, as described in the preceding narrative, will reduce air emissions throughout the Port and the region.
- Changes to the Port's lighting configuration are helping protect sea turtles during their nesting season.

Plan Costs and Funding

Project-Decision Matrices

The Project-Decision Matrix was utilized to make Go/No Go decisions in placing Master Plan projects into the 5-Year CIP. The 5-Year CIP represents a program that is capable of being implemented within the established time frame. Projects in the 5-Year CIP were selected because of their qualifications as “sustainable” and “value-added.” “Value-added” means the projects provide added value to the Port. “Sustainable” refers to the projects’ contribution to social (i.e., economic impacts identified in the Plan) and environmental factors in addition to the traditional return on investment dollars.

Tables ES-8 and ES-9 show the Project-Decision Matrix findings for two of the key projects incorporated in the 5-Year CIP: ICTF and the Southport Turning Notch

**Table ES-8
ICTF Development**

Intermodal Container Transfer Facility (ICTF) Development (Overall Project)												
Total Project Cost	ROI	Net Present Value	Economic Impact			Environmental Impact				Customer / Regulatory Needs		
			Total Income (000's)	Jobs	Taxes (000's)	High	Mid	Low	Permit Required	High	Mid	Low
\$42M	12.3%	\$31.9M	\$154,699	2,188	\$11,448			X			X	

**Table ES-9
Southport Turning Notch Expansion**

Southport Turning Notch Expansion												
Total Construction Cost	ROI	Net Present Value	Economic Impact			Environmental Impact				Customer / Regulatory Needs		
			Total Income (000's)	Jobs	Taxes (000's)	High	Mid	Low	Permit Required	High	Mid	Low
\$96M	6.9%	\$14.3M	\$393,143	5,529	\$29,092		X		X	X		

5-Year Capital Improvement Plan

The 5-Year Plan identifies the infrastructure the Port needs to meet the 5-year projected market demand and the locations of the respective infrastructure components. This infrastructure has been further translated into specific construction projects with project costs and the years in which each project is needed. The project costs for design/inspection services and construction have then been scheduled for one of the five fiscal years, 2011 through 2015, in the CIP.

The 5-Year CIP lists the project costs in four categories; namely:

- 01 General Infrastructure.
- 02 Master Plan Projects.
- 03 ACOE Dredging Project.
- 04 Other Port Capital Improvements (Maintenance, Renewal, and Replacement).

The 01 General Infrastructure and 04 Other Port Capital Improvements (Maintenance, Renewal, and Replacement) categories consist of limited scope projects of a maintenance and

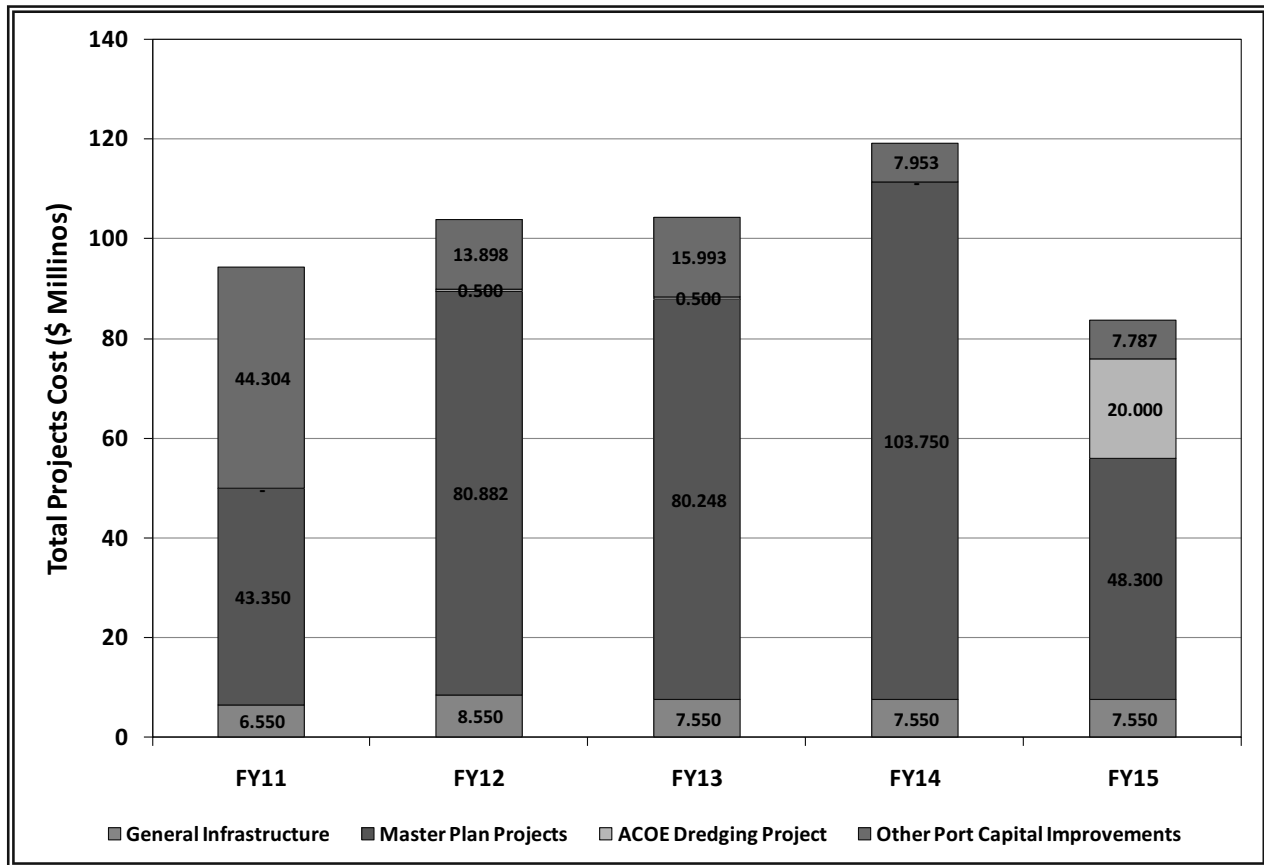
infrastructure renewal nature. The 02 Master Plan Projects category includes the projects that have been identified by this master planning program and are needed to meet the projected market demands. The 03 ACOE Dredging Project consists of projects that will result from the ACOE *Deepening and Widening Study*, currently in progress, and will consist of both the federal share and non-federal share costs.

The total CIP cost over the five fiscal years is \$505.215 million, as summarized in Table ES-10 and Figure ES-23.

Table ES-10
5-Year Capital Improvement Plan

FY 2011 to 2015, 5-Year Capital Improvement Plan (\$ Millions)						
	FY11	FY12	FY13	FY14	FY15	Total
General Infrastructure	6.550	8.550	7.550	7.550	7.550	37.750
Master Plan Projects	43.350	80.882	80.248	103.750	48.300	356.530
ACOE Dredging Project	-	0.500	0.500	-	20.000	21.000
Other Port Capital Improvements	44.304	13.898	15.993	7.953	7.787	89.935
Total	94.204	103.830	104.291	119.253	83.637	505.215

Figure ES-23
5-Year Capital Improvement Plan



The CIP also identifies the project funding sources. The projected amounts, over the five-year period, for each of the five identified funding sources are:

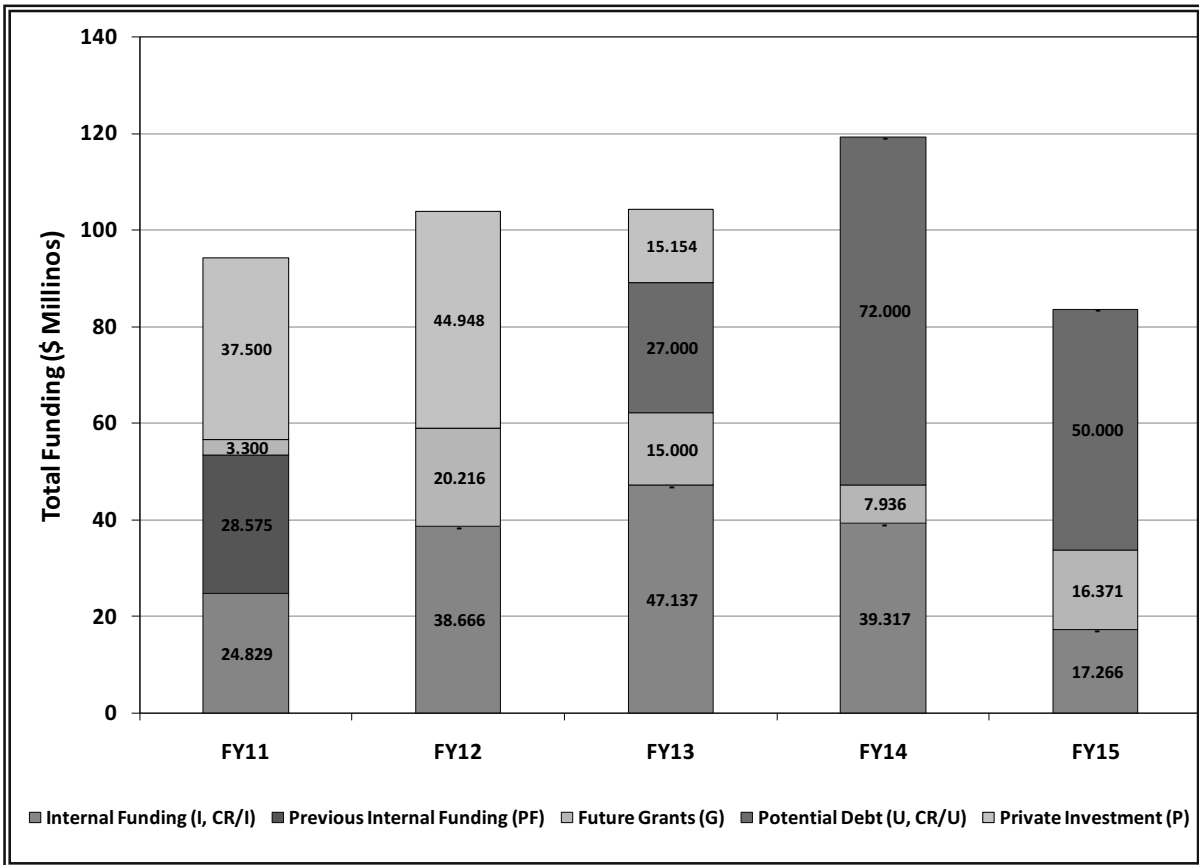
- Internal Funding (I, CR/I) \$167.215 million.
- Previous Internal Funding (PF) \$28.575 million.
- Grants (G) \$62.823 million.
- Potential Debt (U, CR/U) \$149.000 million.
- Private Investment (P) \$97.602 million.

These five funding sources total \$505.215 million over the fiscal period, the sum of the 5-year CIP, as summarized in Table ES-11 and Figure ES-24

Table ES-11
Funding Sources of 5-Year CIP

FY 2011 to 2015, 5-Year Capital Improvement Plan (\$ Millions)						
	FY11	FY12	FY13	FY14	FY15	Total
Internal Funding (I, CR/I)	24.829	38.666	47.137	39.317	17.266	167.215
Previous Internal Funding (PF)	28.575	-	-	-	-	28.575
Future Grants (G)	3.300	20.216	15.000	7.936	16.371	62.823
Potential Debt (U, CR/U)	-	-	27.000	72.000	50.000	149.000
Private Investment (P)	37.500	44.948	15.154	-	-	97.602
Total	94.204	103.830	104.291	119.253	83.637	505.215

Figure ES-24
Funding Sources of 5-Year CIP



10-Year Vision Development Program

Table ES-12 shows the Port’s complete 10-Year Vision Development Program costs. The costs of the General Infrastructure and Other Port Capital Improvements were assumed to be \$20 million and \$70 million, respectively. The costs of the Master Plan Projects and ACOE Dredging Project were taken from Element 5.

Table ES-12
Project Costs in 10-Year Vision Development Program

10-Year Vision Development Program	
Years 2016 to 2019	
	Cost (\$ millions)
General Infrastructure	\$ 20.00
Master Plan Projects	\$ 312.22
ACOE Dredging Project	\$ 235.00
Other Port Capital Improvements	\$ 70.00
Total (in present day dollars)	\$ 637.22

20-Year Vision Development Plan

Table ES-13 shows the Port’s complete 20-Year Vision Development Program costs. The costs of the General Infrastructure and Other Port Capital Improvements were assumed to be \$20 million and \$70 million, respectively. The costs of the Master Plan Projects and ACOE Dredging Project were taken from Element 5.

Table ES-13
Project Costs in 20-Year Vision Development Program

20-Year Vision Development Program	
Years 2020 to 2029	
	Cost (\$ millions)
General Infrastructure	\$ 20.00
Master Plan Projects	\$ 461.00
ACOE Dredging Project	\$ -
Other Port Capital Improvements	\$ 70.00
Total (in present day dollars)	\$ 551.00

Conclusion

It is anticipated that the Port’s 20-Year Vision Development Program, at full build-out over the 20-year planning horizon, if warranted by market demand, will have an order-of-magnitude cost of approximately \$1.7 billion, as summarized in Table ES-14.

Table ES-14

Project Costs in Complete Development Program (2011 – 2029)

	Cost (\$ millions)			
	5-Year	10-Year	20-Year	Total
General Infrastructure	\$ 37.75	\$ 20.00	\$ 20.00	\$ 77.75
Master Plan Projects	\$ 356.53	\$ 312.22	\$ 461.00	\$ 1,129.75
ACOE Dredging Project	\$ 21.00	\$ 235.00	\$ -	\$ 256.00
Other Port Capital Improvements	\$ 89.94	\$ 70.00	\$ 70.00	\$ 229.94
Total (in present day dollars)	\$ 505.22	\$ 637.22	\$ 551.00	\$ 1,693.44

The Port's Development Program, including the 5-Year Master Plan and the 10- and 20-Year Vision Plans is, however, a road map laid out to achieve the market demand projected at the time this 2009 Master/Vision Plan was prepared. The global marketplace and the maritime community's competitive response to that marketplace are constantly evolving. Thus, this Plan is presented as a flexible document, requiring periodic re-examination and re-evaluation of the parameters that affect the Port's development. Future projects need to provide the infrastructure necessary to serve the re-evaluated market assessment and Go/No Go decisions should be made through the strategic decision-making process defined in this planning program to achieve the economic goals of Broward County and its dynamic Port.

Affordability Analysis

The Port Everglades Department conducted a planning and financial "affordability" analysis to determine the potential mechanism to finance the projected Master/Vision Plan projects from 2011 through 2020. The purpose of the analysis was to provide an informed estimate of the potential financial impact of implementing the Master/Vision Plan projects through the 10-year planning horizon. To obtain this estimate, a comprehensive analysis was performed to determine potential revenues and expenses over the 10-year period; net income was then compared with the potential debt the Port would have to carry forward to finance the projects.

- **Future Revenue Calculations.** To calculate future revenues, Port staff utilized the 2011 indicated revenue as base numbers and applied an annual growth factor from the Master/Vision Plan market forecast for each of the Port's business lines. The base revenue numbers were calculated based on the FY 2011 approved budget and collected from the various revenue centers. An annual 2.5 percent tariff increase was applied to calculate total future revenues for each year.
- **Future Expense Calculations.** To calculate future expenses, Port staff applied the ratio of historical operating expenses as a percentage of revenues. The calculated revenues minus the expenses provided the operating income used to pay existing as well as new debt service. The projects were funded as cash was needed and paid for out of accumulated savings and issuing new debt as needed. A 50 percent cost recovery assumption was made for the Cruise Terminal 4 and Slip 2 expansion projects with the corresponding revenue stream beginning in FY 2012.
- **Debt Service Estimates.** New debt service was estimated to be 10 percent of the total amount of new bonds issued, beginning in FY 2013. Typically Port bond covenants

require minimum coverage ratios of 110 percent and 125 percent of operating income divided by annual debt service requirements.

To assess the feasibility of funding all Master/Vision Plan projects and the ACOE Channel Deepening and Widening projects, two sensitivities were applied to calculate the projected debt service coverage, one funding the ACOE Channel Deepening and Widening project and one without funding the project. The detailed worksheets of the affordability analysis are provided in Appendix I.

Master/Vision Plan Projects with ACOE Channel Deepening and Widening

Tables ES-15 and ES-16 summarize the results of the analysis for projected bond covenant debt coverage in FY 2011 to FY 2015 and FY 2016 to FY 2020, respectively. The analysis calculated the debt service coverage based on existing and new bond debt that would be required to fund the Master/Vision Plan projects and the ACOE Channel Deepening and Widening project, assuming the Port’s share of the project being funded as debt service by the Port. The results show the bond covenant debt service coverage test requirements met and exceeded the required 110 percent and 125 percent tests for FY 2011 through FY 2015; however, the coverage ratio reduces significantly from 2018 through 2020. As noted in Appendix I of the main document, unless additional funding sources are identified, the ACOE Deepening and Widening project is difficult due to the potential debt limitations. Never the less, this plan does include completion of the design phase; however, proceeding to the construction phase will require the identification of additional funding sources.

**Table ES-15
Projected Debt Service Coverage with ACOE Deepening and Widening (2011 – 2015)**

	2011	2012	2013	2014	2015
Revenues	\$ 131,325,380	\$ 147,380,705	\$ 158,433,263	\$ 159,927,413	\$ 164,599,687
Expenses	(80,788,110)	(84,052,900)	(90,771,940)	(98,420,040)	(102,770,870)
Amount available for debt service	\$ 52,310,970	\$ 63,783,705	\$ 67,541,423	\$ 61,232,773	\$ 62,103,617
Existing debt service	\$ 32,043,144	\$ 32,049,872	\$ 32,043,681	\$ 32,048,068	\$ 32,050,655
New debt service	-	-	-	2,980,516	10,924,806
Total debt service	\$ 32,043,144	\$ 32,049,872	\$ 32,043,681	\$ 35,028,584	\$ 42,975,461
Test (125%)	1.82	2.22	2.35	1.93	1.56
Test (110%)	1.63	1.99	2.11	1.75	1.45
Projected new debt required	\$ -	\$ -	\$ 27,095,599	\$ 72,220,811	\$ 50,071,844

Table ES-16
Projected Debt Service Coverage with ACOE Deepening and Widening (2016 – 2020)

	2016	2017	2018	2019	2020
Revenues	\$ 172,957,401	\$ 179,599,260	\$ 185,845,950	\$ 195,986,420	\$ 204,974,740
Expenses	(107,952,560)	(112,025,240)	(118,941,410)	(125,431,310)	(131,183,830)
Amount available for debt service	\$ 65,141,241	\$ 67,895,220	\$ 66,751,840	\$ 70,473,510	\$ 73,832,110
Existing debt service	\$ 32,051,244	\$ 22,520,596	\$ 22,523,588	\$ 22,528,667	\$ 22,527,702
New debt service	16,432,708	18,714,406	26,694,882	33,225,211	37,755,051
Total debt service	<u>\$ 48,483,952</u>	<u>\$ 41,235,002</u>	<u>\$ 49,218,470</u>	<u>\$ 55,753,878</u>	<u>\$ 60,282,753</u>
Test (125%)	1.44	1.79	1.45	1.34	1.30
Test (110%)	1.34	1.65	1.36	1.26	1.22
Projected new debt required	\$ 20,742,711	\$ 72,549,782	\$ 59,366,630	\$ 41,180,368	\$ 43,350,643

Master/Vision Plan Projects without ACOE Channel Deepening and Widening

Port financial staff ran the second case, assuming no funding for the ACOE Channel Deepening and Widening project. Utilizing the bond covenant debt service coverage test requirements, they analyzed the projected debt service with the Master/Vision Plan projects but without the ACOE Channel Deepening and Widening project in FY 2011 to 2015 and FY 2016 to 2020, as summarized in Tables ES-17 and ES-18.

The results show the bond covenant debt coverage test requirements met and exceeded the required 110 percent and 125 percent tests and resulted in future ratios more favorable without the ACOE Channel Deepening and Widening project.

Table ES-17
Projected Debt Service Coverage *without* ACOE Deepening and Widening (2011 – 2015)

	2011	2012	2013	2014	2015
Revenues	\$ 131,325,380	\$ 147,380,705	\$ 158,433,263	\$ 159,927,413	\$ 164,599,687
Expenses	(80,788,110)	(84,052,900)	(90,771,940)	(98,420,040)	(102,770,870)
Amount available for debt service	\$ 52,310,970	\$ 63,783,705	\$ 67,541,423	\$ 61,232,773	\$ 62,103,617
Existing debt service	\$ 32,043,144	\$ 32,049,872	\$ 32,043,681	\$ 32,048,068	\$ 32,050,655
New debt service	-	-	-	2,980,516	10,924,806
Total debt service	\$ 32,043,144	\$ 32,049,872	\$ 32,043,681	\$ 35,028,584	\$ 42,975,461
Test (125%)	1.82	2.22	2.35	1.93	1.56
Test (110%)	1.63	1.99	2.11	1.75	1.45
Projected new debt required	\$ -	\$ -	\$ 27,095,599	\$ 72,220,811	\$ 30,071,844

Table ES-18
Projected Debt Service Coverage *without* ACOE Deepening and Widening (2016 – 2020)

	2016	2017	2018	2019	2020
Revenues	\$ 172,957,401	\$ 179,599,260	\$ 185,845,950	\$ 195,986,420	\$ 204,974,740
Expenses	(107,952,560)	(112,025,240)	(118,941,410)	(125,431,310)	(131,183,830)
Amount available for debt service	\$ 65,141,241	\$ 67,895,220	\$ 66,751,840	\$ 70,473,510	\$ 73,832,110
Existing debt service	\$ 32,051,244	\$ 22,520,596	\$ 22,523,588	\$ 22,528,667	\$ 22,527,702
New debt service	14,232,708	14,232,708	16,939,895	19,097,176	22,072,933
Total debt service	\$ 46,283,952	\$ 36,753,304	\$ 39,463,483	\$ 41,625,843	\$ 44,600,635
Test (125%)	1.52	2.03	1.85	1.84	1.79
Test (110%)	1.41	1.85	1.69	1.69	1.66
Projected new debt required	\$ -	\$ 24,610,795	\$ 19,611,643	\$ 27,052,333	\$ 27,668,525

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APPENDIX D

**ORIGINAL RESOLUTION
AND THE SERIES RESOLUTION**

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A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$150,000,000 PORT FACILITIES REFUNDING REVENUE BONDS, SERIES 1989-A FOR THE PURPOSE OF REFUNDING PORT FACILITIES REVENUE BONDS, SERIES 1986 OF THE PORT EVERGLADES AUTHORITY ISSUED UNDER RESOLUTION NO. 12-1986, AS AMENDED; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$55,000,000 PORT FACILITIES SENIOR REVENUE BONDS, SERIES 1989-B FOR THE PURPOSE OF PAYING THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY; PROVIDING FOR THE ISSUANCE OF ADDITIONAL PORT FACILITIES REVENUE BONDS TO PAY THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY AND TO REFINANCE BONDS ISSUED HEREUNDER AND CERTAIN OTHER INDEBTEDNESS; PROVIDING FOR THE PAYMENT OF SUCH BONDS AND THE INTEREST THEREON FROM REVENUE DERIVED FROM THE PORT FACILITIES AND PLEDGED THEREFOR; SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS; PROVIDING SEVERABILITY AND AN EFFECTIVE DATE.

BE IT RESOLVED BY THE PORT EVERGLADES AUTHORITY:

ARTICLE I

STATUTORY AUTHORITY; FINDINGS AND DEFINITIONS

SECTION 1.01. AUTHORITY FOR THIS RESOLUTION. The Port Everglades Authority is authorized to adopt this Resolution under the authority granted by the provisions of Chapter 59-1157, Laws of Florida, Special Acts of 1959, as amended and supplemented, Chapter 315, Florida Statutes, as amended, and other applicable provisions of law.

SECTION 1.02. FINDINGS. It is hereby found and determined that:

A. Pursuant to the Prior Resolution (such term and all other capitalized terms used herein having the meaning set forth or referred to in Section 1.04 of this Resolution), the Prior Bonds were issued for the purpose of financing the cost of construction and acquisition of extensions, additions and improvements to the Port Facilities. Subsequent expansion of the Port Authority's capital improvement program requires additional financing to be obtained, and accordingly, a new bond resolution is needed to better facilitate the Port Authority's financing requirements.

B. It is therefore necessary to defease the lien and covenants of the Prior Resolution by irrevocably depositing in trust with an Escrow Agent, in accordance with the terms of an Escrow Deposit Agreement, cash and Escrow Securities acquired with proceeds derived from the sale of the Series 1989-A Bonds and such other funds of the Port Authority as may legally be available therefor, which cash and Escrow Securities, together with the income and

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earnings received from the investment thereof, will be sufficient to pay the principal of, premium, if any, and interest on the Prior Bonds as the same become due and payable, all as more fully provided in an Escrow Deposit Agreement relating to same; which irrevocable deposit will be sufficient, in accordance with the terms of the Prior Resolution, to legally defease the covenants and lien of the Prior Resolution in favor of the Prior Bonds.

C. It is necessary, desirable and in the best interests of the Port Authority to issue the Senior Bonds, pursuant to the provisions hereof, to obtain funds to pay for certain needed Improvements to the Port Facilities.

D. The Net Revenue derived from the operation of the Port Facilities is not pledged or encumbered in any manner except to the payment of the Prior Bonds. The Net Revenue may be, and hereby is, pledged to the payment of principal of, premium, if any, and interest on Bonds herein authorized, which lien, upon defeasance of the lien and covenants of the Prior Resolution as provided herein, shall be prior and superior to all other liens thereon except as otherwise provided herein or in a Series Resolution.

E. The principal of, premium, if any, and interest on the Bonds to be issued pursuant to this Resolution, and all sinking fund, reserve and other payments provided for in this Resolution, together with all costs of operation and maintenance of the Port Facilities, shall be payable solely from the Net Revenue and, to the extent provided herein, from the monies on deposit from time to time in the Funds and Accounts and it will not be necessary nor has there been authorized the levy of taxes on any property in the Port District to pay for same and the Bonds shall not constitute a lien upon any of the properties of the Port Authority or upon any other properties whatsoever in the Port District, except the Net Revenue and the Funds and Accounts, nor shall the Bonds be secured by the credit or taxing power of the Port Authority or the general funds of the Port Authority not expressly pledged hereunder.

SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the acceptance of the Bonds authorized to be issued hereunder or as permitted hereby by those who shall hold the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Port Authority and such Bondholders, and the covenants and agreements herein set forth to be performed by the Port Authority shall be for the equal benefit, protection and security of the Bondholders, all of which shall be of equal rank and without preference, priority or distinction as to lien or otherwise of any of the Bonds over any other, except as expressly provided therein or herein.

SECTION 1.04. DEFINITIONS. In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless some other meaning is plainly intended:

"Account" shall mean any account, and "Accounts" shall mean the accounts, held by the Port Authority and created and designated by this Resolution except any accounts created under the Operation and Maintenance Fund or Rebate Fund.

"Accountant" shall mean the independent certified public accountants or firm of independent certified public accountants retained by the Port Authority under the provisions of Section 7.05 of this Resolution to perform and carry out the duties imposed on the Accountant by this Resolution.

"Accreted Value" shall mean, as of any date of computation with respect to any Capital Appreciation Bond, an amount equal to the principal amount of such Capital Appreciation Bond at its initial offering plus the interest accrued on such Capital Appreciation Bond from the date of delivery to the original purchasers thereof to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date plus, with respect to matters related to the payment upon redemption or acceleration of the Capital Appreciation Bond, if such date of computation shall not be a Compounding Date, a portion of the difference between the Accreted Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Accreted Value as of the immediately succeeding Compounding Date, calculated based on the assumption that Accreted Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of twelve months of thirty days each. Interest shall accrue on any Capital Appreciation Bond and be compounded periodically at such rate and at such times as provided for in any Series Resolution relating to said Capital Appreciation Bond.

"Act" shall mean Chapter 59-1157, Laws of Florida, Special Acts of 1959, as heretofore and hereafter amended and supplemented.

"Additional Bonds" shall mean the Bonds issued pursuant to the provisions of Section 2.07 of this Resolution on a parity with the Series 1989-A Bonds.

"Amortization Requirements" shall mean the money required to be deposited in the Redemption Account for the purpose of the mandatory redemption of any Term Bonds issued pursuant to this Resolution, the specific amounts and times of such deposits to be determined in any Series Resolution relating to such Term Bonds.

"Annual Budget" shall mean the annual budget, as amended or supplemented, adopted or in effect for a particular Fiscal Year as provided in Section 5.03 of this Resolution.

"Appreciated Value" shall mean, with respect to any Capital Appreciation and Income Bond (i) as of any date of computation prior to the Interest Commencement Date, an amount equal to the principal amount thereof on the date of original issuance plus the interest accrued on such Bond from the date of original issuance to the Compounding Date next preceding the date of computation or the date of computation if a Compounding Date, such interest to compound periodically at the times and at the rate provided in any Series Resolution relating to said Bond, plus, if such date of computation shall not be a Compounding Date, a portion of the difference between the Appreciated Value as of the immediately preceding Compounding Date (or the date of original issuance if the date of computation is prior to the first Compounding Date succeeding the date of original issuance) and the Appreciated Value as of

the immediately succeeding Compounding Date calculated based upon an assumption that Appreciated Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of twelve months of thirty days each and (ii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

"Authorized Officer" shall mean, when used with respect to the Port Authority, any of the Chair, Port Director and Deputy Port Director of the Port Authority, and any other officer of the Port Authority designated from time to time by resolution of the Port Authority.

"Average Annual Debt Service Requirement" shall mean, as of any date, the arithmetic average of the Principal and Interest Requirements in the then current and each succeeding Bond Year.

"Bond" or "Bonds" shall mean the Bonds issued under the provisions of Sections 2.06, 2.07 and 2.08 of this Resolution.

"Bond Registrar" shall mean a bank or trust company, either within or without the State of Florida, designated as such by resolution of the Port Authority, which shall perform such functions as Bond Registrar as are required by this Resolution.

"Bond Year" shall mean the period commencing the first day of October in each year and ending the last day of September of the following year.

"Bondholder" (or "owner" or "holder") shall mean the registered owners of the Bonds as shown on the registration books of the Bond Registrar maintained pursuant to Section 2.04 of this Resolution.

"Capital Appreciation Bonds" shall mean any Bonds as to which interest is compounded periodically on each Compounding Date and which are payable in an amount equal to the then current Accrued Value only at maturity, earlier redemption or other payment date therefor, all as designated by any Series Resolution relating to such Bonds and which may be either Serial Bonds or Term Bonds.

"Capital Appreciation and Income Bonds" shall mean any Bonds as to which accruing interest is not paid prior to the Interest Commencement Date specified in any Series Resolution relating to such Bonds and with respect to which, until said Interest Commencement Date, the Appreciated Value is compounded periodically on each Compounding Date.

"Capitalized Interest" shall mean the amount of Bond proceeds set aside to pay the interest costs on said Bonds that will accrue during the construction of a Project or other specified period in an amount set forth in any Series Resolution relating to such Bonds.

"Chair" shall mean the Chair of the Port Authority or his designee or the person succeeding to his principal functions.

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"Escrow Agent" shall mean a bank or trust company, either within or without the State of Florida, having fiduciary powers and designated as Escrow Agent in an Escrow Deposit Agreement and performing such functions as are required by such Escrow Deposit Agreement.

"Escrow Deposit Agreement" shall mean an Escrow Deposit Agreement, by and between the Port Authority and an Escrow Agent, pursuant to which cash and Escrow Securities will be held by the Escrow Agent to provide for payment, in whole or in part, of one or more specified Series of Bonds.

"Escrow Securities" shall mean: (i) Government Obligations; (ii) evidences of ownership of proportionate interests in Government Obligations or in future interest or principal payments thereon held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying Government Obligations and which Government Obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated; and (iii) municipal obligations, the payment of the principal of, interest and redemption premium, if any, on which is irrevocably secured by cash or obligations described in clause (i) or (ii) of this definition; provided that the obligations described in clauses (i), (ii) and (iii) and the securities for the obligations described in clause (iii) are not subject to redemption prior to their maturity, other than at the option of the holder thereof, or, to the extent subject to redemption prior to maturity, irrevocable notice of redemption on a specified redemption date has been given and no other redemption may occur prior to maturity other than at the option of the holder thereof.

