

Preliminary Limited Offering Memorandum Dated \_\_\_\_\_, 2019

**New Issues – Book Entry Only**

[Rating: See “RATING” herein]

*In the opinion of Nelson Mullins Riley & Scarborough LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, continuing compliance by the Authority and the Borrower with certain arbitrage rebate and other tax covenants and the accuracy of certain representations, interest on the Series 2019A Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”), except that no opinion is expressed as to the exclusion of interest on any Series 2019A Bond from gross income for any period in which such Series 2019A Bond is held by a person who is a “substantial user,” within the meaning of Section 147(a) of the Code, of the Project or is a “related person” to such a “substantial user.” It is also the opinion of Bond Counsel that interest on the Series 2019A Bonds is an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals. Interest on the 2019B Bonds is includable in the federal gross income of the owners thereof. It is further the opinion of Bond Counsel that, under existing law, the Series 2019 Bonds and income thereon are exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed by Chapter 220, Florida Statutes, as amended. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on, the Series 2019 Bonds. See “TAX MATTERS” herein.*

**\$27,230,000\***  
**OCEAN HIGHWAY AND PORT AUTHORITY**  
**(FLORIDA)**  
**PORT FACILITIES REVENUE BONDS**  
**SERIES 2019**  
**(WORLDWIDE TERMINALS FERNANDINA PROJECT)**

\$9,390,000\* SERIES 2019A (AMT)

\$17,840,000\* TAXABLE SERIES 2019B

**Dated: Date of Issuance**

**Due: See inside cover page**

The Series 2019A Bonds and Series 2019B Bonds described above (collectively, the “Series 2019 Bonds”) will be issued by the Ocean Highway and Port Authority (the “Authority”) initially as fully registered bonds in the denomination of \$100,000 or any integral multiple of \$5,000 in excess thereof, and when issued will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”). Beneficial owners of the Series 2019 Bonds will not receive physical certificates representing the Series 2019 Bonds purchased, but will receive a credit balance on the books of the nominee of such beneficial owners. So long as Cede & Co. is the registered owner of the Series 2019 Bonds, principal of and interest due on the Series 2019 Bonds will be paid by U.S. Bank National Association, as trustee (the “Trustee”), directly to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Series 2019 Bonds as described herein. See “THE SERIES 2019 BONDS – Book-Entry System.” The Series 2019 Bonds will be issued pursuant to the Trust Indenture, dated as of April 1, 2019 (the “Indenture”), between the Authority and the Trustee. Principal of the Series 2019 Bonds will be payable at maturity or redemption upon surrender thereof at the designated corporate trust office of the Trustee in Jacksonville, Florida.

The Series 2019 Bonds will bear interest at the respective interest rates per annum set forth on the inside cover page, payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2019. The Series 2019 Bonds are subject to optional redemption, mandatory sinking fund redemption and mandatory redemption and purchase in lieu of optional redemption prior to maturity as described herein.

Except to the extent payable out of bond proceeds or any income from the investment thereof, the Series 2019 Bonds, together with any Additional Bonds that may be issued under the Indenture, will be payable solely from, and secured solely by, a pledge of payments derived by the Authority under a Loan Agreement dated as of April 1, 2019 (the “Loan Agreement”) among the Authority, the Trustee and Worldwide Terminals Fernandina, LLC (the “Borrower”).

**[WTF Logo]**

The Borrower’s payment obligations under the Loan Agreement with respect to the Series 2019 Bonds will be evidenced by the Series 2019 Notes and will be secured by a net revenue pledge from the Borrower’s operation of certain port terminal facilities (the “Terminal Facility”) located at the Port of Fernandina in Fernandina Beach, Nassau County, Florida, owned by the Authority and operated by the Borrower pursuant to an Operating Agreement, dated October 19, 2018, with the Authority.

INVESTMENT IN THE SERIES 2019 BONDS INVOLVES A SUBSTANTIAL DEGREE OF RISK AND EACH PROSPECTIVE INVESTOR SHOULD CONSIDER ITS FINANCIAL CONDITION AND THE RISKS INVOLVED TO DETERMINE THE SUITABILITY OF INVESTING IN THE SERIES 2019 BONDS. THE SERIES 2019 BONDS AND BENEFICIAL OWNERSHIP INTERESTS THEREIN ARE OFFERED HEREBY ONLY TO “QUALIFIED INSTITUTIONAL BUYERS” WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS

This Preliminary Limited Offering Memorandum, and the information contained herein are subject to completion or amendment in the Limited Offering Memorandum delivered in final form. These securities may not be sold nor may offers to buy be accepted prior to the time the Limited Offering Memorandum is delivered in final form. Under no circumstances shall this Preliminary Limited Offering Memorandum constitute an offer to sell or an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdictions.

AMENDED (THE "SECURITIES ACT") OR "ACCREDITED INVESTORS," WITHIN THE MEANING OF SECTION 501(A) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT, WHICH HAVE SIGNED A LETTER SUBSTANTIALLY IN THE FORM OF APPENDIX H ATTACHED HERETO, AND MAY BE TRANSFERRED ONLY TO QUALIFIED INSTITUTIONAL BUYERS OR ACCREDITED INVESTORS. See "THE SERIES 2019 BONDS – Transfer Restrictions on Series 2019 Bonds."

THE SERIES 2019 BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY OR NASSAU COUNTY. NEITHER THE STATE OF FLORIDA NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND NASSAU COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT OF THE AUTHORITY, NASSAU COUNTY, THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION OF THE STATE OF FLORIDA, NOR THE TAXING POWER OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS OR OTHER COSTS INCIDENT THERETO.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Limited Offering Memorandum to obtain information essential to the making of an informed investment decision. Holders and prospective purchasers of the Series 2019 Bonds after the date hereof should be aware that certain information contained in this Limited Offering Memorandum may no longer be accurate and should refer to the revisions, supplements, and additions to this Limited Offering Memorandum, if any, or any new offering materials for current information after such date.

*The Series 2019 Bonds are offered when, as and if issued by the Authority, subject to the approval of legality by Nelson Mullins Riley & Scarborough LLP, Bond Counsel to the Authority, and certain other conditions. Certain legal matters will be passed upon for the Borrower by Bryan Cave Leighton Paisner LLP; for the Authority by [\_\_\_\_\_]; and for the Underwriter by Squire Patton Boggs (US) LLP. It is expected that the Series 2019 Bonds will be delivered through the facilities of DTC in New York, New York on or about \_\_\_\_\_, 2019.\**

## **UBS Financial Services Inc.**

Dated: \_\_\_\_\_, 2019

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\*Preliminary, subject to change

010-8738-0428/4/AMERICAS

**\$9,390,000**  
**OCEAN HIGHWAY AND PORT AUTHORITY**  
**(FLORIDA)**  
**PORT FACILITIES REVENUE BONDS (AMT)**  
**SERIES 2019A**  
**(WORLDWIDE TERMINALS FERNANDINA**  
**PROJECT)**

[Series 2019A maturity schedule to be inserted]

Dag

**\$17,840,000\***  
**OCEAN HIGHWAY AND PORT AUTHORITY**  
**(FLORIDA)**  
**TAXABLE PORT FACILITIES REVENUE BONDS**  
**SERIES 2019B**  
**(WORLDWIDE TERMINALS FERNANDINA**  
**PROJECT)**

[Series 2019B maturity schedule to be inserted]

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**[Insert map or graphic]**

No person has been authorized to give any information or make any representations other than those contained in this Limited Offering Memorandum in connection with the offering described herein, and, if made or given, such other information or representations must not be relied upon as having been authorized by the Authority, the Borrower or UBS Financial Services Inc. (the "Underwriter"). Neither the delivery of this Limited Offering Memorandum nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of any of such entities since the date hereof. This Limited Offering Memorandum does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein relating to the business and affairs of the Borrower has been supplied by the Borrower. Such information is not to be construed as a representation by the Authority or the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Limited Offering Memorandum. The Underwriter has reviewed the information in the Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The Authority makes no representation as to the accuracy or completeness of any information in this Limited Offering Memorandum and takes no responsibility for its contents other than the information relating to the Authority under the headings "THE AUTHORITY" and "LITIGATION – The Authority."

U.S. Bank National Association, as Trustee, has not provided, reviewed or approved any information in this Limited Offering Memorandum. U.S. Bank National Association makes no representation as to the contents, accuracy, fairness or completeness of this Limited Offering Memorandum. U.S. Bank National Association has not evaluated the risks or propriety of any investment in the Series 2019 Bonds; and U.S. Bank National Association makes no representation as to the suitability or investment quality of the Series 2019 Bonds for any investor, the technical or financial feasibility or performance of the Project, or compliance with any securities, tax or other laws or regulations, about all of which U.S. Bank National Association expresses no opinion and expressly disclaims the expertise to evaluate.

In connection with the offering described herein, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Series 2019 Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

**THIS LIMITED OFFERING MEMORANDUM IS BEING PROVIDED ONLY TO PROSPECTIVE PURCHASERS THAT ARE REASONABLY BELIEVED TO BE "QUALIFIED INSTITUTIONAL BUYERS" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR "ACCREDITED INVESTORS," WITHIN THE MEANING OF SECTION 501(A) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT, WHICH HAVE SIGNED A LETTER SUBSTANTIALLY IN THE FORM OF APPENDIX H ATTACHED HERETO, AND MAY BE TRANSFERRED ONLY TO QUALIFIED INSTITUTIONAL BUYERS OR ACCREDITED INVESTORS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.**

**This Limited Offering Memorandum has been delivered to purchasers on the basis that such purchaser is a person into whose possession this Limited Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which such purchaser is located and it may not, nor is it authorized to, deliver this Limited Offering Memorandum to any other person.**

**The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.**

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- G – Form of Approving Opinion of Bond Counsel
- H – Form of Investor Letter



## LIMITED OFFERING MEMORANDUM

**\$27,230,000\***

**OCEAN HIGHWAY AND PORT AUTHORITY  
(FLORIDA)  
PORT FACILITIES REVENUE BONDS  
SERIES 2019  
(WORLDWIDE TERMINALS FERNANDINA PROJECT)**

\$9,390,000\* SERIES 2019A (AMT)

\$17,840,000\* TAXABLE SERIES 2019B

### INTRODUCTION

This Limited Offering Memorandum, including the cover page and inside cover page, appendices and documents incorporated herein and therein by reference (collectively, the “Limited Offering Memorandum”), is provided to furnish certain information in connection with the issuance by the Ocean Highway and Port Authority (the “Authority”) of its (a) \$9,390,000\* Ocean Highway and Port Authority Port Facilities Revenue Bonds (AMT), Series 2019A (Worldwide Terminals Fernandina Project) (the “Series 2019A Bonds”) and (b) \$17,840,000\* Ocean Highway and Port Authority Taxable Port Facilities Revenue Bonds, Series 2019B (Worldwide Terminals Fernandina Project) (the “Series 2019B Bonds”); together with the Series 2019A Bonds, the “Series 2019 Bonds”).

The Series 2019 Bonds will be issued pursuant to a Trust Indenture, dated as of April 1, 2019 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as Trustee. Principal of and interest on the Series 2019 Bonds will be payable from loan repayments received by the Authority and the Trustee from the Borrower pursuant to a Loan Agreement, dated as of April 1, 2019 (the “Loan Agreement”), by and among Worldwide Terminals Fernandina, LLC (the “Borrower”), the Trustee and the Authority. Pursuant to the Indenture, the Authority will assign its rights to receive payments under the Loan Agreement (except for certain Reserved Rights) to the Trustee as security for the payment of the principal of and interest on the Series 2019 Bonds and any Additional Bonds that may be issued under the Indenture. The Series 2019 Bonds and any Additional Bonds are collectively the “Bonds.”

The Borrower’s payment obligations under the Loan Agreement will be evidenced by the Series 2019 Notes and will be secured by a net revenue pledge from the Borrower’s operation of certain port terminal facilities (the “Terminal Facility”) located at the Port of Fernandina (the “Port”) in Fernandina Beach, Nassau County, Florida, owned by the Authority and operated by the Borrower pursuant to an Operating Agreement, dated October 19, 2018 (the “Operating Agreement”) between the Authority and Nassau Terminals LLC (“Nassau Terminals”), a limited liability company wholly owned by the Borrower. The Terminal Facility is also defined to include certain off-site warehouse facilities (the “Warehouse Facilities”) leased or used by the Borrower in connection with its operations or activities at the Terminal Facility. The Borrower and Nassau Terminals will [enter into a Security Agreement with the Trustee granting a security interest in certain of its assets located at the Terminal Facility and also will] collaterally assign their rights under the Operating Agreement to the Trustee, as security for the Bonds, pursuant to the Assignment of Contract Documents, dated as of April 1, 2019 (the “Assignment”) from the Borrower to the Trustee and consented to by the Authority.

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\* Preliminary, subject to change

The Borrower is a Delaware limited liability company and a joint venture between Four Wood Capital Partners LLC, a New York based asset management and merchant banking firm, and World Wide Group LLC, formed in 2018 for the purpose of acquiring Nassau Terminals and the privately-owned assets of the Terminal Facility and entering into the Operating Agreement. See “THE BORROWER.” See also APPENDIX A for audited financial statements of the Borrower for the period from February 7, 2018 (the date that the Borrower acquired the assets of the Terminal Facility) to December 31, 2018.

The Port is situated on approximately 23 acres in the City of Fernandina Beach, Nassau County, Florida at the northeast corner of the State of Florida and immediately south of the Georgia-Florida state line. The Port is located along a federal channel that provides immediate access to the Atlantic Ocean through the Cumberland Sound Access Channel. See “THE AUTHORITY AND THE PORT” for a description of the Port and the Terminal Facility.

The Borrower is the only terminal operator at the Port and operates the Terminal Facility pursuant to the Operating Agreement. The Borrower acquired Nassau Terminals and the privately-owned assets of the Terminal Facility from Kinder Morgan Port Terminals USA LLC (“Kinder Morgan”) on February 7, 2018. Nassau Terminals subsequently entered into the Operating Agreement with the Authority, replacing the prior operating agreement. The Operating Agreement is for an initial term of ten years and is subject to renewal for two additional twelve-year periods. Under the Operating Agreement, the Borrower is responsible to “perform all functions necessary to load, unload, transfer, store and handle cargo of all types in, out and through the facilities of the Port.” See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2019 BONDS – The Operating Agreement” and APPENDIX E.

The Terminal Facility currently handles kraft linerboard, lumber and other forest products exported to the Caribbean and Central and South America by companies such as Barnett Paper, WestRock, Caribbean Forest Carriers and Dole, as well as containerized cargo and some bulk cargoes. The Port also serves as homeport for Somers Isle Shippings containerized service to Bermuda, now in its 33<sup>rd</sup> year of operation. The Terminal Facility also handles imported forest products from Asia and Scandinavia as well as certain bulk commodities. The Terminal Facilities currently include 300,000 square feet of on-port warehouse facilities, over 110,000 square feet of off-port warehouse facilities and daily on-dock rail service. The Terminal Facilities include a fully-certified container freight station. The Borrower also expects to add a Foreign Trade Zone designation. Modernization plans for the Terminal Facility include additional cranes and cargo handling equipment, as well as deepening the berth to 40 feet, a berth extension and an on-deck warehouse to better accommodate customer needs. In January 2019, the Borrower acquired and accepted delivery of a Liebherr Mobile Harbor Crane equipped for containers and heavy lifts funded by a \$2 million grant from the Florida Department of Transportation.

The Series 2019A Bonds are being issued for the purposes of, among other things: (a) financing or refinancing the acquisition, construction, and equipping of certain capital improvements constituting port facilities under the Act (defined below), including construction of approximately 78,000 square feet of new warehouse space, dredging and deepening of the berths at the port facility to 40 feet, and acquisition of additional cargo handling equipment [(the “Project”)]; (b) funding a deposit to the Debt Service Reserve Account with respect to the Series 2019A Bonds; (c) funding capitalized interest on the Series 2019A Bonds; and (d) paying certain expenses incurred in connection with the issuance of the Series 2019A Bonds. The Series 2019B Bonds are being issued for the purposes of, among other things: (a) refinancing the acquisition, construction and equipping of certain capital improvements constituting port facilities under the Act, (b) funding a deposit to the Debt Service Reserve Account with respect to the Series 2019B Bonds; (c) funding a deposit to the Operating Reserve Fund in an amount equal to the Operating Reserve Requirement; (d) funding a deposit to the Capital Reserve Fund in an amount equal to the Capital Reserve Requirement; (e) funding a deposit to the Rolling Coverage Fund in an amount equal to the Rolling Coverage Requirement; (f) funding a deposit to the Repair and Replacement Fund in an amount equal to the Repair and Replacement Reserve Requirement; (g) funding a deposit to the Working Capital Account of the Project Fund; (h) funding capitalized interest on the Series 2019B Bonds; [funding working capital]; and (i) paying certain expenses incurred in connection with the issuance of the Series 2019B Bonds. See “APPLICATION OF PROCEEDS.”

The Series 2019 Bonds will bear interest at the respective interest rates per annum set forth on the inside cover page of this Limited Offering Memorandum. Interest on the Series 2019 Bonds will be payable semi-annually on June 1 and December 1 of each year, commencing December 1, 2019. The Series 2019 Bonds are subject to optional redemption, mandatory sinking fund redemption and mandatory redemption and purchase in lieu of optional redemption as described herein under “THE SERIES 2019 BONDS—Redemption of Series 2019 Bonds.”

**The Series 2019 Bonds will not be secured by a mortgage of any property of the Authority or the Borrower, including the Terminal Facility.** The Series 2019 Bonds are secured by a net pledge of the Borrower Revenues derived by the Borrower from the operation of the Terminal Facility and from funds held by the Trustee under the Indenture, including amounts on deposit in the accounts in the Debt Service Reserve Fund and certain of the other funds and accounts held by the Trustee. See “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2019 BONDS – Description of Funds Under the Indenture; Flow of Funds.” As security for the Series 2019 Bonds, the Borrower and Nassau Terminals will [enter into a Security Agreement with the Trustee granting a security interest in certain of its assets located at the Terminal Facility and also will] collaterally assign their rights under the Operating Agreement to the Trustee, as security for the Bonds, pursuant to the Assignment.