"Finance Director" shall mean the person appointed to serve as the Finance Director of the Port Authority and charged with the obligation to carry out the duties of the Finance Director as set forth herein or his designee or the person succeeding to his principal functions.

"Fiscal Year" shall mean the period established by the Act as the Port Authority's fiscal year, as the same may be amended from time to time.

"Fund" shall mean any fund, and "Funds" shall mean the funds, held by the Port Authority and created and designated by this Resolution except for the Operation and Maintenance Fund and the Rebate Fund.

"General Fund" shall mean the Fund of that name created and designated by Section 5.06 of this Resolution.

"Government Obligations" shall mean direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America.

"Gross Revenue" or "Revenue" shall mean all fees, rentals, charges and other income, including any investment income from monies held on deposit in any of the Funds or Accounts created hereunder, received by or accrued to the Port Authority in connection with or as a result of its ownership or operation

"Code" shall mean the Internal Revenue Code of 1966, as amended from time to time, and the regulations promulgated thereunder.

"Commissioners" shall mean the Commissioners composing the Port Everglades Authority or such other board or body in which the general powers of the Port Authority shall be, from time to time, vested in accordance with the Act.

"Compounding Date" shall mean, with respect to any Capital Appreciation Bond and Capital Appreciation and Income Bond, the dates on which interest shall compound, as specified in any Series Resolution relating to such Bonds.

"Construction Fund" shall mean the Fund of that name created and designated by Section 4.01 of this Resolution.

"Consulting Engineers" shall mean the engineer or engineering firm at the time retained by the Port Authority pursuant to Section 7.05 of this Resolution to carry out and perform the duties imposed on the Consulting Engineers by this Resolution.

"Convertible Bonds" shall mean Bonds issued under this Resolution which are convertible, at the option of the Port Authority, into a form of Bonds which are permitted by this Resolution other than the form of such Bonds at the time they were issued.

"Cost" shall mean, as applied to a Project, the aggregate cost of construction of the Project and all obligations and expenses relating thereto, including all items of cost which are set forth in Section 4.03 of this Resolution.

"Credit Facility" shall mean an irrevocable letter of credit, policy of municipal bond insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility irrevocably agrees to provide funds to make payment of the principal of and interest on Bonds when due and, if applicable to a Series of Put Bonds, pay the purchase price of Put Bonds upon their tender by the holders thereof.

"Credit Provider" shall mean the provider of a Credit Facility or Liquidity Facility, if any, with respect to any Series of Bonds.

"Current Expenses" shall mean Operating Expenses for the applicable period, less that portion of such Operating Expenses actually paid, or to be paid as required herein, from funds in the Non-Revenue Operation and Maintenance Account.

"Debt Service Account" shall mean the Account of that name created and designated by Section 5.06 of this Resolution.

"Depository" shall mean any bank, savings association or trust company duly authorized by law to engage in its business and to receive Port Authority funds and designated by an Authorized Officer as a depository of monies under the provisions of this Resolution.

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of the Port Facilities, all as calculated in accordance with the method of accounting used in the official annual financial statement of the Port Authority; provided, however, Gross Revenue shall not include: (i) receipts and revenue derived from the imposition of an ad valorem tax or any other tax the Port Authority is authorized, from time to time, to levy pursuant to applicable law, including any investment income earned thereon or on funds held in the Rebate Fund or Operation and Maintenance Fund; (ii) revenue derived from the operation of any Special Purpose Facilities or from investment income derived from money on deposit in any funds or accounts pledged to the payment of Special Purpose Bonds, except as may expressly be provided otherwise in any resolution authorizing the issuance of said Special Purpose Bonds; and (iii) any grants, contributions or donations, including investment interest thereon.

"Gross Revenue Fund" shall mean the Fund of that name created and designated by Section 5.05 of this Resolution.

"Improvements" shall mean any extension, enlargement, improvement, equipping, construction, renovation, repair, replacement, rehabilitation or acquisition of Port Facilities.

"Interest Commencement Date" shall mean, with respect to any particular Capital Appreciation and Income Bonds, the date specified in any Series Resolution relating to such Bonds (which date must be prior to the maturity date for such Bonds) after which interest accruing on such Bonds shall be payable on a periodic basis, with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"Interest Payment Date" shall mean, with respect to each Bond, such dates on which interest on such Bond is payable as specified in any Series Resolution relating to such Bond.

"Investment Securities" shall mean any of the following, to the extent the same are at the time legal for investment by the Port Authority pursuant to applicable law: (i) Government Obligations; (ii) obligations of any of the following federal agencies, which obligations represent the full faith and credit of the United States of America: Export-Import Bank, Farmers Home Administration, General Services Administration, U.S. Maritime Administration, Small Business Administration, Government National Mortgage Association, U.S. Department of Housing and Urban Development, Federal Housing Administration, Federal National Mortgage Association and any other agency or person controlled or supervised by, and acting as an instrumentality of, the government of the United States pursuant to authority granted by the Congress, which obligations are unconditionally guaranteed as to principal and interest by such agency or persons; (iii) general obligations of any state of the United States or of any political subdivision of any state, which obligations are not rated lower than the three highest rating categories (without regard to numerical or other modifiers) applied by two nationally recognized rating agencies; (iv) written repurchase contracts, reverse repurchase contracts or securities lending agreements (collateralized by cash or securities) with any securities dealer that is registered as a dealer under the Securities Exchange

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Act of 1934, as amended, and is monitored by, reports to, and is recognized as a primary dealer by the Federal Reserve Bank of New York, having a net capital of at least \$200,000,000, for obligations of, or unconditionally guaranteed as to the payment of principal and interest by, the United States of America or obligations of, or unconditionally guaranteed as to the payment of principal and interest by, any Bank for Cooperatives, any Federal Intermediate Credit Bank, any Federal Home Loan Bank, the Export-Import Bank of the United States, any Federal Land Bank, the Farmers Home Administration, the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Financing Bank, or any other agency or instrumentality of, or corporation wholly owned by the United States of America, provided (a) that at the time of entering into any such contract or agreement (1) the market value as determined by such primary dealer (the "market value") of the obligations subject to any such repurchase contract is at least equal to the purchase price specified in such contract, (2) the purchase price specified in any such reverse repurchase contract is at least equal to the market value of the obligations subject to such contract or (3) the market value of the collateral for any such securities lending agreement is at least equal to the market value of the securities lent, and (b) such obligations or collateral are held by a Depository in such manner as may be required to provide a perfected security interest in such obligations or collateral for the benefit of the Port Authority; (v) deposit accounts, certificates of deposit or similar arrangements with any bank or trust company which is a member of the Federal Deposit Insurance Corporation and any federal or State of Florida savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation and which are secured in the manner provided by presently applicable State of Florida or federal laws or regulations regarding security for deposit of public funds; (vi) evidences of ownership of proportionate interests in Government Obligations or in future interest or principal payments thereon held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying Government obligations and which Government obligations are not available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated; (vii) corporate debt obligations that are not rated lower than the two highest rating categories (without regard to numerical or other modifiers) by two nationally recognized rating agencies, (viii) any agreement for an investment of money with a Qualified Institution (an "Investment Agreement"), which investments (or the debt of the Qualified Institution with respect to any Investment Agreement) must be rated (without regard to numerical or other modifiers) by two nationally recognized rating agencies in the two highest rating categories of such rating agencies for such investments. For purposes of this clause (viii), the term "Qualified Institution" means a bank, trust company, national banking association or a corporation subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956, a federal or state branch of a foreign bank pursuant to the International Banking Act of 1978, a savings and loan association, an insurance company or association or any other entity, the unsecured or uncollateralized long-term debt obligations of which, or obligations secured or supported by a letter of credit, contract, agreement or surety bond issued by such institution, are rated not lower than the two highest rating

categories (without regard to numerical or other modifiers) by two nationally recognized rating agencies; and (ix) such other investment obligations as the Port Authority may approve from time to time, which are permitted investments of public funds under Florida law.

"Liquidity Facility" shall mean a letter of credit, policy of insurance, surety bond, guaranty, purchase agreement, credit agreement or similar facility in which the entity providing such facility agrees to provide funds to pay the purchase price of Put Bonds upon their tender by the holders thereof.

"Net Revenue" shall mean for any period, the Gross Revenue for such period less the Operating Expenses for such period.

"Non-Revenue Operation and Maintenance Account" shall mean the account of that name created and designated by Section 5.06 of this Resolution.

"Operating Expenses" shall mean the reasonable and necessary expenses of administration, maintenance, repair and operation of the Port Authority and Port Facilities, including, without limitation, all ordinary and usual expenses of maintenance and repair, Bond Registrar, Paying Agent, Trustee or Escrow Agent fees and other expenses associated with the issuance of Bonds, all administrative expenses of the Port Authority, insurance premiums, engineering expenses, legal expenses, any taxes which may be lawfully imposed on the Port Facilities or its income or operations and reserves therefor, and any other expenses required to be paid by the Port Authority under the provisions of this Resolution or by law, as such expenses are determined to have been incurred in accordance with the method of accounting used in the official annual financial statement of the Port Authority including, to the extent so determined, expenses not annually recurring, but excluding (i) any reserves for extraordinary maintenance or repair, (ii) any allowance for depreciation, (iii) any deposits or transfers to the credit of the Funds and Accounts, the Rebate Fund and the Operation and Maintenance Fund and (iv) any expenses of Special Purpose Facilities financed by Special Purpose Bonds; provided, however, that to the extent such Operating Expenses relate, all or in part, to a future period of time they shall be prospectively determined by reference to the Annual Budget.

"Operation and Maintenance Fund" shall mean the fund of that name created and designated by Section 5.06 of this Resolution.

"Operation and Maintenance Account" shall mean the account of that name created and designated by Section 5.06 of this Resolution.

"Outstanding" shall mean all Bonds theretofore delivered except: (i) Bonds deemed to have been paid in accordance with Section 3.05 or Section 11.01 of this Resolution; (ii) Bonds in lieu of which other Bonds have been issued pursuant to the provisions hereof relating to Bonds destroyed, mutilated, stolen or lost; (iii) Bonds paid, redeemed or delivered to or acquired by the Port Authority for cancellation; and (iv) for purposes of any consent or other action to be taken hereunder by the holders of a specified

percentage of principal amount of Bonds, the Bonds held by or for the account of the Port Authority.

"Paying Agent" shall mean with respect as to any Series of Bonds, the bank or trust company at which principal, premium, if any, and interest on the Bonds is payable, as designated by the applicable Series Resolution.

"Person" shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof, unless the context shall otherwise indicate.

"Port Attorney" shall mean the Port Attorney of the Port Authority or his designee or the person succeeding to his principal functions.

"Port Authority" shall mean the Port Everglades Authority, a body politic and corporate created by Chapter 59-1157, Laws of Florida, Special Acts of 1959, as amended.

"Port Director" shall mean the Director of the Port Authority or his designee or the officer succeeding to his principal functions.

"Port District" shall mean the Port Everglades District as established in Chapter 59-1157, Laws of Florida, Special Acts of 1959, as amended.

"Port Facilities" shall mean all structures, terminals, warehouses, docks, approaches, channels, berths, slips, railroads, roadways, quay walls, jetties, lifts, turning basins, all lands or interests therein, buildings, machinery, franchises, pipes, fixtures, equipment and other property, real or personal, tangible or intangible, and including all port facilities as defined in Chapter 115, Florida Statutes, now or hereafter owned or operated by the Port Authority, together with any and all improvements thereto or to any part thereof.

"Port Secretary" shall mean the person appointed to serve as the Secretary of the Port Authority and charged with the obligation to carry out the duties of the Port Secretary as set forth herein or his designee or the officer succeeding to his principal functions.

"Principal and Interest Requirements" shall mean the respective amounts which are required in each Bond Year to provide:

- (i) for paying the interest on all Bonds then Outstanding which is payable on each Interest Payment Date in such Bond Year;
- (ii) for paying the principal of all Serial Bonds then Outstanding which is payable upon the maturity of Serial Bonds in such Bond Year; and
- (iii) for paying the Amortization Requirements, if any, for all Term Bonds then Outstanding for such Bond Year.

For purpose of computing (i), (ii) and (iii) above, any principal, interest or Amortization Requirements due on the first day of a Bond Year shall be deemed due in the preceding Bond Year.

The following rules shall apply in determining the amount of the maximum Principal and Interest Requirements for any Bond Year:

(a) the interest rate on Variable Rate Bonds shall be assumed to be (1) the "average rate" of interest on all Variable Rate Bonds during the twelve months ending with the month preceding the date of calculation or such shorter period of time as such Variable Rate Bonds may have been Outstanding or (2) in the event there were no Variable Rate Bonds Outstanding during such twelve month period, then the initial rate of interest. "Average rate" shall mean the rate determined by dividing the total amount of interest paid on all Variable Rate Bonds during the period used in clause (1) hereof by the average principal amount of all Variable Rate Bonds Outstanding during that period;

(b) in the case of Put Bonds, the date or dates on which the holder of such Put Bonds may elect or be required to tender such Bonds for payment or purchase shall be ignored if the source for said payment or purchase is a Credit Facility or a Liquidity Facility and the stated dates for Amortization Requirements and principal payments thereof shall be used for purposes of this calculation; provided, however, that during any period of time after the Credit Provider has advanced funds under a Credit Facility or Liquidity Facility and before such amount is repaid, Principal and Interest Requirements shall include the principal amount so advanced and interest thereon, in accordance with the principal repayment schedule and interest rate or rates specified in the Credit Facility or Liquidity Facility;

(c) in the case of Capital Appreciation Bonds, the principal and interest portions of the Accreted Value becoming due at maturity or by virtue of an Amortization Requirement in that Bond Year's calculation shall be included;

(d) in the case of Capital Appreciation and Income Bonds, the principal and interest portions of the Appreciated Value becoming due at maturity or by virtue of an Amortization Requirement in that Bond Year's calculation shall be included;

(e) in the case of Convertible Bonds, the calculations shall be based on the form of the Bonds as of the time of the calculation without regard to any unexercised conversion feature; and

(f) if interest on a Series of Bonds is payable from Capitalized Interest or from other amounts set aside irrevocably for such purpose at the time such Bonds are issued, interest on such Series of Bonds shall be included in Principal and Interest Requirements only to the extent of the amount of interest payable in a Bond Year from amounts other than amounts so funded to pay such interest.

"Prior Bonds" shall mean the Port Facilities Revenue Bonds, Series 1986 issued under Port Authority Resolution No. 12-1986, as amended.

"Prior Resolution" shall mean Port Authority Resolution No. 12-1986, as amended.

"Project" shall mean Improvements to the Port Facilities described in a Series Resolution, as same may be modified or amended as provided in Section 4.04 of this Resolution.

"Put Bonds" shall mean all Bonds which, in accordance with any Series Resolution, may be tendered for payment or purchase by or on behalf of the Port Authority prior to the stated maturities thereof.

"Rebate Fund" shall mean the fund of that name created and designated by to Section 5.06 of this Resolution.

"Record Date" shall mean, with respect to any Bond, the date fifteen days next preceding an Interest Payment Date, whether or not a business day, or the date otherwise designated as such in any Series Resolution relating to said Bond.

"Redemption Account" shall mean the Account of that name created and designated by Section 5.06 of this Resolution.

"Refunding Bonds" shall mean the Bonds issued at any time under the provisions of Section 2.08 of this Resolution.

"Renewal and Replacement Fund" shall mean the Fund of that name created and designated by Section 5.06 of this Resolution.

"Reserve Account" shall mean the Account of that name created and designated by Section 5.06 of this Resolution.

"Reserve Account Requirement" shall mean, as of any date of calculation, an amount equal to the lesser of: (i) the maximum Principal and Interest Requirements in the current or any future Bond Year; (ii) 125% of the Average Annual Debt Service Requirement; (iii) 10% of the original proceeds of all Outstanding Bonds, provided, however, upon retirement of the Senior Bonds, an amount equal to 10% of the original proceeds of said Senior Bonds shall be included in this calculation for so long as the Series 1989-A Bonds remain Outstanding; or (iv) the maximum amount allowed under the Code, which Reserve Account Requirement may consist of cash, a Reserve Account Credit Facility, or any combination of the foregoing.

"Reserve Account Credit Facility" shall mean an insurance policy, surety bond, irrevocable letter of credit or other credit agreement or similar facility maintained by the Port Authority in lieu of or in partial substitution for cash or securities on deposit in the Reserve Account.

"Reserve Account Deposit Requirement" shall mean, (i) the amount, if any, as determined in a Series Resolution, required to be deposited monthly to the

credit of the Reserve Account on account of the Bonds of that Series; plus (ii) an amount in each of the twelve successive months beginning with the month following any month in which any amount shall have been withdrawn from the Reserve Account or a deficiency is determined to exist upon valuation of the Reserve Account pursuant to Section 6.02 of this Resolution, equal to one-twelfth of the deficiency created by such withdrawal or resulting from such valuation until such deficiency is made up.

"Resolution" shall mean this Resolution as same may be amended or supplemented from time to time in accordance with Article X of this Resolution.

"Senior Bonds" shall mean the Port Facilities Senior Revenue Bonds, Series 1989-B of the Port Authority issued pursuant to Section 2.06 of this Resolution.

"Serial Bonds" shall mean the Bonds of a Series which are stated to mature in annual installments.

"Series" shall mean the Bonds delivered at any one time under the provisions of Article II of this Resolution.

"Series 1989-A Bonds" shall mean the Port Facilities Refunding Revenue Bonds, Series 1989-A of the Port Authority issued pursuant to Section 2.06 of this Resolution.

"Series Resolution" shall mean one or more of the resolutions adopted by the Port Authority prior to delivery of a particular Series of Bonds relating to the issuance, sale and payment of such Bonds and which shall provide for the matters required or permitted by this Resolution to be contained therein including, but not limited to, the details set forth in Section 2.02 hereof.

"Sinking Fund" shall mean the Fund of that name created and designated by Section 5.06 of this Resolution.

"Special Purpose Bonds" shall mean the bonds, notes or other evidences of indebtedness issued by the Port Authority pursuant to Section 7.10 of this Resolution.

"Special Purpose Facilities" shall mean the Port Facilities financed by Special Purpose Bonds and shall have the meaning set forth in Section 7.10 of this Resolution.

"Special Record Date" shall mean, with respect to any Bond, the date established by the Port Authority in connection with the payment of overdue interest on the Bonds pursuant to Section 2.02 of this Resolution.

"Subordinated Obligation" shall mean an obligation or other evidence of indebtedness described in, and complying with the provisions of, Section 7.11 of this Resolution.

"Taxable Bonds" shall mean any Bond which states, in the body thereof, that the interest income thereon is includable in the gross income of the

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holder thereof for federal income tax purposes or that such interest is subject to federal income tax.

"Term Bonds" shall mean Bonds which shall be stated to mature on one date and for amortization of which mandatory payments are required to be made into the Redemption Account and any other Bonds of a Series so designated in a Series Resolution relating to such Bonds.

"Time Deposits" shall mean time deposits, certificates of deposit or similar arrangements with any bank or trust company which is a member of the Federal Deposit Insurance Corporation and Any Federal or State of Florida savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation and which are secured in the manner provided in Section 5.01 of this Resolution.

"Trustee" shall mean a bank or trust company, either within or without the State of Florida, having fiduciary powers and designated as Trustee by resolution of the Port Authority, which shall perform such functions as Trustee with respect to any Series of Bonds as are required by this Resolution or any Series Resolution.

"Variable Rate Bonds" shall mean Bonds issued with a variable, adjustable, convertible or other similar interest rate which is not fixed in percentage for the entire term thereof at the date of issue, and which may be convertible to a fixed interest rate.

SECTION 1.05. RULES OF CONSTRUCTION. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words defined in Section 1.04 hereof that appear in this Resolution in lower case form shall have the meanings ascribed to them in the definitions in Section 1.04 unless the context shall otherwise indicate. The words "Bond," "owner," "holder" and "person" shall include the plural as well as the singular number.

ARTICLE II

AUTHORIZATION, DETAILS, EXECUTION, DELIVERY AND REGISTRATION OF BONDS

SECTION 2.01. AUTHORIZATION OF BONDS. Subject to compliance with this Resolution, the Port Authority is hereby authorized to issue Bonds for one or more of the purposes of paying all or part of the Cost of a Project, refunding existing indebtedness, making deposits to the Funds and Accounts, paying the costs of issuance and paying such other expenses related to the issuance, sale and payment of the Bonds, including payments to Credit Providers, as contemplated by this Resolution. The total principal amount of Bonds that may be issued hereunder is unlimited. Bonds may not be issued under the provisions of this Resolution except in accordance with this Article. One or more Series Resolutions shall be adopted with respect to each Series of Bonds issued hereunder. The principal of, redemption premium, if any, and interest on all Bonds shall be payable solely from Net Revenue and the monies on deposit from time to time in the Funds and Accounts.

Upon the issuance of any Series of Bonds, under the terms, limitations and conditions herein provided, the Port Authority shall provide for the funding of the Reserve Account in an amount equal to the Reserve Account Requirement. Such required amount may be paid in full or in part from the proceeds of such Series of Bonds or may be accumulated in equal monthly payments to the Reserve Account over a period of months from the date of issuance of such Series of Bonds, which shall not exceed sixty months, as determined by any Series Resolution relating to the Bonds. The Port Authority may establish a separate subaccount in the Reserve Account for any Series of Bonds, including those secured by a Reserve Account Credit Facility, and provide a pledge of such subaccount to the payment of such Series of Bonds apart from the pledge provided herein. To the extent a Series of Bonds is secured separately by a subaccount of the Reserve Account, the holders of such Bonds shall not be secured by any other monies or Reserve Account Credit Facilities in the Reserve Account.

Notwithstanding anything to the contrary contained herein, the Port Authority may, in a Series Resolution, elect to appoint a Trustee to take custody of one or more of the Funds, Accounts or subaccounts created hereunder and to exercise such other functions as the Port Authority may determine appropriate for the protection of the Bondholders. The powers and obligations of any such Trustee shall be as set forth in the applicable Series Resolution and in such other agreements as may be entered into between the Port Authority and the Trustee. The powers and obligations delegated to the Trustee in the Series Resolution shall supersede any grant of such powers and obligations to any Person set forth in this Resolution with respect to the applicable Series. In the event a Trustee is appointed with respect to either of the Series 1989-A Bonds or the Senior Bonds, said Trustee shall be appointed for both such Series and shall have identical powers and responsibilities with respect thereto.

SECTION 2.02. DETAILS OF BONDS. The Bonds of each Series issued under the provisions of this Resolution shall be designated "Port Facilities [Refunding] Revenue Bonds, Series _____" in each case inserting the year of issuance and any identifying series letter, subject to such variations or changes as may be deemed necessary or appropriate by bond counsel and specified by a Series Resolution. The Bonds shall be in such amounts, if any, of Serial Bonds and/or Term Bonds and in the form of Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Convertible Bonds, Put Bonds, Variable Rate Bonds or such other form of Bonds which may be marketable from time to time, or any combination thereof, as the Port Authority may determine. Except as otherwise provided in a Series Resolution, the Bonds of each Series issued under the provisions of this Resolution shall be in fully registered form as to principal and interest, without coupons. Except as otherwise provided in a Series Resolution, both the principal of and the interest on the Bonds shall be payable in any coin or currency of the United States of America, or by check or wire payment in such currency, as, at the respective times of payment, is legal tender for the payment of public and private debts.

Payment of interest on any Interest Payment Date with respect to the Bonds, other than Capital Appreciation Bonds and interest on Capital

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Appreciation and Income Bonds that accrues prior to the Interest Commencement Date, shall be made to the person appearing on the registration books of the Port Authority maintained pursuant to Section 2.04 hereof, as of the close of business on the Record Date. Such interest shall be payable by check or draft on a Paying Agent and shall be mailed to each owner as of the Record Date, at his address as it appears on said registration books, or in the case of an owner of \$1,000,000 or more of Bonds, by wire transfer to a domestic bank account specified by such owner to the Paying Agent.

If and to the extent that the Port Authority shall fail to make a required payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the person who was the owner of that Bond as of the applicable Record Date. When monies become available for payment of interest on such Bond, the Port Authority shall establish a Special Record Date for the payment of that interest which shall not be more than twenty, nor fewer than ten, days prior to the date of the proposed payment. Notice of the proposed payment and of the Special Record Date therefor shall be mailed to each owner of record on the fifth day prior to such mailing at his address as it appears on the registration books of the Port Authority maintained pursuant to Section 2.04 hereof, not fewer than ten days prior to the Special Record Date. Thereafter, such interest shall be payable to the owners of such Bonds at the close of business on the Special Record Date.

The principal of, and redemption premium, if any, on the Bonds, the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Capital Appreciation and Income Bonds shall be payable to or upon the order of the owner or his duly authorized attorney or legal representative, as the same falls due, upon the presentation and surrender of such Bonds at the principal corporate trust office of the Paying Agent.

One or more Series Resolutions relating to a particular Series of Bonds shall establish the following:

(i) the purpose for which the Bonds are to be issued, including a description of any Project to be financed, all or in part, by such Bonds;

(ii) the manner in which the proceeds of the sale of the Bonds are to be applied, including any required deposits to the Funds and Accounts;

(iii) whether the Bonds shall be issued as Serial Bonds, Term Bonds, or a combination of the foregoing and whether such bonds shall be in the form of Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Convertible Bonds, Put Bonds, Variable Rate Bonds or any other form of Bond which may become marketable from time to time, or any combination of such forms as determined by the Port Authority;

(iv) the denomination in which each form of Bond included in the Series may be issued;

(v) the form or forms in which the Bonds shall be issued, which forms may include, without limitation, forms for Capital Appreciation

Bonds, Capital Appreciation and Income Bonds, Convertible Bonds, Variable Rate Bonds, Put Bonds and other form of Bonds authorized to be issued as part of the Series;

(vi) the amounts, date, maturity dates (not exceeding the maximum number of years after the date of original issuance as is permitted by law), and interest rate (not exceeding the maximum legal rate) with respect to the Bonds of a Series;

(vii) the Interest Payment Dates;

(viii) the redemption provisions and Amortization Requirements, if any;

(ix) the appointment of Escrow Agents, Paying Agents, Bond Registrars, Trustees, remarketing agents, Credit Providers and the authority to execute agreements relating to the functions to be performed by any such persons, to the extent applicable to any of the Bonds of a Series;

(x) the identity of the purchasers of the Bonds and the authority to execute an agreement with the purchasers pursuant to which the Bonds shall be delivered in return for payment of the purchase price therein set forth;

(xi) the approval of any documents to be used in connection with marketing the Bonds;

(xii) the creation, within the Funds and Accounts, of subaccounts applicable to the Bonds of a Series and whether any such subaccounts will be held by the Port Authority, the Trustee or otherwise;

(xiii) the Reserve Account Deposit Requirement with respect to the Series; and

(xiv) such other matters as required by this Resolution to be established in a Series Resolution or otherwise deemed appropriate by the Port Authority to be included therein and not inconsistent with the provisions of this Resolution.

SECTION 2.03. EXECUTION, AUTHENTICATION; BOND FORM. Except as otherwise permitted or required by the Act or applicable law, the Bonds shall be signed by, or bear the facsimile signature of, the Chair and countersigned by, or bear the facsimile signature of, the Port Director or in his absence, the Deputy Port Director; provided, however, that if required by law, each Bond shall be manually signed by at least one of such officers. A facsimile of the official seal of the Port Authority shall be imprinted on the Bonds. In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before such Bonds have been authenticated and transferred by the Bond Registrar or delivered by the Port Authority, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such authentication and transfer or delivery occurred. In addition, any Bond may bear the facsimile signature of, or may be signed by, such persons as at

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the actual time of the execution of the Bond shall be the proper officers to execute such Bond although at the date of the Bond such persons may not have been such officers.

Only such Bonds as have endorsed thereon a certificate of authentication as set forth in the form of Bond authorized by the Series Resolution relating to same, duly executed by the Bond Registrar, shall be entitled to any benefit or security under this Resolution. No Bonds shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond has been duly executed by the Bond Registrar, and such certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

SECTION 2.04. BOND REGISTRAR; REGISTRATION, TRANSFER AND EXCHANGE. The Port Authority shall cause books for the registration and transfer of Bonds to be kept by the Bond Registrar. Unless otherwise provided in a Series Resolution, all Bonds shall be registered in such books upon presentation thereof to the Bond Registrar, who shall make notation of such registration thereon and shall not be registered to bearer. Bonds shall thereafter be transferred only by the owner of such Bonds, in person or by his duly authorized attorney or legal representative, upon the surrender thereof together with a written assignment duly executed by the owner or his duly authorized attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. The registration of such transfer shall be made on such registration books and endorsed on the Bond by the Bond Registrar. Upon the transfer of any Bond, the Bond Registrar shall cause to be issued in the name of the transferee a new Bond or Bonds.

Upon surrender at the principal corporate trust office of the Bond Registrar with a written instrument of transfer duly executed by the owner or his duly authorized attorney or legal representative, in such form as shall be satisfactory to the Bond Registrar, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same Series, interest rate and maturity. The Port Authority shall execute, and the Bond Registrar shall authenticate and deliver such Bonds as the owner making the exchange is entitled to receive.

In all cases in which the privilege of exchanging or transferring Bonds is exercised, the Port Authority shall execute and the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchanges or transfers shall forthwith be delivered to the Bond Registrar and cancelled by the Bond Registrar in the manner provided in Section 2.05 of this Resolution.

No charge shall be made to any Bondholder for the privilege of registration, transfer or exchange hereinabove granted, but any Bondholder requesting any such registration, transfer or exchange shall pay any tax or

other governmental charge required to be paid with respect thereto. The Port Authority and Bond Registrar shall not be required to execute, transfer or exchange any Bond during the period beginning at the close of business on a Record Date (or Special Record Date) and ending at the close of business on the next Interest Payment Date (or date set for payment of interest for which the Special Record Date was set). The Port Authority and Bond Registrar shall not be required to transfer or exchange any Bond: (i) during the fifteen days immediately preceding the date of mailing of notice of the redemption of such Bond; or (ii) after such Bond has been selected for redemption or has matured.

Each Bond delivered pursuant to any provision of this Resolution in exchange or substitution for, or upon the transfer of the whole or any part of, one or more other Bonds, shall carry all of the right to interest which is accrued and unpaid, and which is to accrue, on the whole or part of the Bonds previously carried, and notwithstanding anything contained in this Resolution, such newly delivered Bond shall be dated or bear such notation so that neither gain nor loss in interest the payment of which is not in default shall result from any exchange, substitution or transfer.

The Port Authority, the Paying Agent and the Bond Registrar may deem and treat the person in whose name any Bond is registered on the books maintained pursuant to this Section 2.04 of this Resolution as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment thereof and for all other purposes whatsoever, and none of the Port Authority, the Paying Agent or the Bond Registrar shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. Notwithstanding anything to the contrary in this Resolution, the Port Authority may authorize the use of a book entry only system of beneficial ownership with respect to any Series of Bonds.

SECTION 2.05. CANCELLATION OF BONDS. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Paying Agent when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Port Authority and delivered to the Paying Agent for cancellation, shall thereupon be promptly cancelled. Bonds so cancelled may at any time be destroyed by the Paying Agent, who shall execute a certificate of destruction in duplicate by the signature of one of its authorized officers, describing the Bonds so destroyed, and one executed certificate shall be filed with the Bond Registrar and the other executed certificate shall be kept by the Paying Agent.

SECTION 2.06. AUTHORIZATION OF SERIES 1989-A BONDS AND SENIOR BONDS. There shall first be issued pursuant to this Section 2.06 and secured by this Resolution a Series of Bonds designated as "Port Facilities Refunding Revenue Bonds, Series 1989-A." The Series 1989-A Bonds shall be issued in the aggregate principal amount of not exceeding \$150,000,000 for the purpose of providing funds, together with other legally available funds, to pay the Prior Bonds in the manner hereinafter provided, and, as shall be specified in any Series Resolution relating to the Series 1989-A Bonds, to make deposits to the Funds and Accounts and pay other costs of issuance and expenses relating thereto. The Series 1989-A Bonds shall have principal payment dates on

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October 1 of any Bond Year in which principal payments become due and payable and Interest Payment Dates on April 1 and October 1. Until the issuance of the Senior Bonds, the Series 1989-A Bonds shall have the sole lien on Net Revenue and the monies on deposit in the Funds and Accounts, except for any Subordinated Obligations. Upon the issuance of the Senior Bonds, the lien of the Series 1989-A Bonds shall automatically become junior and fully subordinated to the lien of the Senior Bonds on Net Revenue and monies on deposit in the Funds and Accounts.