The Borrower retained TranSystems and Martin Associates (together, the “Consultant”) in connection with the issuance of the Series 2019 Bonds to prepare a report evaluating the operating facilities and practices, financial viability and cargo market growth potential and opportunities for the Borrower at the Port. The Consultant issued the Feasibility and Market Study dated April \_\_, 2019 (the “Report of the Consultant”). The Consultant has provided its consent to include the Report of the Consultant as APPENDIX B hereto. See “REPORT OF THE CONSULTANT” and APPENDIX B – “Report of the Consultant” for a description of the Consultant’s forecast of the net revenue of the Terminal Facility and debt service coverage on the Series 2019 Bonds for the period from 2019 through 202\_\_, as well as the underlying assumptions used in developing those forecasts.

In connection with the issuance of the Series 2019 Bonds, the Borrower and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, will enter into a Continuing Disclosure Dissemination Agent Agreement, dated as of April 1, 2019 (the “Continuing Disclosure Agreement”), under which the Borrower will agree to provide its audited financial statements and notices of certain events, in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission. See “CONTINUING DISCLOSURE AGREEMENT” and APPENDIX F – “FORM OF CONTINUING DISCLOSURE DISSEMINATION AGENT AGREEMENT.”

The Series 2019 Bonds are being sold solely on the basis of the Borrower Revenues to be generated by the Borrower’s operation of the Terminal Facility. “Borrower Revenues” are generally defined to mean, for any period, any and all rights to receive all the receipts, revenues, money, proceeds and income of the Borrower from the ownership, lease, sublease, use and operation of the Terminal Facility, including, without limitation, the Project and the Warehouse Facilities. The only business of the Borrower is the operation of the Terminal Facility. The Borrower has no assets other than the Terminal Facility and has limited operating history. The Series 2019 Bonds are offered only to investors who, in making their investment decision, rely solely on the financial viability of the Borrower’s operation of the Terminal Facility. No guaranty of payment of the Series 2019 Bonds will be made by any member of the Borrower or any entity affiliated with the Borrower. The Series 2019 Bonds are being initially sold only to “Qualified Institutional Buyers” within the meaning of Rule 144A under the Securities Act or “Accredited Investors,” within the meaning of Section 501(a) of Regulation D promulgated under the Securities Act, which have signed a letter substantially in the form of APPENDIX H attached hereto, and may be transferred only to Qualified Institutional Buyers or Accredited Investors. Transferees of the Series 2019 Bonds will be deemed to have acknowledged, represented, warranted and agreed with and to the Authority, the Borrower, the Trustee and the Underwriter that they meet this requirement and will comply with this restriction.

THE SERIES 2019 BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND

CREDIT OF THE STATE OF FLORIDA (THE “STATE”) OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY OR NASSAU COUNTY (THE “COUNTY”). NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS OR OTHER COSTS INCIDENT THERETO. THE SERIES 2019 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, OF THE AUTHORITY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT THE SERIES 2019 BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES AND PROCEEDS TO BE DERIVED BY THE AUTHORITY FROM PAYMENTS RECEIVED UNDER THE LOAN AGREEMENT OR FROM OTHER COLLATERAL SECURITY WHICH THE BORROWER MAY PROVIDE TO FURTHER SECURE THE SERIES 2019 BONDS.

Brief descriptions of the Authority, the Terminal Facility and certain provisions of the Series 2019 Bonds, the Loan Agreement and the Indenture are included in this Limited Offering Memorandum. Audited financial statements of the Borrower for the period from February 7, 2018 are attached hereto as APPENDIX A. The descriptions herein (including the descriptions summarized in APPENDICES [C through E] attached hereto) of the Series 2019 Bonds, the Loan Agreement and the Indenture are qualified in their entirety by reference to such documents. All such descriptions are further qualified in their entirety by reference to laws relating to or affecting generally the enforcement of creditors’ rights and principles of equity. Copies of such documents may be obtained from the Trustee or, during the offering period of the Series 2019 Bonds, at the office of UBS Financial Services Inc., 299 Park Avenue, 11<sup>th</sup> Floor, New York, NY 10171 Attention: \_\_\_\_\_, and thereafter from the Trustee. Capitalized terms used herein and not defined have the meanings set forth in the Indenture, the form of which is attached as APPENDIX C.

## **THE AUTHORITY AND THE PORT**

The Authority is a body politic and corporate and a political subdivision of the State created under Chapter 2005-293, Laws of Florida (the “Enabling Act”). The Authority is authorized under the Enabling Act and Chapter 315 of the Florida Statutes and commonly known as the 1959 Port Facilities Financing Law (the “Bond Act,” and, together with the Enabling Act and other applicable laws, collectively, the “Act”), among other things, to issue revenue bonds for the purpose of acquiring and constructing certain port facilities.

The Port, located on Amelia Island in Florida, has played an integral role in the history and development of Florida and the surrounding area. The Fernandina Port Authority was originally chartered in 1941 as a body politic and corporate and a subdivision of the State of Florida and was authorized as a Special District by the State of Florida in \_\_\_\_\_. The name was changed in 1961 to Ocean Highway and Port Authority. As the Port’s governing body and owner, the Authority has policy-making, budgeting and general oversight responsibilities for all port activities with a principal public purpose to encourage economic development in Nassau County.

In 1990, the Authority issued bonds (the “1990 Bonds”) to finance and refinance construction of a modern seaport terminal in order to capitalize on a new deeper entrance channel constructed by the U.S. Navy. Wood pilings were replaced with a new, concrete pile dock, a concrete paved marshaling yard, cranes, and new warehouses. These improvements allowed the Authority to bring the Port back to life as a major contributor to Nassau County’s economic development. In 2001, the Authority entered into a long-term operating agreement with Kinder Morgan to bring professional management to the port operations. While that had positive effects initially on the volumes handled at the Port, in recent years Kinder Morgan began to deemphasize their port operating business and the volumes and the physical

condition of the Port deteriorated. The Authority's 1990 Bonds were retired in connection with the acquisition of Nassau Terminals by the Borrower.

The Authority is governed by five elected commissioners serving four-year terms, representing the five voting districts of Nassau County. The Authority has policy-making, budgeting and general oversight responsibilities for all Port activities and employs the Borrower and Nassau Terminals to manage and administer the Port. The Authority serves the public by encouraging economic development in Nassau County.

*[further description of the Authority to come – Board members?]*

THE SERIES 2019 BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY OR THE COUNTY. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE SERIES 2019 BONDS OR OTHER COSTS INCIDENT THERETO. THE SERIES 2019 BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, OF THE AUTHORITY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT THE SERIES 2019 BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES AND PROCEEDS TO BE DERIVED BY THE AUTHORITY FROM PAYMENTS RECEIVED UNDER THE LOAN AGREEMENT OR FROM OTHER COLLATERAL SECURITY WHICH THE BORROWER MAY PROVIDE TO FURTHER SECURE THE SERIES 2019 BONDS.

Except for the information contained herein under the caption "THE AUTHORITY" and "LITIGATION" insofar as it relates to the Authority, the Authority has not provided any of the information contained in this Limited Offering Memorandum. The Authority is not responsible for and does not certify as to the accuracy or sufficiency of the disclosures made herein or any other information provided by the Borrower, the Underwriter or any other person.

## **THE SERIES 2019 BONDS**

*The following is a summary, which does not purport to be complete, of certain provisions of the Series 2019 Bonds.*

### **General**

The Series 2019 Bonds will be dated their date of issuance, will bear interest at the rates per annum, and, subject to prior redemption or acceleration, will mature on the dates, all as set forth on the inside cover page of this Limited Offering Memorandum. The Series 2019 Bonds will be initially issued as registered bonds without coupons in denominations of \$100,000 or any integral multiple of \$5,000 above that amount. Interest payable on the Series 2019 Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months, payable on each June 1 and December 1, commencing December 1, 2019 (the "Interest Payment Dates").

The Series 2019 Bonds will be issued in book-entry only form. Cede & Co., as nominee for DTC (as defined herein under "Book-Entry Only System"), will be the registered owner of the Series 2019 Bonds and references herein to the Bondholders, Holders or Owners of the Series 2019 Bonds or Registered Owners of the Series 2019 Bonds mean Cede & Co., and not the Beneficial Owners (as defined below under "Book-Entry Only System"), of the Series 2019 Bonds. Beneficial Owners of the

Series 2019 Bonds will not receive or have the right to receive bond certificates. See “BOOK-ENTRY ONLY SYSTEM.”

So long as the Series 2019 Bonds are held in the book-entry only system described below, the principal of and premium, if any, and interest on the Series 2019 Bonds will be paid through the facilities of DTC and the Beneficial Owner of a Series 2019 Bond must maintain an account with a broker or dealer who is, or acts through, a Participant (as defined herein under “Book-Entry Only System”) in order to receive payment of the principal of and premium, if any, and interest on such Series 2019 Bond.

U.S. Bank National Association, is Trustee and Paying Agent under the Indenture for the Bonds. The Designated Office of the Trustee is located at: [225 Water St., Suite 700, Jacksonville, FL 32202, Att: Global Corporate Trust].

The principal of and premium, if any, on the Series 2019 Bonds will be payable, when due, in lawful money of the United States of America at the Designated Office of the Trustee upon presentation and surrender of the Series 2019 Bonds. Payment of interest on any Bond will be made to the Holder thereof by check or draft mailed on the Interest Payment Date by the Trustee to the Holder at its address as it last appears on the registration books maintained by or on behalf of the Trustee at the close of business on the Record Date for such Interest Payment Date or at such other address as is furnished to the Trustee in writing by such Holder prior to such Record Date. Payment of interest on any Series 2019 Bonds may, upon written request to the Trustee of any Holder of the Series 2019 Bonds in an aggregate principal amount of at least \$1,000,000, be transmitted by wire transfer of immediately available funds on the Interest Payment Date to such Holder to the bank account number at a bank located within the continental United States on file with the Trustee as of the Record Date. Any such wire transfer request shall continue in force until revoked in writing by such Holder to the Trustee, and to be effective as to any interest payment such revocation must be received by the Trustee prior to the applicable Record Date.

If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture or any of the other Bond Documents, is not a Business Day, such payment may, unless otherwise provided in the Indenture, be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in the Indenture or any of the other Bond Documents, and no interest will accrue for the period after such nominal date.

### **Transfer Restrictions on Series 2019 Bonds**

Upon a transfer of a Beneficial Owner Interest in a Series 2019 Bond (including a transfer by the Underwriter pursuant to the initial sale of the Series 2019 Bonds), each purchaser of such Beneficial Ownership Interest will be deemed to have certified to the Trustee and acknowledged, represented and agreed with the Authority, the Borrower and the Underwriter that such purchaser is acquiring the Series 2019 Bond for its own account, and that it is (a) a “qualified institutional buyer” within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, or (b) an “accredited investor,” as defined in Rule 501 of the Securities Act of 1933, as amended.

### **Redemption of Series 2019 Bonds**

***Mandatory Redemption.*** The Series 2019 Bonds will be called for redemption:

(a) in whole or in part in the event the Project or any portion thereof is damaged or destroyed or taken in a condemnation proceeding and Net Proceeds resulting therefrom are to be applied to the payment of the Series 2019 Notes as provided in the Loan Agreement, which Net Proceeds are to be used to redeem Series 2019 Bonds at the election of the Borrower made pursuant to the Loan Agreement,

(b) in whole in the event the Borrower exercises its option to terminate the Loan Agreement pursuant to Article VIII thereof (and to cause all of the Series 2019 Bonds to be redeemed as provided in the Indenture), or

(c) in whole in the event the Borrower is required to prepay the Loan following a “Default” under the Loan Agreement.

If called for redemption at any time as described in (a) through (d) above, the Series 2019 Bonds to be redeemed will be subject to redemption by the Authority prior to maturity, in whole at any time or (in the case of redemption described in clause (a) or (c) above) in part at any time (less than all of such Series 2019 Bonds to be selected in accordance with the provisions of the Indenture) at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date; such redemption date, to be a date determined by the Borrower and in the case of redemption pursuant to (d) above, to be the earliest practicable date, as determined by the Trustee, following acceleration of amounts due under the Loan Agreement.

***Optional Redemption.***

***Series 2019A Bonds.*** The Series 2019A Bonds [maturing on or after \_\_\_\_\_ 1, 202\_] are subject to optional redemption by the Authority, at the direction of the Borrower, on or after \_\_\_\_\_ 1, 202\_, in whole or in part at any time, [and if in part among maturities to be designated by the Borrower (and within a maturity, by pro rata pass-through distribution of principal)] at the redemption price of \_\_\_% of the principal amount thereof plus accrued interest to the redemption date.

***Series 2019B Bonds.*** The Series 2019B Bonds maturing on or after \_\_\_\_\_ 1, 202\_ are subject to optional redemption by the Authority, at the direction of the Borrower, on or after \_\_\_\_\_ 1, 202\_ (the “Par Call Date”), in whole or in part at any time, and if in part among maturities to be designated by the Borrower (and within a maturity, by pro rata pass-through distribution of principal) at the redemption price of \_\_\_% of the principal amount thereof plus accrued interest to the redemption date.

The Series 2019B Bonds also are subject to optional redemption by the Authority, at the direction of the Borrower, prior to the Par Call Date, in whole or in part at any time, and if in part among maturities to be designated by the Borrower (and within a maturity, by pro rata pass-through distribution of principal) at the Make-Whole Redemption Price, as defined below.

The “Make-Whole Redemption Price” is the greater of (i) 100% of the principal amount of a Series 2019B Bond to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal to maturity (treating any principal scheduled to be paid after the Par Call Date as if it were scheduled to mature on the Par Call Date) and interest to the Par Call Date of such Series 2019B Bond to be redeemed (not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2019B Bond is to be redeemed), discounted to the date on which such Series 2019B Bond is to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the Treasury Rate plus: (i) \_\_ basis points for a Series 2019B Bond that matures in 20\_\_, (ii) \_\_ basis points for a Series 2019B Bond that matures in 20\_\_ through 20\_\_, (iii) \_\_ basis points for a Series 2019B Bond that matures in 20\_\_ through 20\_\_ and (iv) \_\_ basis points for a Series 2019B Bond that matures in 20\_\_ through 20\_\_, plus, in each case, accrued and unpaid interest on such Series 2019B Bond to, but not including, the redemption date.

“Treasury Rate” means, with respect to any redemption date for a Series 2019B Bond to be redeemed, the yield to maturity of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available on a day selected by the Borrower that is at least two Business Days, but no more than 45 calendar days, prior to such redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to the earlier of such Series 2019B Bond’s maturity date or the Par Call Date; provided, however, that if the period from the redemption date to such date is less than one year, the yield to maturity of the United States Treasury securities with a constant maturity of one year will be used.

The Borrower will retain an independent accounting firm or an independent financial advisor to determine the Make-Whole Redemption Price and perform all actions and make all calculations required to determine such Make-Whole Redemption Price. The Trustee and the Borrower may conclusively rely on such accounting firm's or financial advisor's calculations in connection with, and determination of, the Make-Whole Redemption Price. The determination of the Make-Whole Redemption Price by such accounting firm or such financial advisor will be conclusive and binding on the Trustee, the Borrower and the owners of the Series 2019B Bonds.

***Mandatory Sinking Fund Redemption.***

The Series 2019A Bonds maturing [ \_\_\_\_\_ ] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on [ \_\_\_\_\_ ] of each year and in the principal amounts shown below:

<u>Date</u>	<u>Amount (\$)</u>
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The Series 2019A Bonds maturing [ \_\_\_\_\_ ] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on [ \_\_\_\_\_ ] of each year and in the principal amounts shown below:

<u>Date</u>	<u>Amount (\$)</u>
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The Series 2019B Bonds maturing on [ \_\_\_\_\_ ] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on [ \_\_\_\_\_ ] of each year and in the principal amounts shown below:

<u>Date</u>	<u>Amount (\$)</u>
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The Series 2019B Bonds maturing on [ \_\_\_\_\_ ] are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest on [ \_\_\_\_\_ ] of each year and in the principal amounts shown below:

<u>Date</u>	<u>Amount (\$)</u>
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The amount of the Series 2019 Bonds required to be redeemed by mandatory sinking fund redemption in each year will be reduced by the amount of any Series 2019 Bonds purchased by the Borrower in the open market, including purchases the Authority, at the Borrower's request, may direct the Trustee to make from the respective Principal Account that would otherwise be used for mandatory sinking fund redemption (so long as the amounts remaining therein will be sufficient for any other mandatory sinking fund redemption then required), or delivered to the Trustee for cancellation.



***Mandatory Taxability Redemption.*** The Series 2019A Bonds will be subject to mandatory taxability redemption, in whole, no later than 40 days following receipt by the Trustee of a notice of an occurrence of a Determination of Taxability, at a price equal to \_\_\_% of par, plus accrued interest to the redemption date.

“Determination of Taxability” means and will be deemed to have occurred on the date when (i) the Authority is advised in writing by the Internal Revenue Service that the Internal Revenue Service has made a final determination, from which no further right of administrative appeal exists, that interest on any Series 2019A Bonds is includable in gross income for federal income tax purposes as a result of any action, or failure to act, by the Authority or the Borrower, or (ii) the Authority receives written notice from any existing or former Holder (or Beneficial Owner) of any Series 2019A Bonds that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to such Holder (or Beneficial Owner) which asserts, in effect, that interest on any Series 2019A Bonds is includable in the gross income of such Holder (or Beneficial Owner) for federal income tax purposes (together with a copy of such notice of deficiency or similar notice), as a result of any action, or failure to act, by the Authority or the Borrower.

***Selection of Bonds to be Redeemed.*** The Bonds may be redeemed only in Authorized Denominations. If less than all of the Bonds are being redeemed: (a) the principal amount and Series of the Bonds to be redeemed will be designated by the Borrower in writing to the Trustee and (b) the particular Bonds of the Series or portions thereof to be redeemed will be selected by the Trustee by lot or in such manner as the Trustee in its discretion may deem proper.

***Notice of Redemption.*** In the event any of the Bonds are called for redemption, the Trustee will give notice, in the name of the Authority, of the redemption of such Bonds, which notice will (i) specify the Bonds to be redeemed, the CUSIP number of the Bonds (if any), the redemption date, the redemption price and the place or places where amounts due upon such redemption will be payable (which will be the Designated Office of the Trustee) and, if less than all of the Bonds are to be redeemed, the numbers of the Bonds, and the portions of the Bonds, to be so redeemed, and (ii) state that on the redemption date the Bonds to be redeemed will cease to bear interest. Such notice may set forth any additional information relating to such redemption, and will reference any conditions to such redemption, if such notice is a conditional notice of redemption. Such notice will be given by Mail to the Holders of the Bonds to be redeemed, at least thirty days but no more than sixty days prior to the date fixed for redemption. Upon presentation and surrender of the Bonds so called for redemption at the place or places of payment, such Bonds will be redeemed. Failure of the Trustee to give notice to a Holder or any defect in such notice will not affect the validity of the proceedings for redemption of the Bonds of any Holder to whom notice has been properly given. Any notice mailed as provided in the Indenture will be conclusively presumed to have been duly given, whether or not the Holders receive the notice.

***Effect of Notice of Redemption.*** If notice of redemption has been given in the manner provided in the Indenture, and money for the redemption is held by the Trustee for that purpose, the Bonds so called for redemption will become due and payable on the redemption date, and interest thereon will cease to accrue on such date; and such Bonds will thereafter no longer be entitled to any security or benefit under the Indenture except to receive payment of the redemption price thereof.

Notwithstanding the foregoing, with respect to optional redemptions only, if the Trustee does not have funds in its possession on the redemption date sufficient to pay the redemption price (including interest accruing to the redemption date) of all of the Bonds to be optionally redeemed for any reason (including, but not limited to, failure to issue any refunding obligations intended for such purpose on or prior to the redemption date), then the purported optional redemption and such notice of redemption will be void. Such event will not constitute an Event of Default under the Indenture.

If there has occurred and is continuing an Event of Default as a result of failure to pay principal of and premium and interest on any Bond, there will be no redemption of less than all of the Bonds Outstanding.

## **Purchase in Lieu of Optional Redemption**

At the election of the Borrower upon a redemption in whole of the Series 2019 Bonds, by written notice to the Trustee given not less than five Business Days in advance of such redemption date, the Series 2019 Bonds will be deemed tendered for purchase in lieu of the redemption on such date and the call for redemption will be cancelled. The purchase price of Series 2019 Bonds so purchased in lieu of redemption will be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and will be payable on the date of redemption thereof. Series 2019 Bonds so purchased in lieu of redemption will remain Outstanding and will be registered to or upon the direction of the Borrower.

## **Book-Entry Only System**

DTC will act as securities depository for the Series 2019 Bonds. The Series 2019 Bonds will be issued as fully-registered securities registered 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 bond for each maturity of each series of the Series 2019 Bonds in the aggregate principal amount of such maturity will be deposited with DTC.

DTC 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 Exchange Act. 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" and together with the Direct Participants, the "Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019 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 2019 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 Series 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 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 Series 2019 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 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019 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 2019 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 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 Trustee and request that copies of notices be provided directly to them. THE AUTHORITY, THE BORROWER AND THE TRUSTEE WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT AND INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2019 BONDS.

Redemption notices will be sent to DTC. If less than all of the Series 2019 Bonds 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 to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2019 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 Authority or the Trustee, on payable dates 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, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, 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 securities depository with respect to the Series 2019 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2019 Bonds are required to be printed and delivered as described in the Indenture.

The Authority, the Trustee, the Borrower and the Underwriter will not have any responsibility or obligation to any direct or indirect participant, any beneficial owner or any other person claiming a beneficial ownership interest in the Series 2019 Bonds under or through DTC or any DTC participant, or any other person which is not shown on the registration books of the trustee as being a holder, with respect to the accuracy of any records maintained by DTC or any direct or indirect participant; the payment by DTC or any direct or indirect participant of any amount in respect of the principal and purchase price of, premium, if any, or interest on the Series 2019 Bonds; any notice which is permitted or required to be given to owners under the indenture; the selection by DTC or any direct or indirect

participant of any person to receive payment in the event of a partial redemption of the Series 2019 Bonds; any consent given or other action taken by DTC as an owner; or any other procedures or obligations of DTC under the book-entry system.

So long as Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the registered owner of the Series 2019 Bonds, as nominee of DTC, references herein to the holders or owners or registered holders or registered owners of the Series 2019 Bonds means Cede & Co., as aforesaid, and does not mean the beneficial owners of the Series 2019 Bonds.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2019 Bonds, payment of principal, interest and other payments on the Series 2019 Bonds to Direct and Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Series 2019 Bonds and other related transactions by and between DTC, the Direct and Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters, and neither the Direct nor Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC.

## **SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2019 BONDS**

### **General**

The Borrower's payment obligations under the Loan Agreement will be evidenced by the Series 2019 Notes and will be secured by a net revenue pledge from the Borrower's operation of the Terminal Facility. The Terminal Facility is located at the Port and is owned by the Authority and operated by the Borrower pursuant to the Operating Agreement.

**The Series 2019 Bonds will not be secured by a mortgage of any property of the Authority or the Borrower, including the Terminal Facility.** The Series 2019 Bonds are secured by a net pledge of the Borrower Revenues derived by the Borrower from the operation of the Terminal Facility and from funds held by the Trustee under the Indenture, including amounts on deposit in the accounts in the Debt Service Reserve Fund and certain of the other funds and accounts held by the Trustee, as described below. As security for the Series 2019 Bonds, the Borrower and Nassau Terminals will [enter into a Security Agreement with the Trustee granting a security interest in certain of its assets located at the Terminal Facility and also will] collaterally assign their rights under the Operating Agreement to the Trustee, as security for the Bonds, pursuant to the Assignment.

### **Limited Obligation of the Authority**

THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY OR THE COUNTY. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE AUTHORITY AND THE COUNTY, SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT OF THE AUTHORITY, THE COUNTY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO. THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT, LIABILITY OR OBLIGATION, OR A PLEDGE OF THE FAITH AND CREDIT OR TAXING POWER, OF THE AUTHORITY OR OF THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF, BUT THE BONDS SHALL BE PAYABLE SOLELY FROM THE REVENUES AND PROCEEDS TO BE DERIVED BY THE AUTHORITY FROM PAYMENTS RECEIVED UNDER THE LOAN AGREEMENT OR FROM

OTHER COLLATERAL SECURITY WHICH THE BORROWER MAY PROVIDE TO FURTHER SECURE THE BONDS.

### **The Operating Agreement**

The following is a brief summary of certain provisions of the Operating Agreement. A copy of the Operating Agreement is attached as APPENDIX E to this Limited Offering Memorandum.

**Term; Renewal.** The Operating Agreement was entered into on October 19, 2018 between the Authority and Nassau Terminals. The term of the Operating Agreement is for a period of 10 years, commencing upon execution by the parties, and will be renewed under the same terms and conditions, unless other terms and conditions are mutually agreed upon, for two additional terms of 12 years each.

If, prior to or during a period of one year following the expiration of the term (including renewals) of the Operating Agreement, the Authority desires to enter into a new agreement relating to all or any substantial part of the Port, the Authority will in good faith negotiate the terms of such agreement with the Borrower. Failing any agreement from the negotiations described in the preceding sentence, the Authority will utilize the competitive process for procuring services found in Florida Statutes, and if the Authority as a result of such process negotiates the terms of such an agreement with a third party, the Authority will offer to enter into an agreement with the Borrower upon terms and conditions approved by the Authority and such third party (the "Successor Operating Agreement"). The Authority will promptly advise the Borrower of the terms of the proposed Successor Operating Agreement with such third party and the Borrower will have 60 days from receipt of notice of the terms thereof to accept or reject the same. If the Borrower accepts the terms thereof, the Authority and the Borrower will, within 60 days thereafter, execute and deliver an agreement having the terms of the Successor Operating Agreement with such variations as the parties mutually accept.

**Scope of Work.** The Borrower will provide the necessary labor, machinery and equipment to accomplish cargo handling and warehousing functions in the Port and, in such manner as it deems advisable in its sole judgment, will advertise and solicit shipping business through the Port.

**Operator Revenues.** The Authority will set tariffs and negotiate rates and dockage and wharfage fees ("Dockage and Wharfage Fees"), in consultation with and subject to the approval of the Borrower, which approval will not unreasonably be withheld, subject to the schedule of distribution, compensation and reimbursement set forth in the Operating Agreement. Except as otherwise provided in the Operating Agreement, all amounts due to the Borrower under the Operating Agreement, plus all other revenues, fees or charges collected by the Borrower resulting from the rendering by the Borrower of services, including but not limited to Dockage and Wharfage Fees, will be the property of the Borrower ("Operator Revenues"). Both parties agree that wharfage and dockage fees will be charged at competitive rates and will not exceed those charged at neighboring ports north and south of the Port of Fernandina Beach.

**Compensation.** The Borrower will pay to the Authority \$251,675.00 per annum, in equal and consecutive quarterly payments of \$62,918.75 (adjusted annually for inflation based on the consumer price index as defined in the Operating Agreement) toward the annual operating budget of the Authority for the entire term of the Operating Agreement.

In addition to the foregoing, the Borrower will contribute to the Authority the amounts of \$50,000.00 in 2019 and \$50,000.00 in 2020 toward the annual Development of Regional Impact payments due from the Authority to the City of Fernandina Beach.

The Borrower also will pay the Authority on a quarterly basis certain specified Facility Use Fees for Container and Breakbulk cargo and for Bulk and general cargo. For the first six years from the execution of the Operating Agreement, the Borrower will allocate \$5,000 per month to fund the Capital Improvements and Maintenance Reserve Fund, and all Facility Use Fees that would otherwise be payable by the Borrower to the Authority will be retained by the Borrower.

Commencing in year seven from the execution of the Operating Agreement, the Borrower will continue to fund \$5,000 to the Capital Improvements and Maintenance Reserve Fund per month. In addition, a specified percentage of the Facility Use Fees, calculated in accordance with the Operating Agreement, will be paid by the Borrower to the Authority. Upon completion of year 12, all Facility Use Fees will be paid by the Borrower to the Authority, to be applied in accordance with the Operating Agreement, the Borrower will continue to fund \$5,000 per month to the Capital Improvements and Maintenance Reserve Fund, and the Borrower will continue to provide a maximum annual budgetary allocation of \$251,675.00, adjusted for inflation, to fund the operations of the Authority.

***Capital Improvements Program.*** The Authority and the Borrower will meet annually throughout the term of the Operating Agreement to mutually develop a plan and budget for capital improvements and repairs for the subsequent five years on a rolling basis (the “Capital Improvements Program”). The Capital Improvements Program may address by mutual agreement the protection of Port facilities from natural disasters, hazard mitigation, and repair or restoration of Port facilities damaged by natural or man-made causes. The Capital Improvements Program may take into account any need to fund specific capital projects matched by Florida Department of Transportation grants necessary for the long-term function and viability of the terminal, supplemented by monies made available in the Capital Improvements and Maintenance Reserve Fund, with payment or repayment structure to be determined on a mutually agreeable project-by-project basis. The ultimate decision on any spending will rest with the Authority.

***Maintenance of Access Channel.*** The Authority agrees to maintain the access channel and the turning basin to the present depth of 38 feet mean low water and, upon approval by the Army Corps of Engineers, to a depth of 42 feet mean low water, subject to available funding sources. Under no circumstances will the maintenance and deepening of the berths and the access channels, as well as any dredging of any nature, be the responsibility of the Borrower. Whenever any dredging, including maintenance dredging, or maintenance or deepening of access channels is required, the Authority and the Borrower will cooperate with each other to obtain any and all requisite federal state and local permits and approvals at the expense of the party obligated under the Operating Agreement to carry out such dredging. The Authority and the Borrower agree to coordinate all dredging activities in the best interest of a sustainable long-term port operation.

***Change of Control of Borrower.*** In the event that a firm offer is received for a transaction or series of transactions that in the aggregate would result in a transfer of more than 50% of the ownership of the Borrower to parties that in the aggregate do not hold at least 50% of the ownership of the Borrower prior to such transaction (a “Change of Control Offer”) the Borrower will give the Authority written notice of such Change of Control Offer specifying the price and other terms and conditions thereof in reasonable detail and providing supporting evidence in reasonable detail that following such change of control the new proposed Borrower will have the financial and operational resources and reputation as are necessary to carry out the Borrower’s obligations under the Operating Agreement.

The Authority will have ten business days within which to notify the Borrower in writing whether or not the Authority consents to the Change of Control Offer with such consent not to be unreasonably withheld or conditioned as per the provision noted above.

If the Authority does not notify the Borrower in writing prior to the expiration of such ten-day period that the Authority consents to the Change in Control Offer, then the Authority will have an additional 60 days within which to provide (i) a binding offer or memorandum of agreement from a third party to carry out an equivalent transfer of ownership of the Borrower for 100% of the price in the Change of Control Offer and on other terms and conditions substantively equivalent to those of the Change of Control Offer and (ii) written evidence satisfactory to the Borrower that such third party has the financial capacity or resources sufficient to carry out its offer.

If the Authority provides neither its written consent within the ten-business days period nor such third-party offer plus evidence satisfactory to the Borrower of the financial capacity or resources sufficient to carry out such offer within such further sixty-day period, then upon the expiration of the further sixty-day period the Authority may consent to the Change in Control Offer, such consent not to be

unreasonably withheld. Should the Authority refuse to consent, then it must provide to the Borrower written justification for its failure to do so.

### **Additional Bonds and Parity Indebtedness**

So long as no Event of Default under the Indenture has then occurred and is continuing, the Authority may issue one or more Series of Additional Bonds from time to time and lend the proceeds thereof to the Borrower under the Loan Agreement to provide funds for any purpose permitted under the Act. Each Series of Additional Bonds will be issued pursuant to a Supplemental Indenture and will be equally and ratably secured under the Indenture with all Bonds previously issued and Outstanding thereunder, without preference, priority or distinction of any Bond over any other Bond except as provided therein and in the applicable Supplemental Indenture.

Under the Loan Agreement, under certain circumstances the Borrower is permitted to incur Parity Indebtedness that is secured by a parity pledge of the Borrower Revenues and any other pledge or lien then securing the Bonds.

Except for Indebtedness represented by the Series 2019 Bonds, the Borrower may incur any Indebtedness only if, after giving effect to all other Indebtedness incurred by the Borrower, such additional Indebtedness could be incurred pursuant to at least one of the following paragraphs.

(1) Long-Term Indebtedness may be incurred if prior to the incurrence thereof, there is made available (a) a certificate from an authorized Borrower Representative accompanied by the report of a Consultant certifying that Borrower Revenues during 12 of the prior 18 months for which audited financial statements are available were equal to or greater than 150% of Maximum Annual Debt Service; and (b) a report of such Consultant stating that, taking the proposed Long-Term Indebtedness into account, the projected or forecasted Borrower Revenues for (i) in the case of Long-Term Indebtedness to finance capital improvements, the five Fiscal Years immediately succeeding the year in which such capital improvements are expected to be placed in operation, or (ii) in the case of Long-Term Indebtedness not financing capital improvements, the five Fiscal Years immediately succeeding the year in which the Long-Term Indebtedness is incurred, are equal to or greater than 150% of Maximum Annual Debt Service in each such Fiscal Year.

(2) Long-Term Indebtedness may be incurred to refund any Outstanding Long-Term Indebtedness if prior to the incurrence thereof: (i) either (a) the Trustee receives a certificate stating that, taking into account the Long-Term Indebtedness proposed to be incurred, the existing Long-Term Indebtedness to remain Outstanding after the refunding and the refunding of the existing Long-Term Indebtedness to be refunded, Maximum Annual Debt Service will not be increased by more than 10%, or (b) one of the conditions described in subparagraph (1) above is met with respect to such proposed Long-Term Indebtedness, (ii) the Debt Service Coverage Ratio after refunding any Outstanding Long-Term Indebtedness will not be lower than it would be assuming no refunding of such Outstanding Long-Term Indebtedness, and (iii) the Trustee receives an opinion of Counsel stating that upon the incurrence of such proposed Long-Term Indebtedness and the application of the proceeds thereof, the Outstanding Long-Term Indebtedness to be refunded will no longer be Outstanding.

### **The Loan Agreement**

To provide for the repayment of the Loan and all required deposits under the Indenture (the "Basic Loan Payments"), the Borrower will cause all Borrower Revenues to be delivered to the Trustee, as and when received, for deposit into the Revenue Fund, as received, to be applied in accordance with the Indenture.

The obligations of the Borrower to make the payments required in the Loan Agreement and the deposits required by the Indenture and to perform and observe the other agreements on its part contained therein will be absolute and unconditional and will not be subject to any defense or any right of setoff,

counterclaim or recoupment arising out of any breach by the Authority or the Trustee of any obligation to the Borrower whether under the Loan Agreement or otherwise, or out of any Indebtedness or liability at any time owing to the Borrower by the Authority or the Trustee.

A copy of the form of the Loan Agreement is set forth in APPENDIX D attached to this Limited Offering Memorandum.