The proceeds (including accrued interest and any premium) of the Series 1989-A Bonds shall be applied by an Authorized Officer as follows:

(a) The amount received as accrued interest and premium, if any, shall be deposited to the credit of the Debt Service Subaccount established within the Debt Service Account pursuant to Section 5.06 of this Resolution;

(b) The amount estimated by the Finance Director (which shall not exceed the amount permitted by law) to be sufficient for that purpose shall be deposited to the credit of a special account and applied to the payment of the expenses of issuing the Series 1989-A Bonds, including, but not limited to, financial advisory, accounting and legal fees, rating agency fees, printing costs, initial Escrow Agent fees, initial Bond Registrar fees, initial Paying Agent fees, initial Trustee fees, Credit Facility or Liquidity Facility fees and expenses, if any, and any other miscellaneous expenses relating to the issuance of the Series 1989-A Bonds;

(c) The amount, if any, designated by any Series Resolution relating to the Series 1989-A Bonds shall be deposited to the credit of the Reserve Account or any subaccount therein as may be provided in an applicable Series Resolution;

(d) The amount, if any, designated by any Series Resolution relating to the Series 1989-A Bonds shall be deposited to the credit of the Renewal and Replacement Fund; and

(e) The balance of the proceeds of the Series 1989-A Bonds remaining after the deposits made pursuant to clauses (a) through (d) above have been made shall be deposited with the Escrow Agent, in cash, or in the form of Escrow Securities, the principal of and the interest on which when due will enable the Escrow Agent, together with any cash deposited with the Escrow Agent, to pay and redeem the Prior Bonds to be paid and redeemed together with interest to become due on such Prior Bonds until their dates of maturity or redemption and any associated redemption premiums, costs and expenses, all in accordance with the Escrow Deposit Agreement relating to the Prior Bonds. The Escrow Securities so purchased, and any cash so deposited with the Escrow Agent, shall be held in trust, and the principal of and interest on the same shall be applied in accordance with the Escrow Deposit Agreement relating to the Prior Bonds as payments on the Prior Bonds are required to be made.

The Series 1989-A Bonds shall be deposited with an Authorized Officer for delivery but, as a condition precedent thereto, prior to or simultaneously

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expenses, if any, and any other miscellaneous expenses relating to the issuance of the Senior Bonds;

(c) The amount, if any, designated by any Series Resolution relating to the Senior Bonds shall be deposited to the credit of the Reserve Account or any subaccount therein as may be provided in an applicable Series Resolution;

(d) The amount, if any, designated by any Series Resolution relating to the Senior Bonds shall be deposited to the credit of the Renewal and Replacement Fund; and

(e) The balance of the proceeds of the Senior Bonds remaining after the deposits made pursuant to clauses (a) through (d) above have been made shall be deposited to the credit of a special account in the Construction Fund appropriately designated for application to the payment of the Cost of a Project.

The Senior Bonds shall be deposited with an Authorized Officer for delivery but, as a condition precedent thereto, prior to or simultaneously with such delivery there shall be obtained and filed with the Authorized Officer, the following:

(i) A copy, certified by the Port Secretary, of this Resolution;

(ii) A copy, certified by the Port Secretary, of any Series Resolution relating to the Senior Bonds;

(iii) A written opinion of the Port Attorney stating that he is of the opinion that the issuance of the Senior Bonds has been duly authorized, that all conditions precedent to the delivery of such Senior Bonds have been fulfilled and that the Resolution creates a valid and enforceable pledge of the Net Revenue and a lien for the benefit of the Senior Bonds and Bondholders thereof on the monies on deposit in the Funds and Accounts and on the Net Revenue, prior to any other lien thereon, including the lien of the Series 1989-A Bonds.

When the documents mentioned above in this Section 2.06 shall have been filed with the Authorized Officer and when said Bonds shall have been executed as required by this Resolution, the Bond Registrar shall authenticate, and the Authorized Officer shall deliver, said Bonds to or upon the order of the purchasers named in a Series Resolution, but only upon payment to the Authorized Officer of the purchase price for said Series of Bonds. The Authorized Officer shall be entitled to rely upon any Series Resolution as to all matters stated therein.

SECTION 2.07. ADDITIONAL BONDS. In addition to the Bonds authorized under the provisions of Section 2.06 of this Resolution, Additional Bonds may be issued pursuant to this Section 2.07 and secured by this Resolution from time to time on a parity with the Series 1989-A Bonds and any other Additional Bonds or Refunding Bonds theretofore issued under and secured by this

with such delivery there shall be obtained and filed with the Authorized Officer, the following:

(i) A copy, certified by the Port Secretary, of this Resolution;

(ii) A copy, certified by the Port Secretary, of any Series Resolution relating to the Series 1989-A Bonds;

(iii) An executed counterpart of the Escrow Deposit Agreement relating to the Prior Bonds; and

(iv) A written opinion of the Port Attorney stating that he is of the opinion that the issuance of the Series 1989-A Bonds has been duly authorized, that all conditions precedent to the delivery of such Series 1989-A Bonds, including defeasance of the Prior Bonds, have been irrevocably provided for or fulfilled, and that the Resolution creates a valid and enforceable pledge of the Net Revenue and a lien for the benefit of the Series 1989-A Bonds and the Bondholders thereof on the monies on deposit in the Funds and Accounts and on the Net Revenue, prior to any other lien thereon except the anticipated senior lien of the Senior Bonds expected to be issued by the Port Authority.

There shall next be issued pursuant to this Section 2.06 and secured by this Resolution a Series of Bonds designated as "Port Facilities Senior Lien Revenue Bonds, Series 1989-B." The Senior Bonds shall be issued in the aggregate principal amount of not exceeding \$55,000,000 for the purpose of providing funds, together with other legally available funds, to pay all or part of the Cost of a Project and, as shall be specified in any Series Resolution relating to the Senior Bonds, to make deposits to the Funds and Accounts and pay other costs of issuance and expenses relating thereto. The Senior Bonds shall have principal payment dates on October 1 of any Bond Year in which principal payments become due and payable and Interest Payment Dates on April 1 and October 1. Upon their issuance and at all times while Outstanding, the Senior Bonds shall have a lien on the Net Revenue and the monies on deposit in the Funds and Accounts, senior to the lien thereon of the Series 1989-A Bonds and any Outstanding Additional Bonds and Refunding Bonds.

The proceeds (including accrued interest and any premium) of the Senior Bonds shall be applied by an Authorized Officer as follows:

(a) The amount, if any, received as Capitalized Interest, accrued interest and premium shall be deposited to the credit of the Senior Debt Service Subaccount established within the Debt Service Account pursuant to Section 5.06 of this Resolution;

(b) The amount estimated by the Finance Director (which shall not exceed the amount permitted by law) to be sufficient for that purpose shall be deposited to the credit of a special account and applied to the payment of the expenses of issuing the Senior Bonds, including, but not limited to, financial advisory, accounting and legal fees, rating agency fees, printing costs, initial Bond Registrar fees, initial Paying Agent fees, initial Trustee fees, Credit Facility or Liquidity Facility fees and

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Resolution and then Outstanding, subject to the conditions hereinafter provided in this Section 2.07, for the purpose of providing funds, together with other legally available funds, to pay all or any part of the Cost of a Project, and, as shall be specified in any Series Resolution relating to the Additional Bonds, to make deposits to the Funds and Accounts and pay other costs of issuance and expenses relating thereto. As long as the Senior Bonds remain Outstanding, any Additional Bonds shall have principal payment dates on October 1 of any Bond Year in which principal payments become due and payable and, other than Variable Rate Bonds, Interest Payment Dates on April 1 and October 1.

The Additional Bonds shall be deposited with an Authorized Officer for delivery, but, as a condition precedent thereto, prior to or simultaneously with such delivery, there shall be obtained and filed with the Authorized Officer the following:

(a) A copy, certified by the Port Secretary, of any Series Resolution relating to such Additional Bonds;

(b) A copy, certified by the Port Secretary, of a certificate signed by the Finance Director, stating the amount of "Adjusted Net Revenue" (as hereafter defined) for the immediately preceding Fiscal Year or for any twelve consecutive months in the eighteen months immediately preceding the date of issuance of the Additional Bonds with respect to which the certificate is made ("Test Period"). Adjusted Net Revenue shall mean, for the purposes hereof, the Net Revenue during the Test Period, as determined by the Accountant (excluding investment income on funds on deposit in the Construction Fund), adjusted by the Finance Director to reflect (i) 100% of the additional Net Revenue which, in the opinion of the Consulting Engineers, would have been received by the Port Authority from increases in tariffs, rates, fees, rentals and other charges for the use of Port Facilities or the services furnished by the Port Authority if such increases had been implemented and in effect during such Test Period, provided that such increases must be adopted as of the date the certification required by this Section 2.07 is made and such increase must be effective on, or scheduled to become effective no later than six months from, the date on which such certificate is made; and (ii) 100% of the additional Net Revenue which, in the opinion of the Consulting Engineers, would have been realized during such Test Period but for the inclusion, in Operating Expenses during such Test Period, of specified sums of extraordinary, non-recurring, expenditures which materially and adversely distort Net Revenue during the Test Period as a fair basis upon which to project future Net Revenue;

(c) A written opinion of the Consulting Engineers stating:

(i) that the Adjusted Net Revenue is sufficient to enable the Port Authority to meet all Principal and Interest Requirements on all Bonds then Outstanding, including the Additional Bonds through the date on which it is anticipated the Project to be financed with proceeds of the Additional Bonds is to be completed; and

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(ii) that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Consulting Engineers for each Bond Year from issuance of the Additional Bonds through the Bond Year having the maximum Principal and Interest Requirements applicable to all Bonds then Outstanding, including the Additional Bonds with respect to which such certificate is made, is equal to not less than 125% of the annual Principal and Interest Requirements in each of such years for all Bonds then Outstanding, including the Additional Bonds. The foregoing opinion of the Consulting Engineers shall not satisfy the condition of this clause if it is based upon a projection for more than a period of ten years; and

(iii) that the Net Revenue (excluding all investment income) projected by the Consulting Engineers for each Bond Year from issuance of the Additional Bonds through the Bond Year having the maximum Principal and Interest Requirements applicable to all Bonds then Outstanding, including the Additional Bonds with respect to which such certificate is made, is equal to not less than 110% of the annual Principal and Interest Requirements in each of such years for all Bonds then Outstanding, including the Additional Bonds. The foregoing opinion of the Consulting Engineers shall not satisfy the condition of this clause if it is based upon a projection for more than a period of ten years;

(d) A written opinion of the Port Attorney stating that he is of the opinion that the issuance of such Additional Bonds has been duly authorized, that all conditions precedent to the delivery of such Additional Bonds have been fulfilled, and that the Resolution and any Series Resolution relating to such Additional Bonds creates a valid and enforceable pledge of the Net Revenue and a lien for the benefit of the Bonds and Bondholders thereof on the monies on deposit in the Funds and Accounts and on the Net Revenue, prior to any other lien thereon, but on a parity with the Series 1989-A Bonds and any Outstanding Additional Bonds and Refunding Bonds; provided, however, if the Senior Bonds remain Outstanding, such pledge and lien shall be junior and fully subordinated to the lien of the Senior Bonds;

(e) A certificate of an Authorized Officer stating that provision has been made in an applicable Series Resolution to fund the Reserve Account Requirement as same will exist following issuance of such Additional Bonds; and

(f) A certificate of the Finance Director to the effect that no event of default as defined in Section 8.02 of this Resolution has occurred and is continuing as of the date of said certificate, which shall be dated within fifteen days prior to the date of issuance of the Additional Bonds.

Notwithstanding anything to the contrary contained herein, Variable Rate Bonds may not be issued under this Section 2.07 if such issuance would result in there being Variable Rate Bonds Outstanding in an amount which, in the aggregate, exceeds 20% of all Bonds Outstanding.

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(c) a copy, certified by the Port Secretary, of a certificate signed by the Finance Director, confirming any one of the following:

(i) that the maximum Principal and Interest Requirements for all Outstanding Bonds after issuance of the Refunding Bonds (excluding any Bonds being defeased by proceeds of the Refunding Bonds) is not greater than the maximum Principal and Interest Requirements for all Outstanding Bonds prior to issuance of the Refunding Bonds; or

(ii) that the Average Annual Debt Service Requirement for all Outstanding Bonds after issuance of the Refunding Bonds (excluding any Bonds being defeased by proceeds of the Refunding Bonds) is not greater than the Average Annual Debt Service Requirement for all Outstanding Bonds prior to issuance of the Refunding Bonds; or

(iii) that the sum of the present values of the Principal and Interest Requirements for each year for all Outstanding Bonds after issuance of the Refunding Bonds (excluding any Bonds being defeased by proceeds of the Refunding Bonds) is not greater than the sum of the present values of the Principal and Interest Requirements for each year for all Outstanding Bonds prior to issuance of the Refunding Bonds, using as a discount factor for computation of same the yield on the Bonds being defeased; or

(iv) that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Consulting Engineers, in writing, for each Bond Year from issuance of the Refunding Bonds through the Bond Year having the maximum Principal and Interest Requirements applicable to all Bonds then Outstanding (excluding any Bonds being defeased by proceeds of the Refunding Bonds), including the Refunding Bonds with respect to which such certificate is made, is equal to not less than 125% of the annual Principal and Interest Requirements in each of such years for all Bonds then Outstanding, including the Refunding Bonds and that the Net Revenue (excluding all investment income) projected by the Consulting Engineers, in writing, for each Bond Year from issuance of the Refunding Bonds through the Bond Year having the maximum Principal and Interest Requirements applicable to all Bonds then Outstanding (excluding any Bonds being defeased by proceeds of the Refunding Bonds), including the Refunding Bonds with respect to which such certificate is made, is equal to not less than 110% of the annual Principal and Interest Requirements in each of such years for all Bonds then Outstanding, including the Refunding Bonds. The foregoing opinion of the Consulting Engineers shall not satisfy the condition of this clause if it is based upon a projection for more than a period of ten years.

(d) The certificates required by Section 2.07(e) and (f), except that all references to Additional Bonds in said Section 2.07(e) and (f)

When the documents mentioned above in this Section 2.07 shall have been filed with the Authorized Officer and when the Additional Bonds described in any Series Resolution relating to the same shall have been executed as required by this Resolution, the Bond Registrar shall authenticate, and the Authorized Officer shall deliver, such Additional Bonds to or upon the order of the purchasers named in a Series Resolution, but only upon payment to the Authorized Officer of the purchase price of such Additional Bonds. The Authorized Officer shall be entitled to rely upon any Series Resolution as to all matters stated therein.

SECTION 2.08. REFUNDING BONDS. In addition to the Bonds authorized under the provisions of Sections 2.06 and 2.07 of this Resolution, Refunding Bonds may be issued pursuant to this Section 2.08 and secured by this Resolution from time to time on a parity with the Series 1989-A Bonds and any Additional Bonds or Refunding Bonds theretofore issued under and secured by this Resolution and then Outstanding, subject to the conditions hereinafter provided in this Section 2.08, for the purpose of providing funds, together with other legally available funds, for refunding all or any portion of the Bonds of any one or more Series issued under the provisions of this Resolution, and/or refunding any Subordinated Obligation and/or refunding any other outstanding bonds or indebtedness of the Port Authority which were not issued under the provisions of this Resolution (hereinafter "Unrelated Debt"), including in each case the payment of all amounts necessary to defease the refunded obligations in accordance with the provisions thereof, and, as shall be specified in any Series Resolution relating to the Refunding Bonds, to make deposits to the Funds and Accounts and pay other costs of issuance and expenses relating thereto. As long as the Senior Bonds remain Outstanding, any Refunding Bonds shall have principal payment dates on October 1 of any Bond Year in which principal payments become due and payable and, other than Variable Rate Bonds, Interest Payment Dates on April 1 and October 1.

The Refunding Bonds shall be deposited with an Authorized Officer for delivery, but as a condition precedent thereto, prior to or simultaneously with such delivery, there shall be obtained and filed with the Authorized Officer the following:

(a) A copy, certified by the Port Secretary, of any Series Resolution relating to the Refunding Bonds;

(b) A written opinion of the Port Attorney stating that he is of the opinion that the issuance of such Refunding Bonds has been duly authorized, that all conditions precedent to the delivery of such Refunding Bonds, including defeasance of the Bonds, Subordinated Obligation or Unrelated Debt to be refunded, have been irrevocably provided for or fulfilled, and that the Resolution and any Series Resolution relating to such Refunding Bonds creates a valid and enforceable pledge of the Net Revenue and a lien for the benefit of the Refunding Bonds and Bondholders thereof on the monies on deposit in the Funds and Accounts and on the Net Revenue, prior to any other lien thereon, but on a parity with the Series 1989-A Bonds and any Outstanding Additional Bonds and Refunding Bonds; provided, however, if the Senior Bonds remain Outstanding, such pledge and lien shall be junior and fully subordinated to the lien of the Senior Bonds;

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shall be deemed to relate to the Refunding Bonds for the purpose of preparing the certificates required hereby.

When the documents mentioned above in this Section 2.08 shall have been filed with the Authorized Officer and when the Refunding Bonds described in any Series Resolution relating to the same shall have been executed as required by this Resolution, the Bond Registrar shall authenticate, and the Authorized Officer shall deliver, such Refunding Bonds to or upon the order of the purchasers named in a Series Resolution, but only upon payment of the purchase price of such Refunding Bonds. The Authorized Officer shall be entitled to rely upon any Series Resolution as to all matters stated therein.

SECTION 2.09. PREPARATION OF DEFINITIVE BONDS; TEMPORARY BONDS. The definitive Bonds of each Series shall be lithographed or printed with or without steel engraved borders. Until the definitive Bonds of any Series are ready for delivery, there may be executed, and an Authorized Officer may deliver, or cause the Bond Registrar to deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, except as to identifying numbers, temporary printed, engraved, lithographed or typewritten Bonds in the denomination authorized by a Series Resolution or in any multiple thereof substantially of the tenor hereinabove set forth, and with appropriate omissions, insertions and variations as may be required. The Port Authority shall cause the definitive Bonds to be prepared and to be executed, endorsed and delivered to the Bond Registrar, on behalf of the Authorized Officer, and the Bond Registrar, upon presentation to it of any temporary Bond, shall cancel the same and authenticate and deliver, in exchange therefor, at the place designated by the owner, without expense to the owner, a definitive Bond or Bonds of the same Series and in the same aggregate principal amount, maturing on the same date and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects, including the privilege of registration if so provided, be entitled to the same benefit of this Resolution as the definitive Bonds to be issued and authenticated hereunder. The Bond Registrar shall promptly destroy all temporary Bonds that have been cancelled and shall submit a certificate to the Finance Director certifying that such temporary Bonds have been cancelled and destroyed. Notwithstanding the foregoing, a Series Resolution may provide for the definitive Bonds of a Series to be in typewritten form or in such other form as provided therein.

SECTION 2.10. MUTILATED, DESTROYED, STOLEN OR LOST BONDS. In case any Bonds secured hereby shall become mutilated or be destroyed, stolen or lost, the Port Authority may cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like series, date, maturity, denomination and interest rate in exchange and substitution for and upon the cancellation of, such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen, or lost, upon the owner's paying the reasonable expenses and charges of the Port Authority in connection therewith and, in the case of a Bond destroyed, stolen or lost, his filing with the Port Authority and Bond Registrar evidence satisfactory to them that such Bond was destroyed, stolen or lost, and of his ownership thereof, and furnishing the Port Authority and Bond Registrar with indemnity satisfactory to them. In the event any such Bond shall be about to mature or has matured or been called for

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redemption, instead of issuing a duplicate Bond, the Port Authority may direct the Paying Agent to pay the same without surrender thereof. Any Bond surrendered for replacement shall be cancelled in the same manner as provided in Section 2.05 hereof.

Any such duplicate Bonds issued pursuant to this Section 2.10 shall constitute additional contractual obligations on the part of the Port Authority, whether or not the lost, stolen or destroyed Bonds are at any time found, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien on and source and security for payment from the Net Revenue and monies on deposit in the Funds and Accounts with all other Bonds issued hereunder.

ARTICLE III

REDEMPTION OF BONDS

SECTION 3.01. REDEMPTION GENERALLY. The Bonds of each Series issued under the provisions of this Resolution shall be subject to redemption, either in whole or in part and at such times and prices, as may be provided in any Series Resolution relating to such Bonds.

If less than all of the Bonds of a Series or of any one maturity of a Series shall be called for redemption, the particular Bonds to be redeemed shall be selected by an Authorized Officer in such manner as the Authorized Officer in his discretion deems fair and appropriate.

SECTION 3.02. NOTICE OF REDEMPTION. Except as otherwise provided in a Series Resolution, at least thirty days before the redemption date of any Bonds, an Authorized Officer shall cause a notice of such redemption to be (a) filed with any Paying Agent, (b) sent by registered or certified mail or overnight delivery service to registered securities depositories and to national information services that disseminate redemption notices and (c) mailed, postage prepaid, to all holders of Bonds to be redeemed in whole or in part at their addresses as they appear on the registration books herein provided for. Failure to file any such notice with any Paying Agent or to mail any such notice to any Bondholder or to any securities depository or national information service or any defect therein shall not affect the validity of the proceedings for redemption, except to the extent a Bondholder is prejudiced thereby, and then, only with respect to such Bondholder. Except as otherwise provided in a Series Resolution, each such notice shall set forth (i) the date fixed for redemption, (ii) the redemption price to be paid, (iii) the CUSIP numbers and the certificate numbers of the Bonds to be redeemed, (iv) the name and address of the Paying Agent for the Bonds, (v) the dated date, interest rate and maturity date of the Bonds, and (vi) if less than all of the Bonds of a Series then Outstanding shall be called for redemption, the amounts of each of the Bonds to be redeemed.

SECTION 3.03. EFFECT OF CALLING FOR REDEMPTION. On the date so designated for redemption, notice having been given in the manner and under the conditions hereinabove provided, and, monies for payment of the redemption price being held in separate accounts by an Authorized Officer or by the

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ARTICLE IV

CONSTRUCTION FUND

SECTION 4.01. CONSTRUCTION FUND. A special fund is hereby created and designated "Port Authority Construction Fund" (hereinafter sometimes called the "Construction Fund") which shall be held by the Port Authority and to the credit of which there shall be deposited the amounts described in Sections 2.06 and 2.07 of this Resolution. At the option of the Port Authority, there may also be paid into the Construction Fund, for such purposes as described in a resolution of the Port Authority authorizing such deposit, any monies received by the Port Authority from any source, unless such monies are required by this Resolution to be otherwise applied.

The monies in the Construction Fund derived from the proceeds of Bonds shall be held in trust and applied to the payment of the Cost of a Project in accordance with Sections 2.06 and 2.07 of this Resolution and any Series Resolution relating to such Bonds, or to payment of such other improvements or for such other purpose as specified in the resolution authorizing the deposit. Pending such application, such monies shall be subject to a lien and charge in favor of the holders of the Outstanding Bonds in the manner provided herein until paid out as herein provided.

If the Port Authority shall issue Additional Bonds pursuant to Section 2.07 of this Resolution, the Port Authority shall create and designate a special account within the Construction Fund to which shall be deposited an amount of proceeds of such Additional Bonds as is specified by any Series Resolution relating thereto. Additional special accounts may be created by the Port Authority for deposit of funds, if any, from the Prior Bonds or other sources, as provided in the resolution directing such deposit.

SECTION 4.02. PAYMENTS FROM CONSTRUCTION FUND. Payment of the Cost of a Project shall be made from a special account appropriately designated in the Construction Fund as herein provided. All such payments shall be subject to the provisions and restrictions set forth in this Article and the Port Authority covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions. Monies in the Construction Fund shall be disbursed subject to such controls and procedures as the Port Authority may from time to time institute in connection with the disbursement of Port Authority funds for paying the cost of capital projects.

SECTION 4.03. COST OF A PROJECT. For the purposes of this Article, the Cost of a Project identified in a Series Resolution shall include, without intending to limit or to restrict or to extend any proper definition of such Cost under the provisions of this Resolution, the following:

(a) obligations incurred for labor, materials, machinery and equipment in connection with the construction of enlargements, improvements, modifications and extensions, and for the restoration or relocation of property damaged or destroyed in connection with same and for the demolition and disposal of structures and all other obligations

Paying Agent in trust for the holders of the Bonds to be redeemed, all as provided pursuant to this Resolution, the Bonds so called for redemption shall become due and payable at the redemption price provided for redemption of such Bonds on such date. Interest on the Bonds so called for redemption shall cease to accrue, such Bonds shall not be deemed to be Outstanding under this Resolution and shall cease to be entitled to any lien, benefit or security under this Resolution, and the holders of such Bonds shall have no rights in respect thereof, except to receive payment of the redemption price thereof, including accrued interest to the date of redemption.

SECTION 3.04. REDEMPTION OF PORTIONS OF BONDS. Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Bond Registrar duly executed by the owner thereof or his duly authorized attorney or legal representative in writing) and the Port Authority shall execute and the Bond Registrar shall authenticate and deliver to the owner of such Bond, without charge, other than any applicable tax or other governmental charge, a new Bond or Bonds, of any authorized denomination, as requested by such owner in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

SECTION 3.05. BONDS CALLED FOR REDEMPTION OR PAYMENT PROVIDED THEREFOR NOT OUTSTANDING. Bonds which have been duly called for redemption under the provisions of this Article, or with respect to which "irrevocable instructions to redeem or pay" have been made, as hereinafter provided, shall not be deemed to be Outstanding under this Resolution and shall cease to be entitled to any lien, benefit or security under this Resolution. Irrevocable instructions to redeem or pay shall have been made if (i) the Port Authority has directed the Escrow Agent or the Paying Agent for the Bonds to (a) call the Bonds for redemption pursuant to this Article; or (b) pay the Bonds at their respective maturities and mandatory redemption dates; or (c) any combination of such redemption and payment, and (ii) "Sufficient Monies and/or Sufficient Escrow Securities" shall be held in separate accounts by such Escrow Agent or Paying Agent in trust for the holders of the Bonds to be redeemed and paid, all as provided in this Resolution. Sufficient Monies and/or Sufficient Escrow Securities shall mean cash, and Escrow Securities in such amounts, bearing interest at such rates and maturing on such dates that the proceeds thereof, and the interest thereon, will provide sufficient monies for the payment of the redemption price and maturing principal amounts of the Bonds and the interest to accrue thereon to the date fixed for redemption or the dates of their respective maturities and mandatory redemption dates.

SECTION 3.06. EXPENSES OF REDEMPTION. The expenses of any redemption of Bonds pursuant to this Article shall be paid by the Port Authority from the Gross Revenue Fund.

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incurred to contractors, suppliers, materialmen, and laborers that are necessary or desirable in connection with a Project;

(b) interest accruing upon any Bonds prior to the commencement of and during construction or for any additional period if so provided, subject to any limitation, in any Series Resolution relating to such Bonds;

(c) the cost of acquiring by purchase, if such purchase shall be deemed expedient, and the amount of any award or final judgment in, or any settlement or compromise of, any proceeding to acquire by condemnation, such property, lands, rights of way, franchises, easements and other interests in lands constituting a part of, or as may be deemed necessary or convenient for the acquisition or construction of, any Project; the cost of options and partial payments thereon, the cost of filling, draining, or improving any lands so acquired, and the amount of any damages incident to or consequent upon the acquisition or construction of such Project;

(d) expenses of administration properly chargeable to any Project including legal expenses of consultants, financing charges, Trustee fees, bond counsel fees and expenses, the cost of preparing and issuing the Bonds, the cost and charges of Credit Facilities and Liquidity Facilities, taxes or other municipal or governmental charges lawfully levied or assessed during construction upon the Project or any property acquired thereafter, and premiums on insurance (if any) in connection with any Project during construction;

(e) fees and expenses of architects, engineers, surveyors, construction supervisors and similar professionals for making studies, surveys and estimates of cost and of revenue and for preparing plans and supervising construction, as well as for the performance of all other duties set forth herein in relation to the construction of any Project or the issuance of Bonds therefor;

(f) all other items of expense not elsewhere in this Section specified, incident to the acquisition or construction and equipment of any Project and the placing of any improvements in operation and to the acquisition of real estate, franchises and rights-of-way therefor, including abstracts of title and title insurance;

(g) any amounts hereafter advanced by any agency of the state or federal government for any of the foregoing purposes and any obligation or expenses heretofore or hereafter incurred by the Port Authority for any of the foregoing purposes, including the cost of materials, supplies or equipment furnished by the Port Authority in connection with the construction of any Project and paid for by the Port Authority out of funds other than monies in the Construction Fund and further including any bond anticipation notes issued by the Port Authority in the future to pay all or any part of the cost of any Project together with interest on any such bond anticipation notes;

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(h) the cost of any other improvements to a Project as may be approved by subsequent Series Resolution.

SECTION 4.04. MODIFICATIONS AND AMENDMENTS TO PROJECT. The Port Authority may, in its sole discretion, modify or amend any Project to include such improvements as it deems appropriate.

SECTION 4.05. DISPOSITION OF CONSTRUCTION FUND BALANCE. When the construction of any Project shall have been completed, which fact shall be evidenced to the Finance Director by a certificate stating the date of such completion, signed and approved by the Consulting Engineers, the balance in the Construction Fund relating to that Project not reserved for the payment of any remaining part of the Cost of such Project, or not otherwise required to be applied in any specified manner by any Series Resolution relating to Bonds issued to finance that Project, shall be transferred, at the discretion of the Port Authority, to the credit of the Renewal and Replacement Fund, the Sinking Fund (for the payment of principal of the Bonds or to the credit of the Redemption Account for the purchase of Bonds) or the General Fund (such transfer to the General Fund being subject to the Port Authority having first obtained an opinion of Counsel with expertise in the field of tax-exempt municipal finance to the effect that such transfer shall not cause interest on any of the Bonds to be subject to federal income taxation) or retained in the Construction Fund to pay the Cost of a different Project.

ARTICLE V

REVENUE AND FUNDS

SECTION 5.01. PLEDGE OF NET REVENUE. The Port Authority hereby pledges and imposes a lien upon the Net Revenue and any and all other monies on deposit in the Funds and Accounts, including, without limitation, the investment earnings thereon, to secure the payment of the principal of, redemption premium, if any, and interest on the Bonds and the performance by the Port Authority of its other obligations under this Resolution; such lien, in the case of the Series 1989-A Bonds and any Additional Bonds and Refunding Bonds, being junior and subordinate to any Outstanding Senior Bonds.

SECTION 5.02. RATE COVENANTS. The Port Authority covenants:

(a) that it will continue in effect the present tariff of rates and fees for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the Port Authority until the same shall be revised as hereinafter provided.

(b) that it will not change, revise or reduce any such rates, fees, rentals and other charges if, in the opinion of the Consulting Engineers, such change, revision or reduction will result in producing less Gross Revenue unless, in the opinion of the Consulting Engineers, such rates, fees, rentals and other charges as so changed, revised or reduced will produce sufficient Gross Revenue to comply with subsection (c) of this Section, and

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(c) that, subject to the foregoing provisions of this Section 5.02, from time to time and as often as it shall appear necessary it will request the Consulting Engineers to make recommendations as to a revision of the rates, fees, rentals and other charges for the use of the Port Facilities and for the services furnished by the Port Authority and will file a copy of such request with the Finance Director, and upon receiving such recommendations it will make such revisions as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund) will at all times be sufficient in each Fiscal Year to provide an amount at least equal to the sum of:

(i) 100% of the Current Expenses for the current Fiscal Year,

(ii) 125% of the Principal and Interest Requirements for the current Fiscal Year,

(iii) 100% of the Reserve Account Deposit Requirement for the current Fiscal Year, and

(iv) 100% of the amount required by any Series Resolution to be deposited to the Renewal and Replacement Fund in the current Fiscal Year.