***Assignment, Selling and Leasing.*** After the completion of the acquisition, construction and equipping of the Project, the Loan Agreement may be assigned and the Project sold or leased (other than by reason of foreclosure or deed in lieu of foreclosure), as a whole, by the Borrower only as permitted as described under “Continued Existence; Sale of the Project” below or subject to each of the following conditions:

(a) The assignee, purchaser or lessee assumes the obligations of the Borrower under the Loan Agreement and under the other Borrower Documents, including, without limitation, the Tax Agreement, in writing to the extent of the interest assigned or sold, and provides written evidence to the Issuer and the Trustee of the experience of such assignee, purchaser or lessee or any Related Person thereto in the ownership and operation of facilities similar to the Project.

(b) The assignee, purchaser or lessee delivers an opinion of Independent Counsel that the assumption described in paragraph (a) above is a valid and enforceable obligation of the assignee, purchaser or lessee.

(c) The Borrower, within 10 days after the delivery thereof, furnishes or causes to be furnished to the Issuer and the Trustee a true and complete copy of each assignment, assumption of obligation, or Agreement of sale, as the case may be.

(d) The Borrower provides a Favorable Opinion of Bond Counsel to the effect that such assignment, sale or lease does not adversely affect the exclusion from gross income of the recipients thereof of interest on the Tax-Exempt Bonds for federal income tax purposes.

(e) No Default with respect to the Series 2019 Bonds Outstanding after such assignment, sale or lease will have occurred and be continuing under the Loan Agreement or under any other Borrower Document, unless such Default is cured or waived in connection with such assignment, sale or lease, and the Borrower delivers a Compliance Certificate to that effect.

(f) The delivery to the Trustee of an opinion of Counsel to the effect the successor to the Borrower under the Loan Agreement is duly qualified to transact business in the State and obligated to maintain an agent in the State on whom service of process may be made in connection with any actions against the Borrower arising out of the Borrower Documents.

(g) Compliance with the requirements of the Tax Agreement, including any consents required thereunder.

(h) *[discuss]* The assignee, purchaser or lessee must deliver an opinion of Independent Counsel to the effect that, regardless of the assumption described above, a valid and enforceable first lien on and perfected security interest *[in the Project]* and other collateral securing the Series 2019 Bonds will remain and any such assignments and other documents executed for purposes of the Loan Agreement are valid by delivered and enforceable obligations of such parties enforceable in accordance with their terms.

(i) *[discuss bracketed language]* Such assignee, purchaser or lessee is approved by the Issuer *[and the Issuer has consented to the assignment of the Operating Agreement to such assignee, purchaser or lessee].*



***Continued Existence; Sale of the Project.*** *[discuss whether additional tests should be added]*

The Borrower agrees that during the term of the Loan Agreement it will maintain its existence, will continue to be a limited liability company in active status in the State, it will continue to be an active organization in good standing, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it or sell, divest or otherwise dispose of the Project; *provided* that, the Borrower may, without violating the agreement contained in the Loan Agreement, consolidate with or merge into another legal entity, or permit one or more legal entities to consolidate with or merge into it, or sell or otherwise transfer to another legal entity all or substantially all of its assets as an entirety and thereafter dissolve or may sell or otherwise transfer title to the Project; *provided* that (a) if the surviving, resulting or transferee legal entity, as the case may be, is not the Borrower, then such legal entity must be a single purpose entity whose only business operations are operation of the Project and whose only assets and liabilities are the Project (and assets and liabilities related thereto) and the Borrower Documents and permitted debt thereunder, and assumes in writing in form and substance satisfactory to the Issuer all of the obligations of the Borrower under the Loan Agreement and the other Borrower Documents; (b) that in the opinion of Independent Counsel, the Loan Agreement will be a valid and enforceable obligation of such surviving, resulting or transferee entity; (c) that no Default has occurred and is continuing under the Loan Agreement; (d) that prior to such acquisition, consolidation, merger or transfer, the Borrower furnishes a Compliance Certificate to the Issuer and the Trustee; (e) that the Issuer has consented to any such transaction; and (f) prior to any such transaction, the Borrower provides a Favorable Opinion of Bond Counsel to the effect that such transaction does not adversely affect the exclusion from gross income of the recipients thereof of interest on the Tax-Exempt Bonds for federal income tax purposes.

***Financial Statements and Reports.*** The Borrower will deliver or cause to be delivered to the Trustee, (i) on or before the 15th day after the end of each calendar quarter, commencing with the first fiscal quarter after the Closing Date, current financial statements prepared on an accrual basis itemizing income and expenses from the Project for the previous quarter, and (ii) within 120 days after the end of each Fiscal Year of the Borrower, Audited Financial Statements of the Borrower prepared on an accrual basis, which includes a balance sheet, income statement and a statement of sources and uses of funds for the preceding Fiscal Year, together with a certificate prepared by the Independent Certified Public Accountants in substantially the form attached to the Loan Agreement reporting on such Audited Financial Statements setting forth (A) the calculation of the Debt Service Coverage Ratio for the Fiscal Year reflected in said Audited Financial Statements, and (B) the Net Income Available for Debt Service, if any, for such Fiscal Year.

The Borrower will deliver to the Issuer and the Trustee, within 120 days after the end of each Fiscal Year, a written statement signed by a Borrower Representative stating, as to the signer thereof, that (i) a review of the activities of the Borrower during such year and of performance under the Loan Agreement has been made under their supervision, and (ii) to the best of the knowledge of such Borrower Representative, based on such review, the Borrower has fulfilled all of its obligations throughout such year in all material respects, or, if there has been a default in the fulfillment of any such obligation, specifying each such Default known to such Borrower Representative and the nature and status thereof.

***Budget.*** On or before December 1, 2019 and on or before December 1 of each year for the annual period commencing on the following January 1, the Borrower, will prepare a Budget of anticipated Borrower Revenues and Operating Expenses for the succeeding Fiscal Year, and will submit a copy of such Budget to the Trustee. Such Budget must show there to be sufficient income to achieve the Debt Service Coverage Ratio.

The Budget must be prepared on a cash basis and should provide a proposed budget for the next Fiscal Year in sufficient detail including income and expenses, deposits to the Repair and Replacement Fund and any other required funds and payments of principal of, premium (if any) and interest on the Series 2019 Bonds. The Budget must report income on a 30-day lag period and may not assume any prepayment on the Series 2019 Bonds. The Budget must demonstrate sufficient cash flow to pay all required expenses, payments of scheduled interest, principal and premium (if any) on the Series 2019 Bonds and the funding of any reserves as required in the flow of funds in the Indenture prior to the release

of any funds from the Surplus Fund. The Budget must be certified in writing as true and correct by the Borrower.

The Budget may be amended from time to time, by the Borrower, during the course of the Fiscal Year, and such amendments must be certified and submitted in the same manner as the Budget. Aggregate increases in a new or amended Budget in the category of costs to be paid or reimbursed from the Revenue Fund may not exceed 20% on an annual basis unless the Borrower provides to the Trustee a statement of an Independent Certified Public Accountant or Management Consultant to the effect that the increase is reasonable under the circumstances.

Notwithstanding the foregoing, the failure of the Borrower to maintain the Coverage Test (described below) or the Borrower to adopt a Budget showing that such ratios will be achieved, will not constitute a Default under the Loan Agreement except as described below under “Debt Service Coverage Ratio.”

***Debt Service Coverage Ratio.*** The Borrower agrees to prescribe and charge such rents, fees, rates and other charges relating to the Project and to restrict Operating Expenses relating to the Project so as to achieve a Debt Service Coverage Ratio of at least 1.25 on all Series 2019 Bonds and Parity Indebtedness (the “Coverage Test”) for each 12-month period ending on each December 31, commencing December 31, 2019 (the “Annual Ratio Period”).

The Borrower will submit to the Trustee a report evidencing its compliance or noncompliance with the Coverage Test at the time the Audited Financial Statements are required to be delivered to the Trustee pursuant to the Loan Agreement. The Coverage Test for each fiscal year will be determined on the basis of the Audited Financial Statements for such fiscal year. The Borrower will in turn distribute such report to the Issuer and the Trustee, at the Borrower’s expense.

If on any annual evaluation Date, the Borrower has failed to meet the Coverage Test applicable to such Annual Evaluation Date, the Borrower will, within 30 days after delivery of the report disclosing such failure, deliver a certificate setting forth in reasonable detail the reasons for such deficiency and adopting a specific plan setting forth steps to be taken designed to raise the Debt Service Coverage Ratio to the level to comply with the Coverage Test for future periods.

If the Borrower fails to meet the Coverage Test on any Annual Evaluation Date, the Borrower will, within 30 days after delivery of the certificate disclosing such deficiency, retain a Consultant to submit a written report and recommendations with respect to the rents, fees, rates and other charges relating to the Project and with respect to improvements or changes in the operations and scope of the services delivered by the Borrower so as to permit the Borrower to comply with the Coverage Test, which report will state the extent to which prior recommendations (if any) of the Consultant may not have been complied with by the Borrower. A copy of such report will be sent by the Borrower to the Issuer and the Trustee as soon as practicable but in no event later than 60 days after the Consultant has been retained. The Borrower will revise or cause to be revised such rents, fees, rates and other charges in conformity with any recommendation of the Consultant and otherwise will follow the recommendations of the Consultant to the extent permitted by law. At least quarterly, following the submission of its initial report, the Consultant will submit to the Issuer and the Trustee progress report(s) indicating whether or not the recommendations contained in its initial report are being complied with. If the Borrower continuously complies with the recommendations of the Consultant, failure to comply with the Coverage Test for any Annual Ratio Period will not constitute an Event of Default under the Loan Agreement. However, should the Debt Service Coverage Ratio on any Annual Evaluation Date be below 1.00, such failure will constitute an Event of Default under the Loan Agreement.

## **The Indenture**

As security for the payment of the Bonds, the Authority will execute and deliver the Indenture, under the terms of which all of the right, title, interest, and remedies of the Authority under the Loan Agreement (except the Reserved Rights), the Series 2019 Notes [and the Collateral Documents], together

with all revenues and amounts to be received (except for amounts on deposit in the Rebate Fund) and all property to be held by the Authority thereunder, will be assigned and will be the subject of a grant of a security interest to the Trustee and will be pledged as security for, among other things, the payment of the Series 2019 Bonds.

A copy of the form of the Indenture is set forth in APPENDIX C attached to this Limited Offering Memorandum.

### **Description of Funds under the Indenture; Flow of Funds**

***Creation of Funds.*** The Indenture creates the following Funds and Accounts to be held by the Trustee:

(a) a Project Fund and therein a Bond Proceeds Account (with subaccounts for each Series of the Series 2019 Bonds), a Costs of Issuance Account (with subaccounts for each Series of the Series 2019 Bonds), a Capitalized Interest Account (with subaccounts for each Series of the Series 2019 Bonds), and an Insurance and Condemnation Account;

(b) a Revenue Fund;

(c) an Operating Fund and therein an Operating Expenses Account, an Issuer Operating Agreement Account and a Working Capital Account;

(d) a Bond Fund and therein a Principal Account, an Interest Account, and a Special Redemption Account with subaccounts in each Account for each Series of the Series 2019 Bonds;

(e) a Debt Service Reserve Fund and therein a Debt Service Reserve Account with respect to each Series of the Series 2019 Bonds for which the Debt Service Reserve Requirement is not zero;

(f) an Operating Reserve Fund;

(g) a Capital Reserve Fund;

(h) a Rolling Coverage Fund, and therein, a Capital Reserve Transfer Account;

(i) a Repair and Replacement Fund;

(j) an Administration Fund;

(k) a Rebate Fund and therein, the Series 2019A Bonds Account; and

(l) a Surplus Fund.

***Deposits to Issuer Operating Agreement Account.*** The Borrower will deposit into the Issuer Operating Agreement Account of the Operating Fund each month, in the order of priority set forth below, an amount equal to the Issuer Operating Agreement Payment; *provided, however*, that periodic payments due from the Borrower to the Issuer less often than on a monthly basis under the terms of the Operating Agreement will be divided (as near as possible) into equal monthly installments. The Issuer Operating Agreement Payment is solely for the benefit of the Issuer and will not constitute part of the Trust Estate securing the payment of the Series 2019 Bonds or any other bonds, indebtedness or obligations under the Indenture, the Loan Agreement or any other Borrower Documents or any Collateral Documents. The payment of the Issuer Operating Agreement Payment will constitute a Reserved Right of the Issuer under the Indenture. The Trustee will, upon the written direction of the Issuer, disburse amounts on deposit in the Issuer Operating Agreement Account to the Issuer at such times and in such amounts as directed in writing from time to time by the Issuer in its sole discretion.

***Deposit and Application of Amounts in the Revenue Fund.*** In satisfaction of all or some of its obligations under the Loan Agreement, the Borrower will deposit, or cause to be deposited, in the Revenue Fund no later than the 10<sup>th</sup> day of each month (i) all Borrower Revenues and all other amounts payable by the Borrower under the Loan Agreement (other than prepayments required to redeem the Series 2019 Bonds, which will be deposited in the related Special Redemption Account), (ii) any amounts derived from the Loan Agreement or any Collateral Document to be applied to payment of amounts intended to be paid from the Revenue Fund, (iii) all other amounts required to be so deposited pursuant to the terms of the Indenture or of the Tax Agreement, including investment earnings to the extent provided in the Indenture, and (iv) such other moneys as are delivered to the Trustee by or on behalf of the Authority or Borrower with directions for deposit of such moneys in the Revenue Fund. Amounts in the Revenue Fund will be applied by the Trustee on the 15<sup>th</sup> day of each month in the following manner and order of priority:

(a)(i) To the Operating Expenses Account of the Operating Fund, an amount equal to the Operating Requirement together with such additional Operating Expenses requested in writing by a Borrower Representative pursuant to and after satisfaction of the conditions specified in the Loan Agreement; and then (ii) to the Issuer Operating Agreement Account of the Operating Fund, an amount equal to the Issuer Operating Agreement Payment;

(b) To the respective Series subaccounts of the Interest Account of the Bond Fund, the applicable Interest Requirement for such Series of the Series 2019 Bonds for the then-current calendar month (after credit for any available amounts in the applicable Subaccount of the Capitalized Interest Account), together with an amount equal to any unfunded Interest Requirement for any prior month and, at the written direction of a Borrower Representative, to the holder of any Parity Indebtedness an amount, as certified by a Borrower Representative, equal to the interest due in such month, together with an amount, as certified by a Borrower Representative, equal to any unfunded interest for any prior month;

(c) To the respective Series subaccounts of the Principal Account of the Bond Fund, an amount equal to the applicable Principal Requirement for such Series of the Series 2019 Bonds for the then-current calendar month, together with an amount equal to any unfunded Principal Requirement from any prior month and, at the written direction of a Borrower Representative, to the holder of any Parity Indebtedness an amount, as certified by a Borrower Representative, equal to the principal due in such month, together with an amount equal to any unfunded principal for any prior month;

(d) To the applicable Series Accounts in the Debt Service Reserve Fund the amount, if any, required to be paid into such Debt Service Reserve Account for the Series 2019 Bonds to restore the amount on deposit therein to the Debt Service Reserve Requirement applicable thereto;

(e) To the Operating Reserve Fund, an amount equal to the amount necessary to maintain a balance on deposit in the Operating Reserve Fund equal to the Operating Reserve Requirement;

(f) Prior to the Completion Transfer Date, to the Capital Reserve Fund, an amount equal to the amount necessary to maintain a balance on deposit in the Capital Reserve Fund equal to the Capital Reserve Requirement;

(g) To the Rolling Coverage Fund, an amount equal to the amount necessary to maintain a balance on deposit in the Rolling Coverage Fund equal to the Rolling Coverage Requirement;

(h) Commencing on the month immediately following the month in which the one year anniversary of the Completion Transfer Date occurs, to the Repair and Replacement Fund, an amount equal to \$[\*] per month, or such lesser amount necessary for the amount on deposit therein to equal the Repair and Replacement Reserve Requirement;

(i) To the Administration Fund, and amount equal to the sum of: (i) the amount of any Rebate Analyst Fee then due; (ii) an amount equal to 1/6<sup>th</sup> of the Administration Expenses (other than the

Rebate Analyst Fee) scheduled to be due and payable on or before the next succeeding Interest Payment Date; and (iii) any Trustee's Extraordinary Fees and Expenses then due and payable;

(j) To the Rebate Fund, to the extent of any deposit required to be made thereto pursuant to the Tax Agreement; and

(k) To the Surplus Fund, all remaining amounts.

See APPENDIX C for a further description of the funds created under the Indenture and the use of the amounts on deposit therein.

### **Debt Service Reserve Fund**

There will be deposited in the applicable Accounts in the Debt Service Reserve Fund (i) all money transferred to such Debt Service Reserve Account from the deposit of proceeds of the Series 2019 Bonds, (ii) money transferred from the Revenue Fund as described above, and (iii) any other money received by the Trustee with directions from such party to deposit the same in such Debt Service Reserve Account.

Amounts on deposit in the applicable Debt Service Reserve Account will be used to make the payments to the respective Interest Accounts and Principal Accounts, as described above, after the transfer of any amounts from the Surplus Fund and the Repair and Replacement Fund pursuant to the Indenture, if the amounts on deposit in the Revenue Fund are insufficient therefor.

Amounts on deposit in a Debt Service Reserve Account will be transferred to the related Principal Account of the Bond Fund at the direction of the Borrower Representative for the purpose of paying the last maturing principal of the applicable Series 2019 Bonds on a Principal Payment Date or, if all such Series 2019 Bonds are being redeemed, to the applicable Special Redemption Account of the Bond Fund for redemption of such Series 2019 Bonds.

If the Debt Service Reserve Requirement for one or more Series of the Series 2019 Bonds is reduced or eliminated in accordance with the definition thereof, the amounts on deposit in the related Debt Service Reserve Account in excess of the applicable Debt Service Reserve Requirement will, at the written direction of a Borrower Representative delivered to the Trustee, be either (i) transferred to the applicable Special Redemption Account to be used to optionally redeem the corresponding Series 2019 Bonds in accordance with the Indenture, (ii) transferred to the related Principal or Interest Account to pay the principal of and/or interest on the corresponding Series 2019 Bonds as it becomes due, or (iii) if no Series 2019 Bonds remain Outstanding, either transferred to the Revenue Fund and applied as provided in the Indenture, or used for any other purpose directed in writing by a Borrower Representative, which, in the opinion of a Favorable Opinion of Bond Counsel delivered to the Issuer and the Trustee, complies with the Act and the Code and will not adversely affect the exclusion from gross income of the recipients thereof of the interest on the Outstanding Tax-Exempt Bonds for federal income tax purposes.

All interest income derived from the investment of amounts on deposit in the Debt Service Reserve Fund will be retained in the Debt Service Reserve Fund until the amount on deposit therein is equal to the Debt Service Reserve Fund Requirement, and thereafter will be deposited into the Revenue Fund.

"Debt Service Reserve Requirement" is defined to mean (a) with respect to the Series 2019A Bonds the least of: (i) maximum annual principal and interest requirements of the Series 2019A Bonds, (ii) 125% of the average annual principal and interest requirements of the Series 2019A Bonds, or (iii) 10% of the face amount of the Series 2019A Bonds and initially equals \$[\*], and (b) with respect to the Series 2019B Bonds, the least of: (i) maximum annual principal and interest requirements of the Series 2019B Bonds, (ii) 125% of the average annual principal and interest requirements of the Series 2019B Bonds, or (iii) 10% of the face amount of the Series 2019B Bonds and initially equals \$[\*].

## **Operating Reserve Fund**

There will be deposited into the Operating Reserve Fund: (i) all money transferred to such Operating Reserve Fund from the proceeds of the Series 2019B Bonds in an amount equal to the initial Operating Reserve Requirement, (ii) money transferred from the Revenue Fund as described above and (iii) any other money received by the Trustee with directions from such party to deposit the same into the Operating Reserve Fund.

The balance in the Operating Reserve Fund will be maintained in an amount equal to the Operating Reserve Requirement. If the account balance deposited into the Operating Reserve Fund falls below the Operating Reserve Requirement, the Trustee will, on or before the end of the month in which such deficiency occurs, deposit available amounts on deposit in the Revenue Fund into the Operating Reserve Fund until such account balance equals the Operating Reserve Requirement.

The Trustee will transfer amounts on deposit in the Operating Reserve Fund to the following Accounts and subaccounts in the following order of priority: (i) the Operating Expenses Account of the Operating Fund to the extent that there are insufficient funds deposited into the Operating Expenses Account to pay the Operating Requirement; (ii) the applicable Series subaccounts of the Interest Account and Principal Account of the Bond Fund to make the payments required to pay principal of and interest on the Series 2019 Bonds after the transfer of any amounts from the Surplus Fund, the applicable Series Debt Service Reserve Account, the Repair and Replacement Fund, the Rolling Coverage Fund and the Capital Reserve Fund, if the amounts on deposit in the Revenue Fund are insufficient therefor.

The “Operating Reserve Requirement” is defined to mean an amount equal to 90 days of operating expenses (assuming a budget year equal to twelve thirty-day months), as calculated and certified in writing by the Borrower to the Trustee based on the Borrower’s annual operating Budget for operating the Terminal Facility and provided by the Borrower to the Trustee on or before 30 days prior to each new Fiscal Year pursuant to the Loan Agreement. The Operating Reserve Requirement will initially equal \$[\*].

## **Capital Reserve Fund**

There will be deposited into the Capital Reserve Fund (i) the proceeds of the Series 2019B Bonds deposited into the Capital Reserve Fund from the proceeds of the Series 2019B Bonds in an amount equal to the Capital Reserve Requirement, (ii) money transferred from the Revenue Fund as described above, and (iii) any other money received by the Trustee with directions from such party to deposit the same into the Capital Reserve Fund.

The balance in the Capital Reserve Fund (and, until transferred by the Trustee to the Revenue Fund, the Capital Reserve Transfer Account) will be maintained in an amount equal to the Capital Reserve Requirement. If the account balance deposited into the Capital Reserve Fund (or the Capital Reserve Transfer Account, if applicable) falls below the Capital Reserve Requirement, the Trustee will, on or before the end of the month in which such deficiency occurs, deposit available amounts on deposit in the Revenue Fund into the Capital Reserve Fund (or the Capital Reserve Transfer Account, if applicable) until such account balance equals the Capital Reserve Requirement.

Prior to the Completion Transfer Date, the Trustee will transfer amounts on deposit in the Capital Reserve Fund to the Series 2019A Subaccount of the Bond Proceeds Account of the Project Fund in order to pay for the Costs of the Project to the extent that amounts deposited in such Series 2019A Subaccount are insufficient to pay for the Costs of the Project. In addition, amounts on deposit in the Capital Reserve Fund will be used to make the payments required to pay principal of and interest on the Series 2019 Bonds after the transfer of any amounts from the Surplus Fund, the applicable Series Debt Service Reserve Account, the Repair and Replacement Fund and the Rolling Coverage Fund, if the amounts on deposit in the Revenue Fund are insufficient therefor.

[One year after the Completion Transfer Date, the Trustee will transfer the amounts on deposit in the Capital Reserve Fund to the [Revenue Fund]. Until transferred to the Revenue Fund by the Trustee, amounts on deposit in the Capital Reserve Fund may be used by the Trustee for the same purposes as amounts deposited into the Rolling Coverage Fund.]

The “Completion Transfer Date” is defined to mean the date of receipt by the Trustee from a Borrower Representative of a certification that the Completion Date has occurred, accompanied by a lien-free certificate of occupancy for the Project.

The “Capital Reserve Requirement” is defined to mean an amount equal to \$[\*].

### **Rolling Coverage Fund**

There will be deposited in the applicable Accounts in the Rolling Coverage Fund (i) all money transferred to such Rolling Coverage Fund from the deposit of proceeds of the Series 2019B Bonds, (ii) money transferred from the Revenue Fund as described above, and (iii) any other money received by the Trustee with directions from such party to deposit the same into the Rolling Coverage Fund.

Amounts on deposit in the Rolling Coverage Fund will be used to make the payments required to pay principal of and interest on the Series 2019 Bonds after the transfer of any amounts from the Surplus Fund, the Repair and Replacement Fund and the applicable Debt Service Reserve Account pursuant to the Indenture, if the amounts on deposit in the Revenue Fund are insufficient therefor.

Amounts on deposit in the Rolling Coverage Fund will be transferred to the related Principal Account of the Bond Fund at the direction of the Borrower Representative for the purpose of paying the last maturing principal of the applicable Series 2019 Bonds on a Principal Payment Date or, if all such Series 2019 Bonds are being redeemed, to the applicable Special Redemption Account of the Bond Fund for redemption of such Series 2019 Bonds.

If the Rolling Coverage Fund Requirement for the Series 2019 Bonds is reduced or eliminated in accordance with the definition thereof, the amounts on deposit in the Rolling Coverage Fund in excess of the Rolling Coverage Fund Requirement will, at the written direction of a Borrower Representative delivered to the Trustee, be either (i) transferred to the [Series] subaccounts of the Special Redemption Account to be used to optionally redeem the [corresponding] Series 2019 Bonds in accordance with the Indenture, (ii) transferred to the related Principal or Interest Account to pay the principal of and/or interest on the corresponding Series 2019 Bonds as it becomes due, or (iii) if no Series 2019 Bonds remain Outstanding, either transferred to the Revenue Fund and applied as provided in the Indenture, or used for any other purpose directed in writing by a Borrower Representative, which, in the opinion of a Favorable Opinion of Bond Counsel delivered to the Issuer and the Trustee, complies with the Act and the Code and will not adversely affect the exclusion from gross income of the recipients thereof of the interest on the Outstanding Tax-Exempt Bonds for federal income tax purposes.

All interest income derived from the investment of amounts on deposit in the Rolling Coverage Fund will be retained in the Rolling Coverage Fund until the amount on deposit therein is equal to the Rolling Coverage Fund Requirement, and thereafter will be deposited into the Revenue Fund.

[After the Completion Transfer Date, the Trustee will transfer the amounts on deposit in the Rolling Coverage Fund to [the Revenue Fund] if the Borrower certifies to the Trustee in writing that: (i) Debt Service Coverage on the Series 2019 Bonds (based on the Borrower’s audited financial statements) is greater than 1.75:1.00 for the immediately preceding five-year period; and (ii) the Borrower has complied with all of its covenants set forth in the Loan Agreement, the other Borrower Documents, the Collateral Documents, including without limitation, any continuing disclosure requirements related to the Series 2019 Bonds. Upon the Trustee’s receipt of such certificate of the Borrower, the Trustee will transfer the amounts deposited in the Rolling Coverage Fund to the Revenue Fund.]

The “Rolling Coverage Requirement” is defined to mean an amount equal to (25%) of the Maximum Annual Debt Service requirement on the Series 2019 Bonds [plus Additional Bonds and Parity Indebtedness].

### **Repair and Replacement Fund**

The Trustee will deposit into the Repair and Replacement Fund (i) money transferred from the Revenue Fund in the amounts and on the dates described above and (ii) any other amounts required to be deposited into the Repair and Replacement Fund under the Indenture or under the Loan Agreement and delivered to the Trustee with instructions to deposit the same therein.

The Trustee will apply money on deposit in the Repair and Replacement Fund (i) first, if and to the extent necessary to remedy any deficiency in the Bond Fund related to the Series 2019 Bonds on any Interest Payment Date after exhaustion of the Surplus Fund, and the applicable Series Accounts of the Debt Service Reserve Fund without any prior consents, and (ii) upon request of a Borrower Representative, but no more frequently than once a month, to pay to or to reimburse the Borrower for paying the cost of capital improvements or repairs to, or expenses of operating and maintaining, the Project and the Terminal Facility in excess of the amounts specified in the Budget therefor. The Trustee may also apply money on deposit in the Repair and Replacement Fund to pay the cost of the Needs Assessment Analysis contemplated by the Loan Agreement.

Provided no Event of Default then exists under the Indenture, moneys in the Repair and Replacement Fund will be disbursed by the Trustee upon receipt of a written requisition by a Borrower Representative describing the intended use of such funds by item and amount, and attesting that the requested amount will be used only for such purposes; *provided, however*, that any transfers from the Repair and Replacement Fund in excess of \$100,000 during any 180-day period and for which no provision has been made in the Borrower’s Budget, must be certified by the Borrower Representative as extraordinary. If the total amount on deposit in the Repair and Replacement Fund will not be sufficient to pay all of such repair and replacement costs when they become due, then the Borrower will pay the excess amount of such costs directly (which Borrower monies may be reimbursed from monies available in the Repair and Replacement Fund at a later date when they become available).

Any withdrawals from the Repair and Replacement Fund will be replenished in equal installments as described above under “Deposit and Application of Amounts in the Revenue Fund” by the Borrower over the six-month period beginning on the date of such withdrawal.

### **Surplus Fund**

The Trustee will deposit, into the Surplus Fund, amounts transferred from the Revenue Fund, as described above, and any other amounts delivered to it with instructions to deposit the same in the Surplus Fund. Money in the Surplus Fund will be applied each month, when needed, for the following purposes and in the following manner:

- (a) transferred to a Series subaccount of the Interest Account of the Bond Fund for the Series 2019 Bonds to pay interest on a Series of the Series 2019 Bonds to the extent amounts on deposit in such Series subaccount of the Interest Account are insufficient therefor;
- (b) transferred to a Series subaccount of the Principal Account of the Bond Fund for the Series 2019 Bonds to pay principal on a Series of Series 2019 Bonds to the extent amounts on deposit in such Series subaccount of the Principal Account are insufficient therefor;
- (c) transferred to the Revenue Fund to the extent of any deficiency in the amounts needed to fully make all transfers from the Revenue Fund described above (other than to the Surplus Fund);
- (d) transferred to or upon the direction of the Borrower Representative for deposit into the Operating Expenses Account of the Operating Fund for the payment of Operating Expenses when



the Borrower certifies to the Trustee that there are not sufficient moneys in the Operating Fund to pay Operating Expenses;

(e) paid to the Trustee an amount equal to any unpaid Extraordinary Trustee's Fees and Expenses then due; or

(f) disbursed by the Trustee to the Borrower; *provided, however*, that the Borrower must, as a condition to any such disbursement, certify in writing to the Trustee that: (i) all payments, deposits or transfers required to be made by the Borrower under the Indenture, the Loan Agreement or the other Borrower Documents and Collateral Documents have been made and all Funds, Accounts and subaccounts are funded at their required levels; (ii) no Event of Default or Default under the Indenture, the Loan Agreement or the other Borrower Documents and Collateral Documents has occurred or will occur as a result of the distribution; (iii) the Completion Date has occurred; and (iv) the Debt Service Coverage Ratio for the most recent fiscal year for which audited financial statements are available, as calculated by the independent accountant and attached to the certification, equals at least 1.25:1.00.

## APPLICATION OF PROCEEDS

### Plan of Finance

The Series 2019A Bonds are being issued for the purposes of, among other things: (a) financing or refinancing the acquisition, construction, and equipping of certain capital improvements constituting port facilities under the Act, including construction of approximately 78,000 square feet of new warehouse space, dredging and deepening of the berths at the port facility to 40 feet, and acquisition of additional cargo handling equipment (the "Project"); (b) funding a deposit to the Debt Service Reserve Account with respect to the Series 2019A Bonds; (c) funding capitalized interest on the Series 2019A Bonds; and (d) paying certain expenses incurred in connection with the issuance of the Series 2019A Bonds. The Series 2019B Bonds are being issued for the purposes of, among other things: (a) refinancing the acquisition, construction and equipping of certain capital improvements constituting port facilities under the Act, (b) funding a deposit to the Debt Service Reserve Account with respect to the Series 2019B Bonds; (c) funding a deposit to the Operating Reserve Fund in an amount equal to the Operating Reserve Requirement; (d) funding a deposit to the Capital Reserve Fund in an amount equal to the Capital Reserve Requirement; (e) funding a deposit to the Rolling Coverage Fund in an amount equal to the Rolling Coverage Requirement; (f) funding a deposit to the Repair and Replacement Fund in an amount equal to the Repair and Replacement Reserve Requirement; (g) funding a deposit to the Working Capital Account of the Project Fund; [funding working capital]; (h) funding capitalized interest on the Series 2019B Bonds; and (i) paying certain expenses incurred in connection with the issuance of the Series 2019B Bonds. See APPENDIX B – "Report of the Consultant -- \_\_\_\_\_" for a further description of the use of proceeds of the Series 2019 Bonds.

## Sources and Uses of Proceeds

<b>Sources:</b>	Series 2019A <del>(AMT)</del>	Series 2019B <del>(Taxable)</del>	<del>Total</del>
Par Amount			
Net OID			
Total			
<b>Uses:</b>			
2019 Projects (Net of expected State Grants)			
Takeout of Acquisition Credit Facility			
Working Capital			
Capitalized Interest Fund			
Debt Service Reserve Fund			
Rolling Coverage Fund			
Operating Reserve Fund			
Capital Reserve Fund			
Repair and Replacement Fund			
Cost of Issuance			
Underwriter's Discount			
Additional Proceeds			
Total			

## THE BORROWER

The Borrower is a Delaware limited liability company and a joint venture between Four Wood Capital Partners LLC, a New York based asset management and merchant banking firm, and World Wide Group LLC, formed in 2018 for the purpose of acquiring Nassau Terminals and the privately-owned assets of the Terminal Facility and entering into the Operating Agreement.

*[add: expanded discussion of operations of the Borrower and MD&A discussion summarizing audited financials and discussing (i) assumption behind valuation of Operating Agreement as intangible asset, treatment of legacy receivables to/from the Port in the future, status of settlement discussions with Kinder Morgan and description of the leases for the Warehouse Facilities, assumptions related to permitting, approach to procuring a contractor for the 2019 project, estimates of construction costs, approach to major maintenance and replacement, and expected grant funding and pro forma base case forecast.]*

See APPENDIX A for the audited financial statements of the Borrower for the period from February 7, 2018 through December 31, 2018.

## **Principal Officers of the Borrower**

### ***Chris Ragucci – Chief Executive Officer & President***

Mr. Ragucci has over two decades of experience in the development, operations and finance of maritime ports. He was instrumental in the redevelopment and reactivation of a major, 200-acre container shipping terminal in the Port of New York and New Jersey, directing a \$100 million capital budget, and serving as the Chief Operating Officer of the port operating company for six years, creating over 850 jobs and grossing over \$150mm in annual revenue.

In addition to his ports expertise, Mr. Ragucci has worked extensively in the redevelopment and repurposing of a number of defunct industrial facilities, including military cargo terminals, abandoned Naval ship yards and foreclosed manufacturing plants. Throughout his career, Mr. Ragucci has worked together with and advised municipalities, public agencies and authorities as well as private entities with respect to industrial and transportation/logistics projects. After super-storm Sandy, Mr. Ragucci was appointed by New York City Mayor Michael Bloomberg to join the New York City Rebuilding and Resiliency Advisory Committee, which developed recommendations on redesigning and rebuilding the City's critical infrastructure systems to be more resilient in the future.

Mr. Ragucci was born and raised in Staten Island, New York. He holds a Bachelor of Science Degree in Civil Engineering from Columbia University and a Juris Doctor Degree from the Fordham University School of Law.

### ***John M. Morale – Chairman, Secretary & Treasurer***

Mr. Morale has spent over 30 years in the Investment/Corporate Banking space exclusively in financial services. In his concurrent capacity of Senior Managing Partner and Head of Private Equity Investments and Financial Institutions at Four Wood Capital Partners LLC, he is solely responsible for the origination, structuring and execution of all new business ventures in the capital market space, along with financing arrangements for the firm and its various investment endeavors across the entire suite of products.