In computing the amount of Gross Revenue necessary to comply with Section 5.02 (c)(ii) above, Gross Revenue excluding all investment income therefrom shall equal not less than 110% of the current Fiscal Year's Principal and Interest Requirements. The deposit to the credit of the Sinking Fund in any Fiscal Year of an amount in excess of the amounts required under this Resolution for such Fiscal Year shall be taken into account in adjusting the rates, fees, rentals and other charges for any subsequent Fiscal Years. Any deficiency in the amounts deposited to the credit of the Sinking Fund or the Renewal and Replacement Fund in any Fiscal Year shall, as promptly as may be practicable, be added to the amounts referred to above for the remaining Fiscal Years in adjusting such rates, fees, rentals and other charges, the amount so to be added in each of such subsequent Fiscal Years to be approved by the Consulting Engineers.

The Port Authority covenants that if at any time the total amount of Gross Revenue realized in any Fiscal Year shall be less than the amounts referred to above for such Fiscal Year, it will, before the 45th day of the following Fiscal Year, request the Consulting Engineers to make their recommendations as to a revision of the rates, fees, rentals and other charges and any changes in methods of operation. The copies of such request and of the recommendations of the Consulting Engineers shall be filed with the Finance Director.

Anything in this Resolution to the contrary notwithstanding, if the Port Authority shall comply with all recommendations of the Consulting Engineers in respect of rates, fees, rentals and other charges, the failure to meet the requirements of clause (c) above in any Fiscal Year will not constitute an event of default under the provisions of Section 8.02(h) of this Resolution if Net Revenue is sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds payable in such Fiscal Year.

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Notwithstanding any of the foregoing provisions of this Section 5.02, leases and other agreements and contracts for the use of Port Facilities or any services of the Port Authority in effect on the date of the enactment of this Resolution shall not be subject to revisions except in accordance with their terms, and the Port Authority may enter into new leases or other agreements or contracts for the use of such services or facilities on such terms and for such periods of time as it shall determine to be proper.

This rate covenant shall not be applicable to any principal and interest requirement attributable to any notes issued in anticipation of Bonds to be issued under this Resolution unless such notes are issued as Additional Bonds hereunder.

SECTION 5.03. ANNUAL BUDGET. The Port Authority covenants that on or before the first day of each Fiscal Year it will adopt a Budget for such Fiscal Year. Copies of the Annual Budget shall be filed with the Finance Director.

If for any reason the Port Authority shall not have adopted the Annual Budget before the first day of any Fiscal Year, the Annual Budget for the preceding Fiscal Year shall, until the adoption of the Annual Budget, be deemed to be in force and shall be treated as the Annual Budget under the provisions of this Article.

The Port Authority may at any time adopt an amended or supplemental Annual Budget for the remainder of the then current Fiscal Year, and the Annual Budget so amended or supplemented shall be treated as the Annual Budget under the provisions of this Article. Copies of any such amended or supplemental Annual Budget shall be filed with the Finance Director.

The Port Authority further covenants that the amount expended for Operating Expenses in any Fiscal Year will not exceed the reasonable and necessary amount thereof, except that in the event of an emergency such amounts may be expended in excess of the Annual Budget as are subsequently ratified by the Port Authority. Nothing contained herein shall limit the amount which the Port Authority may expend for Operating Expenses in any Fiscal Year provided any amounts expended therefor in excess of the total amount provided in the Annual Budget shall be received by the Port Authority from a source other than Gross Revenue in such Fiscal Year.

SECTION 5.04. PROVISIONS APPLICABLE SUBSEQUENT TO DEFEASANCE OF PRIOR RESOLUTION. Upon defeasance of the Prior Bonds by means of the Series 1989-A Bonds, monies in the funds and accounts established under the Prior Resolution shall be applied as provided in one or more Series Resolutions relating to the Series 1989-A Bonds.

SECTION 5.05. GROSS REVENUE FUND. A special Fund is hereby created and designated the "Port Authority Gross Revenue Fund" (herein called the "Gross Revenue Fund"). The Port Authority covenants that, after defeasance of the Prior Resolution, except as herein provided, all Gross Revenue collected by the Port Authority will be deposited when initially received to the credit of the Gross Revenue Fund.

SECTION 5.06. SINKING AND OTHER FUNDS. A special Fund is hereby created and designated "Port Authority Revenue Bonds Sinking Fund" (herein called the "Sinking Fund"). There are hereby created in the Sinking Fund three separate Accounts designated the "Debt Service Account," "Redemption Account," and "Reserve Account," respectively. There are hereby established in the Debt Service Account two subaccounts designated the "Debt Service Subaccount" and the "Senior Debt Service Subaccount." There are hereby established in the Redemption Account two subaccounts designated the "Redemption Subaccount" and the "Senior Redemption Subaccount." Two additional special Funds are hereby created and designated the "Port Authority Renewal and Replacement Fund" (herein called the "Renewal and Replacement Fund") and the "Port Authority General Fund" (herein called the "General Fund"). Two additional non-pledged funds are hereby created and designated the "Port Authority Rebate Fund" (herein called the "Rebate Fund") and the "Port Authority Operation and Maintenance Fund" (herein called the "Operation and Maintenance Fund"). There are hereby created within the Operation and Maintenance Fund two subaccounts designated the "Operation and Maintenance Account" and the "Non-Revenue Operation and Maintenance Account."

If required by the terms of any Series Resolution, the Port Authority shall create and designate a separate sinking fund in connection with such Series of Bonds or provide within the Accounts in the Sinking Fund separate subaccounts in connection therewith and shall further provide for the funding thereof in the manner specified in such Series Resolution.

The monies in the Funds and Accounts (which excludes the monies in the Operation and Maintenance Fund and Rebate Fund) shall be held in trust and applied as hereinafter provided with regard to each such Fund and Account and, pending such application, shall be subject to a lien and charge in favor of the Bondholders until paid out or transferred as herein provided.

SECTION 5.07. FLOW OF FUNDS. The Finance Director shall transfer from the Gross Revenue Fund to the Rebate Fund the amounts required to be transferred in order to comply with the rebate covenants set forth in Section 7.14 hereof, when such amounts are required to be transferred.

Thereafter, the Finance Director shall, not later than the 25th day of the month next succeeding the month in which Bonds are issued under the provisions of this Resolution and in each month thereafter, withdraw and transfer an amount from the Gross Revenue Fund to the Operation and Maintenance Account so that thereafter the amount on deposit in the Operation and Maintenance Fund equals the amount necessary for Operating Expenses during the next two months; provided, however, that such transfer shall not be required to be made to the extent that sufficient money is on deposit in the Operation and Maintenance Fund.

The Finance Director shall promptly thereafter withdraw and transfer from the Gross Revenue Fund amounts sufficient to make deposits to the credit of the Funds or Accounts described below, in the following order of priority:

(a) Concurrently to (i), (ii) and (iii) without distinction, priority or preference of one Account over any other Account, such Accounts being on a parity with each other:

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(i) to the credit of the Senior Debt Service Subaccount of the Debt Service Account, such sums as shall be required to pay one-sixth of the interest which will become due on the next semi-annual Interest Payment Date on all Senior Bonds then Outstanding (except as to Capital Appreciation Bonds and Capital Appreciation and Income Bonds prior to their applicable Interest Commencement Date); provided, however, that such monthly deposits for interest shall not be required to be made to the extent that money on deposit therein is sufficient for such purpose;

(ii) to the credit of the Senior Debt Service Subaccount of the Debt Service Account, such sums as shall be required to pay one-twelfth of the amount of principal which will become payable on the next principal payment date on all Serial Senior Bonds then Outstanding (including the Accreted Value and Appreciated Value of any Serial Capital Appreciation Bonds and Capital Appreciation and Income Bonds, respectively, coming due on such maturity dates); provided, however, that such monthly deposits for principal shall not be required to be made to the extent that money on deposit therein is sufficient for such purpose;

(iii) to the credit of the Senior Redemption Subaccount of the Redemption Account, an amount equal to one-twelfth of the principal amount of Term Senior Bonds then Outstanding required to be retired in satisfaction of the Amortization Requirements, if any, for such Bond Year (including the Accreted Value and Appreciated Value of any Term Capital Appreciation Bonds and Capital Appreciation and Income Bonds, respectively, which are required to be redeemed during such Bond Year).

In the event that, with respect to the Senior Bonds, the periods to elapse between Interest Payment Dates for the purposes of subsection (i) above or between the date of delivery of the Bonds and the next principal payment date for the purposes of subsection (ii) above will be other than six months or twelve months, respectively, then such monthly payments shall be increased or decreased accordingly, in sufficient amounts to provide, as to such Series, the required interest or principal amount maturing on the next Interest Payment Date or principal payment date, as applicable.

(h) To the credit of the Reserve Account, such amount, if any, of any balance remaining after making the transfers under clause (a) above as may be required to make the amount transferred in such month to the credit of the Reserve Account equal to the Reserve Account Deposit Requirement for such month for the Senior Bonds then Outstanding; provided, however, that no such transfer shall be required in any month if the amount then to the credit of the Reserve Account shall not be less than an amount equal to the Reserve Account Requirement applicable to the Outstanding Senior Bonds.

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than an amount equal to the Reserve Account Requirement applicable to the Outstanding Bonds.

(e) To the credit of the Renewal and Replacement Fund, such amount, if any, of any balance remaining after making the transfers under clauses (a), (b), (c) and (d) above as may be required to make the amount transferred under the provisions of this Section 5.07 in the then current Fiscal Year to the credit of the Renewal and Replacement Fund equal to the amount, if any, as the Port Authority shall, in its discretion, determine in one or more Series Resolutions as such amount may, from time to time, be modified by recommendations of the Consulting Engineers under the provisions of Section 5.12 of this Resolution.

(f) The balance, if any, remaining in the Gross Revenue Fund after making the deposits under clauses (a), (b), (c), (d) and (e) above shall be deposited to the credit of the General Fund and expended as permitted by Section 5.13 of this Resolution.

In the case of Variable Rate Bonds, the calculation of deposits for the funding of interest payable on the next Interest Payment Date shall be made as provided in the applicable Series Resolution for said Variable Rate Bonds.

The Port Authority retains the right to prepay amounts which would become due in any Bond Year. If the amount transferred in any month to the credit of any of the Funds or Accounts shall be less than the amount required to be transferred under the foregoing provisions of this Section, the requirement therefor shall nevertheless be cumulative and the amount of any deficiency in any month shall be added to the amount otherwise required to be transferred in each month thereafter until such time as all such deficiencies have been made up.

Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, the Port Authority may cause to be deposited a Reserve Account Credit Facility in an amount equal to the difference between the Reserve Account Requirement applicable thereto and the sums then on deposit in the Reserve Account, if any. Such Reserve Account Credit Facility shall be payable to the Paying Agent for such Series (upon the giving of notice as required thereunder) on any Interest Payment Date or redemption date on which a deficiency exists which cannot be cured by funds in any other Fund or Account available for such purpose. The issuer providing such Reserve Account Credit Facility shall be either (a) an insurer (i) whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to numerical or other modifiers) by either Standard & Poor's Corporation or Moody's Investors Service, or their successors, or (ii) who holds one of the two highest policyholder ratings accorded insurers by A. W. Best & Company, or other comparable service, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have been, or whose obligation to pay is guaranteed by a commercial bank, insurance company or other financial institution which has been, assigned a rating by either Standard & Poor's Corporation or Moody's Investors Service, or their

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(c) Concurrently to (i), (ii) and (iii) without distinction priority or preference of one Account over any other Account, such Accounts being on a parity with each other:

(i) to the credit of the Debt Service Subaccount of the Debt Service Account, such sums as shall be required to pay one-sixth of the interest which will become due on the next semi-annual Interest Payment Date on all Bonds, other than Senior Bonds, then Outstanding (except as to Capital Appreciation Bonds and Capital Appreciation and Income Bonds prior to their applicable Interest Payment Date); provided, however, that such monthly deposits for interest shall not be required to be made to the extent that money on deposit therein is sufficient for such purpose;

(ii) to the credit of the Debt Service Subaccount of the Debt Service Account, such sums as shall be required to pay one-twelfth of the amount of principal which will become payable on the next principal payment date on all Bonds, other than Senior Bonds, then Outstanding (including the Accreted Value and Appreciated Value of any Serial Capital Appreciation Bonds and Capital Appreciation and Income Bonds, respectively, coming due on such maturity dates); provided, however, that such monthly deposits for principal shall not be required to be made to the extent that money on deposit therein is sufficient for such purpose;

(iii) to the credit of the Redemption Subaccount of the Redemption Account, an amount equal to one-twelfth of the principal amount of Term Bonds, other than Term Senior Bonds, then Outstanding required to be retired in satisfaction of the Amortization Requirements, if any, for such Bond Year (including the Accreted Value and Appreciated Value of any Term Capital Appreciation Bonds and Capital Appreciation and Income Bonds, respectively, which are required to be redeemed during such Bond Year).

In the event that with respect to any Series of Bonds, other than Senior Bonds, the periods to elapse between Interest Payment Dates for the purposes of subsection (i) above or between the date of delivery of the Bonds and the next principal payment date for the purposes of subsection (ii) above will be other than six months or twelve months, respectively, then such monthly payments shall be increased or decreased accordingly, in sufficient amounts to provide, as to such Series, the required interest or principal amount maturing on the next Interest Payment Date or principal payment date, as applicable.

(d) To the credit of the Reserve Account, such amount, if any, of any balance remaining after making the transfers under clauses (a), (b) and (c) above as may be required to make the amount transferred in such month to the credit of the Reserve Account equal to the Reserve Account Deposit Requirement for such month for the Bonds then Outstanding; provided, however, that no such transfer shall be required in any month if the amount then to the credit of the Reserve Account shall not be less

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successors, in one of the two highest rating categories (without regard to numerical or other modifiers).

SECTION 5.08. APPLICATION OF MONIES IN OPERATION AND MAINTENANCE FUND. Money held in the Operation and Maintenance Fund shall be applied toward payment of Operating Expenses in accordance with procedures established by the Port Authority from time to time and the covenants in Sections 5.03 and 7.03 of this Resolution. Any deposits to the Non-Revenue Operation and Maintenance Account shall be from funds available to the Port Authority other than Gross Revenue. The Finance Director may, from time to time as instructed by the Port Authority, deposit funds into the Non-Revenue Operation and Maintenance Account. The Port Authority shall have no obligation to Bondholders, Credit Providers or any other person to deposit any funds into the Non-Revenue Operation and Maintenance Account. The Port Authority covenants to apply all sums available in the Non-Revenue Operation and Maintenance Account to the payment of Operating Expenses in accordance with this Resolution, prior to applying any money in the Operation and Maintenance Account toward payment of same.

SECTION 5.09. APPLICATION OF MONIES IN DEBT SERVICE ACCOUNT. Except as otherwise provided in a Series Resolution with respect to a Series of Bonds, the Finance Director shall, prior to each Interest Payment Date, withdraw from the respective subaccount of the Debt Service Account, and (a) remit by mail or cause the Paying Agent to remit by mail to each owner of Bonds to which such subaccount relates the amounts required for paying the interest on such Bonds as such interest becomes due and payable and (b) deposit in trust with the Paying Agent the amounts required for paying the principal of all Bonds to which such subaccount relates as such principal becomes due and payable.

SECTION 5.10. APPLICATION OF MONIES IN REDEMPTION ACCOUNT. Money held for the credit of the respective subaccount of the Redemption Account shall be applied to the retirement of the respective Bonds to which such subaccount relates as follows (references in this Section 5.10 to the Debt Service Account and Redemption Account shall be deemed to refer to the respective subaccount of the Debt Service Account and Redemption Account and references to Bonds shall be deemed to refer to the respective Bonds to which such subaccount relates):

(a) Subject to the provisions of paragraph (c) of this Section, the Finance Director may endeavor to purchase any Bonds secured hereby and then Outstanding, whether or not such Bonds shall then be subject to redemption, on the most advantageous terms obtainable with reasonable diligence, such price not to exceed the principal of such Bonds plus the amount of the redemption premium, if any, which might on the next redemption date be paid to the holders of such Bonds under the provisions of Article III of this Resolution if such Bonds should be called for redemption on such date from monies in the Sinking Fund. The Finance Director shall pay the interest accrued on such Bonds to date of settlement therefor from the Debt Service Account and the purchase price from the Redemption Account, but no such purchase shall be made by the Finance Director within the period of forty-five days next preceding any Interest Payment Date on which such Bonds are subject to call for

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redemption under the provisions of this Resolution, except from monies other than monies set aside or deposited for the redemption of Bonds.

(b) Subject to the provisions of Article III of this Resolution and paragraph (c) of this Section 5.10, the Finance Director may call for redemption on each Interest Payment Date on which Term Bonds are subject to redemption, such amount of such Term Bonds as, with the redemption premium, if any, will exhaust the monies which will be held for the credit of the Redemption Account on said Interest Payment Date as nearly as may be; provided, however, that no less than Fifty Thousand Dollars principal amount of Term Bonds or such other principal amount as may be provided in a Series Resolution relating to the Term Bonds shall be called for redemption at any one time unless a lesser amount shall be required to satisfy the Amortization Requirement for any Fiscal Year. Such redemption shall be made pursuant to the provisions of Article III of this Resolution. The Finance Director shall, prior to the redemption date withdraw from the Debt Service Account and the Redemption Account and set aside in separate accounts or deposit with the Paying Agent the respective amounts required for paying the interest on, and the principal and redemption premium of, the Term Bonds so called for redemption.

(c) Monies held by the Finance Director in the Redemption Account shall be applied by the Finance Director in each Bond Year to the retirement of the Term Bonds of each Series to the extent of the Amortization Requirement, if any, for such Bond Year for such Term Bonds and any deficiency in any preceding Bond Years in the redemption of such Term Bonds under the provisions of this subdivision and, if the amount available in such Bond Year shall not be sufficient therefor, then in proportion to the Amortization Requirement, if any, for such Bond Year and any such deficiency.

The expenses in connection with the purchase or redemption of any Bonds shall be paid by the Port Authority from the Gross Revenue Fund.

SECTION 5.11. APPLICATION OF MONIES IN RESERVE ACCOUNT. Monies held for the credit of the Reserve Account shall first be used for the purpose of paying the interest on and the principal of the Bonds whenever and to the extent that the monies held for the credit of the corresponding subaccount of the Debt Service Account and for the credit of the General Fund shall be insufficient for such purpose and thereafter for the purpose of making deposits to the credit of the respective subaccount of the Redemption Account pursuant to the requirements of Section 5.07 of this Resolution whenever and to the extent that monies held for the credit of the Gross Revenue Fund and General Fund are insufficient for such purposes.

If at any time the monies held for the credit of the Reserve Account shall exceed the Reserve Account Requirement, such excess shall be withdrawn by the Finance Director and deposited to the credit of the Gross Revenue Fund.

In the event the Port Authority establishes separate subaccounts in the Reserve Account pursuant to Section 2.01 hereof for each Series of Bonds Outstanding or provides for a Reserve Account Credit Facility in lieu of the required deposits to the Reserve Account as provided in Section 5.07, then in

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If any Reserve Account Credit Facility shall terminate prior to the stated expiration date thereof, the Port Authority agrees that it shall fund the Reserve Account over a period not to exceed sixty months during which it shall make consecutive equal monthly payments in order that the amount on deposit in such account at the end of such period shall be equal to the Reserve Account Requirement; provided the Port Authority may, with the prior written consent of the Credit Provider, if any, obtain a new Reserve Account Credit Facility in lieu of making the payments required by this paragraph.

SECTION 5.12. APPLICATION OF MONIES IN RENEWAL AND REPLACEMENT FUND. Money held for the credit of the Renewal and Replacement Fund shall be disbursed only for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, the cost of renewals and replacements and the cost of acquiring, installing or replacing equipment and engineering, legal and administrative expenses relating to the foregoing and the cost of providing a local share of monies required to entitle the Port Authority to receive federal or state grants or participate in federal or state assistance programs related to the Port Facilities; provided, however, money in the Renewal and Replacement Fund, unless needed for the purposes set forth in the following paragraph, may be used in the event of an emergency occurrence certified as such by the Consulting Engineers, if there is insufficient money in the General Fund and Gross Revenue Fund to rectify said emergency. Payments from the Renewal and Replacement Fund, except the withdrawal which the Finance Director is authorized to make as hereinafter provided in this Section, shall be made in accordance with the provisions of Section 4.02 of this Resolution for payments from the Construction Fund to the extent that such provisions may be applicable.

If at any time the monies held for the credit of the Debt Service Account, General Fund and Reserve Account shall be insufficient for the purpose of paying the interest on and the principal of the Bonds as such interest and principal become due and payable, then the Finance Director shall withdraw from any monies held for the credit of the Renewal and Replacement Fund and deposit to the credit of the Debt Service Account an amount sufficient to make up any such deficiency. If at any time the Net Revenue and the monies held for the credit of the General Fund and the Reserve Account shall be insufficient for making the deposits to the credit of the Redemption Account required by clause (a)(iii) and (c)(iii) of Section 5.07 of this Resolution, then the Finance Director shall withdraw from any monies held for the credit of the Renewal and Replacement Fund an amount sufficient to make up any such deficiency. Any monies so withdrawn from the Renewal and Replacement Fund and deposited to the credit of the Debt Service Account or the Redemption Account shall be restored from available monies in the Gross Revenue Fund, subject to the same conditions as are prescribed for deposits to the credit of the Renewal and Replacement Fund under the provisions of Section 5.07(e) of this Resolution.

The Consulting Engineers may, from time to time, recommend to the Port Authority that it increase or decrease the minimum amount to be maintained on deposit in the Renewal and Replacement Fund. The Port Authority may, in the event of a recommended decrease, transfer any excess from the Renewal and Replacement Fund to the Gross Revenue Fund for application as provided

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every such case, withdrawals from the Reserve Account shall be from the subaccount established for the respective Bonds for which the withdrawal is required, or if no priority is specified between Bonds, then on a pro rata basis; provided that all money in the applicable subaccount shall be depleted prior to drawing on a Reserve Account Credit Facility relating to that subaccount.

Whenever a withdrawal therefrom results in a deficiency in the Reserve Account, or a deficiency in the Reserve Account is determined to exist upon valuation of same pursuant to Section 5.02 hereof, the Port Authority may make up such deficiency by making twelve successive monthly cash deposits to the Reserve Account, each equal to one-twelfth of such deficiency, commencing on the month following the event that caused the deficiency.

Whenever monies on deposit in the Reserve Account, together with the other available amounts in the Sinking Fund, are sufficient to fully pay in accordance with their terms, all Outstanding Bonds (including principal, premium, if any, and interest thereon) the funds on deposit in the Reserve Account shall be applied to the payment of Bonds as and when same become due and fully payable, at their maturities or the earlier redemption thereof.

If fifteen days prior to an Interest Payment Date or principal payment date, the Port Authority shall determine that a deficiency exists in the amount of monies available to pay in accordance with the terms hereof interest and/or principal due on Bonds on such date, the Port Authority shall immediately notify the issuer of the applicable Reserve Account Credit Facility, and the Credit Provider, if any, of the amount of such deficiency and the date on which such payment is due, and shall take all action to cause such issuer or Credit Provider to provide monies sufficient to pay all amounts due on such Interest Payment Date or principal payment date.

If a disbursement is made from a Reserve Account Credit Facility provided pursuant to Section 5.07, the Port Authority shall restate the maximum limits of such Reserve Account Credit Facility as soon as it is able following such disbursement, from monies available hereunder, and prior to funding any cash requirement of the Reserve Account (other than subaccounts therein having priority over the subaccount relating to the Reserve Account Credit Facility) by depositing funds in the amount of the disbursement made under such instrument, with the issuer thereof, together with interest thereon to the date of reimbursement at the rate set forth in such Reserve Account Credit Facility, but in no case greater than the maximum rate of interest permitted by law. In addition, the Port Authority shall reimburse the issuer of the Reserve Account Credit Facility for all reasonable expenses incurred by such issuer and required to be reimbursed by the terms of the Reserve Account Credit Facility.

The Port Authority may evidence its obligation to reimburse the issuer of any Reserve Account Credit Facility by executing and delivering to such issuer a promissory note therefor, provided, however, that any such note shall not be a general obligation of the Port Authority the payment of which is secured by its full faith and credit or taxing power, and shall be payable solely from the Net Revenue in the manner provided herein.

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herein. If the recommendation is to increase the minimum amount required to be maintained on deposit in the Renewal and Replacement Fund, the same shall be accomplished according to a schedule of monthly deposits to be made to the Renewal and Replacement Fund recommended by the Consulting Engineers.

SECTION 5.13. APPLICATION OF MONIES IN THE GENERAL FUND. Provided that the full amounts required to be paid for the next ensuing twelve months under clauses (a) and (c) of Section 5.07 hereof have been transferred as provided therein, money held for the credit of the General Fund may be applied by the Port Authority in the following order of priority:

(a) to make up deficiencies in any of the Funds and Accounts created by this Resolution, and, by transfer to the Operation and Maintenance Account, any deficiencies in the Operation and Maintenance Fund required for the payment of Operating Expenses; and

(b) to pay the principal of, redemption premium, if any, or Amortization Requirements, and the interest on, any Special Purpose Bonds and Subordinated Obligation.

Subject to prior application as provided above, any monies in the General Fund may be applied by the Port Authority to:

(a) pay the Cost of a Project;

(b) purchase or redeem Bonds or any notes issued in anticipation of the Bonds;

(c) pay the Cost of any item qualifying as an authorized expenditure from the Renewal and Replacement Fund; or

(d) for any lawful purpose of the Port Authority.

Notwithstanding the foregoing, in the event of any deficiencies in the Operation and Maintenance Account or any Funds or Accounts created by this Resolution, the money in the General Fund shall be applied to make up all such deficiencies prior to applying any money in the Reserve Account or Renewal and Replacement Fund for such purpose.

SECTION 5.14. MONIES HELD IN TRUST. All monies which the Finance Director shall have withdrawn from the Sinking Fund or shall have received from any other source and deposited with the Paying Agent, for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or upon call for redemption, shall be held in trust for the respective owners of such Bonds. Any monies which shall be so set aside or deposited by the Finance Director and which shall remain unclaimed by the owners of such Bonds for the period of six years after the date on which such Bonds shall have become due and payable shall upon request in writing by the Finance Director be paid to the Port Authority or to such officer, board or body as may then be entitled by law to receive the same, and thereafter the owners of such Bonds shall look only to the Port Authority (to the extent permitted by law) or to such officer, board or body, as the case may be, for the payment and then only to

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the extent of the amounts so received without any interest thereon, and the Paying Agent shall have no responsibility with respect to such monies.

SECTION 5.15. SEPARATE ACCOUNTS. The monies required to be accounted for in each of the Funds and Accounts established herein may be deposited in a single bank account, and funds allocated to the various Funds and Accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the monies on deposit therein and such investments for the various purposes of such Funds and Accounts as herein provided.

The designation and establishment of the various Funds and Accounts in and by this Resolution shall not be construed to require the establishment of any completely independent, self-balancing funds as such term is commonly defined and used in governmental accounting, but rather is intended solely to constitute an earmarking of certain revenues for certain purposes and to establish certain priorities for application of such revenues as herein provided.

SECTION 5.16. PAYMENTS TO CREDIT PROVIDERS. Notwithstanding any other provision herein to the contrary, if any amount applied to the payment of principal of, premium, if any, and interest on the Bonds that would have been paid from the applicable subaccount of the Debt Service Account or the Redemption Account is paid instead by a Credit Facility or a Liquidity Facility, amounts deposited in the applicable subaccount of the Debt Service Account or the Redemption Account, as applicable, and allocable to such payment for such Bonds shall be paid, to the extent required in any agreement with the Credit Provider, to the Credit Provider having theretofore made said corresponding payment. A Series Resolution may establish one or more subaccounts within the Debt Service Account and the Redemption Account to segregate amounts to be paid to a Credit Provider and amounts paid from a Credit Facility or a Liquidity Facility.

ARTICLE VI

DEPOSITARIES OF MONIES, SECURITY FOR DEPOSITS AND INVESTMENTS OF FUNDS

SECTION 6.01. SECURITY FOR DEPOSITS. All monies received by the Port Authority subject to the provisions of this Resolution shall be held either by an Authorized Officer in accordance herewith and shall be deposited with a Depository or Depositories, shall be held in trust, shall be applied only in accordance with the provisions of this Resolution and shall not be subject to lien or attachment by any creditor of the Port Authority except as otherwise provided in this Resolution.

All monies held by an Authorized Officer and deposited with any Depository hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other Federal agency shall be continuously secured for the benefit of the Port Authority and the owners of the Bonds in such manner as may then be provided by applicable State of Florida or Federal laws or regulations regarding the security for, or granting a preference in the case

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Account until same is valued annually as heretofore provided and, to the extent such income results in there being deposited to the credit of the Reserve Account an amount in excess of the Reserve Account Requirement, such excess shall be transferred to the Gross Revenue Fund.

Any income received from the investment of monies in the Construction Fund shall remain therein until completion of the Project for which such monies were deposited in the Construction Fund and, to the extent any excess income remains at the end of the Project, same shall be applied in the manner set forth in Section 4.05 of this Resolution.

ARTICLE VII

PARTICULAR COVENANTS

SECTION 7.01. PAYMENT OF PRINCIPAL, INTEREST AND PREMIUM; LIMITED OBLIGATIONS. The Port Authority covenants that it will promptly pay the principal of and the interest on the Bonds, and any premium required for the retirement of said Bonds by purchase or redemption, at the places, on the dates and in the manner specified herein and in said Bonds.

Except as otherwise provided in this Resolution, the principal, interest and premium on the Bonds are payable solely from the Net Revenue which is hereby pledged to the payment thereof and the monies on deposit from time to time in the Funds and Accounts, in the manner and to the extent hereinabove particularly specified, and nothing in the Bonds or in this Resolution shall be construed as obligating the Port Authority to pay the principal, the interest and premium, if any, thereon except from the Net Revenue and the monies on deposit from time to time in the Funds and Accounts or as pledging the full faith and credit of the Port Authority or as obligating the Port Authority, directly or indirectly or contingently, to levy or to pledge any form of taxation whatever therefor.

SECTION 7.02. CONSTRUCTION OF PROJECT. The Port Authority covenants that it will construct or otherwise carry out each Project for which Bonds shall be issued in accordance with any applicable Series Resolution and in conformity with law and the requirements of governmental authorities having jurisdiction thereover, and that it will complete, or cause the completion of, such Projects with all expedition practicable.

The Port Authority further covenants that it will require each person, firm or corporation with whom it may contract for labor or materials in connection with a Project to furnish a performance bond, in such amount, if any, as may be required under Florida law or as may otherwise be required by the Authorized Officer charged with responsibility for establishing the amount of such performance bond, to insure completion and performance of such contract or, in lieu thereof, to deposit with the Finance Director marketable securities having a market value equal to the amount of such payment and performance bond and eligible as security for the deposit of trust funds under regulations of the Board of Governors of the Federal Reserve System, and to carry such workmen's compensation or employers' liability insurance and such builders' risk insurance, if any, as may be required by law. The Port

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of, the deposit of public funds; provided, however, that it shall not be necessary for the Paying Agent to give security for the deposits of any monies with them for the payment of the principal or of the redemption premium or the interest on any Bonds issued hereunder or for the Port Authority to give security for any monies which shall be represented by obligations purchased under the provisions of this Article as an investment of such money.

All monies held by an Authorized Officer and deposited with each Depository shall be credited to the particular Fund or Account to which such monies belong.

SECTION 6.02. INVESTMENT OF MONIES. Monies held for the credit of the Construction Fund, the Gross Revenue Fund, the Sinking Fund, the Renewal and Replacement Fund and the General Fund shall, as nearly as may be practicable, be continuously invested and reinvested by the Finance Director in Investment Securities which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than the respective dates when monies held for the credit of said Funds and Accounts will be estimated by the Finance Director to be required for the purposes intended (which, in the case of the Reserve Account, may be as late as the final maturity date of the Bonds), or in Time Deposits; provided, however, that each such Time Deposit shall permit the monies so placed to be available for use at the time provided above. Any and all such investments shall comply with any requirements set forth in any certificate or other instrument of the Port Authority with respect to preventing any Series of Bonds from being characterized as "arbitrage bonds" within the meaning of Section 148 of the Code or any successor provision thereto.