Prior to joining Four Wood Capital Partners, Mr. Morale was the senior Financial Service Industry Officer at The Bank of Nova Scotia, responsible for all business development, origination, risk management, securitization and loan syndication activities for Scotiabank's Financial Service Industry platform in the US, Bermuda, the Pacific Rim and the European Union. Mr. Morale spearheaded the development of the Bank's leading position in the Financial Service Industry with revenues exceeding US\$300mm annually.

Mr. Morale holds a BS in Finance and Economics from Seton Hall University and an MBA in Finance from St. John's University and New York University (Stern School of Business).

### ***Nicholas P. Ratti – Chief Financial Officer***

Mr. Ratti serves as the Chief Financial Officer for the Borrower. He worked with the acquisition team as a part of Four Wood Capital Partners LLC. He joined Four Wood Capital Partners in June 2014 and has aided in the origination and initial public offerings of numerous publicly and privately traded closed-end and private equity funds, as well as the acquisition of various infrastructure projects across the United States. Mr. Ratti is a CFA Candidate and has a B.S. in Corporate Finance and a B.S. in Economics from Clemson University.

## **THE TERMINAL FACILITY**

See the Report of the Consultant for a detailed description of the Terminal Facility, the operations of the Borrower at the Terminal Facility, the history of the Port, the existing market for the Borrower's operations at the Port, including principal customers, and opportunities for expansion of the market.

## DEBT SERVICE SCHEDULE

*[to come]*

## BONDOWNERS' RISKS

*Prospective investors should carefully consider the risks described below, among other factors, before making an investment decision. The following discussion is not meant to be an exhaustive list of the risks and other factors that should be considered in connection with the purchase of the Series 2019 Bonds and does not necessarily reflect the relative importance of the various risks and other factors. The Series 2019 Bonds may not be suitable for all investors. Prospective purchasers of the Series 2019 Bonds should give careful consideration to the information set forth in this Limited Offering Memorandum, including, in particular, the matters referred to in the following summary. Any of the risks discussed herein, among others, may adversely affect the operations and results of the Terminal Facility and the Borrower, which could result in decreases in the value and liquidity of the Series 2019 Bonds. Moreover, there can be no assurance that other risk factors will not become material in the future.*

### Cautionary Statements Regarding Forward-Looking Statements

When used in this Limited Offering Memorandum and in any continuing disclosure by the Borrower, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project” or similar expressions are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those presently anticipated or projected. The Borrower cautions readers not to place undue reliance on any such forward-looking statements.

**THE PURCHASE OF THE SERIES 2019 BONDS IS SUBJECT TO CERTAIN RISKS. EACH PROSPECTIVE INVESTOR IN THE SERIES 2019 BONDS IS ENCOURAGED TO READ THIS LIMITED OFFERING MEMORANDUM IN ITS ENTIRETY, INCLUDING ALL APPENDICES HERETO. PARTICULAR ATTENTION SHOULD BE GIVEN TO THE FACTORS DESCRIBED BELOW, WHICH, AMONG OTHERS, COULD AFFECT THE PAYMENT OF PRINCIPAL OF AND INTEREST ON THE SERIES 2019 BONDS AND WHICH COULD ALSO AFFECT THE MARKET PRICE OF THE SERIES 2019 BONDS TO AN EXTENT THAT CANNOT BE DETERMINED.**

**ALTHOUGH THE BORROWER BELIEVES THAT THE RISKS AND UNCERTAINTIES DESCRIBED BELOW ARE THE MOST MATERIAL RISKS AND UNCERTAINTIES, THEY ARE NOT THE ONLY ONES IT MAY FACE. ALL OF THESE FACTORS ARE CONTINGENCIES WHICH MAY OR MAY NOT OCCUR. ADDITIONAL RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN TO THE BORROWER OR THAT IT CURRENTLY DEEMS IMMATERIAL MAY ALSO HAVE A MATERIAL ADVERSE EFFECT ON ITS BUSINESS, RESULTS OF OPERATIONS OR FINANCIAL CONDITION AND MAY NEGATIVELY AFFECT THE ABILITY TO PAY DEBT SERVICE ON THE SERIES 2019 BONDS.**

**THE SEQUENCE IN WHICH THESE RISKS ARE PRESENTED IN NO WAY REFLECTS ANY ORDER OF IMPORTANCE, CHANCE OR MATERIALITY.**

## **Risks Related to the Borrower and the Industry**

*[risk discussion to be expanded and revised based on the Report of the Consultant]*

### **General**

The Borrower is exposed to risks that may result in a material and adverse impact on its operations. The risks make future outcomes difficult to predict and may cause results of the Borrower's operations and performance at the Terminal Facility to fall below expectations. Risk factors that may adversely affect the Borrower's operating results and financial performance include, but are not limited, to:

- Mergers among shipping companies and consolidation of shipping companies into strategic alliances;
- The financial performance of its customers and prospective customers;
- Concentration of its source of revenues among a few customers;
- Its ability to attract and retain customers;
- Its ability to increase or maintain revenue from existing customers;
- Increased competition among terminal operators and other service providers in the shipping industry;
- Costs or liabilities associated with future capital investments, acquisitions, strategic investments or partnerships;
- The timing and outcome of investments to support its growth strategy;
- The amount and timing of capital expenditures and extraordinary expenses;
- Impact of labor disruptions or increases in wages and benefits for labor at the Terminal Facility;
- Errors in or misinterpretation of its metrics, forecasts and data;
- Failure to anticipate or identify market or industry developments;
- Impact of environmental conditions;
- Impact of natural disasters and other weather events and conditions, including the impact of climate change;
- Economic conditions that negatively affect the shipping and freight industry;
- Unfavorable macroeconomic conditions;
- Deterioration in trade relationships, including the imposition of tariffs, between the United States and its major trade partners;
- Terminations of, disputes with or material changes to its relationships or agreements with any governmental authority, including the Authority, or with any vendor, supplier, strategic partner or industry group;

- Changes in legislation or regulations or the enforcement thereof, including changes that affect its operations or efficiency or its collection of fees, regulate alliance agreements among the carriers that call at the Terminal Facility, or that subject it to additional taxation; and
- Litigation or governmental enforcement actions.

Any of the above-listed factors could have an adverse effect on the Borrower's business, financial condition and results of operations and its ability to meet its payment obligations under the Series 2019 Bonds.

### ***Container Shipping Industry***

The container shipping industry has been under significant stress due to many factors including, among others, overcapacity of available ships, rate pressures and volatile fuel costs. In response to these challenges, the industry has experienced the emergence of strategic alliances and mergers between shipping lines as shipping companies seek to cut costs and make better use of spare capacity. Such arrangements allow companies to offer more frequent or enhanced shipping services without buying more ships or adding more shipping routes.

As the trend towards consolidation increases, carrier alliances continue to grow in size and scope, resulting in greater concentration of volumes under the control of fewer players. There are very few ports and terminal operators in the U.S. that are capable of meeting the challenging service requirements imposed by the new alliance dynamic. In addition, alliance carriers represent large market shares, in some instances being the only customer in a given port, limiting competition on the pricing for their services.

*[add discussion of Federal Maritime Commission regulation and recent legislation, if applicable]*

The Borrower cannot predict what effect the alliances and future mergers will have on container traffic or the regulatory environment in which these alliances will operate. Consolidation in the container shipping industry could lead to an increase in competition among service providers for container traffic or greater leverage by an alliance in the negotiation of rates for the Borrower's services at the Terminal Facility, which could adversely affect the Borrower's net revenue and operating results.

### ***Competition***

The shipping industry is highly competitive and the Terminal Facility competes with other ports and terminals along the East Coast. The Borrower's ability to generate revenues sufficient to pay debt service and meet other expenses at the Terminal Facility depends in part on a number of factors that are outside of the Borrower's control.

The financial condition and results of operation of the Borrower are significantly influenced by the conditions of the maritime industry in general and the Terminal Facility/Port, in particular. Factors relevant to the vitality of the maritime industry and the Terminal Facility/Port include, but are not limited to, economic conditions globally and locally, acts of terrorism or war, heightened security provisions that may slow the movement of cargo through the Terminal Facility or reduce or delay container or bulk cargo traffic, overcapacity in the global transportation markets, [changes in the U.S. demand for imported goods], changes in the demand for exports, changes in relative values of currencies and changes in international trade policies or relations. These factors can adversely affect freight volumes and the rates that the Borrower is able to charge for its services.

The Borrower faces competition from other ports and terminal operators along the U.S. East Coast. Terminal operators compete based on rates, speed and efficiency, as well as trade routes, port infrastructure, and the general transportation infrastructure in those locations, including truck and rail access. Increase in the level of competition from other ports that engage in similar business and handle similar cargo, due to the expansion of such ports or otherwise, may have an adverse effect on the

Borrower's rates for its services or its revenues, which could adversely impact the Borrower's ability to satisfy its debt service obligations with respect to the Series 2019 Bonds.

The completion of the Panama Canal Expansion Project in 2016 has led to some shifts and anticipated shifts in port traffic along the U.S. East Coast. The expanded Panama Canal allows passage of container ships up to 14,000 TEU in capacity, and it is estimated that these Neo-Panamax vessels will make up 62% of total container ship capacity by 2030. Ships of that size will not be able to call on some major U.S. East Coast ports unless significant investment is made to improve channel or berth depths. Although the Terminal Facility and the Port do not directly compete for Neo-Panamax vessels as part of the current business model, trends in shipping industry and growth in vessel size may represent a competitive risk to the Port over the long-term.

### ***Limited Operations of the Borrower***

The Borrower only operates at the Terminal Facility. A reduction in either the volume of traffic processed at the Terminal Facility or the rates for the Borrower's services would adversely affect its results and financial position. These developments or other adverse matters affecting the Terminal Facility will not be offset by operations elsewhere.

### ***Dependence on a Limited Number of Customers***

The Borrower's results of operations are dependent upon its relationships with its customer shipping lines. The Borrower's breakbulk and container business is concentrated among a few major shipping lines and cargos. Therefore, the Borrower and its results of operations could be adversely affected by reductions in volumes and/or rates charged to these customers, or the loss of any of these customers or delays in payment of the Borrower's invoices by them.

The Borrower may experience lags in replacing any business that is lost due to the time required for new customers to re-route their services.

Additionally, the Borrower's activities are carried out solely at the Terminal Facility. A reduction in either the volume of traffic processed at the Terminal Facility or the rates for the Borrower's services would adversely affect its results and financial condition. These developments or other adverse matters affecting the Borrower or the Port could not be offset by operations elsewhere.

### ***Operating Risks***

While the Port has an existing customer base, the Borrower has a limited operating history at the Terminal Facility. The Borrower's only revenues are anticipated to be derived from operations of the Terminal Facility (including the Warehouse Facilities). As a result, it should be anticipated that the only revenues available to pay the Series 2019 Bonds will be generated through the Borrower Revenues and remitted to the Trustee pursuant to the Loan Agreement.

Further, the fact that the Borrower operates a single facility in Florida means the Borrower may be disproportionately exposed to disruptions in operations if the region experiences severe weather, transportation capacity constraints, constraints on the availability of required equipment, facilities, personnel or services, significant governmental regulation or natural disasters, including hurricanes. The occurrence of such events could significantly reduce or eliminate revenues generated by the Borrower and significantly increase operational expenses, thereby jeopardizing the ability of the Borrower to generate revenues sufficient to pay the principal of and interest on the Series 2019 Bonds.

### ***Limited Recourse; No Mortgage***

The Borrower is obligated to make payments to the Trustee, as assignee of the Authority, pursuant to the Loan Agreement, which is the principal source for the payment of the debt service on the Series 2019 Bonds. The payment of such amounts is dependent upon the financial condition and results

of operations of the Borrower, which are significantly influenced by the conditions of the maritime industry in general, and the Port, in particular.

The Series 2019 Bonds will not be secured by any mortgage on the Terminal Facility or by any mortgage, lien or claim against, security interest in or pledge of any assets or revenues of the Authority, or by any recourse against any funds or assets of the Authority other than the trust estate pledged and assigned under the Indenture, which consists primarily of the right, title and interest of the Authority in the Loan Agreement and the funds and accounts created under the Indenture into which the Borrower Revenues are to be deposited. [While the Borrower will enter into the Security Agreement granting a security interest in certain of its assets located at the Terminal Facility,] in evaluating a purchase or potential purchase of Series 2019 Bonds, investors are advised to rely on their evaluation of the Borrower's ability to meet its obligations under the Loan Agreement, which will depend on the Borrower's creditworthiness.

### ***Risk of Termination of the Operating Agreement***

### ***Regulation and Permitting***

### ***Construction and Permitting Risks***

As with any construction effort, the completion of the Project involves many risks that could result in cost overruns, in delays or in a failure to complete the Project. No assurance can be given that additional bonds to complete the Project can be issued and sold if completion of the Project is delayed or if the cost of completing the Project substantially increases. Some of the risks to completing the Project on time and within budget include delay in preparing the site, shortages of material and labor, work stoppages, labor disputes, bad weather, floods and other casualties, unforeseen engineering, environmental or geological problems, changes in laws or regulations, discovery of unidentified hazardous materials, unidentified utilities, third-party litigation, difficulty in obtaining or renewing permits or other local government approvals, and changes in local, state or federal design or building requirements, any of which could increase the cost and/or delay the completion of the Project.

Construction of the Project and operation of the Terminal Facility require a number of permits and approvals from local, state and federal agencies. Delay and/or failure to obtain and/or maintain all required permits could cause substantial delays in completing the Project or in operations at the Terminal Facility. Permitting requirements can change over time.

### ***Force Majeure; Climate Change***

Construction of the Project and operation of the Terminal Facility are subject to the risk of future events of force majeure, including, but not limited to, damaging storms, wind and flood, fire and explosion, strikes and lockouts and spills of hazardous substances. Construction and operation also may be stopped or delayed by non-casualty events, such as, among others, delays in obtaining or renewing permits, revocation or revision of permitting requirements, other changes in law or litigation. Any of these events can result in delays in the Borrower's ability to provide services or suspension of operations, resulting in increased expense and potential loss of business. In addition, severe weather or natural disasters can cause material damage to the Borrower's equipment, including cranes, and to its buildings and infrastructure, which could adversely affect the Borrower's business. There can be no assurance that the Borrower's insurance proceeds would be adequate in any such event.

### ***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 is susceptible to such storms and their effects.

*[confirm]* The Port has a complete emergency organization and emergency action plan for all required emergency procedures. Overall, the required emergency procedures are clearly established with detailed checklists that outline the required actions for all emergency situations that may arise. Additional detailed criteria are established for Hurricane Conditions set by the USCG Captain of the Port (COTP). These criteria require the Port to assume port readiness conditions set by the COTP and are used to alert the maritime community to changes in port operations needed to prepare for the hurricane's arrival.

The Borrower has property insurance covering earthquake wind and named storm losses totaling \$[11,177,575] and also has inland marine insurance totaling \$[5,244,789].

The amount of Borrower Revenues 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. No assurance can be given that such insurance would be adequate to cover all damages and losses including lost Borrower Revenues during any repair or reconstruction period resulting from a hurricane or other casualty.

### ***Insurance Coverage; Risk of Loss***

The Borrower maintains insurance policies, including casualty and liability coverage. Contractors are also expected to have certain insurance coverages during the construction of the Project. These insurance policies, however, do not cover all damage and delay from all events that potentially could interrupt construction of the Project or operation of the Terminal Facility. Insurance policies may not be maintained or be obtainable in amounts that would be sufficient or timely to meet the required amounts to be paid under the Indenture, including amounts to pay debt service on the Series 2019 Bonds. Risks that are not or may not be insurable include a nuclear event, war, terrorism, unforeseeable environmental or geological conditions, discovery of archeological artifacts, criminal or intentional acts by the insured, bankruptcy, loss of market, longshoremen's strikes, riot and civil commotion and insurer insolvency. In addition, changes in local, state or federal design, building and environmental requirements and other changes in law are not risks that are generally insurable.

The Borrower is responsible for retentions and deductibles on any claims it may have and retains all risk of loss for amounts that exceed the limits of its insurance coverage and recovery. There can be no assurance that such sources of funds would be available to the Borrower or that insurance proceeds could be used to pay debt service if damage to the Terminal Facility cannot be repaired or restored.

### ***Labor Relations***

The Borrower depends upon good labor relations with stevedoring firms, longshoremen, cargo checkers and handlers and other workers at the Terminal Facility. While the Borrower has a limited reliance on workers who are union members and are bound by national and local collective bargaining agreements, there is no assurance that business disruptions will not occur due to slowdowns, strikes, lockouts or other actions, including limits to the availability of labor through trade union hiring halts. If any of these disruptions occurs, it could adversely affect the Borrower's operations and its ability to generate sufficient revenue to pay debt service on the Series 2019 Bonds.

In addition, if the wages and benefits for labor at the Terminal Facility increase at rates greater than the rates the Borrower can charge for its services to its customers, such increases could adversely impact the Borrower's results of operations and negatively impact the Borrower's ability to generate sufficient revenue to pay debt service on the Series 2019 Bonds.

## ***Environmental Matters***

The Borrower and the Terminal Facility are subject to laws, regulations and other requirements relating to the protection of the environment, including emissions limits, storage, handling and disposal of hazardous substances and petroleum products, investigation and remediation of contamination and occupational health and safety. These laws and regulations, which are complex and subject to frequent amendments, apply to all aspects of construction and operation of the Terminal Facility; therefore, exact compliance cannot always be assured. Noncompliance could impact operations or result in substantial penalties. In addition, the costs of regulatory compliance may increase over time and could materially impact the Borrower's results of operations. For example, changes in laws or regulations or initiatives relating to emissions or air quality generally could cause the Borrower to have to purchase new equipment, alter existing equipment or change operating procedures to remain in compliance or to meet the needs of compliance by vessels, rail carriers or trucks.