Investment Securities and Time Deposits so purchased as an investment of monies in any such Fund or Account shall be deemed at all times to be part of such Fund or Account. The interest accruing thereon and any profit realized from such investment shall be credited to, and any loss resulting from such investment shall be charged to, the respective Fund or Account. The Finance Director shall sell or present for payment or redemption any Investment Securities so acquired whenever it shall be necessary to do so in order to provide monies to meet any payment from such Fund or Account. Neither the Finance Director nor any agent thereof shall be liable, or responsible, for any loss resulting from any such investment. In computing the amount in any Fund or Account, obligations purchased as an investment of monies therein shall be valued at the market price thereof.

For the purpose of determining the amount on deposit to the credit of the Reserve Account, all obligations in which monies in such Account have been invested shall be valued annually on July 1. Valuation on any particular date shall include the amount of interest then earned or accrued to such date on any monies or investments in the Reserve Account.

Any and all income received from the investment of monies in the Gross Revenue Fund, the Sinking Fund (excluding the Reserve Account), the Renewal and Replacement Fund and the General Fund shall be deposited upon receipt thereof in the Gross Revenue Fund. Any and all income received from the investment of monies in the Reserve Account shall be retained in the Reserve

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Authority further covenants and agrees that in the event of any default under any such contract and the failure of the surety to complete the contract, it will proceed to collect under any such performance bond or securities and the proceeds of any such performance bond or securities shall forthwith, upon receipt of such proceeds, be applied toward the completion of the contract in connection with which such performance bond or securities shall have been furnished. The Port Authority further covenants and agrees that each such contract will also provide that payments thereunder shall not be made by the Port Authority in excess of such retainages as required by the laws of Florida or as are established by the Port Authority upon the recommendation of the Consulting Engineer.

SECTION 7.03. OPERATION OF THE PORT FACILITIES. The Port Authority covenants that it will establish and enforce reasonable rules and regulations governing the use of the Port Facilities and the operation thereof, that all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the Port Facilities will be reasonable, that no more persons will be employed by it than are necessary, that it will maintain and operate the Port Facilities in an efficient and economical manner and that, from the Gross Revenue thereof, it will at all times maintain the same in good repair and in sound operating condition and will make all necessary repairs, renewals and replacements.

SECTION 7.04. COVENANT AGAINST ENCUMBRANCES. The Port Authority covenants that, from the Gross Revenue, it will pay, as part of Operating Expenses, all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon or in respect of the Port Facilities or upon any part thereof or upon any Gross Revenue therefrom when the same shall become due and payable by the Port Authority. Except to the extent permitted in this Resolution, the Port Authority will not create or suffer to be created any lien or charge upon its Port Facilities or any part thereof or upon the Net Revenue ranking equally with or prior to the Bonds except, to the extent provided in a Series Resolution, the lien for the benefit of any Credit Provider securing payment of the Bonds, and that, from the Gross Revenue, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within sixty days after the same shall accrue, all lawful claims and demands against the Port Authority for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Port Facilities or any part thereof or upon the Gross Revenue; provided, however, that nothing contained in this Section 7.04 shall require the Port Authority to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings.

SECTION 7.05. RETENTION OF CONSULTING ENGINEERS AND ACCOUNTANTS; APPOINTMENT OF OFFICERS. The Port Authority covenants that it will, for the purpose of performing and carrying out the duties imposed on the Consulting Engineers by this Resolution, retain an independent engineer or engineering firm or corporation of nationally recognized ability and standing and that it will, for the purpose of performing and carrying out the duties imposed on the Accountants by this Resolution, retain an independent certified public accountant or firm of certified public accountants of nationally recognized

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ability and standing. Except for any fees and expenses incurred under the provisions of Section 4.03 of this Resolution, the cost of retaining Consulting Engineers and Accountants shall be treated as part of Operating Expenses. The Port Authority covenants that it will appoint and maintain a Finance Director, a Port Secretary and such other Authorized Officers as it deems appropriate, and delegate to such persons the duties imposed or permitted to be imposed upon them by this Resolution.

SECTION 7.06. INSURANCE. The Port Authority covenants that it will maintain a practical insurance program, including property and comprehensive liability insurance, with reasonable terms, conditions, provisions and costs, which the Finance Director determines, with the recommendations of the Consulting Engineers, will afford adequate protection against loss, including loss of Gross Revenue, caused by damage to or destruction of the Port Facilities or any part thereof and for bodily injury and property damage. All such insurance policies shall be carried with a responsible insurance company or companies satisfactory to the Finance Director and authorized and qualified under the laws of the State of Florida to assume the risks thereof.

The proceeds of all such insurance covering damage to or destruction of the Port Facilities shall be deposited with the Finance Director and shall be available for and shall, to the extent necessary, be applied to the repair, replacement or reconstruction of the damaged or destroyed property, and shall be paid out in the manner hereinabove provided for payments from the Construction Fund. If such proceeds are more than sufficient for such purpose, the balance remaining shall be deposited to the credit of the Gross Revenue Fund. If such proceeds shall be insufficient for such purpose, the deficiency may be supplied out of any monies in the Renewal and Replacement Fund and then from the Gross Revenue Fund. The proceeds of all insurance covering loss of Gross Revenue shall be deposited to the credit of the Gross Revenue Fund.

Notwithstanding the foregoing provisions of this Section, the Port Authority may institute and maintain self-insurance programs with regard to such risks as shall be consistent with the recommendations of the Consulting Engineers.

SECTION 7.07. USE OF GROSS REVENUE. The Port Authority covenants and agrees that none of the Gross Revenue will be used for any purpose other than as provided in this Resolution. The Port Authority further covenants that it will adopt such resolutions and such rules and regulations as may be necessary or appropriate to carry out the obligations of the Port Authority under the provisions of this Resolution.

SECTION 7.08. RECORDS, ACCOUNTS AND AUDITS. The Port Authority covenants that it will keep accurate records and accounts of all items of cost and all expenditures relating to the Port Authority and of the Gross Revenue earned and the application of such Gross Revenue. All expenditures must be accounted for by proper invoices or approved charge documents prior to any such expenditure.

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(a) that the Port Authority is not then in default in the performance of any of the material covenants, conditions, agreements or provisions contained in this Resolution; and

(b) that the Gross Revenue for the next succeeding twelve months, after giving effect to such abandonment, sale or trade and any replacement, and after adjustment to reflect changes in the rate schedule in effect on the date of such certificate, are anticipated to be sufficient in all respects to comply with Section 5.01 of this Resolution; and

(c) that such abandonment, sale or trade considering the use the Port Authority has stated it intends to make with any proceeds derived therefrom, and after consideration of all other benefits and detriments anticipated to result therefrom, will not have a material adverse impact on future Net Revenue and is consistent with the Port Authority's business and purpose.

The proceeds of any disposition authorized by the Consulting Engineer's certificate as aforedescribed shall be applied as stated therein or, if not so stated, the proceeds of the sale of any property shall either be deposited by the Port Authority to the credit of the Gross Revenue Fund, the Redemption Account or the Renewal and Replacement Fund, at the option of the Port Authority, or shall be applied to the replacement of the property so sold, and any property acquired as such replacement shall become a part of the Port Facilities subject to the provisions of this Resolution.

SECTION 7.10. SPECIAL PURPOSE BONDS. Notwithstanding any other provision of this Resolution, the Port Authority may issue obligations from time to time, other than under this Resolution, ("Special Purpose Bonds") for purposes of financing "Special Purpose Facilities" (hereinafter defined), and, in connection therewith, funding any required sinking funds, reserve and other payments, paying costs of issuance, and paying the cost of any credit enhancement devices, all as more fully set forth in one or more resolutions ("Special Purpose Bond Resolution") adopted by the Port Authority authorizing the issuance of the Special Purpose Bonds. "Special Purpose Facilities" means any improvements to the Port Facilities that can be financed on a self-liquidating basis, as hereinafter determined, and which are not part of any Project for which Outstanding Bonds have been issued, or included within any revenue projections used to assist in the sale of any Outstanding Bonds. Special Purpose Bonds shall be secured solely by the rentals, loan payments, other charges and revenue derived by the Port Authority pursuant to, or resulting from, a lease, loan agreement, installment sales agreement or other agreement or financing arrangement relating to the Special Purpose Facilities to be financed thereby and/or from the operations thereof.

Special Purpose Bonds shall not be issued unless the Consulting Engineers shall have filed with an Authorized Officer a certificate to the effect that the Special Purpose Facilities can be financed on a self-liquidating basis in that the estimated rentals, loan payments or other charges to be derived by the Port Authority under the applicable agreements relating to the Special Purpose Facilities, or revenue otherwise resulting therefrom, will be at least

The Port Authority further covenants that at least quarterly it will cause to be filed with the Finance Director a report signed by the Finance Director setting forth financial statements prepared in accordance with generally accepted accounting principles applicable to the operations of the Port Authority (i) for all months of the current Fiscal Year including the month in which said report is given, and (ii) for the same months of the preceding Fiscal Year.

The Port Authority further covenants that it will, at the end of each Fiscal Year, prepare financial statements in accordance with generally accepted accounting principles applicable to operations of the Port Authority and that it will cause an audit of the financial statements to be made by the Accountant. Such audit will be conducted in accordance with generally accepted auditing standards applicable to operations of the Port Authority. The audit will be completed within one hundred eighty days after the end of the Fiscal Year. Within a reasonable time thereafter reports of such audit and copies of each report shall be filed with the Finance Director and copies of such reports shall be mailed by the Finance Director to the Consulting Engineers. The scope of the Accountant's audit will be sufficient to enable it to report as to compliance by the Port Authority with the rate covenant of this Resolution and any material non-compliance by the Port Authority of the conditions and covenants under this Resolution.

The Port Authority further covenants that it will cause any additional reports relating to the Port Authority to be made as required by law. The cost of such audits and reports shall be treated as a part of the Operating Expenses.

All of the reports described in this Section 7.08 shall be made available to any Bondholder that requests same.

SECTION 7.09. SALE OR DISPOSAL OF PORT FACILITIES. The Port Authority covenants that, except as permitted by this Section 7.09 and as in this Resolution otherwise permitted, it will not sell or otherwise dispose of or encumber the Port Facilities or any part thereof. The foregoing shall not prohibit the Port Authority from entering into any lease of Port Facilities permitted by the Act. The Port Director may, from time to time, sell any machinery, fixtures, apparatus, tools, instruments or other property acquired by the Port Authority in connection with the Port Facilities and materials used in connection therewith, if the Port Director shall determine that such property is no longer needed or is no longer useful in connection with the construction or operation or maintenance of the Port Facilities. The proceeds of any such sale shall be applied to the replacement of the property so sold or disposed of and any property so acquired as such replacement shall become a part of the Port Facilities subject to this Resolution or such proceeds shall be deposited to the credit of the Gross Revenue Fund, the Renewal and Replacement Fund or the Redemption Account, at the option of the Port Authority. Notwithstanding the foregoing, the Port Authority may from time to time permanently abandon the use of, sell or trade any property forming a part of the Port Facilities, but only if there shall be filed with the Finance Director prior to such abandonment, sale or trade, a certificate of the Consulting Engineers, stating:

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sufficient to pay the direct operating expenses related thereto and the principal of, redemption premium, if any, and interest on the Special Purpose Bonds that finance same, as the same mature and become due and all sinking fund, reserve or other payments required by the Special Purpose Bonds Resolution, as the same become due. In addition to the foregoing, Special Purpose Bonds may not be issued until a lease, loan agreement, installment sales agreement or other agreement or financing arrangement has been entered into by and between the Port Authority and such person or entity (including an entity controlled by the Port Authority) who shall lease or use the Special Purpose Facilities, which lease, loan agreement, installment sales agreement or other agreement or financing arrangement shall be for a term as long as the period during which such Special Purpose Bonds are outstanding and unpaid. Special Purpose Bonds shall be secured solely by a lien on the revenues generated by the Special Purpose Facilities in connection with which they were issued and by other legally available funds, and shall not be secured by a lien on Net Revenue other than as Subordinated Obligation.

The Port Authority is hereby authorized to issue, without requirement of the certificate described in the preceding paragraph, an initial series of Special Purpose Bonds (the "Northport Parking Facility Special Purpose Bonds") in the aggregate principal amount of not exceeding Twenty-Two Million Dollars (\$22,000,000) for the purpose of providing funds, together with other legally available funds, to finance construction of a parking garage containing approximately 2,500 spaces and ancillary facilities to serve demand anticipated from the cruise passengers and new Broward County Convention Center (the "Northport Parking Facility"). The Northport Parking Facility will be operated by a subsidiary of the Port Authority pursuant to agreements with the Port Authority and the proceeds of the Northport Parking Facility Special Purpose Bonds may also be used to fund any required sinking funds, reserve and other payments, pay the costs associated with any credit enhancement and pay costs of issuance, all as shall be more specifically set forth in a Special Purpose Resolution relating to the Northport Parking Facility Special Purpose Bonds ("Northport Parking Facility Resolution"). The Northport Parking Facility Resolution shall pledge all gross revenue derived from the operation of the Northport Parking Facility to the payment of the Northport Parking Facility Special Purpose Bonds and none of such gross revenue shall be included in Gross Revenue under this Resolution, except to the extent expressly provided in the Northport Parking Facility Resolution. All obligations of the Port Authority relating to the Northport Parking Facility shall be paid from the gross revenue generated from the Northport Parking Facility and not from Gross Revenue except as a Subordinated Obligation. The foregoing shall not, however, preclude the Port Authority from incurring obligations with respect to the Northport Parking Facility as Additional Bonds secured by Net Revenue, provided it complies in full with the provisions of Section 2.07 of this Resolution as a condition precedent thereto.

Any covenants applicable to Special Purpose Facilities shall be set forth in the Special Purpose Bond Resolution relating to such Special Purpose Facilities and the covenants herein applicable to the Port Facilities shall not apply to the Special Purpose Facilities.

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SECTION 7.11. SUBORDINATED OBLIGATIONS. Notwithstanding any other provision of this Resolution, the Port Authority may issue obligations other than the Bonds from time to time other than under this Resolution which are payable in whole or in part from the Net Revenue but only if such obligations are, by their terms, subordinated to the lien on Net Revenue in favor of all Bonds theretofore or thereafter issued under the provisions of this Resolution.

SECTION 7.12. OTHER INDEBTEDNESS. Nothing in this Resolution shall be construed as in any way prohibiting or limiting the power of the Port Authority to enter into agreements, including interest rate swaps, incur obligations, undertake indebtedness or otherwise enter into any financing transactions to the extent such agreements, obligations, indebtedness or financing transactions do not impose any lien upon the Net Revenue and are payable from sources other than Gross Revenue. The foregoing shall include bond or revenue anticipation notes, including notes anticipated to be paid from proceeds of Bonds issued hereunder, and any other obligation of the Port Authority payable from funds, and subject to appropriation thereof, other than Gross Revenue.

SECTION 7.13. INVESTMENTS AND USE OF PROCEEDS TO COMPLY WITH CODE; TAXABLE BONDS.

(a) The Port Authority covenants with the holders of each Series of Bonds (other than Taxable Bonds), that it shall comply with the requirements of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, including the payment of any amount required to be rebated to the U.S. Treasury pursuant to the Code, and, in particular, that it shall not make or direct the making of any investment or other use of proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the interest on such Series of Bonds to be or become subject to federal income taxation, nor shall it fail to do any act which would cause such interest to become subject to federal income taxation.

(b) The Port Authority covenants with the holders of each Series of Bonds (other than Taxable Bonds) that neither the Port Authority nor any other person under its control or direction will make any investment or other use of the proceeds of such Series of Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Series of Bonds to be "private activity bonds" as that term is defined in Section 141 of the Code (or any successor provision thereto), except as to any Series so categorized at the time of issuance, or "arbitrage bonds" as that term is defined in Section 148 of the Code (or any successor provision thereto) and that it will comply with such sections of the Code throughout the term of the Bonds.

(c) The Port Authority may, if it so elects, issue one or more Series of Taxable Bonds, the interest on which is (or may be) includable in the gross income of the holder thereof for federal income taxation purposes, so long as each Bond of such Series states in the body thereof that interest payable thereon is (or may be) subject to federal income

taxation and provided that the issuance thereof will not cause the interest on any other Bonds theretofore issued hereunder to be or become subject to federal income taxation.

(d) Notwithstanding anything to the contrary contained in subparagraphs (a) through (c) hereof, the Port Authority may, if it so elects, issue one or more Series of Bonds as "private activity bonds," as that term is defined in Section 141 (or any successor provision thereto) of the Code and which are "qualified bonds," as that term is defined in Section 141 (or any successor provision thereto) of the Code and, in the event it does so, the Port Authority covenants that it will not make or direct the making of any investment or will it use the proceeds of any such Series in a manner which would make such Bonds not "qualified bonds."

SECTION 7.14. ARBITRAGE REBATE COVENANTS. The Port Authority covenants and agrees to establish the Rebate Fund with a Depository. Prior to the issuance of each Series of Bonds, the Port Authority shall execute and deliver a certificate containing arbitrage rebate covenants (the "Rebate Covenants") as to said Series of Bonds. The Port Authority shall make or cause to be made payments from the Rebate Fund of amounts required to be deposited therein to the United States of America in the amounts and at the times required by the Rebate Covenants. The Port Authority covenants for the benefit of the Bondholders that it will comply with the requirements of the Rebate Covenants. There shall be excluded from the pledge and lien of this Resolution the Rebate Fund, together with all monies and securities from time to time held therein and all investment earnings derived therefrom. The Port Authority shall not be required to comply with the requirements of this Section 7.14, or with the Rebate Covenants, in the event that the Port Authority obtains an opinion of counsel with expertise in the field of tax-exempt municipal finance that (i) such compliance is not required in order to maintain the federal income tax exemption of interest on the Bonds and/or (ii) compliance with some other requirement is necessary to maintain the federal income tax exemption of interest on the Bonds or is a permissible substitute for any deleted requirement. The Port Authority shall adopt an amendment to this Resolution, or to the Rebate Covenants, as may be applicable, to reflect the deletion or substitution of any such requirement. In addition, the Port Authority shall not be required to comply with this Section 7.14 to the extent that any Bonds issued under this Resolution shall be intended by the Port Authority, on the date of issuance of the Bonds, to be Taxable Bonds.

SECTION 7.15. COVENANTS WITH CREDIT PROVIDERS. The Port Authority may make such covenants as it may, in its sole discretion, determine to be appropriate with any Credit Provider or other financial institution that shall agree to insure or to provide for Bonds of any one or more Series credit or liquidity support that shall enhance the security or the value of such Bonds. Such covenants may be set forth in the applicable Series Resolution and shall be binding on the Port Authority, the Bond Registrar, the Paying Agent and all the holders of Bonds the same as if such covenants were set forth in this Resolution; provided, however, such covenants may not impair the rights of any existing Bondholders in any manner that, pursuant to Section 10.02 hereof, would require such Bondholder's consent.

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ARTICLE VIII

EVENTS OF DEFAULT; REMEDIES

SECTION 8.01. EXTENSION OF INTEREST PAYMENT. In case the time for the payment of interest on any Bond shall be extended by operation of law, whether or not such extension be by or with the consent of the Port Authority, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Resolution except subject to the prior payment in full of the principal of all Bonds then Outstanding and of all interest the time for the payment of which shall not have been extended.

SECTION 8.02. EVENTS OF DEFAULT. Each of the following events is hereby declared an "event of default":

(a) payment of the principal of and the redemption premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(c) redemption of Term Bonds in accordance with an Amortization Requirement shall not be made as required; or

(d) the Port Authority admits in writing its inability to pay its debts generally as they become due, or files a petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of a receiver or trustee for itself or for all or a substantial part of the Port Facilities; or

(e) the Port Authority is adjudged insolvent by a court of competent jurisdiction, or is adjudged a bankrupt or a petition in bankruptcy filed against the Port Authority, or an order, judgment or decree is entered by a court of competent jurisdiction appointing, without the consent of the Port Authority, a receiver or trustee of the Port Authority or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety days from the date of entry thereof; or

(f) the Port Authority shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(g) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Port Authority or of the whole or any substantial part of its property, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control; or

(h) the Port Authority shall default in its obligation to duly and punctually perform any other of the material covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution and such default shall continue for thirty days after written notice specifying such default and requiring same to be remedied shall have been given to the Port Authority by the registered owners of not less than ten percent in aggregate principal amount of the Bonds then Outstanding; or

(i) written notice shall have been received by the Port Authority from a Credit Provider that an event of default has occurred under the agreement underlying a Credit Facility or Liquidity Facility, to the extent said notice is established as an event of default under the terms of any Series Resolution relating to said Series of Bonds.

SECTION 8.03. ACCELERATION OF MATURITIES OF BONDS. Upon the happening and continuance of any event of default specified in clauses (a) through (i) of Section 8.02 of this Article, then and in every such case the holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding may, by a notice in writing to the Port Authority, declare the principal of all of the Bonds then Outstanding to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Resolution to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Resolution, monies shall have accumulated in the Sinking Fund sufficient to pay the principal of all matured Bonds then Outstanding, other than the principal of any Bonds not then due except by virtue of such declaration, and the interest accrued on such Bonds since the last interest payment date, and all amounts then payable by the Port Authority hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited by the Finance Director with the Paying Agent, and every other default in the observance or performance of any covenant, condition, agreement or provision contained in the Bonds or in this Resolution (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied, then and in every such case the holders of not less than a majority in aggregate principal amount of the Bonds not then due except by virtue of such declaration and then Outstanding may, by written notice to the Port Authority, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 8.04. ENFORCEMENT OF REMEDIES. Upon the happening and continuance of any event of default specified in Section 8.02 of this Article, the holders of not less than ten percent in aggregate principal amount of the Bonds then Outstanding hereunder may proceed to protect and enforce the rights of the Bondholders, under Florida law or under this Resolution, by such suits, actions or special proceedings in equity or at law, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper

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legal or equitable remedy, as such Bondholders shall deem most effectual to protect and enforce such rights.

SECTION 8.05. PRO RATA APPLICATION OF FUNDS. Anything in this Resolution to the contrary notwithstanding, if at any time the monies in the Sinking Fund shall not be sufficient to pay the principal of, the premium, if any, or the interest on the Bonds as the same become due and payable (either by their terms or by the acceleration of maturities under the provisions of Section 8.03 of this Article), such monies together with any monies then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable or shall have been declared due and payable, all such monies shall be applied:

First: to the payment of the persons entitled thereto of all installments of interest then due and payable on the Senior Bonds, in the order in which such installments become due and payable on the Senior Bonds, and, if the amount available shall not be sufficient to pay in full any particular installment on the Senior Bonds, then the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds;

Second: to the payment of the persons entitled thereto of the unpaid principal of any of the Senior Bonds which shall have become due (other than Senior Bonds called for redemption for the payment of which sufficient monies are held pursuant to the provisions of this Resolution), in the order of their due dates, with interest upon such Senior Bonds at the respective rates specified therein from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Senior Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds;

Third: to the payment of the persons entitled thereto of all installments of interest then due and payable on Bonds other than Senior Bonds, in the order in which such installments become due and payable on the Bonds other than

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or of interest over principal or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amount due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

(c) If the principal of all the Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of Section 8.03 of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the monies remaining in and thereafter accruing to the Sinking Fund shall be applied in accordance with the provisions of paragraph (a) of this Section.

The provisions of this Section are in all respects subject to the provisions of Section 8.01 of this Resolution.

Whenever monies are to be applied by the Port Authority pursuant to the provisions of this Section, such monies shall be applied by the Port Authority at such times, and from time to time, as the Finance Director in his sole discretion shall determine, having due regard to the amount of such monies available for application and the likelihood of additional monies becoming available for such application in the future; the deposit of such monies with the Paying Agent or otherwise setting aside such monies in trust for the proper purpose, shall constitute proper application by the Port Authority; and the Port Authority shall incur no liability whatsoever to any Bondholder, Credit Provider, or to any other person for any delay in applying any such funds, so long as the Port Authority acts with reasonable diligence, having due regard to the circumstances, and ultimately applies the same in accordance with such provisions of this Resolution as may be applicable at the time of application. Whenever the Finance Director shall exercise such discretion in applying such funds he shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Finance Director shall give such notice as he may deem appropriate of the fixing of any such date, and shall not be required to make payment to the owner of any Bond until such Bond shall be surrendered to him for appropriate endorsement.

SECTION 8.06. EFFECT OF DISCONTINUANCE OF PROCEEDINGS. In case any proceeding taken by any Bondholder on account of any default shall have been discontinued or abandoned for any reason, then and in every such case, the Port Authority and the Bondholder shall be restored to their former positions and rights hereunder, respectively, and all rights and remedies of the Bondholders shall continue as though no such proceeding had been taken.

SECTION 8.07. RESTRICTION ON INDIVIDUAL BONDHOLDER ACTIONS. No holder of any of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Resolution, or to enforce any right hereunder except in the manner herein

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Senior Bonds, and, if the amount available shall not be sufficient to pay in full any particular installment on the Bonds other than Senior Bonds, then the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

Fourth: to the payment of the persons entitled thereto of the unpaid principal of any of the Bonds other than Senior Bonds which shall have become due (other than Bonds called for redemption for the payment of which sufficient monies are held pursuant to the provisions of this Resolution), in the order of their due dates, with interest upon such Bonds at the respective rates specified therein from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Bonds other than Senior Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds; and

Fifth: to the payment of the interest on and principal of the Bonds, to the purchase and retirement of Bonds and to the redemption of Bonds, all in accordance with the provisions of Article V of this Resolution.

(b) If the principal of all the Bonds shall have become due and payable or shall have been declared due and payable, all such monies shall be applied:

First: to the payment of the principal and interest then due and unpaid upon the Senior Bonds, without preference or priority of principal over interest or of interest over principal or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, ratably, according to the amount due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds; and

Second: to the payment of the principal and interest then due and unpaid upon the Bonds other than Senior Bonds, without preference or priority of principal over interest

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provided, and all proceedings at law or in equity shall be instituted, had and maintained for the benefit of all holders of such Bonds.

SECTION 8.08. NO REMEDY EXCLUSIVE. No remedy herein conferred upon the Bondholders is intended to be exclusive of any other remedy or remedies here provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder.

SECTION 8.09. DELAY NOT A WAIVER. No delay or omission of a Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Resolution to the Bondholders may be exercised from time to time and as often as may be deemed expedient.

SECTION 8.10. RIGHT TO ENFORCE PAYMENT OF BONDS. Nothing in this Resolution shall affect or impair the right of any Bondholder to enforce the payment of the principal of, premium, if any, and interest on his Bond, or the obligation of the Port Authority to pay the principal of, premium, if any, and interest on each Bond to the owners thereof at the time and place in said Bond expressed.

SECTION 8.11. RIGHTS OF CREDIT PROVIDER. In the event that, following an event of default under Section 8.02, a Credit Provider honors its obligation to make payments on a Series of Bonds, said Credit Provider shall be entitled to exercise the rights of the owners of the said Bonds for the purposes of this Article.

Anything in this Resolution to the contrary notwithstanding, while an event of default has occurred and is continuing hereunder, any Credit Provider or owners of a majority in principal amount of the Bonds then Outstanding hereunder shall have the right, by an instrument in writing executed and delivered to the Port Authority, to direct the time and method of conducting all proceedings available to the Port Authority under this Resolution or exercising any trust or power conferred on the Port Authority by this Resolution; provided, however, that the Credit Provider shall have no such rights if it has defaulted under its obligations. In the event of a conflict between the directions of any Credit Provider and those of the owners of the Bonds, with respect to an event of default described in clause (i) of Section 8.02 hereof, the directions of any Credit Provider shall prevail, and with respect to any other event of default the directions of the owners of the Bonds shall prevail.

ARTICLE IX

EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS

SECTION 9.01. EXECUTION OF INSTRUMENTS BY BONDHOLDERS AND PROOF OF OWNERSHIP OF BONDS. Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor

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and may be signed or executed by such Bondholders or their duly authorized Attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the Port Authority with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) Ownership of Bonds should be proved by registration books of the Port Authority, or the Bond Registrar on behalf of the Port Authority, maintained as provided in this Resolution.

Nothing contained in this Resolution shall be construed as limiting the Finance Director to such proof, it being intended that the Finance Director may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of the holder of any Bond shall bind every future holder of the same Bond in respect of anything done by the Port Authority pursuant to such request or consent.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS

SECTION 10.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDERS' CONSENT. The Port Authority, from time to time and at any time, without obtaining consent from Bondholders, may adopt such resolutions supplemental hereto as shall not be inconsistent with the terms and provisions hereof (which supplemental resolutions shall thereafter form a part hereof):

(a) to cure any ambiguity or defect or omission or to correct any inconsistent provisions in this Resolution or in any supplemental Resolution; or

(b) to grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders; or

(c) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed; or

(d) to add to the covenants and agreements of the Port Authority in this Resolution other covenants and agreements thereafter to be observed

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At least thirty days prior to the adoption of any supplemental resolution for any of the purposes of this Section, the Port Authority shall cause a notice of the proposed adoption of such supplemental resolution to be mailed, postage prepaid, to all owners of Bonds at their addresses as they appear on the registration books of the Port Authority maintained by the Bond Registrar and to all rating agencies then rating the Bonds. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the offices of the Port Authority for inspection by all Bondholders. A failure on the part of the Port Authority to mail the notice required by this Section shall not affect the validity of the supplemental resolution.

SECTION 10.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' CONSENT. Subject to the terms and provisions contained in this Section and Section 10.01 and 10.04 hereof, and not otherwise, the holders of not less than fifty-one percent in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the enactment of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Port Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in any supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of Net Revenue other than the lien and pledge created by this Resolution or permitted to be created by this Resolution, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any supplemental resolution as authorized in Section 10.01 or Section 10.04 of this Article.

If at any time the Port Authority shall determine that it is necessary or desirable to enact any supplemental resolution for any of the purposes of this Section, an Authorized Officer shall cause notice of the proposed enactment of such supplemental resolution to be mailed, postage prepaid, to all owners of Bonds at their addresses as they appear on the registration books and to all rating agencies then rating the Bonds. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the Finance Director for inspection by all Bondholders. The Port Authority shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section. A subsequent resolution of the Port Authority may provide that the form and manner of providing notice to Bondholders be in some different form if so determined by the Port Authority.

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by the Port Authority or to surrender any right or power herein reserved to or conferred upon the Port Authority; or

(e) to permit the issuance of Bonds, the interest on which is intended to be exempt from federal income taxation, in coupon form, if as a condition precedent to the enactment of such supplemental resolution, there shall be delivered to the Port Authority an opinion of counsel with expertise in the field of tax exempt municipal finance to the effect that the issuance of Bonds in coupon form is then permitted by law and that issuance of such Bonds in coupon form would not cause interest on such Bonds to be included in gross income for federal income tax purposes; or

(f) to qualify the Bonds or any of the Bonds for registration under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended; or

(g) to qualify this Resolution as an "indenture" under the Trust Indenture Act of 1939, as amended; or

(h) to make such changes as may be necessary to adjust the terms hereof so as to facilitate the issuance of Variable Rate Bonds, Capital Appreciation Bonds, Capital Appreciation and Income Bonds, Convertible Bonds, Put Bonds and such other form of Bonds as may be marketable from time to time; or

(i) to make such changes as may be necessary to maintain the tax exemption applicable to any Series as said exemption was intended to exist, if at all, at the time of issuance of such Series; or

(j) to make such changes as may evidence the right and interest herein of a Credit Provider; or

(k) to make such changes as may be necessary in order to obtain rating or ratings on any Series of Bonds from one or more nationally recognized rating agencies; or

(l) to specify and determine the matters and things referred to in Sections 2.06, 2.07 or 2.08 hereof, and any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any provision in this Resolution at any time prior to the first delivery of such Bonds; or

(m) to make any other change, except those set forth in clauses (a) through (e) of Section 10.02 hereof, which is necessary to be made to permit the Port Authority to proceed with a transaction or activity that in the written opinion of the Consulting Engineers as filed with the Finance Director, will not adversely affect Net Revenue and is in the best interests of the Port Authority to pursue and that, in the written opinion of counsel with expertise in the field of tax-exempt municipal finance, will not otherwise adversely affect the security for the Bonds or interests of the Bondholders.

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Whenever the Port Authority shall deliver to the Finance Director an instrument or instruments in writing purporting to be executed by the holders of not less than fifty-one percent in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental resolution and shall specifically consent to and approve the enactment thereof in substantially the form thereof referred to in such instrument, thereupon, but not otherwise, the Port Authority may enact such supplemental resolution in substantially such form, without liability or responsibility to any owner of any Bond, whether or not such registered owner shall have consented thereto. Notwithstanding the foregoing, the Port Authority may enact the proposed supplemental resolution prior to receiving the requisite consents provided the effective date of said resolution, by its terms, is delayed until, and conditioned upon, receipt of the required consents.

If the owners of not less than fifty-one percent in aggregate principal amount of the Bonds outstanding at the time of the enactment (or effective date) of such supplemental resolution shall have consented to and approved the enactment thereof as herein provided, no owner of any Bond shall have any right to object to the enactment of such supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Port Authority from adopting the same or from taking any action pursuant to the provisions thereof.

Any consent given by a Bondholder shall be binding with respect to all Bonds owned by said Bondholder on the date consent is given, and shall bind all future owners of said Bonds, so that said future owners shall have been deemed to consent to the proposed supplemental resolution to the same force and effect as if they had executed a consent as of the date of enactment thereof.

The consent of the owners of any Series of Additional Bonds or Refunding Bonds to be issued hereunder shall be deemed given if the underwriters or initial marketing group consent in writing to such supplemental resolution and the substance of such supplemental resolution is disclosed in the official statement or other offering document pursuant to which such Series of Additional Bonds or Refunding Bonds are offered and sold to the public.

Upon the enactment of any supplemental resolution pursuant to the provisions of this Section, this Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Port Authority and all holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

SECTION 10.03. SUPPLEMENTAL RESOLUTIONS PART OF RESOLUTION. Any supplemental resolution enacted in accordance with the provisions of this Resolution and approved as to legality by the Port Attorney shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provisions authorized to be

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contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. In case of the enactment and approval of any supplemental resolution, express reference may be made thereof in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Port Authority.

SECTION 10.04. SERIES RESOLUTION NOT A SUPPLEMENTAL RESOLUTION. For purposes of this Article X, a resolution, such as a Series Resolution, that relates only to the issuance of a particular Series of Bonds hereunder and that does not purport to alter or amend the rights or security of any holders of any Bonds of any other Series issued hereunder shall not be deemed or considered to be a supplemental resolution.

ARTICLE XI DEFEASANCE

SECTION 11.01. DEFEASANCE. If all the Outstanding Bonds shall have been paid as provided below, and the Port Authority shall pay or cause to be paid to the Paying Agent and Bond Registrar and any other agents and other parties designated by a Series Resolution, all sums of money due or to become due according to the provisions hereof and such other instruments as may be entered into with such agents and parties, then and in that case the right, title and interest of the Bondholders hereunder shall cease, terminate and become void, and such Bonds shall cease to be entitled to any lien, benefit or security under this Resolution. In such event, this Resolution shall be discharged and released and amounts held in the Funds and Accounts created hereunder shall be released to the Port Authority for its own purposes.

Any Bond shall be deemed to have been paid within the meaning and with the effect expressed in this Section 11.01 when the whole amount of the principal of and interest on such Bond shall have been paid or when (a) there shall have been deposited with the Paying Agent or other appropriate Escrow Agent solely for the owner of such Bond and other Bonds being defeased and specifically designated for the purpose of defeasance either monies, Escrow Securities, or any combination thereof, in an amount which shall be sufficient, with interest earnings thereon, to pay when due the principal of and premium, if any, and interest due and to become due on such Bonds on or prior to the redemption date or maturity date thereof, as the case may be, and (b) in the event such Bond does not mature and is not to be redeemed within the next succeeding sixty days, the Port Authority shall have notified, as soon as practicable, the owner of such Bond, in the manner set forth in Article III hereof, stating that the deposit of monies and/or Escrow Securities required by clause (a) of this paragraph has been made with the Paying Agent or other Escrow Agent solely for the owner of such Bond and other Bonds being defeased, and that such Bond is deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which monies are to be available for the payment of the principal of and premium, if any, and interest on such Bond.

Except as hereinafter provided, neither the monies nor Escrow Securities deposited with the Paying Agent or other Escrow Agent pursuant to this Section

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stipulations, obligations and agreements shall bind or inure to the benefit of the successor or successors thereof from time to time and any officer, board, body or commission to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law.

Except as otherwise provided in this Resolution, all rights, powers and privileges conferred and duties and liabilities imposed upon the Port Authority by the provisions of this Resolution shall be exercised or performed by the Commissioners of the Port Authority or by such other officers, board, body or commission as may be required by law to exercise such powers or to perform such duties.

No covenants, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member, agent or employee of the Port Authority in his individual capacity, and neither the Commissioners of the Port Authority nor any official executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

SECTION 12.02. MANNER OF GIVING NOTICE. Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given to or filed with the Port Authority shall be deemed to have been sufficiently given or filed for all purposes of this Resolution if and when sent by registered mail, return receipt requested to the Port Director at 1850 Eller Drive, Fort Lauderdale, Florida 33316.

All documents received by the Port Director under the provisions of this Resolution shall be retained in his possession, subject at all reasonable times to the inspection of any Bondholder, and the agents and representatives thereof.

SECTION 12.03. SUCCESSIONSHIP OF PAYING AGENT. Any bank or trust company with or into which a Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Resolution. If the position of a Paying Agent shall become vacant for any reason the Port Authority shall, within thirty days thereafter, appoint a bank or trust company as Paying Agent to fill such capacity.

SECTION 12.04. SUCCESSIONSHIP OF PORT AUTHORITY. In the event that the offices of any officer of the Port Authority mentioned in this Resolution shall be abolished or any two or more of such offices shall be merged or consolidated, or in the event of a vacancy in any such office by reason of death, resignation, removal from office or otherwise, or in the event any such officer shall become incapable of performing the duties of his office by reason of sickness, absence from the Port Authority or otherwise, all powers conferred and all obligations and duties imposed upon such officer shall be performed by the officer succeeding to the principal functions thereof or by the officer upon whom such powers, obligations and duties shall be imposed by law.

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nor principal or interest payments on any such obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and premium, if any, and interest on said Bonds. Monies and Escrow Securities held by an Escrow Agent may be substituted for other monies and Escrow Securities to the extent permitted by an Escrow Deposit Agreement.

As to Variable Rate Bonds, the amount required for the interest thereon shall be calculated at the maximum rate permitted by the terms of the provisions which authorized the issuance of such Variable Rate Bonds; provided, however, that if on any date, as a result of such Variable Rate Bonds having borne interest at less than such maximum rate for any period, the total amount of monies and Escrow Securities on deposit for the payment of interest on such Variable Rate Bonds is in excess of the total amount which would have been required to be deposited on such date in respect of such Variable Rate Bonds in order fully to discharge and satisfy such Bonds pursuant to the provisions of this Section, the Port Authority may use the amount of such excess, free and clear of any trust, lien, security interest, pledge or assignment securing said Variable Rate Bonds or otherwise existing under this Resolution; subject however, to the Port Authority's obtaining an opinion from a law firm with expertise in the field of tax-exempt municipal bonds that such use will not cause such Bonds to lose their federal tax exemption if interest on such Bonds was intended to be excluded from gross income for federal income tax purposes when originally issued.

Notwithstanding any of the provisions of this Resolution to the contrary, Put Bonds may only be fully discharged and satisfied either by paying the principal of and interest on said Bonds as they become due and payable or by depositing monies or Escrow Securities which shall be sufficient at the time of such deposit to pay when due the maximum amount of principal of and redemption premium, if any, and interest on such Put Bonds which could become payable to the owners of such Bonds upon the exercise of any options provided to the owners of such Bonds and the Port Authority; provided, however, that if, at the time a deposit is made pursuant to this paragraph, the options originally exercisable on the Put Bonds are no longer exercisable, such Bonds shall not be considered Put Bonds for these purposes.

If any portion of the monies described for the payment of the principal of and redemption premium, if any, and interest on any portion of Bonds is not required for such purpose, the Port Authority may use the amount of such excess, free and clear of any trust, lien, security interest, pledge or assignment securing said Bonds or otherwise existing under this Resolution.

ARTICLE XII

MISCELLANEOUS PROVISIONS

SECTION 12.01. EFFECT OF COVENANTS. All covenants, stipulations, obligations and agreements of the Port Authority contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Port Authority and of each department and agency of the Port Authority to the full extent authorized or permitted by law, and all such covenants,

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SECTION 12.05. INCONSISTENT RESOLUTIONS. All resolutions and parts thereof which are inconsistent with any of the provisions of this Resolution are hereby declared to be inapplicable to the provisions of this Resolution. Notwithstanding the foregoing, the provisions of the Prior Resolution shall remain in full force and effect until the Prior Bonds have been defeased, which defeasance shall be considered to have been accomplished upon issuance of the Series 1989-A Bonds.

SECTION 12.06. FURTHER ACTS. The officers and agents of the Port Authority are hereby authorized and directed to do all the acts and things required of them by the Bonds and this Resolution, for the full, punctual and complete performance of all of the terms, covenants, provisions and agreements contained in the Bonds and this Resolution.

SECTION 12.07. HEADINGS NOT PART OF RESOLUTION. Any headings preceding the texts of the several Articles and Sections hereof and any table of contents, marginal notes or footnotes appended to copies hereof shall be solely for convenience of reference, and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect.

SECTION 12.08. PORT AUTHORITY AND BONDHOLDERS ALONE HAVE RIGHTS UNDER RESOLUTION. Except as herein otherwise expressly provided, nothing in this Resolution, expressed or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Port Authority and the owners of the Bonds, any right, remedy or claim, legal or equitable, under or by reason of this Resolution or any provision hereof, this Resolution and all its provisions being intended to be and being for the sole and exclusive benefit of the Port Authority and the owners from time to time of the Bonds.

SECTION 12.09. EFFECT OF PARTIAL INVALIDITY. In case any one or more of the provisions of this Resolution or of any Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the Bonds, but this Resolution and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Bonds are issued and this Resolution is adopted with the intent that the laws of the State of Florida shall govern their construction.

SECTION 12.10. SALE OF BONDS. The Bonds shall be issued and sold at one time or from time to time and at such price or prices consistent with law and the requirements of this Resolution as the Port Authority shall hereafter determine by one or more Series Resolutions.

SECTION 12.11. AUTHORITY TO PURCHASE OR DEAL IN BONDS. Any bank or trust company acting as Bond Registrar or Paying Agent under this Resolution, and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Bond Registrar or Paying Agent under this Resolution.

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SECTION 12.12. CAPITAL APPRECIATION BONDS AND CAPITAL APPRECIATION AND INCOME BONDS. For the purposes of (i) receiving payment of the redemption price if a Capital Appreciation Bond is redeemed prior to maturity, or (ii) receiving payment of a Capital Appreciation Bond if the principal of all Bonds becomes due and payable under the provisions of this Resolution, or (iii) computing the amount of Bonds held by the holder of a Capital Appreciation Bond in giving to the Port Authority or any trustee or receiver appointed to represent the Bondholders any notice, consent, request or demand pursuant to this Resolution for any purpose whatsoever, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value. For all of the foregoing purposes as they relate to Capital Appreciation and Income Bonds, the principal amount of a Capital Appreciation and Income Bond, on or prior to its Interest Commencement Date, shall be its Appreciated Value.

SECTION 12.13. PAYMENTS DUE ON SATURDAYS, SUNDAYS OR HOLIDAYS. In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of Bonds shall be a Saturday, Sunday or a day on which the Paying Agent is required, or authorized and not prohibited, by law (including executive orders) to close and is closed, then payment of such interest or principal and any redemption premium need not be mailed by the Paying Agent on such date but may be mailed on the next succeeding business day on which the Paying Agent is open for business with the same force and effect as if mailed on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date of maturity.

SECTION 12.14. SUSPENSION OF PUBLICATION OR MAIL. If, because of the temporary or permanent suspension of publication of any newspaper or financial journal, the suspension of delivery of registered mail or, for any other reason, the Port Authority shall be unable to publish in a newspaper or financial journal or mail by registered mail any notice required to be published or mailed by the provisions of this Resolution, the Port Authority shall give such notice in such other manner as in the judgment of the Port Authority shall most effectively approximate such publication or mailing thereof, and the giving of such notice in such manner shall for all purposes of this Resolution be deemed to be in compliance with the requirement for the publication or mailing thereof.

Except as otherwise provided herein, for all purposes of this Resolution, anything required to be mailed shall be deemed mailed upon the deposit of the item with the U.S. Postal Service, by registered mail, return receipt requested and addressed to the addressee as set forth in Section 12.02 hereof or otherwise provided in this Resolution.

SECTION 12.15. RESOLUTION EFFECTIVE. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED at a meeting of the Port Authority on the 28 day of July, 1989.

PORT EVERGLADES AUTHORITY

Walter J. Browne
Chair, *Walter J. Browne*

(SEAL)

ATTEST:

Rosalie Duque
Port Secretary, Rosalie Duque

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RESOLUTION NO. 26-1989

A RESOLUTION SUPPLEMENTING AND AMENDING RESOLUTION NO. 24-1989 OF THE PORT EVERGLADES AUTHORITY ADOPTED ON JULY 20, 1989 ENTITLED "A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$150,000,000 PORT FACILITIES REFUNDING REVENUE BONDS, SERIES 1989-A FOR THE PURPOSE OF REFUNDING PORT FACILITIES REVENUE BONDS, SERIES 1986 OF THE PORT EVERGLADES AUTHORITY ISSUED UNDER RESOLUTION NO. 12-1986, AS AMENDED; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$55,000,000 PORT FACILITIES SENIOR REVENUE BONDS, SERIES 1989-B FOR THE PURPOSE OF PAYING THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY; PROVIDING FOR THE ISSUANCE OF ADDITIONAL PORT FACILITIES REVENUE BONDS TO PAY THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY AND TO REFUND BONDS ISSUED HEREUNDER AND CERTAIN OTHER INDEBTEDNESS; PROVIDING FOR THE PAYMENT OF SUCH BONDS AND THE INTEREST THEREON FROM REVENUE DERIVED FROM THE PORT FACILITIES AND PLEDGED THEREFOR; SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS; PROVIDING SEVERABILITY AND AN EFFECTIVE DATE.

BE IT RESOLVED BY THE PORT EVERGLADES AUTHORITY:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. The Port Everglades Authority (the "Port Authority") is authorized to adopt this resolution under the authority granted by the provisions of Chapter 59-1157, Laws of Florida, Special Acts of 1959, as amended and supplemented, Chapter 315, Florida Statutes, as amended and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On July 20, 1989 the Port Authority adopted Resolution No. 24-1989, the title of which is quoted in the title of this resolution, (the "Bond Resolution") authorizing, among other matters, the issuance of the Port Authority's Port Facilities Revenue Bonds.

B. The Port Authority now desires to supplement and amend the Bond Resolution hereby to cure certain defects, inconsistencies and ambiguities therein, as permitted by Section 10.01 of the Bond Resolution. This resolution shall be deemed to be a resolution supplemental to the Bond Resolution within the meaning of Sections 10.01 and 10.03 of the Bond Resolution. The Port Authority hereby determines that no Bonds have been issued under the Bond Resolution and, accordingly, the notice provisions of Section 10.01 of the Bond Resolution are inapplicable to this resolution.

C. All capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Bond Resolution, unless otherwise provided or unless the context otherwise clearly requires. To the extent necessary to effectuate the terms and conditions hereof, the Bond Resolution is hereby incorporated by this reference.

SECTION 3. SUPPLEMENTS AND AMENDMENTS TO BOND RESOLUTION. The Bond Resolution is hereby supplemented and amended as follows:

A. The definition of "Bond Year" in Section 1.04 of the Bond Resolution is hereby deleted in its entirety and replaced with the following:

"Bond Year shall mean the period commencing the first day of September in each year and ending the last day of August of the following year."

B. The paragraph of Section 2.02 that is the first grammatical paragraph on page 16 of the Bond Resolution is hereby modified to delete therefrom the third sentence (which begins "Notice of the proposed payment..."), in its entirety, and same is hereby replaced with the following:

"Notice of the proposed payment and of the Special Record Date therefor shall be mailed, on or before the fifth day prior to the proposed payment date, to each owner of record as of the Special Record Date at his address as it appears on the registration books of the Port Authority maintained pursuant to Section 2.04 hereof."

C. Section 2.06 of the Bond Resolution is hereby supplemented to provide that no additional Port Facilities Refunding Revenue Bonds, Series 1989-A shall be issued pursuant to Section 2.06 of the Bond Resolution other than the Bonds to be issued pursuant to Resolution No. 27-1989 adopted by the Port Authority on the date hereof.

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D. Section 2.06 of the Bond Resolution is hereby modified to delete therefrom the third sentence thereof (which begins "The Series 1989-A Bonds shall have principal payment dates..."), in its entirety, and same is hereby replaced with the following:

"The Series 1989-A Bonds shall have principal payment dates on September 1 of any Bond Year in which principal payments become due and payable and Interest Payment Dates on March 1 and September 1."

E. The paragraph of Section 2.06 of the Bond Resolution that is the first grammatical paragraph on page 21 of the Bond Resolution is hereby modified to delete therefrom the third sentence thereof (which begins "The Senior Bonds shall have principal payment dates..."), in its entirety, and same is hereby replaced with the following:

"The Senior Bonds shall have principal payment dates on September 1 of any Bond Year in which principal payments become due and payable and Interest Payment Dates on March 1 and September 1."

F. Section 2.07 of the Bond Resolution is hereby modified to delete therefrom the second sentence thereof (which begins "As long as the Senior Bonds remain Outstanding..."), in its entirety, and same is hereby replaced with the following:

"As long as the Senior Bonds remain Outstanding, any Additional Bonds shall have principal payment dates on September 1 of any Bond Year in which principal payments become due and payable and, other than Variable Rate Bonds, Interest Payment Dates on March 1 and September 1."

G. Section 2.08 of the Bond Resolution is hereby modified to delete therefrom the second sentence thereof (which begins "As long as the Senior Bonds remain Outstanding..."), in its entirety, and same is hereby replaced with the following:

"As long as the Senior Bonds remain Outstanding, any Refunding Bonds shall have principal payment dates on September 1 of any Bond Year in which principal payments become due and payable and, other than Variable Rate Bonds, Interest Payment Dates on March 1 and September 1."

H. Section 5.10(a) of the Bond Resolution is hereby deleted in its entirety and same is hereby replaced with the following:

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amounts required for paying the interest on, and the principal and redemption premium of, the Term Bonds so called for redemption.

J. Section 5.10(c) of the Bond Resolution is hereby amended by inserting a period at the end of the fourth line thereof and deleting the remainder of said paragraph.

K. Section 5.10 of the Bond Resolution is hereby modified to add the following sentences immediately preceding the final sentence of said Section 5.10 (which begins "The expenses in connection with . . ."): "

"In the event the Port Authority acquires Term Bonds pursuant to Section 5.10(a) or redeems Term Bonds pursuant to Section 5.10(b) or otherwise acquires Term Bonds, and delivers such Term Bonds to the Paying Agent for cancellation, the Amortization Requirements first coming due as to the Term Bonds of those maturities so acquired or redeemed will be reduced by an amount equal to the principal amount of the Term Bonds so acquired or redeemed. Notwithstanding the foregoing provisions of Section 5.10(a) and 5.10(b), no purchase or optional redemption of Term Bonds shall be made from monies on deposit in the Redemption Account if same would result in the Port Authority not being in compliance with its Amortization Requirements.

L. The word "Three" at the commencement of the tenth line of Section 7.14 of the Bond Resolution is a typographical error and is hereby deleted and replaced with the word "There".

SECTION 4. BOND RESOLUTION TO CONTINUE IN FORCE. Except as herein expressly provided, the Bond Resolution and all the terms and provisions thereof, are and shall remain in full force and effect.

SECTION 5. RESOLUTION EFFECTIVE. This resolution shall take effect immediately upon its adoption.

PORT EVERGLADES AUTHORITY

Vestel Brown
Chair

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(a) The Finance Director may endeavor to purchase any Term Bonds secured hereby and then Outstanding, whether or not such Term Bonds shall then be subject to redemption, on the most advantageous terms obtainable with reasonable diligence, such price not to exceed the principal of such Term Bonds plus the amount of the redemption premium, if any, which might on the next redemption date be paid to the holders of such Term Bonds under the provisions of Article III of this Resolution if such Term Bonds should be called for redemption on such date from monies in the Redemption Account, plus accrued interest to the date of settlement therefor. The Finance Director shall pay the interest accrued on such Term Bonds to date of settlement therefor from the Debt Service Account and the purchase price from the Redemption Account, but no such purchase shall be made by the Finance Director within the period of forty-five days next preceding any Interest Payment Date on which such Term Bonds are subject to call for redemption under the provisions of this Resolution, except from monies other than monies set aside or deposited for the redemption of Term Bonds.

I. Section 5.10(b) of the Bond Resolution is hereby deleted in its entirety and same is hereby replaced with the following:

(b) Subject to the provisions of Article III of this Resolution, the Finance Director may call Term Bonds for redemption on any date which Term Bonds are subject to redemption, at a price not to exceed the principal amount of such Term Bonds plus the redemption premium, if any, which might on the next redemption date be paid to the holders of such Term Bonds under the provisions of Article III of this Resolution if such Term Bonds should be called for redemption on such date from monies in the Redemption Account, plus accrued interest to the date of settlement therefor; provided, however, that no less than Fifty Thousand Dollars principal amount of Term Bonds or such other principal amount as may be provided in a Series Resolution relating to the Term Bonds shall be called for redemption at any one time unless a lesser amount shall be required to satisfy the Amortization Requirement for any Fiscal Year. Such redemption shall be made pursuant to the provisions of Article III of this Resolution. The Finance Director shall, prior to the redemption date withdraw from the Debt Service Account and the Redemption Account and set aside in separate accounts or deposit with the Paying Agent the respective

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Passed and adopted at a meeting of the Port Everglades Authority on the 10 day of August, 1989.

(SEAL)

ATTEST:

Rosalie Dugan
Port Secretary

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RESOLUTION NO. 21-1990

A RESOLUTION AMENDING RESOLUTION NO. 24-1989 OF THE PORT EVERGLADES AUTHORITY ADOPTED ON JULY 20, 1989 ENTITLED "A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$150,000,000 PORT FACILITIES REFUNDING REVENUE BONDS, SERIES 1989-A FOR THE PURPOSE OF REFUNDING PORT FACILITIES REVENUE BONDS, SERIES 1986 OF THE PORT EVERGLADES AUTHORITY ISSUED UNDER RESOLUTION NO. 12-1986, AS AMENDED; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$55,000,000 PORT FACILITIES SENIOR REVENUE BONDS, SERIES 1989-B FOR THE PURPOSE OF PAYING THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY; PROVIDING FOR THE ISSUANCE OF ADDITIONAL PORT FACILITIES REVENUE BONDS TO PAY THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY AND TO REFUND BONDS ISSUED HERUNDER AND CERTAIN OTHER INDEBTEDNESS; PROVIDING FOR THE PAYMENT OF SUCH BONDS AND THE INTEREST THEREON FROM REVENUE DERIVED FROM THE PORT FACILITIES AND PLEDGED THEREFOR; SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS; PROVIDING SEVERABILITY AND AN EFFECTIVE DATE", AS SAME HAS HERETOFORE BEEN SUPPLEMENTED AND AMENDED AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE PORT EVERGLADES AUTHORITY:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. The Port Everglades Authority is authorized to adopt this resolution under the authority granted by the provisions of Chapter 59-1157, Laws of Florida, Special Acts of 1959, as amended and supplemented, Chapter 315, Florida Statutes, as amended and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby found and determined that:

A. On July 20, 1989, the Port Authority adopted Resolution No. 24-1989, the title of which is quoted in the title of this resolution, authorizing, among other matters, the issuance of the Port Authority's Port Facilities Revenue Bonds, which resolution was supplemented and amended by Resolution No. 25-1989 adopted by the Port Authority on August 10, 1989 (such resolutions being hereafter referred to collectively as the "Bond Resolution").

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B. It has previously come to the attention of the Port Authority that Section 5.13 of the Bond Resolution contains certain provisions that, in the context of said Section 5.13 and the other terms and provisions of the Bond Resolution, are ambiguous and inconsistent. Accordingly, the Port Authority now desires to amend the Bond Resolution pursuant to Section 10.01(a) hereof to cure such ambiguities and inconsistencies by adopting this resolution, which is hereby deemed to be a resolution supplemental to the Bond Resolution within the meaning of Sections 10.01 and 10.03 of the Bond Resolution. The Port Authority hereby determines that it has notified the appropriate parties in accordance with the provisions of Section 10.01 of the Bond Resolution of the proposed adoption of this resolution and has obtained written consent thereto from the Financial Guaranty Insurance Company, a New York stock insurance company ("FGIC"), the insurer of the Senior Bonds, as required by Section 15H of Resolution No. 34-1989 adopted by the Port Authority on October 5, 1989, and that all requirements of the Bond Resolution and Resolution No. 34-1989 that would constitute a condition precedent to the adoption of this resolution have been satisfied.

C. All capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Bond Resolution, unless otherwise provided or unless the context otherwise clearly requires. To the extent necessary to effectuate the terms and conditions hereof, the Bond Resolution is hereby incorporated by this reference.

SECTION 3. AMENDMENT TO BOND RESOLUTION. The Bond Resolution is hereby amended to delete the following words, in their entirety, from the first four lines of Section 5.13 of the Bond Resolution:

"Provided that the full amounts required to be paid for the next ensuing twelve months under clauses (a) and (c) of Section 5.07 hereof have been transferred as provided therein..."

so that hereafter said Section 5.13 shall read as follows:

"SECTION 5.13. APPLICATION OF MONIES IN THE GENERAL FUND. Money held for the credit of the General Fund may be applied by the Port Authority in the following order of priority:

(a) to make up deficiencies in any of the Funds and Accounts created by this Resolution, and, by transfer to the Operation and Maintenance Account, any deficiencies in the Operation and Maintenance Fund required for the payment of Operating Expenses; and

(b) to pay the principal of, redemption premium, if any, amortization requirements, and the interest on, any Special Purpose Bonds and Subordinated Obligations.

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Subject to prior application as provided above, any monies in the General Fund may be applied by the Port Authority to:

- (i) pay the Cost of a Project;
(ii) purchase or redeem Bonds or any notes issued in anticipation of the Bonds;
(iii) pay the Cost of any item qualifying as an authorized expenditure from the Renewal and Replacement Fund; or
(iv) for any lawful purpose of the Port Authority; provided that monies of the Port Authority may only be applied for the purpose of this subsection (iv) on the first day of each Bond Year.

Notwithstanding the foregoing, in the event of any deficiencies in the Operation and Maintenance Account or any Funds or Accounts created by this Resolution, the money in the General Fund shall be applied to make up all such deficiencies prior to applying any money in the Reserve Account or Renewal and Replacement Fund for such purpose."

SECTION 4. BOND RESOLUTION TO CONTINUE IN FORCE. Except as herein provided, the Bond Resolution and all Series Resolutions relating to the Series 1989-A Bonds and the Senior Bonds and all the terms and provisions thereof are, and shall remain, in full force and effect.

SECTION 5. RESOLUTION EFFECTIVE. This resolution shall take effect immediately upon its adoption.

PORT EVERGLADES AUTHORITY

Chair [Signature]

Passed and adopted at a meeting of the Port Everglades Authority on the 6 day of Dec 1990.

(SEAL)

ATTEST:

Rosalie Dague
Port Secretary

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F/S2MKK

A RESOLUTION SUPPLEMENTING AND AMENDING RESOLUTION NO. 24-1989 OF THE PORT EVERGLADES AUTHORITY ADOPTED ON JULY 20, 1989 ENTITLED "A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$150,000,000 PORT FACILITIES REFUNDING REVENUE BONDS, SERIES 1989-A FOR THE PURPOSE OF REFUNDING PORT FACILITIES REVENUE BONDS, SERIES 1986 OF THE PORT EVERGLADES AUTHORITY ISSUED UNDER RESOLUTION NO. 12-1986, AS AMENDED; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$55,000,000 PORT FACILITIES SENIOR REVENUE BONDS, SERIES 1989-B FOR THE PURPOSE OF PAYING THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY; PROVIDING FOR THE ISSUANCE OF ADDITIONAL PORT FACILITIES REVENUE BONDS TO PAY THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY AND TO REFUND BONDS ISSUED HERUNDER AND CERTAIN OTHER INDEBTEDNESS; PROVIDING FOR THE PAYMENT OF SUCH BONDS AND THE INTEREST THEREON FROM REVENUE DERIVED FROM THE PORT FACILITIES AND PLEDGED THEREFOR; SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS; PROVIDING SEVERABILITY AND AN EFFECTIVE DATE", AS PREVIOUSLY SUPPLEMENTED AND AMENDED; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to Resolution No. 24-1989, adopted by the Port Everglades Authority (the "Authority") on July 20, 1989, as supplemented and amended by Resolution No. 26-1989, adopted by the Authority on August 10, 1989, and Resolution No. 21-1990, adopted by the Authority on December 6, 1990 (collectively, the "Original Resolution"), and with respect to the Series 1989-A Bonds (defined below) Resolution No. 27-1989, adopted by the Authority on August 10, 1989, and with respect to the Series 1989-B Bonds (defined below) Resolution No. 34-1989, adopted by the Authority on October 5, 1989 (together with the Original Resolution, as further supplemented and amended from time to time, the "Bond Resolution"), the Authority issued (i) on August 30, 1989, its \$117,454,948 Port Facilities Refunding Revenue Bonds, Series 1989-A (the "Series 1989-A Bonds"), of which \$112,990,202.67 (including Accreted Value, as defined in the Original Resolution) are Outstanding (as defined in the Original Resolution) as of May 1, 1998, and (ii) on October 25, 1989, its \$50,815,000 Port Facilities Senior Revenue Bonds, Series 1989-B (the "Series 1989-B Bonds" and together with the "Series 1989-A Bonds, the "1989 Bonds"); of which \$18,305,000 are currently Outstanding; and

WHEREAS, pursuant to Chapter 91-346, Laws of Florida, Chapter 94-429, Laws of Florida, and the approval by the voters of Broward County, Florida, in a referendum held on March 10, 1992, the Port Everglades District (the "District") and the Authority were dissolved and all powers, duties, responsibilities, obligations and functions of the District and the Authority were transferred to be performed by Broward County, Florida (the "County") and the

County assumed, subject to their terms, all indebtedness of the District and the Authority, including all obligations and rights under the Bond Resolution; and

WHEREAS, the County now operates the Port Facilities (as defined in the Original Resolution) through the County's Port Everglades Department; and

WHEREAS, Section 10.02 of the Original Resolution provides that subject to the terms thereof, and not otherwise, the County may adopt a supplemental resolution for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, certain of the terms or provisions contained in the Original Resolution or in any supplemental resolution upon obtaining the consent and approval to the adoption of such supplemental resolution from the holders (as defined in the Original Resolution) of not less than fifty-one percent in aggregate principal amount of the Bonds (as defined in the Original Resolution) then Outstanding; and

WHEREAS, the County has determined that it is desirable to amend the Bond Resolution as described below and has caused notice of said proposed adoption to be mailed to all owners (as defined in the Original Resolution) of the Outstanding 1989 Bonds, being the only Bonds currently Outstanding under the Bond Resolution, in accordance with the provisions of the Bond Resolution; and

WHEREAS, this resolution shall not become effective until the County shall have delivered to the Director of the Department of Finance and Administrative Services (the "Finance Director"), as successor to the Port Authority Finance Director, (i) an instrument or instruments in writing purported to be executed by the holders of not less than fifty-one percent in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to this supplemental resolution and shall specifically consent to and approve the adoption thereof in substantially the form referred to in such instrument or instruments; provided, however, that in accordance with Section 10.02 of the Original Resolution, the consent of the owners of any Series of Additional Bonds or Refunding Bonds (as said terms are defined in the Original Resolution) hereinafter issued shall be deemed given if the underwriters or initial marketing group deliver to the Finance Director their consent in writing to this supplemental resolution and the substance of this supplemental resolution is disclosed in the official statement or other offering document pursuant to which such Series of Additional Bonds or Refunding Bonds are offered and sold to the public; and (ii) the written consent of each Credit Provider (as said term is defined in the Original Resolution) then having consent rights with respect to this supplemental resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF BROWARD COUNTY, FLORIDA:

SECTION 1. Supplemental Resolution, Recitals and Definitions.