Construction and operation of the Terminal Facility require permits from federal, state and local authorities and require the Borrower to comply with conditions imposed by those permits. Existing law imposes on persons who own, lease or operate a site the responsibility for investigating and remediating any contamination that exists on the site, and for the proper disposal of contaminated materials. The Borrower could have potentially significant responsibility for management of contamination and for compliance with disposal requirements. The Borrower may also incur liability for clean-up costs and additional disposal costs in connection with such contamination, and may retain liability for the proper management of materials disposed of at off-site locations. Furthermore, the Operating Agreement requires the Borrower to comply with environmental laws and regulations and, in certain matters of environmental liability and costs, to indemnify the Authority.

## ***Cybersecurity Risks***

The Borrower is dependent on the proper functioning of its information technology systems, including accounting, vessel scheduling, equipment tracking, security, employee communications and customer service. Information technology systems rely on third-party service providers for services such as access to the internet, database storage and telecommunications. If third-party service providers experience disruptions or failures, there could be an adverse impact on the Borrower's information and communications systems, which could lead to business disruptions or inefficiencies. Further, data and communications systems could be vulnerable to cybersecurity risks from unintentional events or from deliberate attacks such as computer viruses, hacking and denial of service attacks. Any failure or unauthorized access or breach of the Borrower's systems could result in the lack of access to or the loss of proprietary information, interrupt the Borrower's services or otherwise adversely impact the Borrower's overall business operations.

## ***Increased Security Measures***

The Terminal Facility and movement of cargo are subject to federal, state and local security-related regulations. The Maritime Transportation Security Act imposes security-related regulations on all United States ports including the [Port]. Changes in regulations or events such as acts, or threatened acts, of war or terrorism could increase the need for heightened security measures, which could slow the movement of cargo through the Terminal Facility, reduce or delay container traffic or increase the Borrower's regulatory compliance costs and adversely affect the Borrower's results of operations.

## ***Uncertainties of Forecasts and Assumptions***

The assumptions, forecasts and projections contained in the Report of the Consultant, or projections that may be contained in any future certificate of the Borrower or of a consultant required under the Loan Agreement, are not necessarily indicative of future performance (see limitation above under "Cautionary Statements Regarding Forward-Looking Statements"). Neither the Borrower nor the Consultant assumes any responsibility for the accuracy of such projections. In addition, certain assumptions of the Borrower with respect to future business and financing decisions are subject to

change. No representation is made or intended, nor should any representation be inferred, with respect to the likely existence of any particular future set of facts or circumstances. Prospective purchasers of the Series 2019 Bonds are cautioned not to place undue reliance upon the projections in the Report or upon any other projections or requirements for projections. If actual results are less favorable than the results projected or if the assumptions used in preparing such projections prove to be incorrect, the Borrower's ability to make timely payment of debt service on the Series 2019 Bonds may be materially adversely affected.

### ***Other Risk Factors***

*[discuss]*

### **Risks Related to the Series 2019 Bonds**

#### ***Suitability of Investment***

An investment in the Series 2019 Bonds involves some degree of risk and should be considered only by investors who have adequate experience to evaluate the merits and the risks of the Series 2019 Bonds and who are able to bear the risk of loss of all or a portion of their investment in the Series 2019 Bonds. The interest rate borne by the Series 2019 Bonds (as compared to prevailing interest rates on bonds with a higher credit rating such as those that constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of additional risk. Furthermore, the tax-exempt feature of the Series 2019A Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with the investor's tax rate. Prospective investors should carefully examine this Limited Offering Memorandum, including the Appendices hereto, and their own financial condition, as well as consult their own independent financial advisors, in order to make a judgment as to their ability to bear the economic risk of such an investment, and to determine whether or not the Series 2019 Bonds are an appropriate investment for them.

#### ***Lack of Market for the Series 2019 Bonds***

[It is not anticipated that an active secondary market for the Series 2019 Bonds will exist after the Series 2019 Bonds are issued. The Underwriter will not be obligated to repurchase any of the Series 2019 Bonds. The Borrower has been advised by the Underwriter that it intends to make a market in the Series 2019 Bonds but it is not obligated to do so and may discontinue market making at any time without notice. Therefore, an active trading market for the Series 2019 Bonds may not develop, or if developed, may not continue. If an active trading market does not develop or is not maintained, Bondholders may not be able to sell the Series 2019 Bonds at a particular time or at favorable prices. As a result, the Borrower cannot assure Bondholders as to the liquidity of any trading market for the Series 2019 Bonds. Accordingly, Bondholders may be required to bear the financial risk of investment in the Series 2019 Bonds indefinitely.]

#### ***Possible Loss of Tax-Exempt Status of Interest on Series 2019A Bonds***

On the date of delivery of and payment for the Series 2019A Bonds, Bond Counsel will render its opinion with respect to the tax-exempt status of the interest on the Series 2019A Bonds, the form of which opinion is set forth in APPENDIX G hereto. See also "TAX MATTERS" herein.

The Indenture and the Loan Agreement contain various covenants and agreements on the part of the Borrower and the Authority that are intended to establish and maintain the tax-exempt status of interest on the Series 2019A Bonds. A failure by the Authority or the Borrower to comply with such covenants and agreements, including their respective remediation obligations could, directly or indirectly, adversely affect the tax-exempt status of interest on the Series 2019A Bonds. Any loss of tax-exemption could cause all of the interest received by holders of the Series 2019A Bonds to be taxable.

If the interest on the Series 2019A Bonds is determined to be includable in gross income of registered owners of the Series 2019A Bonds for federal income tax purposes on account of a Determination of Taxability, the Series 2019A Bonds will be subject to mandatory redemption as described under “THE BONDS – Redemption of Bonds – Series 2019A Bonds - Mandatory Redemption Upon Invalidity or a Determination of Taxability” above. If the interest on the Series 2019A Bonds is determined to be includable in gross income of registered owners of the Series 2019A Bonds for federal income tax purposes for any reason other than as a result of a Determination of Taxability, the Series 2019A Bonds will not be subject to mandatory redemption. In either such event, there will be no adjustment in the interest rate on the Series 2019A Bonds and the owners will not be indemnified against losses sustained as a result of a determination that the interest on the Series 2019A Bonds is not excludable from gross income for federal income tax purposes. Further, a Determination of Taxability may not occur for a substantial period of time after interest first becomes includable in the gross income of the owners of the Series 2019A Bonds for federal income tax purposes.

In certain circumstances, the loss of the exclusion of interest on any Series 2019A Bonds from gross income of the owners of those Series 2019A Bonds for federal income tax purposes could be retroactive to the date of issuance of the Series 2019A Bonds. The tax liability of the owners of any Series 2019A Bonds for failure to include interest on the Series 2019A Bonds in their gross income may extend to years for which interest was received on the Series 2019A Bonds, or a portion of the Series 2019A Bonds, and for which the relevant statute of limitations has not yet run.

**If the Series 2019A Bonds are redeemed as described in the foregoing paragraph, then the failure by the Borrower to observe any covenant, agreement or representation in the Loan Agreement or Indenture that results in a Determination of Taxability will not constitute an Event of Default under the Indenture and payment of the redemption price will constitute full and complete payment and satisfaction to the owners of the Series 2019A Bonds for any claims, damages, costs or expenses arising out of or based upon such failure by the Borrower.**

#### ***[Rating Downgrade***

Any decline in the rating of the Series 2019 Bonds or any indication from the rating agency that its rating on the Series 2019 Bonds is under surveillance or review with possible negative implications could adversely affect the value of the Series 2019 Bonds. In addition, a ratings downgrade of the Series 2019 Bonds could adversely affect the Borrower’s ability to access other capital.]

#### **REPORT OF THE CONSULTANT**

The Report of the Consultant dated \_\_\_\_\_, 2019 is attached as APPENDIX B. The Report of the Consultant was prepared by TranSystems and Martin Associates, acting together as the Consultant. TranSystems is a national transportation firm, focused upon all aspects of planning, engineering, design, and construction management for all modes of freight and passenger transportation. Martin Associates is a nationally renowned firm that specializes in marine cargo market and trade lane analysis/forecasting, as well as economic feasibility analysis, forecasting, and evaluation.

The Report of the Consultant evaluates the ability of the [Terminal Facility and the] Borrower to produce [Borrower Revenues sufficient to meet the requirements of the rate covenant during the forecast period taking into account estimated Annual Debt Service requirements using assumptions as documented in the Report of the Consultant]. The Consultant has provided its consent to include the Report of the Consultant as APPENDIX B hereto. The Report of the Consultant has been included herein in reliance upon the knowledge and experience of the Consultant. [As stated in the Report of the Consultant, any forecast is subject to uncertainties.] Therefore, there will be differences between forecast and actual results, and those differences may be material. The forecasts presented in the Report of the Consultant are based on various assumptions that reflect the best information available to the Borrower and the knowledge and experience of the Consultant as of the date of the Report. The Borrower’s future operating and financial performance, however, will vary from the forecasts and such variances may be

material. The Report of the Consultant should be read in its entirety for an understanding of the forecasts and the underlying assumptions.

## **CONTINUING DISCLOSURE**

The Borrower will enter into a Continuing Disclosure Dissemination Agent Agreement (the “Continuing Disclosure Agreement”) for the benefit of the Beneficial Owners of the Series 2019 Bonds, substantially in the form attached as APPENDIX F to this Limited Offering Memorandum, to provide or cause to be provided, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system, in accordance with the requirements of SEC Rule 15c2-12 (the “Rule”), (i) certain annual financial information and operating data, (ii) within ten business days of the occurrence thereof, notice of the occurrence of certain enumerated events with respect to the Series 2019 Bonds, and (iii) timely notice of a failure by the Borrower to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement. The Underwriter’s obligation to purchase the Series 2019 Bonds will be conditioned upon its receiving, at or prior to the delivery of the Series 2019 Bonds, an executed copy of the Continuing Disclosure Agreement. The Borrower has not previously been a party to a continuing disclosure agreement.

A failure by the Borrower to comply with the Continuing Disclosure Agreement will not constitute an Event of Default under the Indenture, the Loan Agreement or any other agreement. Beneficial Owners of the Series 2019 Bonds will be limited to an action to compel performance, as provided in the Continuing Disclosure Agreement. A failure by the Borrower to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2019 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2019 Bonds and their market price.

## **TAX MATTERS**

### **Series 2019A Bonds**

In the opinion of Bond Counsel, assuming compliance with certain covenants of the Authority and the Borrower designed to assure compliance with requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Series 2019A Bonds is excludable from gross income for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Series 2019A Bonds will be an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals.

Bond Counsel is further of the opinion that the Series 2019A Bonds and the income thereon are not subject to taxation under the laws of the State, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220. Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2019A Bonds. Prospective purchasers of the Series 2019A Bonds should consult their own tax advisors as to the status of interest on the Series 2019A Bonds under the tax laws of any state other than Florida.

Ownership of the Series 2019A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with “excess net passive income,” individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2019A Bonds. Interest on a Series 2019A Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code. Bond Counsel expresses no opinion as to any such collateral tax consequences. Purchasers of Series 2019A Bonds should consult their own tax advisors as to such collateral tax consequences.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2019A Bonds for interest thereupon to remain excludable from the gross income of the owners of the Series 2019A Bonds for federal income tax purposes. The Borrower will covenant to comply with all such requirements in the Loan Agreement and the Authority will covenant in the Indenture to comply with all such requirements, to the extent of its control over investment or use of proceeds of the Series 2019A Bonds and of its own actions. Noncompliance with such requirements may cause interest on the Series 2019A Bonds to be required to be included in the gross income of the owners of the Series 2019A Bonds for federal income tax purposes, retroactive to the date of issuance of the Series 2019A Bonds or as of some later date. Bond Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Series 2019A Bonds may affect the federal tax status of the interest on the Series 2019A Bonds.

***Original Issue Discount.*** Under the Code, the difference between the principal amount of the Series 2019A Bonds (the “Discount Bonds”) and the initial offering price to the public, excluding bond houses and brokers, at which price a substantial amount of such Discount Bonds of the same maturity was sold constitutes original issue discount. Original issue discount represents interest which is excluded from gross income; [however, such interest is taken into account for purposes of determining the alternative minimum tax on corporations]. Original issue discount will accrue over the term of a Discount Bond at a constant interest rate compounded actuarially. A purchaser who acquires a Discount Bond in the initial offering at a price equal to the initial offering price thereof as set forth in this Limited Offering Memorandum for the Series 2019A Bonds will be treated as receiving an amount of interest excludable from gross income equal to the original issue discount accruing during the period he holds the Discount Bond, and will increase his adjusted basis in such Discount Bond by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or other disposition of such Discount Bond. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Discount Bonds, which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. Owners of Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of Discount Bonds and with respect to the state and local tax consequences of owning and disposing of Discount Bonds.

***Original Issue Premium.*** [to come]

***Future Changes in Law.*** From time to time, there are legislative proposals suggested, debated, introduced or pending in Congress that, if enacted into law, could alter or amend one or more of the federal tax matters described above including, without limitation, the excludability from gross income of interest on the Series 2019A Bonds, adversely affect the market price or marketability of the Series 2019A Bonds, or otherwise prevent the holders from realizing the full current benefit of the status of the interest thereon. It cannot be predicted whether or in what form any such proposal may be enacted, or whether, if enacted, any such proposal would apply to the Series 2019A Bonds. If enacted into law, such legislative proposals could affect the market price or marketability of the Series 2019A Bonds. Prospective purchasers of the Series 2019A Bonds should consult their tax advisors as to the impact of any proposed or pending legislation.

***Information Reporting and Backup Withholding.*** Interest paid on tax-exempt bonds such as the Series 2019A Bonds is subject to information reporting to the Internal Revenue Service in a manner similar to interest paid on taxable obligations. This reporting requirement does not affect the excludability of interest on the Series 2019A Bonds from gross income for federal income tax purposes. However, in conjunction with that information reporting requirement, the Code subjects certain non-corporate owners of Series 2019A Bonds, under certain circumstances, to “backup withholding” at the rates set forth in the Code, with respect to payments on the Series 2019A Bonds and proceeds from the sale of Series 2019A Bonds. Any amount so withheld would be refunded or allowed as a credit against

the federal income tax of such owner of Series 2019A Bonds. This withholding generally applies if the owner of Series 2019A Bonds (i) fails to furnish the payor such owner's social security number or other taxpayer identification number ("TIN"), (ii) furnished the payor an incorrect TIN, (iii) fails to properly report interest, dividends, or other "reportable payments" as defined in the Code, or (iv) under certain circumstances, fails to provide the payor or such owner's securities broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such owner is not subject to backup withholding. Prospective purchasers of the Series 2019A Bonds may also wish to consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

**State Tax Exemption.** The Series 2019A Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes imposed by Chapter 198, Florida Statutes, as amended, and taxes under Chapter 220, Florida Statutes, as amended, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.

### **Series 2019B Bonds**

Interest on the Series 2019B Bonds is included in gross income for federal income tax purposes. Except as described herein, Bond Counsel will express no opinion as to any other tax consequences regarding the Series 2019B Bonds. Holders of the Series 2019B Bonds should consult their tax advisors with respect to the inclusion of interest on Series 2019B Bonds in gross income for federal income tax purposes.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series 2019B Bonds. The discussion below is based upon current provisions of the Code, current final, temporary and proposed Treasury regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service (the "IRS"). There can be no assurance that the IRS will not take a contrary view, and no ruling from the IRS has been, or is expected to be, sought on the issues discussed herein. Legislative, judicial, or administrative changes or interpretations may occur that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may or may not be retroactive and could affect the tax consequences discussed below.

The summary is not a complete analysis or description of all potential U.S. federal tax considerations that may be relevant to, or of the actual tax effect that any of the matters described herein will have on, particular Holders or beneficial owners of Series 2019B Bonds and does not address U.S. federal gift or (for U.S. Holders) estate tax consequences or alternative minimum, foreign, state, local or other tax consequences. This summary does not purport to address special classes of taxpayers (such as S corporations, mutual funds, banks, insurance companies, financial institutions, small business investment companies, regulated investment companies, real estate mortgage investment conduits, real estate investment trusts, grantor trusts, former citizens or residents of the United States, persons whose functional currency is not the U.S. dollar, broker-dealers, dealers in securities, traders in securities that elect to use a mark-to-market method of accounting, tax-exempt organizations, passive foreign investment companies, controlled foreign corporations and corporations that accumulate earnings to avoid U.S. federal income tax) that are subject to special treatment under the federal income tax laws, or persons that hold Series 2019B Bonds as part of a hedge against currency risk, or that are part of a hedge, straddle, conversion, constructive ownership, constructive sale transaction, or other risk reduction or integrated transaction. This summary also does not address the tax consequences to an owner of Series 2019B Bonds held through a partnership or other pass-through entity treated as a partnership for U.S. federal income tax purposes. In addition, this discussion is limited to persons purchasing the Series 2019B Bonds for cash in this offering at their "issue price" within the meaning of Section 1273 of the Code (*i.e.*, the first price at which a substantial amount of Series 2019B Bonds are sold to the public for cash), and it does not address the tax consequences to holders that purchase the Series 2019B Bonds after their original issuance. This discussion assumes that the Series 2019B Bonds will be held as capital assets within the meaning of section 1221 of the Code.

As used herein, the term “U.S. Holder” means a beneficial owner of Series 2019B Bonds that is (i) an individual citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation (or other entity classified as a corporation for U.S. federal tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia, (iii) an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust if (a) a U.S. court can exercise primary supervision over the administration of such trust and one or more United States persons (within the meaning of the Code) has the authority to control all of the substantial decisions of such trust or (b) the trust has made a valid election under applicable Treasury regulations to be treated as a United States person (within the meaning of the Code). As used herein, the term “Non-U.S. Holder” means a beneficial owner of Series 2019B Bonds that is not a U.S. Holder.

BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, PROSPECTIVE HOLDERS AND BENEFICIAL OWNERS OF THE SERIES 2019B BONDS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THEIR PARTICULAR TAX SITUATIONS AND AS TO ANY FEDERAL, FOREIGN, STATE, LOCAL OR OTHER TAX CONSIDERATIONS (INCLUDING ANY POSSIBLE CHANGES IN TAX LAW) AFFECTING THE PURCHASE, HOLDING AND DISPOSITION OF THE SERIES 2019B BONDS.