(a) Supplemental Resolution. This resolution shall constitute a supplemental resolution for all purposes under the Bond Resolution.

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(g) To the extent that the County has entered into a Hedge Agreement with respect to any Bonds and notwithstanding the provisions of clauses (a) through (f) above, while the Hedge Agreement is in effect and the counterparty thereunder has not defaulted in its obligations thereunder, the interest rate with respect to the principal amount of such Bonds equal to the 'notional' amount specified in the Hedge Agreement shall be assumed to be (i) if the County's payment obligations under the Hedge Agreement are computed based upon a fixed rate of interest, the actual rate of interest upon which the County's payment obligations are computed under such Hedge Agreement and (ii) if the County's payment obligations under the Hedge Agreement are computed based upon a variable rate of interest, the 'average rate' of interest for the County's payment obligations under the Hedge Agreement during the twelve months ending with the month preceding the date of calculation or such shorter period of time as the Hedge Agreement has been in effect or if the Hedge Agreement was not in effect during such period, then the initial rate of interest for the County's payment obligations under the Hedge Agreement; 'average rate' shall mean the rate determined by dividing the total amount paid by the County under the Hedge Agreement during the period used in clause (ii) hereof (without taking into account any payments received by the County from the counterparty during such period) by the 'notional' amount specified in the Hedge Agreement for such period."

(f) A definition of "Rate Consultant" is inserted in Section 1.04 of the Original Resolution immediately following the definition of "Put Bonds" to read as follows:

"Rate Consultant" shall mean a consultant or consulting firm or corporation at the time retained by the County pursuant to Section 7.05 of this Resolution to perform and carry out the duties imposed on the Rate Consultant by this Resolution, and which may be the Consulting Engineers."

(g) The definition of "Reserve Account Credit Facility" in Section 1.04 of the Original Resolution is amended to read as follows:

"Reserve Account Credit Facility" shall mean an insurance policy, surety bond, irrevocable letter of credit or other credit agreement or similar facility maintained by the County in lieu of or in substitution for all or a portion of the cash and/or securities on deposit in the Reserve Account."

(h) Clause (b) of Section 2.07 of the Original Resolution is amended to read as follows:

"(b) either

(i) a certificate signed by the Finance Director demonstrating that the 'Adjusted Net Revenue' (as hereafter defined) for the immediately preceding Fiscal Year or for any twelve consecutive months in the eighteen

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(b) Recitals. The recitals contained in the foregoing "WHEREAS" clauses are incorporated in this supplemental resolution by this reference.

(c) Definitions. All capitalized terms used in this resolution, which are not defined, shall have the meanings specified in the Bond Resolution unless the context otherwise clearly requires.

SECTION 2. Supplements and Amendments to Bond Resolution. The Bond Resolution is hereby supplemented and amended as follows:

(a) The definition of "Bond Registrar" in Section 1.04 of the Original Resolution is amended to read as follows:

"Bond Registrar" shall mean the County or a bank or trust company, either within or without the State of Florida, designated as such by resolution of the County, which shall perform such functions as Bond Registrar as are required by this Resolution."

(b) A definition of "County" is inserted in Section 1.04 of the Original Resolution immediately following the definition of "Cost" to read as follows:

"County" shall mean Broward County, Florida."

(c) A definition of "Hedge Agreement" is inserted in Section 1.04 of the Original Resolution immediately following the definition of "Gross Revenue Fund" to read as follows:

"Hedge Agreement" shall mean an interest rate exchange agreement, an interest rate swap agreement, a forward purchase contract, a put option contract, a call option contract or any other financial product which is used by the County as a hedging device with respect to its obligation to pay debt service on any of the Bonds, entered into between the County and a Person as counterparty; provided that such arrangement shall be specifically designated in a certificate of the Finance Director as a 'Hedge Agreement' for purposes of this Resolution."

(d) The definition of "Paying Agent" in Section 1.04 of the Original Resolution is amended to read as follows:

"Paying Agent" shall mean with respect as to any Series of Bonds, the County or bank or trust company at which principal, premium, if any, and interest on the Bonds is payable, as designated by the applicable Series Resolution."

(e) The definition of "Principal and Interest Requirements" in Section 1.04 of the Original Resolution is amended by deleting the word "and" at the end of clause (e), deleting the "." at the end of clause (f) and replacing it with "; and" and inserting a new clause (g) immediately following clause (f) to read as follows:

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months immediately preceding the date of issuance of the Additional Bonds with respect to which the certificate is made ("Test Period"), as selected by the Finance Director, is equal to not less than 125% of the maximum Principal and Interest Requirements for all Bonds then Outstanding, including the Additional Bonds with respect to which the certificate is made. Adjusted Net Revenue shall mean, for the purposes hereof, the Net Revenue during the Test Period, as determined by the Accountant (excluding investment income on funds on deposit in the Construction Fund), adjusted by the Finance Director to reflect (A) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been received by the County from increases in tariffs, rates, fees, rentals and other charges for the use of Port Facilities or the services furnished by the County if such increases had been implemented and in effect during such Test Period, provided that such increases must be adopted as of the date the certification required by this Section 2.07 is made and such increase must be effective on, or scheduled to become effective no later than six months from, the date on which such certificate is made; and (B) 100% of the additional Net Revenue which, in the opinion of the Rate Consultant, would have been realized during such Test Period but for the inclusion, in Operating Expenses during such Test Period, of specified sums of extraordinary, non-recurring, expenditures which materially and adversely distort Net Revenue during the Test Period as a fair basis upon which to project future Net Revenue; or

(ii) a certificate of the Rate Consultant demonstrating that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant for each Bond Year from issuance of the Additional Bonds through the fifth Bond Year after the Bond Year in which the Project financed with the proceeds of such Additional Bonds is scheduled to be completed is equal to not less than 125% of the annual Principal and Interest Requirements in each of such years for all Bonds then Outstanding, including the Additional Bonds with respect to which the certificate is made."

(i) Clause (c) of the Section 2.07 of the Original Resolution is deleted in its entirety and clauses (d), (e) and (f) are renumbered (c), (d) and (e), respectively.

(j) Clause (c)(iv) of Section 2.08 of the Original Resolution is amended to read as follows:

"(iv) that the Net Revenue (excluding investment income on funds on deposit in the Construction Fund) projected by the Rate Consultant, in writing, for each Bond Year from issuance of the Refunding Bonds through the fifth Bond Year after the Bond Year in which the Refunding Bonds are issued is equal to not less than 125% of the annual Principal and Interest Requirements in each of such years for all Bonds then Outstanding, excluding any Bonds being defeased by proceeds of the Refunding Bonds and including the Refunding Bonds with respect to which the certificate is made."

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(k) Clause (d) of Section 2.08 of the Original Resolution is amended to read as follows:

"(d) The certificates required by Section 2.07(d) and (e), except that all references to Additional Bonds in said Section 2.07(d) and (e) shall be deemed to relate to the Refunding Bonds for the purpose of preparing the certificates required hereby."

(l) Section 5.02 of the Original Resolution is amended to read as follows:

"SECTION 5.02. RATE COVENANTS. The County covenants:

(a) that it will continue in effect the present tariff of rates and fees for, and the present rentals and other charges for the use of, the Port Facilities and the services furnished by the County until the same shall be revised as hereinafter provided,

(b) that it will not change, revise or reduce any such rates, fees, rentals and other charges if such change, revision or reduction will result in producing less Gross Revenue unless such rates, fees, rentals and other charges as so changed, revised or reduced will produce sufficient Gross Revenue to comply with subsection (c) of this Section, and

(c) that, subject to the foregoing provisions of this Section 5.02, from time to time and as often as it shall appear necessary it will revise the rates, fees, rentals and other charges for the use of the Port Facilities and for the services furnished by the County as may be necessary or proper in order that the Gross Revenue (excluding investment income on funds on deposit in the Construction Fund) will at all times be sufficient in each Fiscal Year to provide an amount at least equal to the sum of:

(i) 100% of the Current Expenses for the current Fiscal Year,

(ii) 125% of the Principal and Interest Requirements for the current Fiscal Year,

(iii) 100% of the Reserve Account Deposit Requirement for the current Fiscal Year, and

(iv) 100% of the amount required by any Series Resolution to be deposited to the Renewal and Replacement Fund in the current Fiscal Year.

The deposit to the credit of the Sinking Fund in any Fiscal Year of an amount in excess of the amounts required under this Resolution for such Fiscal Year shall be taken into account in adjusting the rates, fees, rentals and other

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payment or redemption date on which a deficiency exists which cannot be cured by funds in any other Fund or Account available for such purpose. The issuer providing such Reserve Account Credit Facility shall be either (a) an insurer (i) whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in one of the two highest rating categories (without regard to numerical or other modifiers) by either Standard & Poor's Corporation or Moody's Investors Service, or their successors, or (ii) who holds one of the two highest policyholder ratings accorded insurers by A.M. Best & Company, or any comparable service, or (b) a commercial bank, insurance company or other financial institution the bonds payable or guaranteed by which have been, or whose obligation to pay is guaranteed by a commercial bank, insurance company or other financial institution which has been, assigned a rating by either Standard & Poor's Corporation or Moody's Investors Service, or their successors, in one of the two highest rating categories (without regard to numerical or other modifiers). Notwithstanding anything to the contrary contained in this Resolution, including Section 5.11 hereof, if any Reserve Account Credit Facility is substituted for cash and/or securities on deposit in the Reserve Account, such cash and/or securities shall be applied to fund any deficiency in the amounts then required to be on deposit in the funds and accounts created by this Resolution and any remaining balance shall be deemed surplus, to be released from the lien of this Resolution and may be used by the County for any lawful purpose."

(n) Section 5.13 of the Original Resolution is amended to read as follows:

"SECTION 5.13. APPLICATION OF MONIES IN THE GENERAL FUND. Provided that the full amounts required to be transferred for any given month under Section 5.07 hereof have been transferred as provided therein, money held for the credit of the General Fund may be applied by the County in such month in the following order of priority:

(a) to make up deficiencies in any of the Funds and Accounts created by this Resolution, and, by transfer to the Operation and Maintenance Account, any deficiencies in the Operation and Maintenance Fund required for the payment of Operating Expenses and to pay any obligations which, in accordance with the provisions of this Resolution, are payable prior to the payments under clause (b) below; and

(b) to make any and all payments on, or relating to, any Special Purpose Bonds and Subordinated Obligations.

Subject to prior application as provided above, any monies in the General Fund may be applied by the County to:

(a) pay the Cost of a Project;

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charges for any subsequent Fiscal Years. Any deficiency in the amounts deposited to the credit of the Sinking Fund or the Renewal and Replacement Fund in any Fiscal Year shall, as promptly as may be practicable, be added to the amounts referred to above for the remaining Fiscal Years in adjusting such rates, fees, rentals and other charges.

The County covenants that if at any time the total amount of Gross Revenue realized in any Fiscal Year shall be less than the amounts referred to above for such Fiscal Year, it will, before the 45th day of the following Fiscal Year, request (i) the Rate Consultant to make its recommendations as to a revision of the rates, fees, rentals and other charges and (ii) the Rate Consultant or the Consulting Engineers to make its recommendations as to any changes in methods of operation. The copies of such requests and of the recommendations of the Rate Consultant and Consulting Engineers shall be filed with the Finance Director.

Anything in this Resolution to the contrary notwithstanding, if the County shall comply with all above recommendations of the Rate Consultant and the Consulting Engineers, the failure to meet the requirements of clause (c) above in any Fiscal Year will not constitute an event of default under the provisions of Section 8.02(h) of this Resolution if Net Revenue is sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds payable in such Fiscal Year.

Notwithstanding any of the foregoing provisions of this Section 5.02, leases and other agreements and contracts for the use of Port Facilities or any services of the County in effect on the date of the enactment of this Resolution shall not be subject to revisions except in accordance with their terms, and the County may enter into new leases or other agreements or contracts for the use of such services or facilities on such terms and for such periods of time as it shall determine to be proper.

This rate covenant shall not be applicable to any principal and interest requirement attributable to any notes issued in anticipation of Bonds to be issued under this Resolution unless such notes are issued as Additional Bonds hereunder."

(m) The last paragraph of Section 5.07 of the Original Resolution is amended to read as follows:

"Notwithstanding the foregoing provisions, in lieu of the required deposits into the Reserve Account, or in substitution for all or a portion of the cash and/or securities on deposit in the Reserve Account, the County may cause to be deposited a Reserve Account Credit Facility in the Reserve Account. Such Reserve Account Credit Facility shall be payable to the Paying Agent (upon the giving of notice as required thereunder) on any Interest Payment Date or principal

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(b) purchase or redeem Bonds or any notes issued in anticipation of the Bonds;

(c) pay the Cost of any item qualifying as an authorized expenditure from the Renewal and Replacement Fund; or

(d) for any lawful purpose of the County.

Notwithstanding the foregoing, in the event of any deficiencies in the Operation and Maintenance Account or any Funds or Accounts created by this Resolution, the money in the General Fund shall be applied to make up all such deficiencies prior to applying any money in the Reserve Account or Renewal and Replacement Fund for such purpose."

(o) Section 7.05 of the Original Resolution is amended to read as follows:

"SECTION 7.05 RETENTION OF CONSULTING ENGINEERS, ACCOUNTANTS AND RATE CONSULTANT; APPOINTMENT OF OFFICERS. The County covenants (i) that it will, for the purpose of performing and carrying out the duties imposed on the Consulting Engineers by this Resolution, retain an independent engineer or engineering firm or corporation of nationally recognized ability and standing, (ii) that it will, for the purpose of performing and carrying out the duties imposed on the Accountants by this Resolution, retain an independent certified public accountant or firm of certified public accountants of nationally recognized ability and standing and (iii) that it will, from time to time as necessary, for the purpose of performing and carrying out the duties imposed on the Rate Consultant by this Resolution, retain an independent consultant or consulting firm or corporation of nationally recognized ability and standing. Except for any fees and expenses incurred under the provisions of Section 4.03 of this Resolution, the cost of retaining Consulting Engineers, Accountants and the Rate Consultant shall be treated as part of Operating Expenses. The County covenants that it will appoint and maintain a Finance Director and such other Authorized Officers as it deems appropriate, and delegate to such persons the duties imposed or permitted to be imposed upon them by this Resolution."

(p) Section 12.03 of the Original Resolution is amended to read as follows:

"SECTION 12.03. SUCCESSORSHIP OF PAYING AGENT. Any bank or trust company with or into which a Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Resolution. If the position of a Paying Agent shall become vacant for any reason the County shall, within thirty days thereafter, appoint a successor Paying Agent to fill such capacity."

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SECTION 3. Bond Resolution to Continue in Force. Except as herein expressly provided, the Bond Resolution and all the terms and provisions thereof, are and shall remain in full force and effect.

SECTION 4. Effective Date. This supplemental resolution shall become effective upon receipt by the Finance Director of (i) an instrument or instruments in writing purported to be executed by the holders of not less than fifty-one percent in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to this supplemental resolution and shall specifically consent to and approve the adoption thereof in substantially the form referred to in such instrument or instruments; provided, however, that in accordance with Section 10.02 of the Original Resolution, the consent of the owners of any Series of Additional Bonds or Refunding Bonds hereinafter issued shall be deemed given if the underwriters or initial marketing group deliver to the Finance Director their consent in writing to this supplemental resolution and the substance of this supplemental resolution is disclosed in the official statement or other offering document pursuant to which such Series of Additional Bonds or Refunding Bonds are offered and sold to the public; and (ii) the written consent of each Credit Provider then having consent rights with respect to this supplemental resolution.

PASSED AND ADOPTED THIS 5th day May, 1998.

BOARD OF COUNTY COMMISSIONERS OF BROWARD COUNTY, FLORIDA

R. J. ...
County Administrator and Ex-Officio
Clerk of the Board of County Commissioners

Gene ...
Chair

Prepared by:
Squire, Sanders & Dempsey L.L.P.
Co-Bond Counsel



A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF BROWARD COUNTY, FLORIDA SUPPLEMENTING RESOLUTION NO. 24-1989 WHICH IS ENTITLED: "A RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$150,000,000 PORT FACILITIES REFUNDING REVENUE BONDS, SERIES 1989A FOR THE PURPOSE OF REFUNDING PORT FACILITIES REVENUE BONDS, SERIES 1986 OF THE PORT EVERGLADES AUTHORITY ISSUED UNDER RESOLUTION NO. 12-1986, AS AMENDED; PROVIDING FOR THE ISSUANCE OF NOT EXCEEDING \$55,000,000 PORT FACILITIES SENIOR REVENUE BONDS, SERIES 1989B FOR THE PURPOSE OF PAYING THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY; PROVIDING FOR THE ISSUANCE OF ADDITIONAL PORT FACILITIES REVENUE BONDS TO PAY THE COST OF IMPROVEMENTS TO THE PORT FACILITIES OF THE PORT EVERGLADES AUTHORITY AND TO REFUND BONDS ISSUED HEREUNDER AND CERTAIN OTHER INDEBTEDNESS; PROVIDING FOR THE PAYMENT OF SUCH BONDS AND THE INTEREST THEREON FROM REVENUE DERIVED FROM THE PORT FACILITIES AND PLEDGED THEREFOR; SETTING FORTH THE RIGHTS AND REMEDIES OF THE HOLDERS OF SUCH BONDS; PROVIDING SEVERABILITY AND AN EFFECTIVE DATE"; AUTHORIZING THE REFUNDING OF CERTAIN OF THE BROWARD COUNTY, FLORIDA PORT FACILITIES REVENUE BONDS; AUTHORIZING THE ISSUANCE OF BROWARD COUNTY, FLORIDA PORT FACILITIES REFUNDING REVENUE BONDS, SERIES 2011A (NON-AMT), BROWARD COUNTY, FLORIDA PORT FACILITIES REFUNDING REVENUE BONDS, SERIES 2011B (AMT), AND BROWARD COUNTY, FLORIDA PORT FACILITIES REFUNDING REVENUE BONDS, SERIES 2011C (TAXABLE) IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$175,000,000, IN ORDER TO REFUND SUCH BONDS; AUTHORIZING A NEGOTIATED SALE OF SAID BONDS; DELEGATING CERTAIN AUTHORITY TO THE MAYOR FOR THE AUTHORIZATION, EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT WITH RESPECT THERETO, AND THE APPROVAL OF THE TERMS AND DETAILS OF SAID BONDS; APPOINTING THE PAYING AGENT AND BOND REGISTRAR FOR SAID BONDS; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF

TWO ESCROW DEPOSIT AGREEMENTS AND THE APPOINTMENT OF AN ESCROW AGENT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; APPOINTING OF A VERIFICATION AGENT; AUTHORIZING MUNICIPAL BOND INSURANCE AND A RESERVE ACCOUNT SURETY BOND FOR THE BONDS; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF BROWARD COUNTY, FLORIDA:

SECTION 1. FINDINGS. It is hereby found and determined that:

(A) Pursuant to Resolution No. 24-1989, adopted by the Port Everglades Authority (the "Authority") on July 20, 1989, as supplemented and amended (the "Resolution"), the Authority issued (i) on August 30, 1989, its \$117,454,948 Port Facilities Refunding Revenue Bonds, Series 1989A (the "Series 1989A Bonds") for the principal purpose of refunding certain outstanding obligations of the Authority, and (ii) on October 25, 1989, its \$50,815,000 Port Facilities Senior Revenue Bonds, Series 1989B (the "Series 1989B Bonds") for the principal purpose of financing the costs of various capital improvements to the Port Facilities (as defined in the Resolution).

(B) Pursuant to Chapter 91-346, Laws of Florida, Chapter 94-429, Laws of Florida, and the approval by the voters of Broward County, Florida, in a referendum held on March 10, 1992, the Port Everglades District (the "District") and the Authority were dissolved and all powers, duties, responsibilities, obligations and functions of the District and the Authority were transferred to Broward County, Florida (the "County") and the County assumed, subject to their terms, all indebtedness of the District and the Authority, including all obligations and rights under the Resolution.

(C) The County now operates the Port Facilities through the County's Port Everglades Department.

(D) On June 4, 1998, the County issued its \$13,195,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 1998A (the "Series 1998A Bonds"), its \$80,440,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 1998B (the "Series 1998B Bonds"), and its \$72,440,000 Broward County, Florida Port Facilities Revenue Bonds, Series 1998C (the "Series 1998C Bonds") and, together with the Series 1998A Bonds and the Series 1998B Bonds, the "Series 1998 Bonds") pursuant to the Resolution for the principal purposes of refunding certain obligations of the County, including the outstanding Series 1989B Bonds, and financing the costs of various capital improvements to the Port Facilities.

(E) On July 8, 2009, the County issued its \$83,235,000 Broward County, Florida Port Facilities Revenue Bonds, Series 2009A (Non-AMT) (the "Series 2009A Bonds") pursuant to the Resolution for the principal purpose of financing certain capital improvements to the Port Facilities

(F) Pursuant to the Constitution and laws of the State of Florida, including without limitation, Chapters 125, 166 and 315, Florida Statutes, and the County's home rule charter (collectively, the "Act"), the County is authorized to issue Bonds (as defined in the Resolution).

(G) Section 2.08 of the Resolution provides for the issuance of Refunding Bonds (as defined in the Resolution) for the purpose of providing funds, together with other legally available funds, for refunding all or any portion of the Bonds of any one or more Series issued under the provisions of the Resolution.

(H) The County has determined to issue its Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011A (Non-AMT) (the "Series 2011A Bonds"), its Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011B (AMT) (the "Series 2011B Bonds"), and its Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011C (Taxable) (the "Series 2011C Bonds") and, together with the Series 2011A Bonds and the Series 2011B Bonds, the "Series 2011 Bonds", collectively in an aggregate principal amount of not exceeding \$175,000,000, each Series as Refunding Bonds under the Resolution, for the purpose of providing funds, together with other legally available funds, to (i) refund and defease all or a portion of the Series 1998B Bonds (the "Refunded Series 1998B Bonds"), the Series 1998C Bonds (the "Refunded Series 1998C Bonds"), and the Series 1989A Bonds (the "Refunded Series 1989A Bonds"), the specific Bonds to be determined by the County Administrator subject to the conditions set forth in Sections 5 and 6 hereof (collectively, the "Refunded Bonds"), (ii) fund a separate subaccount of the Reserve Account, and (iii) pay certain costs of issuance and expenses relating to the Series 2011 Bonds and the refunding and defeasance of the Refunded Bonds, including payment of any municipal bond insurance policy and reserve account surety bond.

(I) A portion of the proceeds derived from the sale of the Series 2011A Bonds and Series 2011B Bonds, together with other legally available moneys of the County and a portion of the proceeds of the Series 2011C Bonds if the County Administrator so elects pursuant to Section 5 hereof, shall be deposited to a special escrow deposit trust fund (the "1998B/C Escrow Fund") to purchase certain direct U.S. Treasury obligations (the "1998B/C Escrow Securities"), which shall be sufficient, together with the investment earnings therefrom and a cash deposit, if any, to pay the Refunded Series 1998B Bonds and the Refunded Series 1998C Bonds as the same become due and payable or are redeemed prior to maturity, all as provided herein and in the hereinafter described 1998B/C Escrow Deposit Agreement.

(J) A portion of the proceeds derived from the sale of the Series 2011C Bonds shall be deposited to a special escrow deposit trust fund (the "1989A Escrow Fund") to purchase certain direct U.S. Treasury obligations (the "1989A Escrow Securities"), which shall be sufficient, together with the investment earnings therefrom and a cash deposit, if any, to pay the Refunded Series 1989A Bonds as the same become due and payable or are redeemed prior to maturity, all as provided herein and in the hereinafter described 1989A Escrow Deposit Agreement.

(K) In accordance with Section 218.385(1), Florida Statutes, based upon the advice of Raymond James & Associates, Inc. and Fidelity Financial Services, L.C., as financial advisors to the County (collectively, the "Financial Advisors"), the negotiated sale of the Series 2011 Bonds is in the best interest of the County for the following reasons:

- (i) the complex nature of the refunding of the Refunded Bonds and the structure and timing of the issuance of the Series 2011 Bonds require extensive planning, and it is not practical for the County, the Financial Advisors and the hereinafter described Underwriters to engage in such planning within the time constraints and uncertainties inherent in a competitive bidding process; and
- (ii) it is necessary to be able to sell the Series 2011 Bonds when market conditions are most favorable; the vagaries of the current and near future municipal bond market demand that the Underwriters have the maximum time and flexibility to price and market the Series 2011 Bonds, in order to obtain the most favorable interest rates available.

(L) The County anticipates receiving a favorable offer to purchase the Series 2011 Bonds from Siebert Brandford Shank & Co., L.L.C. representing itself and certain other Underwriters (collectively, the "Underwriters"), all within the parameters set forth herein.

(M) Inasmuch as the County desires to sell the Series 2011 Bonds at the most advantageous time and not wait for a scheduled meeting of the Board of County Commissioners of Broward County, Florida (the "Board"), so long as the herein described parameters are met, the County hereby determines to delegate the award and sale of the Series 2011 Bonds to the Mayor within such parameters.

(N) The County hereby certifies that it is current in all deposits into the various funds and accounts established pursuant to the Resolution and all payments required to be deposited and made by it under the provisions of the Resolution have been made or deposited, and it has complied with the covenants and agreements of the Resolution and the Trust Indenture, dated May 1, 1998 (the "Subordinate Trust Indenture"), relating to the County's Subordinate Port Facilities Refunding Revenue Bonds, Series 2008.

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portion of the Refunded Series 1998C Bonds. The Series 2011A Bonds shall be dated as of their date of issuance (or such other date as shall be determined by the County Administrator), shall be issued in the form of fully registered Bonds in denominations of \$5,000 or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "RA", shall bear interest from their dated date, payable semi-annually, on March 1 and September 1 of each year (the "Interest Dates"), commencing on March 1, 2012 (or such other date or dates as shall be determined by the County Administrator).

Subject to the conditions described in Section 6 hereof, the County hereby authorizes the issuance of a Series of Bonds to be known as the "Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011B (AMT)" (or such other series designation as the County Administrator may determine), for the principal purpose of refunding a portion of the Refunded Series 1998C Bonds and all or a portion of the Refunded Series 1998B Bonds. The Series 2011B Bonds shall be dated as of their date of issuance (or such other date as shall be determined by the County Administrator), shall be issued in the form of fully registered Bonds in denominations of \$5,000 or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "RB", shall bear interest from their dated date, payable semi-annually, on the Interest Dates of each year, commencing on March 1, 2012 (or such other date or dates as shall be determined by the County Administrator). The County Administrator, upon advice of the Financial Advisors, may determine to issue all or a portion of the Series 2011B Bonds as taxable Bonds. In such event, the amount of Series 2011C Bonds shall be increased by the portion of Series 2011B Bonds which shall be issued as taxable Bonds.

Subject to the conditions described in Section 6 hereof, the County hereby authorizes the issuance of a Series of Bonds to be known as the "Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011C (Taxable)" (or such other series designation as the County Administrator may determine), for the principal purpose of refunding the Refunded Series 1989A Bonds and a portion of the Refunded Series 1998B Bonds and the Refunded 1998C Bonds (if determined to be advisable by the Financial Advisors). The Series 2011C Bonds shall be dated as of their date of issuance (or such other date as shall be determined by the County Administrator), shall be issued in the form of fully registered Bonds in denominations of \$5,000 or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "RC", shall bear interest from their dated date, payable semi-annually, on the Interest Dates of each year, commencing on March 1, 2012 (or such other date or dates as shall be determined by the County Administrator).

The aggregate principal amount of the Series 2011A Bonds, the Series 2011B Bonds and the Series 2011C Bonds to be issued pursuant to the Resolution shall be determined by the County Administrator, provided such aggregate principal amount for

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(O) The covenants, pledges and conditions in the Resolution shall be applicable to the Series 2011 Bonds herein authorized and said Series 2011 Bonds shall be on a parity with and rank equally as to the lien on and source and security for payment from the Net Revenue (as defined in the Resolution) and moneys in certain Funds and Accounts (as defined in the Resolution) established in the Resolution and in all other respects with the Series 1989A Bonds which are not refunded, the Series 1998 Bonds which are not refunded, the Series 2009A Bonds and all Additional Bonds and Refunding Bonds (as defined in this Resolution) hereafter issued pursuant to the Resolution, and shall constitute "Bonds" within the meaning of the Resolution.

(P) The Resolution provides that such Series 2011 Bonds shall mature on such dates and in such amounts, shall bear such rates of interest, shall be payable in such places and shall be subject to such redemption provisions as shall be determined by Series Resolution; and it is now appropriate that the County set forth the parameters and mechanism to determine such terms and details.

(Q) The Series 2011 Bonds shall not constitute a general obligation, or a pledge of the faith, credit or taxing power of the County, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the County, the State of Florida, nor any political subdivision thereof shall be obligated (i) to exercise its ad valorem taxing power in any form on any real or personal property of or in the County to pay the principal of the Series 2011 Bonds, the interest thereon, or other costs incidental thereto or (ii) to pay the same from any other funds of the County except from the moneys and revenues and Funds and Accounts pledged therefor, in the manner provided in the Resolution.

SECTION 2. DEFINITIONS. When used in this Series Resolution, terms defined in the Resolution shall have the meanings therein stated, except as such definitions shall be hereinafter amended or defined.

SECTION 3. AUTHORITY FOR THIS SERIES RESOLUTION. This Series Resolution is adopted pursuant to the provisions of the Act and the Resolution.

SECTION 4. AUTHORIZATION OF REFUNDING OF THE REFUNDED BONDS. The County hereby authorizes the refunding of the Refunded Bonds pursuant to the terms of the Resolution, this Series Resolution and the hereinafter described 1998B/C Escrow Deposit Agreement and the 1989A Escrow Deposit Agreement.

SECTION 5. DESCRIPTION OF THE SERIES 2011 BONDS. Subject to the conditions described in Section 6 hereof, the County hereby authorizes the issuance of a Series of Bonds to be known as the "Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011A (Non-AMT)" (or such other series designation as the County Administrator may determine), for the principal purpose of refunding a

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both Series does not exceed \$175,000,000. The County Administrator shall determine which, if any, of the Series 1998 Bonds and Series 1989A Bonds to refund and shall constitute Refunded Bonds, based upon the advice of the County's Financial Advisors as to what is most beneficial to the County.

Notwithstanding the provisions of Section 2.02 of the Resolution, interest on the Series 2011 Bonds shall be payable by check or draft of Regions Bank, Jacksonville, Florida, as Paying Agent and Bond Registrar, made payable to and mailed to the holder in whose name such Bond shall be registered at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding the Interest Date, or, at the request and expense of such holder, by bank wire transfer to the account of such holder. The principal of the Series 2011 Bonds is payable upon presentation and surrender of the Series 2011 Bonds at the designated corporate trust office of the Paying Agent. All payments of principal and interest on the Series 2011 Bonds shall be payable in lawful money of the United States of America.

The Series 2011 Bonds shall bear interest at such rates and yields and shall mature on September 1 (or such other date as shall be determined by the County Administrator) of each of the years and in the principal amounts corresponding to such years and shall have such redemption provisions as determined by the County Administrator subject to the conditions set forth in Section 6 hereof. All of the terms of the Series 2011 Bonds will be included in a Bond Purchase Agreement which shall be in substantially the form attached hereto and made a part hereof as Exhibit A (the "Bond Purchase Agreement"). The Mayor is hereby authorized to execute the Bond Purchase Agreement in substantially the form attached hereto as Exhibit A with such modifications as the Mayor deems appropriate upon satisfaction of the conditions described in Section 6 hereof. The County Administrator shall attest the signature of the Mayor on the Bond Purchase Agreement; such attestation by the County Administrator shall be deemed approval of any matters delegated to her which are provided in the Bond Purchase Agreement and the signature of the Mayor on the Bond Purchase Agreement shall be conclusive evidence of approval by the Mayor of any such modifications to the Bond Purchase Agreement in the form attached hereto.

The Series 2011 Bonds shall be substantially in the form attached hereto as Exhibit B, with such changes, omissions, additions and modifications as may be necessary to reflect the details of the Series 2011 Bonds and approved by the County Administrator, with the advice of the County Attorney and Nabors, Giblin & Nickerson, P.A. and Knox Seaton, P.A., as co-bond counsel (the "Co-Bond Counsel"). In accordance with the provisions of Section 2.09 of the Resolution, the definitive Series 2011 Bonds shall be issued in typewritten form. Execution and delivery of the Series 2011 Bonds in accordance with the provisions of the Resolution shall be conclusive evidence of the approval by the County of the changes, omissions, additions and modifications in the form of the Series 2011 Bonds. Notwithstanding the provisions of

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Section 2.03 of the Resolution, the Series 2011 Bonds shall be countersigned and attested by the County Administrator (or her designee).

SECTION 6. CONDITIONS TO EXECUTION OF BOND PURCHASE AGREEMENT. The Bond Purchase Agreement shall not be executed by the Mayor until such time as all of the following conditions have been satisfied:

(A) Receipt by the County of a written offer to purchase the Series 2011 Bonds by the Underwriters, substantially in the form of the Bond Purchase Agreement attached hereto as Exhibit A, said offer to provide for, among other things, (i) not exceeding \$175,000,000 aggregate principal amount of Series 2011 Bonds, (ii) an underwriting discount (including management fee and expenses) not in excess of \$6.00 per bond (\$1,000), (iii) net present value savings of not less than 3.0% of the par amount of the Refunded Bonds, (iv) the maturities of the Series 2011A Bonds and the Series 2011B Bonds, with the final maturity being not later than September 1, 2027, and (v) the maturities of the Series 2011C Bonds, with the final maturity being not later than September 1, 2016.

(B) With respect to any redemption terms for the Series 2011A Bonds and the Series 2011B Bonds, the first call date may be no later than September 1, 2021 and no call premium may exceed 1.0% of the par amount of that portion of the Series 2011A Bonds or the Series 2011B Bonds to be redeemed. The Series 2011C Bonds shall not be subject to optional redemption. Term Bonds may be established with such Amortization Requirements as the County Administrator deems appropriate.

(C) Receipt of a good faith deposit from the Underwriters in an amount not less than 1.0% of the par amount of the Series 2011 Bonds provided in the Preliminary Official Statement.

(D) Receipt by the County of a disclosure statement and a truth-in-bonding statement of the Underwriters dated the date of the Bond Purchase Agreement and complying with Section 218.385, Florida Statutes.

Upon satisfaction of all the requirements set forth in this Section 6, the Mayor is authorized to execute and deliver the Bond Purchase Agreement containing terms complying with the provisions of this Section 6 and the Series 2011 Bonds shall be sold to the Underwriters pursuant to the provisions of such Bond Purchase Agreement. The Mayor may rely upon the advice of the Financial Advisors as to satisfaction of the provisions of this Section 6.

SECTION 7. REDEMPTION PROVISIONS. The Series 2011 Bonds may be redeemed prior to their respective maturities from any moneys legally available therefor, upon notice as provided in the Resolution, upon the terms and provisions as may

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or any other person, other than a Series 2011 Bondholder, as shown in the registration books kept by the Bond Registrar, of any amount with respect to principal or interest of the Series 2011 Bonds. The County, the Bond Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Bond Registrar as the holder and absolute owner of such Series 2011 Bond for the purpose of payment of principal or interest with respect to such Series 2011 Bond, for the purpose of giving notices and other matters with respect to such Series 2011 Bond, for the purpose of registering transfers with respect to such Series 2011 Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal or interest of the Series 2011 Bonds only to or upon the order of the respective holders, as shown in the registration books kept by the Bond Registrar, or their respective attorneys duly authorized in writing, as provided herein and in the Resolution and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of principal or interest on the Series 2011 Bonds to the extent of the sum or sums so paid. No person other than a Series 2011 Bondholder, as shown in the registration books kept by the Bond Registrar, shall receive a certificate of Series 2011 Bond evidencing the obligation of the County to make payments of principal or interest pursuant to the provisions hereof. Upon delivery by DTC to the County of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in the Resolution with respect to transfers during certain periods next preceding an Interest Date or the date of mailing a redemption notice or a redemption date, the words "Cede & Co." in the Resolution shall refer to such new nominee of DTC; and upon receipt of such notice, the County shall promptly deliver a copy of the same to the Bond Registrar and the Paying Agent.

Upon (A) receipt by the County of written notice from DTC (i) to the effect that a continuation of the requirement that all of the outstanding Series 2011 Bonds be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Series 2011 Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (B) determination by the County, in its sole discretion, that such book-entry only system should be discontinued by the County and upon compliance by the County with all applicable DTC rules and procedures, the Series 2011 Bonds shall no longer be restricted to being registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, but shall be registered in whatever name or names holders shall designate, in accordance with the provisions of the Resolution. In such event, the County shall issue and the Bond Registrar shall authenticate, transfer and exchange Series 2011 Bonds consistent with the terms of the Resolution, in denominations of \$5,000 or any integral multiple thereof to the holders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Blanket County

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be determined by the County Administrator, upon the advice of the Financial Advisors, subject to the terms of Section 6 hereof.

Notwithstanding anything in the Resolution to the contrary, in the case of an optional redemption of any Series 2011 Bonds, the notice of redemption may state that (1) it is conditioned upon the deposit of moneys with the Paying Agent or with an escrow agent under an escrow deposit agreement, in amounts necessary to effect the redemption, no later than the redemption date or (2) the County retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded. Any such notice of Conditional Redemption shall be captioned "Conditional Notice of Redemption." Any Conditional Redemption may be rescinded at any time prior to the redemption date if the County delivers a written direction to the Bond Registrar directing the Bond Registrar to rescind the redemption notice. The Bond Registrar shall give prompt notice of such rescission to the affected Bondholders. Any Series 2011 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and neither the rescission nor the failure by the County to make such funds available shall constitute an Event of Default under the Resolution. The County shall give notice to DTC and the affected Bondholders that the redemption did not occur and that the Series 2011 Bonds called for redemption and not so paid remain Outstanding under the Resolution.

SECTION 8. BOOK-ENTRY. Notwithstanding the provisions set forth in Section 2.04 of the Resolution, the Series 2011 Bonds shall be initially issued in the form of a separate single certificated fully registered Series 2011 Bond for each of the maturities of each Series of the Series 2011 Bonds. Upon initial issuance, the ownership of each such Series 2011 Bond shall be registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). As long as the Series 2011 Bonds shall be registered in the name of Cede & Co., all payments on the Series 2011 Bonds shall be made by the Paying Agent by check or draft or by bank wire transfer to Cede & Co., as holder of the Series 2011 Bonds.

With respect to Series 2011 Bonds registered in the registration books kept by the Bond Registrar in the name of Cede & Co., as nominee of DTC, the County, the Bond Registrar and the Paying Agent shall have no responsibility or obligation to any direct or indirect participant in the DTC book-entry program (a "Participant"). Without limiting the immediately preceding sentence, the County, the Bond Registrar and the Paying Agent shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Series 2011 Bonds, (B) the delivery to any Participant or any other person other than a Series 2011 Bondholder, as shown in the registration books kept by the Bond Registrar, of any notice with respect to the Series 2011 Bonds, or (C) the payment to any Participant

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Letter of Representations previously executed by the County and delivered to DTC shall apply to the payment of principal and interest on the Series 2011 Bonds.

SECTION 9. APPLICATION OF SERIES 2011 BOND PROCEEDS. Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, the proceeds derived from the sale of the Series 2011 Bonds shall be applied by the County in such manner as directed by the County Administrator or the herein defined CFO described below simultaneously with the delivery thereof as follows:

(A) A sufficient amount shall be applied to the payment of the premium for any municipal bond insurance policy applicable to the Series 2011 Bonds (the "Bond Insurance Policy"), to the payment of a premium for a Reserve Account Credit Facility, if any, and to the payment of costs and expenses relating to the issuance of the Series 2011 Bonds.

(B) Such amount of Series 2011 Bond proceeds shall be deposited in the Series 2011 Subaccount of the Reserve Account provided in Section 16 hereof as shall be directed by the Chief Financial Officer/Director of Finance and Administrative Services Department (the "CFO").

(C) A sufficient amount of Series 2011 Bond proceeds, together with other legally available moneys of the County, shall be deposited irrevocably in trust in the 1998B/C Escrow Fund established under the terms and provisions of the hereinafter defined 1998B/C Escrow Deposit Agreement and, other than a cash deposit, shall be invested in 1998B/C Escrow Securities in the manner set forth in the 1998B/C Escrow Deposit Agreement, which investments shall mature at such times and in such amounts as shall be sufficient, together with such cash deposit, to pay the principal of, redemption premium, if applicable, and interest on the Refunded Series 1998B Bonds and Refunded Series 1998C Bonds as the same mature or are redeemed in accordance with the terms thereof.

(D) A sufficient amount of Series 2011C Bond proceeds, together with other legally available moneys of the County, shall be deposited irrevocably in trust in the 1989A Escrow Fund established under the terms and provisions of the hereinafter defined 1989A Escrow Deposit Agreement and, other than a cash deposit, shall be invested in 1989A Escrow Securities in the manner set forth in the 1989A Escrow Deposit Agreement, which investments shall mature at such times and in such amounts as shall be sufficient, together with such cash deposit, to pay the principal of, redemption premium, if applicable, and interest on the Refunded Series 1989A Bonds as the same mature or are redeemed in accordance with the terms thereof.

SECTION 10. TRANSFER OF CERTAIN MONEYS. The Refunded Bonds will be refunded from proceeds of the Series 2011 Bonds and other legally available moneys of the County. Any excess moneys on deposit in the funds or accounts

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established pursuant to the Resolution not required by the terms of the Resolution to be on deposit therein and which are allocated to the Refunded Bonds may be transferred, at the discretion of the CFO, to the 1998B/C Escrow Fund and the 1989A Escrow Fund established pursuant to the 1998B/C Escrow Deposit Agreement and the 1989A Escrow Deposit Agreement, respectively.

SECTION 11. PRELIMINARY OFFICIAL STATEMENT. The County hereby authorizes the distribution and use of the Preliminary Official Statement in substantially the form attached hereto as Exhibit C in connection with offering the Series 2011 Bonds for sale. If between the date hereof and the mailing of the Preliminary Official Statement it is necessary to make insertions, modifications or changes in the Preliminary Official Statement, the Mayor and the County Administrator are hereby authorized to approve such insertions, changes and modifications, upon the advice of the County Attorney and Bryant Miller and Olive, P.A. and Law Offices of Steve E. Bullock, Esq., as co-disclosure counsel (the "Co-Disclosure Counsel"). The Mayor and the County Administrator are hereby authorized to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") in the form as mailed. Execution of a certificate by the Mayor and the County Administrator deeming the Preliminary Official Statement "final" as described above shall be conclusive evidence of the approval of any insertions, changes or modifications.

SECTION 12. OFFICIAL STATEMENT. Subject in all respects with the satisfaction of the conditions set forth in Section 6 hereof, the Mayor and the County Administrator are hereby authorized and directed to execute and deliver a final Official Statement, dated the date of the execution of the Bond Purchase Agreement, which shall be in substantially the form of the Preliminary Official Statement, in the name and on behalf of the County, and thereupon to cause such Official Statement to be delivered to the Underwriters with such changes, amendments, modifications, omissions and additions as may be approved by the Mayor and the County Administrator, upon advice of the County Attorney and Co-Disclosure Counsel. Said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Mayor and the County Administrator, and the information contained therein are hereby authorized to be used in connection with the sale of the Series 2011 Bonds to the public. Execution by the Mayor and the County Administrator of the Official Statement shall be deemed to be conclusive evidence of approval of such changes, amendments, modifications, omissions and additions.

SECTION 13. AUTHORIZATION TO EXECUTE ESCROW DEPOSIT AGREEMENTS. (A) Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, the County hereby authorizes the Mayor to execute and the County Administrator to attest an Escrow Deposit Agreement (1998B/C Bonds) (the "1998B/C Escrow Deposit Agreement") and to deliver the 1998B/C Escrow Deposit

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obtaining such Bond Insurance Policy is in the best interests of the County. The Bond Insurance Policy shall be issued by Assured Guaranty Corp or a related entity ("Assured Guaranty" or "Insurer"). The County is hereby authorized to provide for the payment of any premium on such Bond Insurance Policy from the proceeds of the Series 2011 Bonds secured by such Bond Insurance Policy. If a determination is made to insure any Series 2011 Bonds, the County Administrator is hereby authorized to execute such documents and instruments necessary to cause Assured Guaranty to insure such Series 2011 Bonds. With respect to any insured Series 2011 Bonds, Assured Guaranty shall be deemed to be the "Credit Provider" and the Bond Insurance Policy shall be deemed a "Credit Facility" as such terms are used and defined in the Resolution. The County Administrator is also authorized to determine whether to obtain a Reserve Account Credit Facility from the Insurer to deposit to the Series 2011 Subaccount of the Reserve Account and to execute any agreements related to such Facility. In addition, if a determination is made to obtain a financial guaranty insurance policy from Assured Guaranty for deposit into the Series 2011 Subaccount of the Reserve Account, such facility shall be deemed to be a "Reserve Account Credit Facility."

Subject in all respects to the award of the Series 2011 Bonds in accordance with this Series Resolution and in the event any Series 2011 Bonds shall be insured, the provisions relating to the Bond Insurance Policy issued by the Insurer provided in Exhibit F hereto shall apply to such insured Series 2011 Bonds so long as the payment obligations of the Insurer under the Bond Insurance Policy have been satisfied and any insured Series 2011 Bonds shall remain Outstanding. Upon advice of Co-Bond Counsel, the Mayor and County Administrator are authorized to enter into an agreement (the "Insurance Agreement") with the Insurer to modify some or all of the provisions provided in Exhibit F in order that such provisions conform to the written commitment provided by the Insurer.

SECTION 16. RESERVE ACCOUNT. Pursuant to Section 2.01 of the Resolution, the County hereby establishes the "Series 2011 Subaccount" of the Reserve Account. Such Series 2011 Subaccount shall secure solely the Series 2011 Bonds. The County hereby pledges moneys in such Series 2011 Subaccount solely to the payment of the Series 2011 Bonds. The Series 2011 Subaccount shall be funded in an amount equal to the Reserve Account Requirement for the Series 2011 Bonds.

SECTION 17. SECONDARY MARKET DISCLOSURE. Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, the County hereby covenants and agrees that, in order to provide for compliance by the County with the secondary market disclosure requirements of the Rule, it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the County and dated the dated date of the Series 2011 Bonds, as it may be amended from time to time in accordance with the terms thereof. The Continuing Disclosure Certificate shall be substantially in the form of Exhibit G hereto with such changes, amendments,

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Agreement to Regions Bank, Jacksonville, Florida, which is hereby appointed as escrow agent thereunder (the "Escrow Agent"). All of the provisions of the 1998B/C Escrow Deposit Agreement when executed and delivered by the County as authorized herein and when duly authorized, executed and delivered by the Escrow Agent, shall be deemed to be a part of this Series Resolution as fully and to the same extent as if incorporated verbatim herein, and the 1998B/C Escrow Deposit Agreement shall be in substantially the form attached hereto as Exhibit D, with such changes, amendments, modifications, omissions and additions, including the date of such 1998B/C Escrow Deposit Agreement, as may be approved by the Mayor and the County Administrator, upon advice of the County Attorney and the County's Co-Bond Counsel. Execution by the Mayor and the County Administrator of the 1998B/C Escrow Deposit Agreement shall be deemed to be conclusive evidence of approval of such changes, amendments, modifications, omissions and additions.

(B) Subject in all respects to the satisfaction of the conditions set forth in Section 6 hereof, the County hereby authorizes the Mayor to execute and the County Administrator to attest an Escrow Deposit Agreement (1989A Bonds) (the "1989A Escrow Deposit Agreement") and to deliver the 1989A Escrow Deposit Agreement to the Escrow Agent, which is hereby appointed as escrow agent thereunder. All of the provisions of the 1989A Escrow Deposit Agreement when executed and delivered by the County as authorized herein and when duly authorized, executed and delivered by the Escrow Agent, shall be deemed to be a part of this Series Resolution as fully and to the same extent as if incorporated verbatim herein, and the 1989A Escrow Deposit Agreement shall be in substantially the form attached hereto as Exhibit E, with such changes, amendments, modifications, omissions and additions, including the date of such 1989A Escrow Deposit Agreement, as may be approved by the Mayor and the County Administrator, upon advice of the County Attorney and the County's Co-Bond Counsel. Execution by the Mayor and the County Administrator of the 1989A Escrow Deposit Agreement shall be deemed to be conclusive evidence of approval of such changes, amendments, modifications, omissions and additions.

SECTION 14. APPOINTMENT OF PAYING AGENT AND BOND REGISTRAR. Subject in all respects with the satisfaction of the conditions set forth in Section 6 hereof, Regions Bank, Jacksonville, Florida, is hereby designated Bond Registrar and Paying Agent for the Series 2011 Bonds. The Mayor is hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 14 and by the Resolution.

SECTION 15. MUNICIPAL BOND INSURANCE. In order to produce the lowest true interest cost possible for the Series 2011 Bonds, the County Administrator is hereby authorized to secure a municipal bond insurance policy ("Bond Insurance Policy") with respect to all or a portion of the Series 2011 Bonds, if, after consultation with the CFO and the Financial Advisors, the County Administrator determines that

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modifications, omissions and additions as shall be approved by the Finance Director who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of the Resolution, failure of the County to comply with such Continuing Disclosure Certificate shall not be considered an event of default under the Resolution; provided, however, to the extent permitted by law, the sole and exclusive remedy of any Series 2011 Bondholder for the enforcement of the provisions of the Continuing Disclosure Certificate shall be an action for mandamus or specific performance, as applicable, by court order, to cause the County to comply with its obligations under this Section 17 and the Continuing Disclosure Certificate. For purposes of this Section 17, "Series 2011 Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2011 Bonds (including persons holding such Bonds through nominees, depositors or other intermediaries), or (B) is treated as the owner of any such Bond for federal income tax purposes.

SECTION 18. SELECTION OF VERIFICATION AGENT AND PRINTER. The firm of The Arbitrage Group, Inc., independent certified public accountants, is hereby appointed and designated as verification agent to prepare a verification report in connection with the defeasance of the Refunded Bonds, and the payment of its reasonable fees and expenses for such services is hereby authorized.

ImageMaster, LLC is hereby selected as the printer of the Preliminary Official Statement and the Official Statement, and the payment of its reasonable fees for the printing of the Preliminary Official Statement and the Official Statement is hereby authorized.

SECTION 19. GENERAL AUTHORITY. The Mayor, the County Administrator, the County Attorney, the CFO, and the other officers, attorneys and other agents or employees of the County are hereby authorized to do all acts and things required of them by this Series Resolution, the Resolution, the Official Statement, the Continuing Disclosure Certificate, the 1998B/C Escrow Deposit Agreement, the 1989A Escrow Deposit Agreement, any Bond Insurance Policy or the Bond Purchase Agreement or desirable or consistent with the requirements hereof or of the Resolution, the Official Statement, the Continuing Disclosure Certificate, the 1998B/C Escrow Deposit Agreement, the 1989A Escrow Deposit Agreement or the Bond Purchase Agreement for the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the Series 2011 Bonds, the Resolution, the Official Statement, the Continuing Disclosure Certificate, the 1998B/C Escrow Deposit Agreement, the 1989A Escrow Deposit Agreement, any Bond Insurance Policy and the Bond Purchase Agreement and each member, employee, attorney and officer of the County is hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. The County hereby authorizes the

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Underwriters, Co-Bond Counsel and Financial Advisors to do all things necessary to acquire the 1998B/C Escrow Securities and the 1989A Escrow Securities. The CFO is hereby authorized to enter into any agreements necessary for the acquisition of the 1998B/C Escrow Securities and the 1989A Escrow Securities, including any forward supply or delivery agreement. If the Mayor is unavailable or unable at any time to perform any duties or functions hereunder, including, but not limited to those described in Section 6 hereof, the Vice-Mayor is hereby authorized to act on his or her behalf. If the County Administrator is unavailable or unable at any time to perform any duties or functions hereunder, the designee of the County Administrator is hereby authorized to act on his or her behalf.


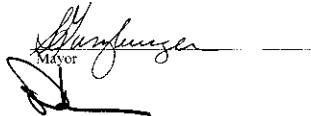
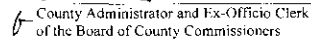
SECTION 20. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Series 2011 Bonds.

SECTION 21. RESOLUTION TO CONTINUE IN FORCE. Except as herein expressly provided, the Resolution and all the terms and provisions thereof are and shall remain in full force and effect.

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SECTION 22. EFFECTIVE DATE. This Resolution shall take effect immediately upon its adoption.

ADOPTED by the Board of County Commissioners of Broward County, Florida, this 1st day of Nov, 2011. * 268

(SEAL)  
Mayor

County Administrator and Ex-Officio Clerk
of the Board of County Commissioners

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Broward County, Florida (the "Issuer") in connection with the issuance of its \$12,370,000 Port Facilities Refunding Revenue Bonds (Series 2011A) (Non-AMT) (the "Series 2011A Bonds"), its \$100,695,000 Port Facilities Refunding Revenue Bonds, Series 2011B (AMT) (the "Series 2011B Bonds") and its \$54,195,000 Port Facilities Refunding Revenue Bonds (Series 2011C) (Taxable) (the "Series 2011C Bonds," and together with the Series 2011A Bonds and the Series 2011B Bonds, the "Bonds"). The Bonds are being issued pursuant to Resolution No. 24-1989 adopted by the Port Everglades Authority on July 20, 1989, as amended and supplemented from time to time and particularly as amended by Resolution No. 26-1989 adopted by the Port Everglades Authority on August 10, 1989, Resolution No. 21-1990 adopted by the Port Everglades Authority on December 6, 1990, and Resolution No. 1998-375 adopted by the Board of County Commissioners (the "Board") on May 5, 1998 (collectively, the "Original Resolution") and as particularly supplemented by Resolution No. 2011-671 adopted by the Board on November 1, 2011 (the "Series Resolution" and, together with the Original Resolution, the "Resolution").

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Resolution which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Event of Bankruptcy" shall be considered to have occurred when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

"Insurer" shall mean Assured Guaranty Municipal Corp. and any successor thereto.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Obligated Person" shall mean any person, including the Issuer, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission from time to time to act as a repository for purposes of complying with the Rule. The Repositories currently approved by the Securities and Exchange Commission may be found by visiting the Securities and Exchange Commission's website at <http://www.sec.gov/info/municipal/nrmsir.htm>. As of the date hereof, the Repository recognized by the Securities and Exchange Commission for such purpose is the Municipal Securities Rulemaking Board, which currently accepts continuing disclosure submissions through its Electronic Municipal Market Access ("EMMA") web portal at "<http://emma.msrb.org>."

"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, within 180 days of the end of the Issuer's fiscal year, beginning with the fiscal year ended September 30, 2011 with respect to the report for the 2011 fiscal year, provide to any Repository in electronic format as prescribed by such Repository and the Insurer an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) Not later than fifteen (15) business days prior to the date set forth in (a) above, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to any Repository and the Insurer an Annual Report as required in subsection (a), the Issuer shall send a notice to any Repository, in electronic format as prescribed by such Repository, and to the Insurer, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of any Repository and the Insurer; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository and the Insurer to which it was provided.

SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer's Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated November __, 2011 relating to the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of the historical financial and operating data set forth in the Official Statement, including, the information under the captions: "Cruise Passenger Traffic" and "Container Cargo Tonnage Billed" under the caption "THE PORT" and the historical data contained in the table entitled "Historical Revenues, Expenses and Debt Service Coverage" under the caption "CERTAIN HISTORICAL AND PROJECTED FINANCIAL INFORMATION."

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository's Internet Web site or filed with the Securities and Exchange Commission.

The Issuer reserves the right to modify from time to time the specific types of information provided in its Annual Report or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the Issuer; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds. Such notice shall be given in a timely manner not in excess of ten (10) business days after the occurrence of the event, with the exception of the event described in number 15 below, which notice shall be given in a timely manner:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Series 2011A Bonds and/or the Series 2011B Bonds;
7. modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Bonds, if material;
11. ratings changes;
12. an Event of Bankruptcy or similar event of an Obligated Person;
13. the consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material; and
15. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) The notice required to be given in paragraph 5(a) above shall be filed with any Repository, in electronic format as prescribed by such Repository, and the Insurer.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted pursuant to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

- (a) the category of information being provided;
- (b) the period covered by any annual financial information, financial statement or other financial information or operating data;

- (c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
- (d) the name of any Obligated Person other than the Issuer;
- (e) the name and date of the document being submitted; and
- (f) contact information for the submitter.

SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being

presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. The continuing disclosure obligations of the Issuer set forth herein constitute a contract with the holders of the Bonds. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of _____, 2011

BROWARD COUNTY, FLORIDA

(SEAL)

By: _____
Mayor

ATTEST

By: _____
County Administrator and Ex-Officio
Clerk of the Board of County Commissioners

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Broward County, Florida

Name of Bond Issue: Port Facilities Refunding Revenue Bonds, Series 2011A (Non-AMT)
Port Facilities Refunding Revenue Bonds, Series 2011B (AMT)
Port Facilities Refunding Revenue Bonds, Series 2011C (Taxable)

Date of Issuance: November 22, 2011

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4(b) of the Continuing Disclosure Certificate dated as of _____. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

BROWARD COUNTY, FLORIDA

By: _____

Name: _____

Title: _____

APPENDIX F

FORM OF OPINION OF CO-BOND COUNSEL

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FORM OF CO-BOND COUNSEL OPINION

Upon delivery of the Series 2011 Bonds in definitive form, Nabors, Giblin & Nickerson, P.A., Tampa, Florida, and KnoxSeaton, Miami, Florida, Co-Bond Counsel, propose to render their opinions with respect to such Series 2011 Bonds in substantially the following form:

[Closing Date]

Board of County Commissioners
of Broward County, Florida
Fort Lauderdale, Florida

Assured Guaranty Municipal Corp.
New York, New York

Commissioners:

We have examined a record of proceedings relating to the issuance of \$12,370,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011A (Non-AMT) (the "Series 2011A Bonds"), \$100,695,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011B (AMT) (the "Series 2011B Bonds") and \$54,195,000 Broward County, Florida Port Facilities Refunding Revenue Bonds, Series 2011C (Taxable) (the "Series 2011C Bonds" and collectively with the Series 2011A Bonds and Series 2011B Bonds, the "Series 2011 Bonds"). The Series 2011 Bonds are issued under and pursuant to the Laws of the State of Florida, including without limitation, Chapters 125, 166 and 315, Florida Statutes, the home rule charter of Broward County, Florida (the "County"), and Resolution No. 24-1989, adopted by the Port Everglades Authority on July 20, 1989, as amended and supplemented, in particular as supplemented by Resolution No. 2011-671 adopted by the Board of County Commissioners of the County on November 1, 2011 (collectively, the "Resolution").

The Series 2011 Bonds are dated the date of delivery and shall bear interest from such date, except as otherwise provided in the Resolution. The Series 2011 Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as provided in the Resolution. Interest shall be payable on March 1 and

September 1 of each year, commencing March 1, 2012. The Series 2011 Bonds are subject to redemption prior to maturity in accordance with the terms of the Resolution.

The Series 2011 Bonds are issued for the principal purposes of providing funds, together with other legally available funds, to (i) refund and defease all of the County's Port Facilities Refunding Revenue Bonds, Series 1998B, Port Facilities Revenue Bonds, Series 1998C and Port Facilities Refunding Revenue Bonds, Series 1989A (collectively, the "Refunded Bonds"), and (ii) pay certain costs of issuance and expenses relating to the Series 2011 Bonds, including the premium for a municipal bond insurance policy and a municipal bond debt service reserve insurance policy. Certain proceeds of the Series 2011 Bonds, together with other legally available moneys of the County, shall be deposited into escrow deposit trust funds (the "Escrow Funds") established pursuant to two separate Escrow Deposit Agreements, each dated as of the date hereof (the "Escrow Deposit Agreements"), between the County and Regions Bank, and shall be held uninvested and applied to pay the principal of and interest on the Refunded Bonds, as the same become due or are redeemed prior to maturity.

As to questions of fact material to our opinion, we have relied upon the representations of the County contained in the Resolution and in the certified proceedings relating thereto and to the issuance of the Series 2011 Bonds and other certifications of public officials furnished to us in connection therewith without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The County is a duly created and validly existing political subdivision of the State of Florida.

2. The County has the right and power under the Constitution and Laws of the State of Florida to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the County, is in full force and effect in accordance with its terms and is valid and binding upon the County and enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Net Revenue (as such term is defined in the Resolution) and moneys on deposit in the Funds and Accounts (as such terms are defined in the Resolution), subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The County is duly authorized and entitled to issue the Series 2011 Bonds, and the Series 2011 Bonds have been duly and validly authorized and issued by the County in accordance with the Constitution and laws of the State of Florida and the Resolution. The Series 2011 Bonds constitute valid and binding obligations of the County as provided in the Resolution, are enforceable in accordance with their terms and the terms of the Resolution and are entitled to the benefits of the Resolution and the laws

pursuant to which they are issued. The Series 2011 Bonds shall be issued on parity under the Resolution with certain other obligations of the County. The Series 2011 Bonds do not constitute a general indebtedness of the County or the State of Florida or any agency, department or political subdivision thereof, or a pledge of the faith and credit of such entities, but are payable from the Net Revenue and moneys on deposit in the Funds and Accounts in the manner and to the extent provided in the Resolution. No holder of the Series 2011 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power of the County or the State of Florida or any political subdivision, agency or department thereof to pay the Series 2011 Bonds.

4. Under existing statutes, regulations, rulings and court decisions, (a) the interest on the Series 2011A Bonds and Series 2011B Bonds is excluded from gross income for federal income tax purposes, except, in the case of the Series 2011B Bonds, for any period during which a Series 2011B Bond is held by a "substantial user" of the facilities refinanced with the proceeds of the Series 2011B Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"), (b) interest on the Series 2011A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, interest on the Series 2011A Bonds is taken into account in determining the adjusted current earnings for purposes of computing the alternative minimum tax imposed on certain corporations, and (c) interest on the Series 2011B Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinions set forth in clauses (a) and (b) above are subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2011A Bonds and Series 2011B Bonds in order that interest thereon be (or continues to be) excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Series 2011A Bonds and Series 2011B Bonds to be so included in gross income retroactive to the date of issuance of the Series 2011A Bonds and Series 2011B Bonds. The County has covenanted to comply with all such requirements. Interest on the Series 2011C Bonds is not excluded from gross income for federal income tax purposes. Ownership of the Series 2011 Bonds may result in collateral federal tax consequences to certain taxpayers. We express no opinion regarding such federal tax consequences arising with respect to the Series 2011 Bonds.

In rendering the opinions set forth above, we are relying upon (a) the arithmetical accuracy of certain computations included in schedules provided by Siebert Brandford Shank & Co., L.L.C. relating to the computations of the adequacy of the moneys deposited in the Escrow Funds to pay the principal of and interest on the Refunded Bonds, and (b) the verifications of the arithmetical accuracy of such computations by The Arbitrage Group, Inc.

It should be noted that (1) except as may expressly be set forth in an opinion delivered by us to the underwriters and other addressees (on which opinion only they may rely) for the Series 2011 Bonds on the date hereof, we have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2011 Bonds and we express no opinion relating thereto, and (2) we have not been engaged or undertaken to review the compliance with any federal or state law with regard to the sale or distribution of the Series 2011 Bonds and we express no opinion relating thereto.

The opinions expressed in paragraphs 2 and 3 hereof are qualified to the extent that the enforceability of the Resolution and the Series 2011 Bonds may be limited by any applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

We have examined the forms of the Series 2011 Bonds and, in our opinion, the forms of the Series 2011 Bonds are regular and proper.

Respectfully submitted,

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud) whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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