***Certain U.S. Federal Income Tax Consequences to U.S. Holders.*** This section describes certain U.S. federal income tax consequences to U.S. Holders and does not describe federal income tax consequences to Non-U.S. Holders.

***Qualified Stated Interest.*** Payments or accruals of “qualified stated interest” (as defined below under “Original Issue Discount”) on a Series 2019B Bond will be taxable to a U.S. Holder as ordinary interest income at the time that such U.S. Holder receives or accrues such amounts (in accordance with such U.S. Holder’s regular method of tax accounting).

***Series 2019B Bond Premium.*** A U.S. Holder who purchases a Series 2019B Bond at a cost greater than the Series 2019B Bond’s remaining redemption amount will be considered to have purchased the Series 2019B Bond at a premium, and may elect to amortize the premium as an offset to interest income, using a constant-yield method, over the remaining term of the Series 2019B Bond. If the Series 2019B Bond is redeemable prior to maturity, the amount of amortizable premium is determined with reference either to the amount payable on maturity or, if it results in a smaller premium attributable to the earlier redemption period, with reference to the amount payable on the earlier redemption date. If a U.S. Holder makes the election to amortize the premium, it generally will apply to all debt instruments held by such U.S. Holder at the time of the election, as well as any debt instruments that are subsequently acquired by such U.S. Holder. In addition, a U.S. Holder may not revoke the election without the consent of the Internal Revenue Service. If such U.S. Holder elects to amortize the premium, such U.S. Holder will be required to reduce its tax basis in the Series 2019B Bond by the amount of the premium amortized during the holding period of the U.S. Holder. OID Series 2019B Bonds purchased at a premium will not be subject to the original issue discount rules described above. If such U.S. Holder does not elect to amortize premium, the amount of premium will be included in its tax basis in the Series 2019B Bond. Therefore, if a U.S. Holder does not elect to amortize premium and holds the Series 2019B Bond to maturity, such U.S. Holder generally will be required to treat the premium as capital loss when the Series 2019B Bond matures.

***Market Discount.*** A Series 2019B Bond purchased by a U.S. Holder at a price that is lower than the Series 2019B Bond’s remaining redemption amount (or in the case of an OID Series 2019B Bond, the Series 2019B Bond’s adjusted issue price) by 0.25% or more of the remaining redemption amount (or adjusted issue price) of such Series 2019B Bond, multiplied by the number of remaining whole years to maturity of such Series 2019B Bond, will be considered to bear “market discount” in an amount equal to such difference in the hands of the U.S. Holder. In this case, any gain realized by a U.S. Holder on the disposition of the Series 2019B Bond generally will be treated as ordinary interest income to the extent of the market discount that accrued on the Series 2019B Bond during period it was held by such U.S. Holder. In addition, a U.S. Holder may be required to defer the deduction of all or a portion of the



interest paid on any indebtedness that such U.S. Holder incurred or continued to purchase or carry the Series 2019B Bond. In general, market discount will be treated as accruing ratably over the term of the Series 2019B Bond, or, at election of the U.S. Holder, under a constant-yield method.

A U.S. Holder may elect to include market discount in gross income currently as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of the Series 2019B Bond as ordinary income. If a U.S. Holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. If a U.S. Holder does make such an election, it will apply to all market discount debt instruments that a U.S. Holder acquires on or after the first day of the first taxable year to which the election applies. The election may not be revoked without the consent of the IRS.

#### ***Other Payments with Respect to Series 2019B Bonds.***

***Tax Basis of Series 2019B Bonds.*** Initially, the tax basis of a U.S. Holder in a Series 2019B Bond generally will equal the amount paid for the Series 2019B Bond by such U.S. Holder. Subsequently, the basis will increase by any amounts that such U.S. Holder is required to include in income under the rules governing original issue discount and market discount, and will decrease by the amount of any amortized premium and any payments other than “qualified stated interest” (as defined above under “*Original Issue Discount, Series 2019B Bond Premium and Market Discount – Original Issue Discount*”) made on the Series 2019B Bond. The rules for determining these amounts are discussed below.

***Sale, Exchange, Retirement or Redemption of Series 2019B Bonds.*** When a Series 2019B Bond is sold or exchanged, or if a Series 2019B Bond is retired or redeemed, the U.S. Holder of such Series 2019B Bond generally will recognize gain or loss equal to the difference between the amount it realized on the transaction (less any accrued and unpaid qualified stated interest, which will be subject to tax in the manner described above under “*Qualified Stated Interest*”) and its tax basis in the Series 2019B Bond.

***Nature of Gain or Loss on Sale, Exchange or Retirement of Series 2019B Bonds.*** Except for market discount, the gain or loss that a U.S. Holder recognizes on the sale, exchange or retirement of a Series 2019B Bond generally will be capital gain or loss, and Series 2019B Bond will be long-term capital gain or loss if the U.S. Holder has held the Series 2019B Bond for more than one year on the date of disposition. Net long-term capital gain recognized by an individual U.S. holder generally will be subject to tax at a lower rate than net short-term capital gain or ordinary income. The ability of U.S. holders to offset capital losses against ordinary income is limited.

***Additional Tax on Net Investment Income.*** Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income,” which may include all or a portion of their interest income and net gains from the disposition of the Series 2019B Bonds. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of this tax to its income and gains in respect of its investment in the Series 2019B Bonds.

***Information Reporting and Backup Withholding .*** Payments of interest on the Series 2019B Bonds will be generally subject to IRS information reporting and “backup withholding.” Under section 3406 of the Code and applicable Treasury Regulations, a non-corporate U.S. Holder of the Series 2019B Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Series 2019B Bonds and the gross proceeds of a sale, exchange, redemption or retirement of the Series 2019B Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in section 3406(c) of the Code, or (iv) there has been a failure of the payee to certify under penalty of perjury that the payee is not subject to withholding under section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be

refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

**State Tax Exemption.** The Series 2019B Bonds and the income thereon are not subject to taxation under the laws of the State of Florida, except as to estate taxes and taxes under Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations as defined in said Chapter 220.

**Certain ERISA Considerations.** The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary obligations and prohibited transaction restrictions on employee pension and welfare benefit plans subject to that statute ("ERISA Plans"). Section 4975 of the Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) and 403(a) of the Code, which are exempt from tax under Section 501(a) of the Code, other than governmental and church plans as defined herein ("Qualified Retirement Plans"), and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans such as governmental plans (as defined in Section 3(32) of ERISA), and, if no election has been made under Section 410(d) of the Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Additionally, such governmental and non-electing church plans are not subject to the requirements of Section 4975 of the Code. Accordingly, assets of such plans may be invested in the Series 2019B Bonds without regard to the ERISA and Code considerations described below, subject to the provisions of applicable federal and state law.

In addition to the imposition of general fiduciary obligations, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties In Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. The definitions of "Party in Interest" and "Disqualified Person" are expansive. While other entities may be encompassed by these definitions, they include, most notably: (1) a fiduciary with respect to a plan; (2) a person or entity providing services to a plan; and (3) an employer or employee organization any of whose employees or members are covered by the plan. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Code) unless a statutory or administrative exemption is available.

Certain transactions involving the purchase, holding or transfer of the Series 2019B Bonds might be deemed to constitute prohibited transactions under ERISA and the Code if assets of the Authority were deemed to be assets of a Benefit Plan. Under final regulations issued by the United States Department of Labor (the "Plan Assets Regulation"), the assets of the Authority would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Code only if the Benefit Plan acquires an "equity interest" in the Authority and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the Series 2019B Bonds should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation.

However, without regard to whether the Series 2019B Bonds are treated as an equity interest for such purposes, the acquisition or holding of Series 2019B Bonds by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if the Authority or the Trustee, or any of their respective affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan.

Most notably, ERISA and the Code generally prohibit the lending of money or other extension of credit between an ERISA Plan or Tax-Favored Plan and a Party in Interest or a Disqualified Person, and the acquisition of any of the Series 2019B Bonds by a Benefit Plan would involve the lending of money or extension of credit by the Benefit Plan. In such a case, however, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2019B Bond. Included among these exemptions are: Prohibited Transaction Class Exemption (“PTCE”) 96-23, regarding transactions effected by “in-house asset managers”; PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by “insurance company general accounts”; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by “qualified professional asset managers.”

Any ERISA Plan fiduciary considering whether to purchase the Series 2019B Bonds on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Code to such an investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Code and the applicability of any similar state or federal law.

### **DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Florida law requires the Authority to make a full and fair disclosure of any bonds or other debt obligations which it has issued or guaranteed and which are or have been in default as to principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served as a conduit issuer). Florida law further provides, however, that if the Authority in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted. The Authority is not and has not been in default as to principal and interest on bonds or other debt obligations which it has issued as the principal obligor or guarantor. The Authority’s 1990 Bonds have been retired and the Authority has no other bonds outstanding.

### **UNDERWRITING**

Under the terms of a Bond Purchase Agreement among the Authority, the Underwriter and the Borrower, the Underwriter has agreed, subject to the approval of certain legal matters by counsel and to certain other conditions, to purchase the Series 2019 Bonds at the public offering prices set forth on the inside cover page of this Limited Offering Memorandum. As compensation for such agreement to purchase the Series 2019 Bonds, the Borrower has agreed to pay to the Underwriter an underwriting fee of \$\_\_\_\_\_, exclusive of out-of-pocket expenses.

The Borrower will reimburse the Underwriter for certain out-of-pocket expenses relating to the sale of the Series 2019 Bonds. The Underwriter has agreed to purchase all of the Series 2019 Bonds if any of the Series 2019 Bonds are purchased. The Borrower has agreed to indemnify the Authority and the Underwriter against certain liabilities, including certain liabilities under federal securities laws relating to the Series 2019 Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriter and its affiliates may have certain creditor and/or other rights against the Authority and the Borrower and its affiliates in connection with such activities. In the course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority and the Borrower (directly, as collateral securing other obligations or otherwise) and/or persons

and entities with relationships with the Authority and the Borrower. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. In the ordinary course of its business, the Underwriter and certain of its affiliates have engaged, and may in the future engage, in investment banking, commercial banking or other transactions with, and perform services for, and may own securities of or equity interests in, the Borrower and its affiliates.

The Underwriter has entered into a distribution and service agreement with its affiliate UBS Securities LLC (“UBS Securities”) for the distribution of certain municipal securities offerings, including the Series 2019 Bonds. Pursuant to such agreement, the Underwriter will share a portion of its underwriting compensation with respect to the Series 2019 Bonds with UBS Securities. The Underwriter and UBS Securities are each subsidiaries of UBS Group AG.

## **LITIGATION**

### **The Borrower**

There is no controversy of any nature now pending against the Borrower, or to the knowledge of its officers threatened, which would, in the view of the Borrower, reasonably be expected to materially adversely affect the operation or financial condition of the Borrower or materially adversely affect the operation of the Terminal Facility.

### **The Authority**

There is now no litigation of any nature to which the Authority is a party pending or, to the best of the Authority’s knowledge, threatened against it to restrain or enjoin the issuance, sale, execution or delivery of the Series 2019 Bonds or in any way contesting or affecting the validity of the Series 2019 Bonds or any proceedings taken with respect to the issuance or sale thereof, or in any way contesting or affecting the validity of or application of any moneys provided for the Series 2019 Bonds or the existence or powers of the Authority in connection with the issuance of the Series 2019 Bonds.

## **LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the Series 2019 Bonds and with regard to the status of interest thereon are subject to the legal opinion of Nelson Mullins Riley & Scarborough LLP, Bond Counsel to the Authority. A complete copy of the proposed form of the opinion of Bond Counsel for the Series 2019 Bonds is set forth as APPENDIX G hereto.

Certain legal matters will be passed upon for the Borrower by Bryan Cave Leighton Paisner LLP, counsel to the Borrower; for the Authority by \_\_\_\_\_; and for the Underwriter by Squire Patton Boggs (US) LLP, counsel for the Underwriter.

## **FINANCIAL ADVISOR TO THE AUTHORITY**

RBC Capital Markets, LLC (“RBC Capital Markets”), St. Petersburg, Florida is serving as financial advisor to the Authority in a limited role in connection with the sale of the Series 2019 Bonds. As financial advisor to the Authority, RBC Capital Markets has not assisted in the preparation of this Limited Offering Memorandum and was not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Limited Offering Memorandum. The fee of RBC Capital Markets for its advisory services rendered in connection with the offering and sale of the Series 2019 Bonds is contingent upon the issuance and delivery of the Series 2019 Bonds.

## **INDEPENDENT ACCOUNTANTS**

The financial statements of the Borrower as of December 31, 2018, for the period commencing February 7, 2018, contained in APPENDIX A, have been audited by Carr, Riggs & Ingram, LLC, independent auditor, as stated in their report included therein. Carr, Riggs & Ingram, LLC have not been engaged to perform and have not performed, since the date of its report included therein, any procedures on the financial statements addressed in that report.

### **[RATING]**

[Kroll Bond Rating Agency has assigned the Series 2019 Bonds the rating of “\_\_.” The rating assigned to the Series 2019 Bonds reflects only the view of such rating agency at the time the rating was issued, and an explanation of the significance and status of such rating may be obtained only from such rating agency. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. A downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2019 Bonds.]

## **MISCELLANEOUS**

This Limited Offering Memorandum has been prepared in connection with the issuance and sale of the Series 2019 Bonds. Accordingly, this Limited Offering Memorandum may not be reproduced or used as a whole or in part for any other purpose without the express written consent of the Issuer.

Any statements that are contained in this Limited Offering Memorandum involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. This Limited Offering Memorandum is not to be construed as a contract or agreement between the Authority and the purchasers or holders of the Series 2019 Bonds.

The Authority has not participated in the preparation of this Limited Offering Memorandum and has not verified the accuracy or completeness of the information contained in this Limited Offering Memorandum, except the information related to the Authority under the heading “THE AUTHORITY” and the information under the section entitled “LITIGATION – The Authority.”

The Appendices attached to this Limited Offering Memorandum are an integral part of this Limited Offering Memorandum and must be read together with this Limited Offering Memorandum.

The execution and delivery of this Limited Offering Memorandum have been duly authorized by the Authority and approved by the Borrower.

**OCEAN HIGHWAY AND PORT AUTHORITY**

By: \_\_\_\_\_  
Name:  
Title:

**WORLDWIDE TERMINALS FERNANDINA, LLC**

By: \_\_\_\_\_  
Name:  
Title:

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS  
OF WORLDWIDE TERMINALS FERNANDINA, LLC  
FOR THE PERIOD FROM FEBRUARY 7, 2018 TO DECEMBER 31, 2018**

**APPENDIX B**  
**REPORT OF CONSULTANT**

*[to come]*



**APPENDIX C**  
**FORM OF THE INDENTURE**

**APPENDIX D**  
**FORM OF THE LOAN AGREEMENT**

**APPENDIX E**  
**THE OPERATING AGREEMENT**

**APPENDIX F**

**FORM OF CONTINUING DISCLOSURE DISSEMINATION AGENT AGREEMENT**

## APPENDIX G

### FORM OF APPROVING OPINION OF BOND COUNSEL

*Upon the delivery of the Series 2019 Bonds, Nelson Mullins Riley & Scarborough LLP, Bond Counsel to the Ocean Highway and Port Authority, proposes to deliver its legal opinion in substantially the following form:*

*[to come]*

## APPENDIX H

### FORM OF INVESTOR LETTER

, 2019

Ocean Highway and Port Authority  
[\_\_\_\_\_]   
Fernandina Beach, Florida [\_\_\_\_\_]

UBS Financial Services Inc.  
299 Park Avenue, 11th Floor  
New York, NY 10171

The undersigned, authorized representative of [ ] (the “Investor”), does hereby represent and agree as follows:

1. The undersigned hereby acknowledges that it is purchasing a principal amount of [Ocean Highway and Port Authority Port Facilities Revenue Bonds (AMT), Series 2019A (Worldwide Terminals Fernandina Project) (the “Series 2019A Bonds”)/Ocean Highway and Port Authority Taxable Port Facilities Revenue Bonds, Series 2019B (Worldwide Terminals Fernandina Project) (the “Series 2019B Bonds”)] (the Series 2019A Bonds and the Series 2019B Bonds are together the “Bonds”), to be issued pursuant to a Trust Indenture, dated as of April 1, 2019 (the “Indenture”) between the Ocean Highway and Port Authority (the “Issuer”) and U.S. Bank National Association (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.
2. The Investor is a “qualified institutional buyer” under Rule 144A of the Securities Act of 1933, as amended (the “Securities Act”) or an “accredited investor” within the meaning of Section 501(a) of Regulation D promulgated under the Securities Act, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of revenue bonds of the type referred to in the Limited Offering Memorandum, to be able to evaluate the merits and risks of the Bonds, and can bear the economic risk of its investment in the Bonds. The Bonds are a financially suitable investment for the Investor consistent with its investment policies, needs and objectives.
3. The Bonds are being acquired by the Investor for not more than one account or with a view to distributing the Bonds.
4. The Investor acknowledges that it has made its own inquiry and analysis with respect to the Bonds and security therefor and that it has either been supplied with or been given access to information about the Borrower, including financial statements and other financial information and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project, the Terminal Facility, the Borrower Documents, the Loan Agreement, the Indenture and the other Collateral Documents and the Bonds. The Investor acknowledges that it has not relied upon the Issuer for any information in connection with the Investor’s decision to purchase the Bonds.
5. The Investor acknowledges that the Bonds may be sold by the Investor only in accordance with the terms and conditions of the Indenture, including sales being limited to “Qualified Institutional Buyers” within the meaning of Rule 144A under the Securities Act or “Accredited Investors” within the meaning of Section 501(a) of Regulation D promulgated under the Securities Act, and in the minimum denomination set forth therein.

\_\_\_\_\_  
as Investor  
By:  
Its: