REPORT PREPARED FOR THE FLORIDA HURRICANE CATASTROPHE FUND

CLAIMS-PAYING CAPACITY ESTIMATES

MAY 19, 2021

ONCE FINALIZED, THE STATEMENT OF THE FHCF'S ESTIMATED BORROWING CAPACITY, ESTIMATED CLAIMS-PAYING CAPACITY, AND PROJECTED YEAR-END BALANCE REQUIRED UNDER S. 215.555(4)(c)2., F.S., WILL BE PUBLISHED IN THE FLORIDA ADMINISTRATIVE REGISTER AS REQUIRED BY LAW.

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Appendix

I. Introduction

The Florida Hurricane Catastrophe Fund ("FHCF") is a tax-exempt trust fund created by the State of Florida in 1993 and is administered by the State Board of Administration of Florida under Section 215.555, Florida Statutes. It was created to operate exclusively for the purpose of protecting and advancing the state's interest in maintaining insurance capacity by providing contractually specified coverage that provides reimbursement for a portion of residential property insurers' hurricane losses. Participation is mandatory for authorized property insurers, subject to limited exceptions.

Participating insurers pay the FHCF annual reimbursement premiums as consideration for this reimbursement coverage. The reimbursement premiums are based on insured values of covered properties, as reported annually to the FHCF. The FHCF statute requires the annual adoption of a reimbursement premium formula that generates "actuarially indicated" premiums as defined by law. An insurer's premium is proportionate to its coverage selection at a percentage level and its share of the FHCF's total risk exposure.

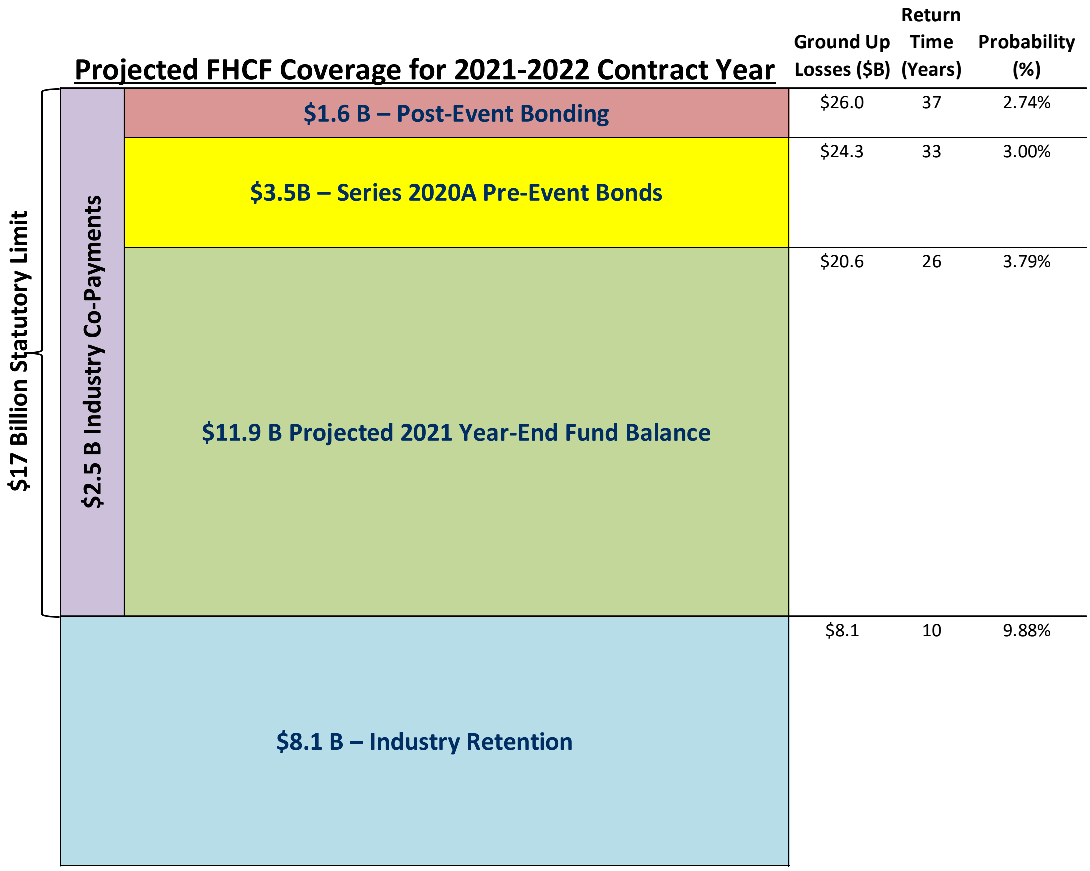
The annual reimbursement contract provides for reimbursement of a percentage of an insurer's residential hurricane losses in excess of its "retention" which is determined under a statutory formula. Reimbursement is provided at one of three percentage levels (90%, 75%, or 45%) selected in advance by the insurer.

The FHCF may obtain funds to pay its contractual reimbursement obligations from the following available potential sources:

(1) *Accumulated reimbursement premiums*
(2) *Recoveries from reinsurance and other risk-transfer mechanisms, if any*
(3) *Pre-event bond proceeds and other pre-event liquidity resources*
(4) *Proceeds of post-event revenue bonds issued under Section 215.555(6), Florida Statutes, and secured by emergency assessments, if needed*
(5) *Emergency assessments under Section 215.555(6)(b), Florida Statutes, if needed*
(6) *Investment earnings on accumulated reimbursement premiums and emergency assessments*

The actual and potential obligations of the FHCF are limited by statute. For the contract year June 1, 2021 – May 31, 2022, the maximum potential liability of the FHCF is $17 billion, with projected available total liquid resources of $15.4 billion, which is approximately $1.6 billion below the maximum potential liability and therefore would require $1.6 billion of additional financing. In addition, the FHCF statute limits the Fund's reimbursement liability to its actual claims-paying capacity, which may depend on financial market conditions at the time of sale if any post-event revenue bonds are needed to pay claims. The following chart summarizes the FHCF's projected coverage for the 2021-2022 Contract Year based on assumptions prepared by Paragon Strategic Solutions, the FHCF's consulting actuary.

Projected FHCF Coverage for 2021-2022 Contract Year



Numbers may not add due to rounding. Not drawn to scale

Ground-up losses exclude the loading of 10% of loss adjustment expenses ("LAE") on the industry co-payments.

In this chart the relevant data are aggregated for FHCF participating insurers. The references to probabilities, probable maximum losses, and cash exhaustion are shown for illustrative purposes only. The probabilities in this chart are presented as if all of the participating insurers had uniform exposures and loss experiences. In actual practice, each participating insurer has its own retention and coverage limits based upon its actual exposures, and therefore each participating insurer has its own unique probability of triggering its FHCF coverage and reaching its FHCF coverage limit.

Pursuant to Section 215.555(4)(c)(2), Florida Statutes, *"in May and October of the contract year, the board shall publish in the Florida Administrative Register a statement of the fund's estimated borrowing capacity, the fund's estimated claims-paying capacity, and the projected balance of the fund as of December 31."* The purpose of these claims-paying capacity estimate reports is to provide an estimate of the borrowing and claims-paying capacity of the FHCF for the 2021-2022 Contract Year in order to assist the FHCF's participating insurers in determining their reimbursements.

Providing estimates at these particular times of the year is useful from the perspective that some insurers operate in multiple states and tend to purchase their private reinsurance effective January, while many other insurers operate solely in Florida and purchase their private reinsurance prior to June, effective June 1st of each year.

II. *The Process*

As in prior years, in order to estimate the FHCF's borrowing capacity for the 2021 and 2022 seasons, we took the following three steps:

Raymond James and the FHCF staff utilized the resources of the FHCF's five senior managing underwriters to estimate FHCF bonding capacity

(1) Evaluated market conditions for the FHCF using our internal resources. Raymond James & Associates, Inc. ("Raymond James"), a full service broker-dealer with approximately $19 billion in market capitalization (NYSE:RJF, www.raymondjames.com), serves as the independent financial advisor to the FHCF. Raymond James also serves as an independent advisor to numerous other governmental catastrophe insurance entities across the country and our experience includes the evaluation and placement of risk transfer programs in both traditional and capital markets, the issuance of pre-event bonds and other liquidity mechanisms, the issuance of post-event bonds, and serving as an investment consultant. We rank number one as financial advisor to state-sponsored public insurance entities and are among the top municipal underwriters in the country and participate daily in the market for fixed income securities similar to those the FHCF has issued or would issue to help meet its reimbursement obligations after an event and have served as independent advisor or underwriter on the issuance of over $43 billion of debt and related financial instruments for the FHCF and other governmental catastrophe insurance entities around the country since 2005. Raymond James currently has over $1.09 trillion of assets under management.

(2) Solicited formal written feedback from the five current senior managing underwriters of the FHCF's financial services team. These firms – Bank of America, Citi, J.P. Morgan, Morgan Stanley and Wells Fargo – are among the largest financial services firms in the world, and each one has extensive experience and expertise with FHCF securities and similar instruments for other municipal issuers. They all were also part of the team for the successful execution of the FHCF's Series 2020A pre-event financing. In the solicitation for the preparation of this report, we asked them to provide their estimates, given certain assumptions, of the FHCF's bonding capacity. As always, in our written request for feedback, we sought to ensure that the underwriters had a clear understanding of the purpose of asking them to provide such estimates and the uses thereof. A copy of the solicitation and the response of each of the managers is contained in Appendix A.

(3) We evaluated the written feedback and determined a recommended bonding capacity estimate for inclusion in this report.

III. Analytical Considerations

> **The major constraint, if any in the future, for the FHCF in achieving its maximum reimbursement obligation is potential limitation of market access and capacity, not a lack of assessment capability or credit strength**

The FHCF has very strong debt repayment capabilities. From a credit standpoint, the ability to levy emergency assessments on all property and casualty insurance lines except workers' compensation, medical malpractice, federal flood, and accident and health lines is similar to a statewide sales tax on an essential product with an underlying premium base of $55.9 billion[1]. The strength of this pledged revenue stream is the primary reason the three major rating agencies – Moody's, Standard & Poor's, and Fitch – rate the FHCF's debt Aa3, AA, and AA, respectively. To put these ratings in perspective, less than 5% of U.S. corporations have ratings in the "AA" category by all three rating agencies.

While the FHCF statute does limit the amount of assessments that can be levied – 6% for losses attributable to one contract year and 10% for losses attributable to all years – these percentages, when applied to the current assessment base of $55.9 billion, mean the FHCF could levy annual assessments of as much as $3.35 billion for losses from hurricanes occurring in one contract year and as much as $5.59 billion for losses from hurricanes occurring over all contract years. These annual amounts, in conjunction with the other available resources of the FHCF, are estimated to be more than sufficient to support enough bonds to enable the FHCF to meet its maximum initial season obligation and subsequent season coverage as well, assuming that the fixed income markets continue to function in a normal manner and the FHCF has market access to issue such bonds at the current market rates for the initial season, or even at inflated rates of 4% for the initial season and 6% for the subsequent season.

Despite volatility and the significant economic downturn in 2020 related to COVID-19, financial market conditions have improved significantly as the U.S. has begun its recovery from COVID-19. U.S. and global interest rates have marginally increased from historically low levels but are still relatively low based on historical averages, and investor demand has been strong, which has led to fixed rate issuance at all-time highs. These market conditions enabled the FHCF to successfully execute the Series 2020A taxable pre-event financing in September 2020. The Series 2020A financing had a preliminary transaction size of $2.25 billion with $750 million maturities in five, seven and ten years. Based on significant investor demand even at significantly low interest rates, the FHCF was able to upsize the transaction to $3.5 billion while maintaining initial pricing levels with a low true interest cost of 1.842%. Based on stronger investor demand for the 5-year and 10-year maturities relative to the 7-year maturity at the time of sale, the 5-year and 10-year maturities were upsized to $1.25 billion each while the 7-year maturity was upsized to $1 billion. The Series 2020A financing had strong investor demand with over 100 investors participating in

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[1] *See Appendix B for an analysis of the size and growth of the FHCF's assessment base over time.*

the transaction, placing approximately $6.4 billion of orders. The FHCF was able to take advantage of historically low interest rates and pricing spreads that were lower than the pricing of both the Series 2013A and Series 2016A Bonds; the Series 2020A transaction also re-established the FHCF in the municipal bond marketplace and illustrated the significant amount of investor demand that currently exists in the taxable municipal market.

Market conditions are stable; however, market access can never be guaranteed, especially after an event or multiple events either in Florida or globally. Therefore, it is critical to understand the potential challenges the FHCF may face after a large event.

Under section 215.555(4)(b)2, Florida Statutes, an insurer is prohibited from electing a lower coverage percentage upon renewal of its FHCF reimbursement contract if any post-event revenue bonds are outstanding. However, since the defeasance of all outstanding FHCF post-event revenue bonds in 2014, some participating insurers based on their risk exposure, elected to lower their coverage percentage selections to take advantage of soft global risk transfer markets; the weighted average coverage percentage selection dropped from 89.9% in the 2014-2015 Contract Year to 73.5% for the 2018-2019 Contract Year. Subsequently, as a result of hardening pricing conditions in the global reinsurance markets due to significant global insured losses, including losses from Hurricanes Irma, Maria, and Michael, as well as Japanese earthquakes, California wildfires in 2017 and 2018, and market volatility due to COVID-19, the participating insurers have gradually increased their average FHCF participation coverage to 86.2% for the 2021-2022 Contract Year. As a result of these changes and the enactment into law of HB 301, which increased the FHCF's LAE allowance from 5% to 10%, the co-payment amount for a $17 billion FHCF payout has decreased from approximately $6.0 billion for the 2018-2019 Contract Year to $2.5 billion for the 2021-2022 Contract Year.

For the 2021-2022 Contract Year, the FHCF has approximately $15.4 billion of liquidity resources, which is approximately $1.6 billion below its maximum statutory obligation of $17 billion. After an event and depending on market conditions and interest rates, the FHCF may be able to either draw on its pre-event bond proceeds and repay the pre-event bonds by issuing post-event bonds, or the FHCF could issue post-event bonds in the amount of $5.1 billion and preserve its $3.5 billion Series 2020A pre-event bond proceeds for subsequent seasons. The table on the following page shows the FHCF's obligations and its projected liquidity resources for the 2021-2022 Contract Year.

FHCF Obligations and Liquidity Resources – 2021-2022 Contract Year	Amount ($B)
Total Potential FHCF Obligations	**$17.0**
Projected 2021 Year-End Fund Balance	**$11.9**
Series 2020A Pre-Event Bonds Balance[1]	**$3.5**
Total Liquidity Resources	**$15.4**
Total Liquidity Resources Below Potential Obligations	**$1.6**

Numbers may not add due to rounding.

[1] The $650 million of Series 2016A pre-event bond proceeds currently outstanding will mature on July 1, 2021 and therefore will not be available for the 2021-2022 Contract Year.

If the FHCF were to leave all of its $3.5 billion Series 2020A pre-event bond proceeds outstanding, the potential maximum amount of post-event bonding needed is projected to be approximately $5.1 billion for the 2021-2022 Contract Year. The FHCF could execute this size of a transaction in multiple series over a 12-month period – this cumulative issuance amount is common but infrequent in the taxable and tax-exempt markets. For example, the annual par amount issued over a calendar year by a single municipal issuer has exceeded $5.1 billion 11 times since 2018.

The FHCF's 2021-2022 Contract Year liquidity resources are adjusted for paid losses and loss reserves in the total amount of $8.75 billion for Hurricanes Irma and Michael. At this time, the FHCF's projected ultimate incurred loss estimates by Paragon Strategic Solutions Inc., the FHCF's consulting actuary, are $7.30 billion from Hurricane Irma and $1.45 billion from Hurricane Michael.

Largest 25 Taxable Municipal Issuances By Par Amount Since 2018

Rank	Issuer Name	State	Year of Sale	Issue Description	Par ($MM)
1	**Florida St Board Admin Fin Corp**	**FL**	**2020**	**Revenue Bonds**	**$3,500**
2	California	NY	2019	State Personal Inc Tax Rev Bonds	$3,405
3	San Jose City Successor Redev Agcy	CA	2020	General Revenue Bonds	$2,650
4	Grand Parkway Transport Corp	PR	2018	Debt Recovery Bonds	$2,598
5	Texas Transportation Commission	TX	2020	Sub Tier Toll Revenue Ref Bonds	$2,307
6	Dallas & Fort Worth Cities-Texas	CA	2018	Various GO & Refunding Bonds	$2,147
7	Dallas & Fort Worth Cities-Texas	CA	2020	Medical Center Pooled Rev Bonds	$1,949
8	NYS Dorm Authority	CA	2020	GO Refunding Bonds	$1,794
9	Port Authority of NY & NJ	NJ	2019	Transporation System Bonds	$1,566
10	Massachusetts School Bldg Auth	NY	2020	General Obligation Bonds	$1,500
11	Michigan Finance Authority	MA	2020	Sr Dedicated Sales Tax Bonds	$1,445
12	Pennsylvania State University	CA	2021	General Revenue Bonds	$1,380
13	Pennsylvania State University	CA	2020	Systemwide Revenue Bonds	$1,309
14	Houston City-Texas	TX	2020	GO Mobility Fund Ref Bonds	$1,271
15	Hawaii	TX	2020	Joint Revenue Refunding Bonds	$1,194
16	California State Univ Trustees	TX	2019	Joint Revenue Refunding Bonds	$1,167
17	New Jersey Trans Trust Fund Au	HI	2020	General Obligation Bonds	$1,148
18	Foothill/Eastern Transp Corridor Agy	CA	2019	Various Purpose GO Bonds	$1,138
19	Texas PAB Surface Trans Corp	PA	2020	Revenue Bonds	$1,127
20	Bay Area Toll Authority (BATA)	NY	2020	Consolidated Notes	$1,100
21	Massachusetts	MI	2019	Hospital Revenue Refunding Bonds	$1,091
22	NYS Thruway Authority	PA	2020	General Obligation Notes	$1,061
23	Regents of the Univ of California	NJ	2021	Turnpike Revenue Bonds	$995
24	California State Univ Trustees	HI	2020	General Obligation Bonds	$995
25	Chicago City-Illinois	CA	2019	Revenue Bonds	$973

Source: Thomson Financial for long-term negotiated taxable issuances from January 1, 2018 to April 30, 2021.

Rank	Issuer Name	State	Year of Sale	Issue Description	Par ($MM)
1	Buckeye Tobacco Settle Fin Au	OH	2020	Tobacco Settle Asset-Backed Bonds	$4,924
2	New Jersey	NJ	2020	GO Emergency Bonds	$3,672
3	NJ Tobacco Settlement Fin Corp	NJ	2018	Tobacco Settlement Bonds	$3,147
4	Metropolitan Transport Auth (MTA)	NY	2020	Payroll Mobility Tax BANs	$2,907
5	California	CA	2020	Various Purpose GO Bonds	$2,631
6	Denver City and Co-Colorado	CO	2018	Subordinate Revene Bonds	$2,526
7	NYS Dorm Authority	NY	2020	State Personal Income Tx Rev Bond	$2,434
8	California	CA	2019	Various Purpose GO Bonds	$2,405
9	California	CA	2019	Various Purpose GO Ref Bonds	$2,292
10	NYS Urban Development Corp	NY	2020	State Personal Inc Tax Rev Bonds	$2,225
11	California	CA	2018	GO & Various Purpose Ref Bonds	$2,181
12	California	CA	2020	Various Purp GO & Ref Bonds	$2,096
13	California	CA	2019	Various Purpose GO & Ref Bonds	$2,024
14	NYS Dorm Authority	NY	2019	State Personal Inc Tax Rev Bonds	$2,013
15	NYS Dorm Authority	NY	2021	State Personal Inc Tax Rev Bonds	$1,871
16	California	CA	2021	GO Various Purpose Bonds	$1,842
17	Colorado Health Facilities Auth	CO	2019	Revenue Bonds	$1,761
18	Florida Development Fin Corp	FL	2019	Surface Transpo Fac Rev Bonds	$1,750
19	NYS Dorm Authority	NY	2018	State Sales Tax Revenue Bonds	$1,708
20	NYS Thruway Authority	NY	2019	Gen Rev Jr Indebtedness Oblig	$1,693
21	Texas Water Development Board	TX	2018	St Wtr Implementation Fund Bonds	$1,672
22	Empire State Development Corp	NY	2020	Revenue Bonds	$1,608
23	NYS Dorm Authority	NY	2019	State Personal Inc Tax Rev Bonds	$1,603
24	Metropolitan Transport Auth (MTA)	NY	2018	Transportation Revenue BANs	$1,600
25	New Jersey Trans Trust Fund Au	NJ	2018	Transportation System Bonds	$1,567

Largest 25 Tax-Exempt Municipal Issuances By Par Amount Since 2018

Source: Thomson Financial for long-term negotiated tax-exempt issuances from January 1, 2018 to April 30, 2021.

In addition, after a hurricane event, the FHCF most likely will not need to do one single large financing. Based on a higher attachment point and the past payout patterns, the FHCF could also meet its 2021-2022 statutory obligation by issuing more than one series of bonds over a period of 12 months or longer, if needed. Accordingly, it is also helpful to evaluate which issuers in the municipal market (both taxable and tax-exempt) have issued the most debt in a 12-month period. The charts on the following page show that the largest amount issued every year since 2018 has exceeded $5.1 billion.

Largest 25 Issuers By Issued Par Amount 2018		
Rank	Issuer Name	Par ($MM)
1	**NYS Dorm Authority**	**$8,184**
2	NYC Transitional Finance Auth	$6,326
3	California	$3,997
4	Metropolitan Transport Auth (MTA)	$3,680
5	New York City-New York	$3,569
6	Connecticut	$3,308
7	NJ Tobacco Settlement Fin Corp	$3,147
8	Texas Water Development Board	$3,093
9	New Jersey Trans Trust Fund Au	$2,763
10	Kentucky Pub Energy Au (PEAK)	$2,731
11	Golden State Tobacco Sec Corp	$2,496
12	Massachusetts	$2,423
13	Main Street Natural Gas Inc	$2,022
14	Illinois	$1,706
15	Los Angeles Dept of Wtr & Power	$1,703
16	Southeast Alabama Gas Dt	$1,692
17	NYC Municipal Water Fin Auth	$1,692
18	Regents of the Univ of California	$1,682
19	California Statewide CDA (CSCDA)	$1,499
20	PA Commonwealth Financing Auth	$1,487
21	Grand Parkway Transport Corp	$1,484
22	Pennsylvania	$1,448
23	Chicago City BOE	$1,412
24	NYC Housing Dev Corp	$1,409
25	Ohio	$1,391

Largest 25 Issuers By Issued Par Amount 2019		
Rank	Issuer Name	Par ($MM)
1	**California**	**$9,489**
2	NYS Dorm Authority	$8,915
3	NYC Transitional Finance Auth	$4,350
4	Metropolitan Transport Auth (MTA)	$4,246
5	Colorado Health Facilities Auth	$4,133
6	Massachusetts	$4,019
7	Michigan Finance Authority	$3,479
8	New York City-New York	$3,474
9	New Jersey Trans Trust Fund Au	$3,316
10	Empire State Development Corp	$3,217
11	District of Columbia	$3,157
12	San Francisco City & Co Airport Comm	$3,078
13	NYC Municipal Water Fin Auth	$2,938
14	Florida Development Fin Corp	$2,849
15	Miami-Dade Co-Florida	$2,711
16	NYS Thruway Authority	$2,551
17	Connecticut	$2,414
18	Port Authority of NY & NJ	$2,401
19	Metro Washington Airports Auth	$2,176
20	Washington	$2,135
21	Wisconsin Public Finance Auth	$2,106
22	Broward Co-Florida	$2,068
23	Main Street Natural Gas Inc	$2,003
24	Indiana Finance Authority	$1,899
25	Texas PAB Surface Trans Corp	$1,857

Largest 25 Issuers By Issued Par Amount 2020		
Rank	Issuer Name	Par ($MM)
1	**Metropolitan Transport Auth (MTA)**	**$9,253**
2	NYS Dorm Authority	$8,920
3	California	$7,473
4	Texas	$7,362
5	New York City-New York	$6,592
6	Buckeye Tobacco Settle Fin Au	$5,352
7	Massachusetts	$5,214
8	NYC Transitional Finance Auth	$5,072
9	Regents of the Univ of California	$4,599
10	NYS Urban Development Corp	$4,078
11	New Jersey	$3,997
12	Hawaii	$3,592
13	**Florida St Board Admin Fin Corp**	**$3,500**
14	NYC Municipal Water Fin Auth	$3,154
15	New York Transportation Dev Corp	$3,124
16	Texas Transportation Commission	$3,090
17	Massachusetts Dev Finance Agcy	$3,028
18	Miami-Dade Co-Florida	$2,973
19	Illinois	$2,790
20	District of Columbia	$2,680
21	Pennsylvania State University	$2,600
22	Connecticut	$2,550
23	Los Angeles USD	$2,330
24	Wisconsin	$2,319
25	Grand Parkway Transport Corp	$2,307

Largest 25 Issuers By Issued Par Amount 2021 YTD		
Rank	Issuer Name	Par ($MM)
1	**California**	**$3,552**
2	Regents of the Univ of California	$2,923
3	NYC Transitional Finance Auth	$2,430
4	NYS Dorm Authority	$2,210
5	Triborough Bridge & Tunnel Auth	$1,638
6	Washington	$1,582
7	Port Authority of NY & NJ	$1,512
8	New Jersey Turnpike Authority	$1,498
9	New Jersey Trans Trust Fund Au	$1,474
10	NYC Municipal Water Fin Auth	$1,454
11	Nashville-Davidson Co Metro Govt	$1,348
12	Illinois	$1,258
13	Pennsylvania Econ Dev Fin Auth	$1,124
14	Nassau Co Interim Finance Auth	$1,110
15	New York City-New York	$1,100
16	Texas Muni Gas Acq & Supply Corp III	$1,061
17	California St Public Works Board	$1,046
18	Connecticut	$1,031
19	Missouri Hgr Ed Loan (MOHELA)	$970
20	Oregon	$964
21	California Community Hsg Agcy	$957
22	Illinois Finance Authority	$956
23	CSCDA Community Imp Auth	$943
24	Los Angeles Dept of Airports	$893
25	Ohio	$845

Source: Thomson Financial for long-term issuances from January 1, 2018 to April 30, 2021.

In reviewing this history of large municipal issuers, however, it is important to note that the FHCF has been a relatively infrequent but large issuer of debt. Since 2006, the FHCF has completed eight bond issues totaling $15.6 billion (three tax-exempt issues totaling $2.6 billion and five taxable issues totaling $13.0 billion), of which $3.5 billion will be outstanding as of July 1, 2021. By comparison, for example, since 2018, the State of California has completed 37 long-term bond issues totaling approximately $27 billion, the New York State Dormitory Authority has completed 99 long-term bond issues totaling approximately $26 billion, the New York City Transitional Finance Authority has completed 68 long-term bond issues totaling over $20 billion, and the Commonwealth of Massachusetts has completed 30 long-term bond issues totaling over $10 billion. The FHCF's debt has always been issued with relatively short maturities ranging from 1-10 years (although it has the authority to issue debt with maturities of up to 30 years). All of the issuers listed above have had final maturities greater than 30 years. Interest rates are at historic lows and investor demand remains strong across the maturity spectrum.

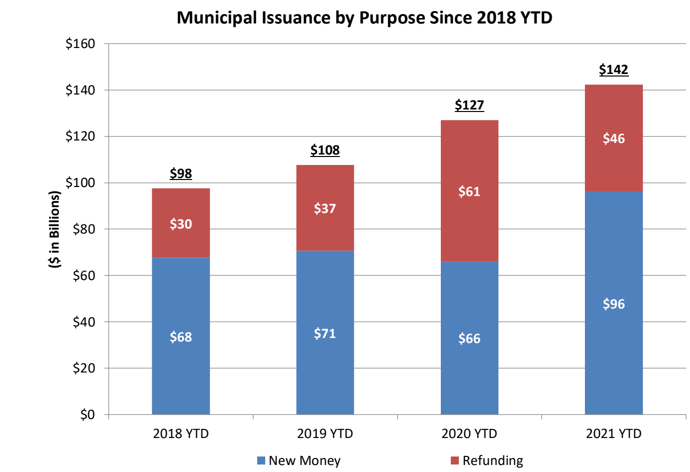
Analysis of potential market acceptance of large amounts of FHCF debt must include not only relevant historical references, but also an evaluation of current market conditions and cash flow needs. In this regard, conditions seem to be excellent in both tax-exempt and taxable municipal markets, as well as in the corporate market.

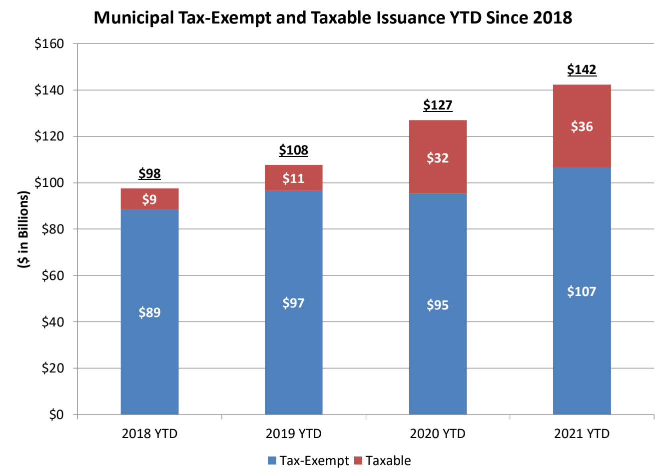
In 2020, corporate issuance was $2.3 trillion ($1.9 trillion investment grade, $421 billion high yield, and $1.8 billion convertible), which was significantly larger than 2019 issuance of $1.4 trillion ($1.1 trillion investment grade, $279 billion high yield, and $800 million convertible). Through April 30, 2021, corporate bond issuance is at $754 billion ($548 billion investment grade, $206 billion high yield, and $300 million convertible), or 16% lower than the $900 billion issued over the same time period in 2020. The corporate bond market has topped $1 trillion each year since 2011 as interest rates have been consistently historically low.

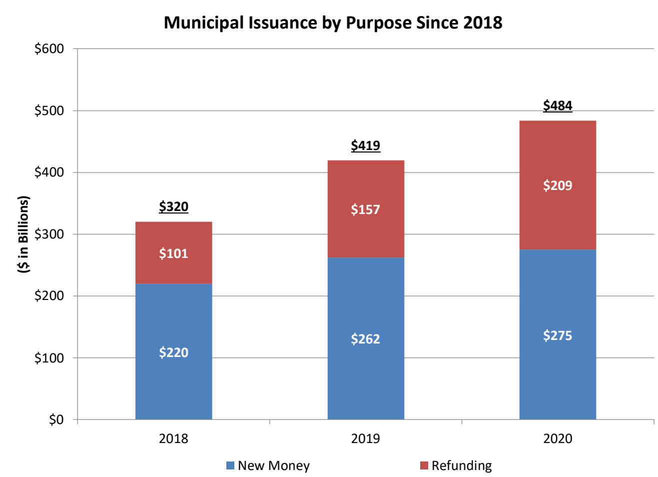
While corporate bond issuance has reached record levels since 2011, most issuances are for liquidity and financial engineering rather than to build manufacturing plants or infrastructure to fund growth – i.e., more issuances are to fund mergers and acquisitions, stock buybacks, and refinance higher yielding debt in the record low interest rate environment. However, most of the recent large issuances have been to build additional reserves or to take advantage of the historically low interest rates, which include Boeing's record-breaking $25 billion issuance, Amazon's $19 billion issuance, AT&T's $12 billion issuance, Disney's $11 billion issuance, and Apple's $5 billion issuance.

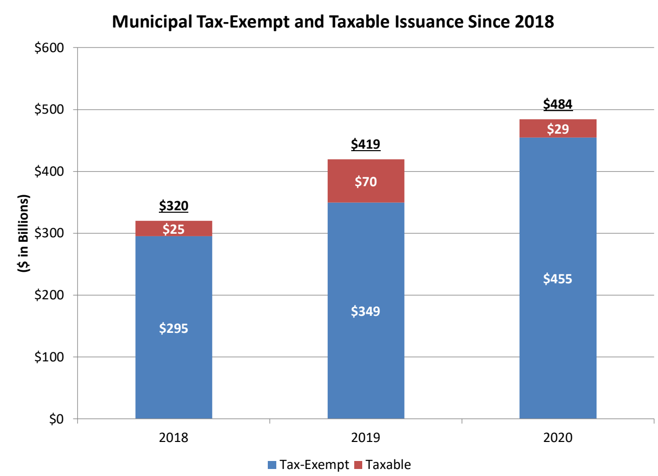
For 2020, municipal long-term issuance was 15% higher compared to 2019 with $484 billion of issuance. For year-to-date 2021, municipal long-term negotiated issuance is $142 billion and is up by 12% compared to the $127 billion issued over the same time period in 2020. Prior to the Tax Reform Bill of

2018, the majority of municipal issuance over the past few years had been issued for refundings to capitalize on low interest rates, but as rates have reached historic lows new money issuance has grown, which is evidenced by the amount of new money issuance for 2020 – $275 billion, or 57% of the total $484 billion of long-term issuance. As part of the Tax Reform Bill of 2018, the tax-exempt provision for advance refundings was eliminated, which has affected the volume of refundings – 38% and 43% of municipal issuance was for refundings in 2019 and 2020, respectively.









Source: Thomson Financial for municipal long-term issuances from January 1, 2018 to April 30, 2021.

There is strong investor demand in both the tax-exempt and taxable markets as evidenced by the record issuance in 2020 and strong issuance so far in 2021. Additionally, the FHCF has multiple factors working in its favor, including, but not limited to: (1) the FHCF is a well-regarded, highly-rated credit (AA category), closely associated with (though not guaranteed by) the State of Florida, a blue-chip name in the market; (2) in September 2020, the FHCF successfully priced $3.5 billion of Series 2020A taxable pre-event bonds with a 10-year final maturity at a true interest cost of 1.842%, which re-established the strength of the FHCF credit in the taxable market; (3) strong demand in the current market environment for taxable issuances and (4) similar to its pre-event financings, any post-event bond issuances of the size the FHCF may need to undertake would also be included in the various benchmark indices market observers use to track market performance, so institutional money managers seeking to at least match indexed returns may have a strong additional incentive to buy FHCF bonds, particularly if they are offered at interest rates marginally higher than those usually associated with typical “AA” rated credits.

Estimating the FHCF’s post-event bonding capacity is an inexact science. To do so requires a consideration of the factors above, an extrapolation about what market conditions might exist after hurricanes of various sizes, and an evaluation of the many subjective and substantive considerations surrounding these estimates and the uses thereof. Certainty is not a defining characteristic of an exercise like this; nor can the results be responsibly guaranteed. Nevertheless, with the proper experience, market perspective and analysis, we can make estimates suitable for the FHCF’s requirements – conservative estimates, not guaranteed to be accurate, but responsibly determined using the best available sources.

One additional note of caution is that financial markets can be highly volatile and uncertain at various times. Such uncertainty may create an additional risk for participating insurers who rely on the FHCF for reimbursements. Nonetheless, financial market conditions are currently very conducive for favorable debt issuance due to low interest rates and high investor demand. While market conditions are favorable for FHCF, it is not possible to guarantee financial market conditions for very large issuances or into the future for long-term sustainability of the FHCF. The FHCF’s estimated post-event borrowing capacity is subjective and depends heavily on the opinions of its five senior managing underwriters and our evaluation and analysis of their responses to our questions. As such, participating insurers should recognize the potential impact that financial markets can have on the FHCF’s claims-paying ability for subsequent seasons. The following pages provide current bonding and claims-paying capacity estimates.

IV. *Bonding and Claims-Paying Capacity Estimates*

The preliminary estimated bonding capacity of the FHCF for the current contract year is $9.3 billion

To estimate the FHCF's bonding capacity, we used the general process described in Section II and detailed in Appendix A. The specific wording of the capacity question we asked the FHCF's senior managing underwriters was as follows:

*"Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event market capacity over the next 0-12 **and** 12-24 months at rates that are at or above the current "market" scale, as needed."*[2]

We considered all data elements, and based on cash flow requirement projections from Paragon Strategic Solutions Inc., the FHCF's consulting actuary, guidance from FHCF staff about potential payout timing, and a desire for prudence, we continue to use the capacity estimates for the first 12 months in formulating the bonding capacity estimate for the initial season.

In general, it would take a hurricane event resulting in ground-up losses exceeding approximately $24.3 billion to exhaust the FHCF's projected liquid resources of approximately $15.4 billion, which is $1.6 billion below its potential maximum obligation of $17.0 billion. The amount of debt that the FHCF can raise within the first twelve months is helpful for the FHCF and participating insurers in protecting their financial solvency

We are also comfortable including estimates that contain some above-market interest rate capacity in recognition of the fact that the FHCF has ample assessment capability within its statutory limits to support the issuance of bonds, even at significantly higher rates. For purposes of calculating the potential assessment impact of the FHCF's bonding needs, we have calculated the assessment rate assuming the FHCF post-event bonds carry interest rates at an "above market" interest rate of 4% for the initial season and 6% for the subsequent season. There is also some overlap between tax-exempt and taxable capacity estimates and therefore the total capacity available will be marginally less than the sum of the tax-exempt and taxable capacity individually. A summary of the senior managers' responses is shown in the table on the following page:

[2] The complete information request and all responses are included in Appendix A.

FHCF Post-Event Estimated Bonding Capacity						
	Bank of America	Citi	J.P. Morgan	Morgan Stanley	Wells Fargo	Average [1]
Bonding Estimates						
Tax-Exempt:						
0-12 Months	$2-$3B	$3-$4B	$5-$6B	$2-$3B	$5-$7B	$4.0B
12-24 Months	$2-$3B	$3-$4B	$5-$6B	$4-$5B	$3-$5B	$4.0B
Total tax-exempt	*$4-$6B*	*$6-$8B*	*$10-$12B*	*$6-$8B*	*$8-$12B*	*$8.0B*
Taxable:						
0-12 Months	$3.5-$5B	$4.5-$6B	$6-$7B	$6-$8B	$3-$4B	$5.3B
12-24 Months	$3.5-$5B	$4.5-$6B	$6-$7B	$8-$13B	$2-$3B	$5.8B
Total taxable	*$7-$10B*	*$9-$12B*	*$12-$14B*	*$14-$21B*	*$5-$7B*	*$11.1B*
Tax-Exempt and Taxable						
0-12 Months Total	**$5.5-$8B**	**$7-$9B**	**$11-$13B**	**$8-$11B**	**$8-$11B**	**$9.3B**
12-24 Months Total	$5.5-$8B	$7-$9B	$11-$13B	$12-$18B	$5-$8B	$9.8B
0-24 Months Total	$11-$16B	$14-$18B	$22-$26B	$20-$29B	$13-$19B	$19.1B

[1] Averages are rounded to the nearest hundred million dollars

As discussed earlier, we believe that using only the 0-12 months number to compute an average is a prudent approach to estimating bonding capacity for the initial season. Using this methodology yields an estimated bonding capacity of approximately $9.3 billion and this capacity is significantly above what would be needed to meet the FHCF's potential obligations for the initial season if it were to leave its already issued pre-event bond proceeds outstanding, even if one conservatively expects that the FHCF payout after an event will need to occur within the first twelve months. However, when considering the larger picture of the FHCF's ability to pay additional claims for a subsequent season, the FHCF's bonding capacity beyond 0-12 months is also an important factor. Each of the senior managers believes that the FHCF would have significant additional capacity in the period 12-24 months after an event[3]. This additional capacity could be used to fund a portion of the amount potentially needed for the 2022-2023 Contract Year or subsequent season losses, in the approximate amounts as shown on the following pages.

Estimated Claims-Paying Capacity

Estimated claims-paying capacity of the FHCF is equal to the sum of the projected year-end fund balance plus risk transfer, if any, and any other potential financing resources, such as bank loans, and the estimated bonding capacity. The FHCF projects that its year-end fund balance for the 2021-2022 Contract Year is $11.9 billion and it has an estimated bonding capacity of $9.3 billion (includes repayment of pre-event bond proceeds in the amount of $3.5 billion), which equals a total estimated claims-paying capacity of $21.2 billion, or $4.2 billion above its statutory limit of $17.0 billion.

The subsequent season may have some remaining unused bonding capacity from the initial season, but for purposes of this analysis we assume the available initial season bonding capacity in the amount of $9.3 billion is also available for the subsequent or 2022-2023 Contract Year. For any remaining losses

[3] The longer the time frame for estimation purposes, the greater the degree of uncertainty.

beyond the FHCF's estimated claims-paying capacity for the 2022-2023 Contract Year, the FHCF may have additional 12-24 month bonding capacity of up to $9.8 billion available.

($ in Billions, Totals may not add due to rounding)		2021-2022 Contract Year	2022-2023 Contract Year
FHCF Potential Coverage Obligation			
FHCF Coverage Obligation	**(A)**	**$17.0**	**$17.0**
FHCF Estimated Funding Sources Available			
Projected FHCF Year-End Fund Balance	(B)	$11.9	$1.2
Risk Transfer	(C)	$0.0	$0.0
Pre-Event Bond Proceeds Available[1]	(D)	$3.5	$3.5
Total Liquid Resources Available	**(B + C + D) = (E)**	**$15.4**	**$4.7**
Additional Funds / Potential Borrowing Need	**(E - A) = (F)**	**($1.6)**	**($12.3)**
FHCF Claims-Paying Capacity			
Projected FHCF Year-End Fund Balance	(B)	$11.9	$1.2
Risk Transfer	(C)	$0.0	$0.0
Estimated FHCF Borrowing Capacity[1]	(G)	$9.3	$9.3
Total Estimated Claims-Paying Capacity	**(B + C + G) = (H)**	**$21.2**	**$10.5**
Total Estimated Claims-Paying Capacity as a % of FHCF Coverage Obligation (H / A) = (I)		**124%**	**62%**
Amount Above / (Below) Coverage Obligation (H - A) = (J)		**$4.2**	**($6.5)**

Totals may not add due to rounding.

[1] Estimated borrowing capacity is inclusive of any repayment of pre-event bond proceeds. Pre-event bonds are available as a liquidity resource for the 2021-2022 Contract Year in the amount of $3.5 billion, but we are assuming no pre-event bonds will be used to pay claims for the 2021-2022 Contract Year. However, the $3.5 billion of pre-event bond proceeds will be available for the 2022-2023 Contract Year and, if used, will reduce the estimated FHCF borrowing capacity from $9.3 billion to $5.8 billion.

Under a scenario when a large event happens that depletes the liquid resources of the FHCF, we assume that the FHCF would leave its pre-event bond proceeds outstanding and issue $5.1 billion of post-event bonds to fund its maximum potential obligation for the 2021-2022 Contract Year. For the 2022-2023 Contract Year, the FHCF can then use its estimated bonding capacity of $9.3 billion and the $1.2 billion of reimbursement premiums projected to be accumulated during the subsequent season for total funding sources of $10.5 billion, or approximately 62% of its potential maximum statutory obligation of $17 billion for the 2022-2023 Contract Year. The FHCF would need an additional $6.5 billion in funding sources in order to reach its maximum statutory obligation of $17 billion for the 2022-2023 Contract Year.

Under this scenario, the breakdown of the potential assessments required for the FHCF's potential borrowing needs and repayment of pre-event bond proceeds are shown in the table on the following page based on an "above market" interest rate of 4% for the initial season and 6% for the subsequent season over a 30-year period, for informational purposes only. As seen in the table on the following page, even with an "above market" rate of 4% for the initial season and 6% for the subsequent season, the FHCF has significant remaining assessment capabilities within its 6% statutory cap.

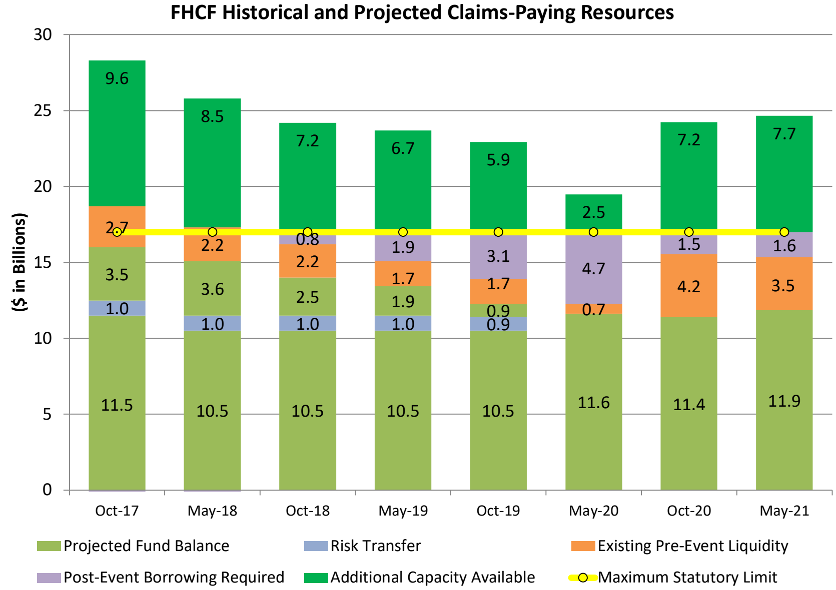
($ in Billions)	2021-2022 Contract Year	2022-2023 Contract Year
Total Potential Borrowing	**$5.1**	**$9.3**
Assessment % if Financed at "Above Market" Rate of 4% for the Initial Season and 6% for the Subsequent Season	**0.52%**	**1.20%**

Historical Perspective on Estimated Claims-Paying Capacity

The estimated claims-paying capacity of the FHCF over time is subject to changes in the projected fund balance, risk transfer amount, available pre-event liquidity, and estimates of bonding capacity. While the projected fund balance climbed steadily from 2006 to 2017 without a major hurricane that triggered the FHCF, the estimated $7.30 billion of Hurricane Irma losses and $1.45 billion of Hurricane Michael losses reduced the FHCF's projected fund balance to approximately $11.9 billion for the 2021-2022 Contract Year. During this time, the senior managers' estimates of the FHCF's bonding capacity have stabilized, but have significantly varied during other time periods, reflecting both the big picture fundamental changes to the market described in Section III and the impact of market volatility at the time we asked them for estimates. The October 2020 average bonding estimate for 0-12 months of $8.7 billion was estimated after the $3.5 billion of Series 2020A pre-event bonds, and was $1.5 billion more than it was in May 2020. The May 2021 average bonding estimate for 0-12 months of $9.3 billion is $600 million more than the October 2020 average bonding estimate.

The chart below shows the total estimated initial season claims-paying resources of the FHCF since October 2017 with projected fund balance (**light green**), existing pre-event liquidity (**orange**), risk transfer (**blue**), post-event borrowing required (**purple**), if needed, and maximum statutory limit (**yellow**) with additional capacity available above (**dark green**) the maximum statutory limit.

FHCF Historical and Projected Claims-Paying Resources



Numbers may not add due to rounding.
The additional capacity above the maximum statutory limit reflects the estimated borrowing capacity plus any additional funds available.

The chart on the previous page reflects the history of the FHCF's claims-paying resources. The outstanding pre-event notes, risk transfer, and the projected fund balance are reliable amounts since they are known prior to an event, but the post-event bonding capacity can vary depending on financial market conditions after a hurricane event. It is important that the FHCF's claims-paying capacity estimates be reasonable and prudent in order to minimize financial risk for participating insurers for the initial and subsequent seasons as well as for long-term sustainability of the Florida residential property insurance market.

Over time, the range has narrowed and stabilized, and it is interesting to compare the range of the estimates during this time period, which is indicative of the certain level of uncertainty and variability among the team of senior managers with regard to the FHCF's bonding capacity. The table below shows the aggregate ranges for each estimate since October 2017.

Post-Event Estimated Bonding Capacity Over 12 Months (Senior Managers' Range)									
($ in Billions)	**Oct-17**	**May-18**	**Oct-18**	**May-19**	**Oct-19**	**May-20**	**Oct-20**	**May-21**	**May 2021 - Oct. 2020 Change**
Overall Range	$6-$12	$6.5-$12	$5.5-$12	$6-$12	$5.5-$12	$4-$11	**$6.5-$11**	**$5.5-$13**	⇡

The range of estimates has historically reflected the fundamental underlying volatility and uncertainty of the markets and the bonding capacity estimating process for the FHCF. We believe the process of using a survey of the opinions of the best experts with the most relevant experience, and employing a prudent approach to pick among several potential estimates of capacity, provides a reasonable estimate that suits the purposes of the FHCF and the needs of its participating insurers. While the FHCF has liquid resources that are only $1.6 billion below fully funding the initial season, the projected 0-12 month bonding capacity of $9.3 billion allows for the FHCF to reach its maximum statutory obligation of $17 billion with additional bonding capacity of $4.2 billion. Further, the FHCF has additional capacity available after an event for the subsequent season. This additional capacity still does not provide a guaranteed source of liquidity or claims-paying capacity for subsequent seasons, and the actual bonding results achieved by the FHCF after a hurricane could vary substantially from this estimate for subsequent seasons. Nonetheless, with the successful execution of the Series 2020A financing, the FHCF is in a very strong financial position with $15.4 billion of liquidity. In addition, for the subsequent season, the FHCF has a strong projected potential claims-paying capacity of $10.5 billion, or approximately 62% of its maximum statutory obligation of $17 billion for the 2022-2023 Contract Year.

Appendix A – Bonding Capacity Solicitation & Senior Manager Responses

Sasha Stipanovich

From:	Sasha Stipanovich
Sent:	Tuesday, April 27, 2021 9:55 AM
Cc:	Kapil Bhatia
Subject:	FHCF Bonding Capacity Analysis

FHCF Senior Manager Team:

It's that time of year again where we need your input in preparation for presenting the bonding capacity estimates at the FHCF Advisory Council Meeting, which is scheduled for May 19th. ***For the bonding capacity analysis, we would like to know your opinion of the FHCF's tax-exempt and taxable bonding capacity over a 0-12 month and 12-24 month period and are still comfortable including estimates that contain above-market interest rate capacity estimates in recognition of the fact that the FHCF has ample assessment capability within its statutory limits to issue bonds, even at above market rates, if needed.***

In order to prepare the FHCF Bonding Capacity Report for May 2021, we need the following data elements from you by close of business Tuesday, May 4th:

1. Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22 - 7/1/51) with 5.0% coupons throughout when writing the scale. Base your scale on an uninsured financing given the FHCF's strong current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).

2. Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22 - 7/1/51) with par-ish coupons throughout when writing the scale. Again, base the scale on an uninsured financing given again the FHCF's current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).

3. Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event market capacity over the next 0-12 **and** 12-24 months at rates that are at or above the current "market" scale, as needed. In addition, please include and describe briefly in your response if there is any overlap in tax-exempt / taxable capacity.

FHCF Post-Event Market Capacity			
Time Period	**Tax-Exempt**	**Taxable**	**Total**
0-12 Months			
12-24 Months			

We would like to have to your responses back by close of business Tuesday, May 4th. Additionally, we would like a representative from your firm (banker and/or underwriter) to dial-in during the meeting to answer any questions. If you have any questions or comments, please call or e-mail Kapil Bhatia (727-415-3267, kapil.bhatia@raymondjames.com) or Sasha Stipanovich (850-544-1117, sasha.stipanovich@raymondjames.com).

BofA SECURITIES

Memorandum

To:	Florida Hurricane Catastrophe Fund
From:	BofA Securities, Inc.
Date:	May 4, 2021
Subject:	Florida Hurricane Catastrophe Fund – May 2021 Bonding Capacity Analysis

BofA Securities, Inc. ("BofA") is pleased to provide the Florida Hurricane Catastrophe Fund ("FHCF") with our firm's estimates and views of the FHCF's post-event bonding capacity and current market borrowing costs.

Market Commentary

Against the backdrop of the continuing COVID-19 pandemic, the risk factors impacting the economy and financial markets have markedly changed since the last update to the FHCF. After a contentious election season drew to a close and the "second wave" of infections impacted the reopening of economies around the world, the introduction of COVID-19 vaccines approved under emergency use authorization in December marked a sea change in the course of the pandemic and the reopening of the global economy. Since overcoming vaccine supply issues, rates of vaccination increased quickly which allowed the economy to begin to reopen in earnest. Additionally, the American Rescue Plan Act was signed into law in March provided $1.9 trillion of stimulus injected into the U.S. economy. The fiscal stimulus measures combined with the continuing accommodative monetary policy has sent the equity markets to all-time highs and domestic economic measures have begun to improve. The Federal Reserve has continued to take a number of measures to support the ongoing economic recovery and reiterated its "further substantial progress" test as the bright line when it will begin to slow down its monetary accommodation. The Fed has maintained its pledge to maintain the federal funds rate at zero until 2023. After the unemployment rate reached a high of 14.7% in April 2020, it has continued to fall and is now at a level of 6.0%. Although municipal market rates have increased from the lows of early 2021, muni assets continued to outperform Treasuries and technicals continue to be favorable for issuers. The possibility of higher income and capital tax rates being discussed in Washington have also been supportive of municipal market inflows.

Municipal bond funds have seen net inflows of approximately $25.5 billion year to date that has contributed to ongoing strong performance in the muni market. Since the last bonding capacity analysis presented at the October 2020 meeting, the municipal yield curve has decreased generally but has also continued to flatten as the short-end of the yield curve has been mixed with increases and decreases in different maturities, and the long-end of the curve falling significantly due to increased demand on the short-end. On the medium- to long-end of the tax-exempt MMD curve (11+ years), yields have decreased by an average of 14 basis points while within 10 years, rates have increased an average of 2 basis points (but the 1- and 2-year maturities have actually decreased by about 8 basis points). Stimulus measures and inflation fears have caused US Treasury rates to increase faster than market expectations causing market participants to adjust their expectation higher. The Treasury curve has increased and steepened since the last bonding capacity meeting with the spread between the 1 year and 30 year increasing from 146 bps to 225 bps. Rates in year 1 has decreased by 8 basis points, but the remaining of the UST curve has increased by 1-84 basis points. New issue supply in the municipal market thus far in 2021 has averaged approximately $8.2 billion per week, with taxable issuance representing 25.2% of all muni bonds issued this year.

As we have stated in the past, and especially true in this market, despite the market dynamics in play in the current environment, a transaction or series of transactions by the FHCF and possibly other insurance-related entities in the State of Florida (e.g. Citizens, FIGA) after a hurricane event has been generally untested and may significantly impact market dynamics for a specific transaction. In the pages that follow, we provide BofA's estimate of the FHCF's current borrowing costs, as well as our view on the FHCF's unconstrained issuance capacity in the current market. If you have any questions, please contact the BofA team.

1. Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22 - 7/1/51) with 5.0% coupons throughout when writing the scale. Base your scale on an uninsured financing given the FHCF's strong current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).

Below, we have provided a 30-year tax-exempt scale reflecting our view of the FHCF's estimated current market borrowing costs based on an uninsured financing, Aa3/AA/AA ratings from Moody's, S&P and Fitch, respectively, and no capacity constraints.

Tax-Exempt Scale					
Term	**Maturity (July 1)**	**Coupon**	**MMD**	**Spread**	**Yield**
1	2022	5.00%	0.06%	0.05%	0.11%
2	2023	5.00%	0.08%	0.10%	0.18%
3	2024	5.00%	0.16%	0.13%	0.29%
4	2025	5.00%	0.28%	0.15%	0.43%
5	2026	5.00%	0.39%	0.18%	0.57%
6	2027	5.00%	0.52%	0.20%	0.72%
7	2028	5.00%	0.65%	0.23%	0.88%
8	2029	5.00%	0.78%	0.25%	1.03%
9	2030	5.00%	0.88%	0.27%	1.15%
10	2031	5.00%	0.95%	0.28%	1.23%
11	2032	5.00%	1.02%	0.30%	1.32%
12	2033	5.00%	1.05%	0.33%	1.38%
13	2034	5.00%	1.09%	0.35%	1.44%
14	2035	5.00%	1.13%	0.38%	1.51%
15	2036	5.00%	1.17%	0.38%	1.55%
16	2037	5.00%	1.21%	0.38%	1.59%
17	2038	5.00%	1.25%	0.38%	1.63%
18	2039	5.00%	1.29%	0.38%	1.67%
19	2040	5.00%	1.33%	0.38%	1.71%
20	2041	5.00%	1.37%	0.38%	1.75%
21	2042	-	-	-	-
22	2043	-	-	-	-
23	2044	-	-	-	-
24	2045	-	-	-	-
25	2046	5.00%	1.51%	0.40%	1.91%
26	2047	-	-	-	-
27	2048	-	-	-	-
28	2049	-	-	-	-
29	2050	-	-	-	-
30	2051	5.00%	1.56%	0.40%	1.96%

2. Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22 - 7/1/51) with par-ish coupons throughout when writing the scale. Again, base the scale on an uninsured financing given again the FHCF's current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).

Below, we have provided a 30-year taxable scale reflecting our view of the FHCF's estimated current market borrowing costs based on an uninsured financing, Aa3/AA/AA ratings from Moody's, S&P and Fitch, respectively, and no capacity constraints.

Taxable Scale					
Term	**Maturity (July 1)**	**Coupon**	**UST**	**Spread**	**Yield**
1	2022	0.25%	0.05%	0.20%	0.25%
2	2023	0.42%	0.17%	0.25%	0.42%
3	2024	0.65%	0.35%	0.30%	0.65%
4	2025	1.11%	0.86%	0.25%	1.11%
5	2026	1.26%	0.86%	0.40%	1.26%
6	2027	1.66%	1.31%	0.35%	1.66%
7	2028	1.86%	1.31%	0.55%	1.86%
8	2029	2.13%	1.63%	0.50%	2.13%
9	2030	2.23%	1.63%	0.60%	2.23%
10	2031	2.33%	1.63%	0.70%	2.33%
11	2032	2.48%	1.63%	0.85%	2.48%
12	2033	2.63%	1.63%	1.00%	2.63%
13	2034	2.73%	1.63%	1.10%	2.73%
14	2035	2.83%	1.63%	1.20%	2.83%
15	2036	2.93%	1.63%	1.30%	2.93%
16	2037	-	-	-	-
17	2038	-	-	-	-
18	2039	-	-	-	-
19	2040	-	-	-	-
20	2041	3.29%	2.29%	1.00%	3.29%
21	2042	-	-	-	-
22	2043	-	-	-	-
23	2044	-	-	-	-
24	2045	-	-	-	-
25	2046	3.34%-	2.29%	1.05%-	3.34%-
26	2047	-	-	-	-
27	2048	-	-	-	-
28	2049	-	-	-	-
29	2050	-	-	-	-
30	2051	3.39%	2.29%	1.10%	3.39%

3. Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event market capacity over the next 0-12 and 12-24 months at rates that are at or above the current "market" scale, as needed. In addition, please include and describe briefly in your response if there is any overlap in tax-exempt / taxable capacity.

In the table below, we have provided our current tax-exempt and taxable FHCF capacity estimates at rates that are at or above the current "market" scale, as needed. We believe that sufficient demand exists at these capacity levels to complete a transaction of the sizes provided below and the risk of cross-market cannibalization is low.

FLORIDA HURRICANE CATASTROPHE FUND POST-EVENT MARKET CAPACITY ($ BILLION)			
Time Period	**Tax-Exempt**	**Taxable**	**Total**
0-12 Months	$2.0-3.0	$3.5-5.0	$5.5-8.0
12-24 Months	$2.0-3.0	$3.5-5.0	$5.5-8.0
0-24 Months	**$4.0-6.0**	**$7.0-10.0**	**$11.0-16.0**

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Memorandum

To: Florida Hurricane Catastrophe Fund

From: Citigroup Global Markets Inc. ("Citi")

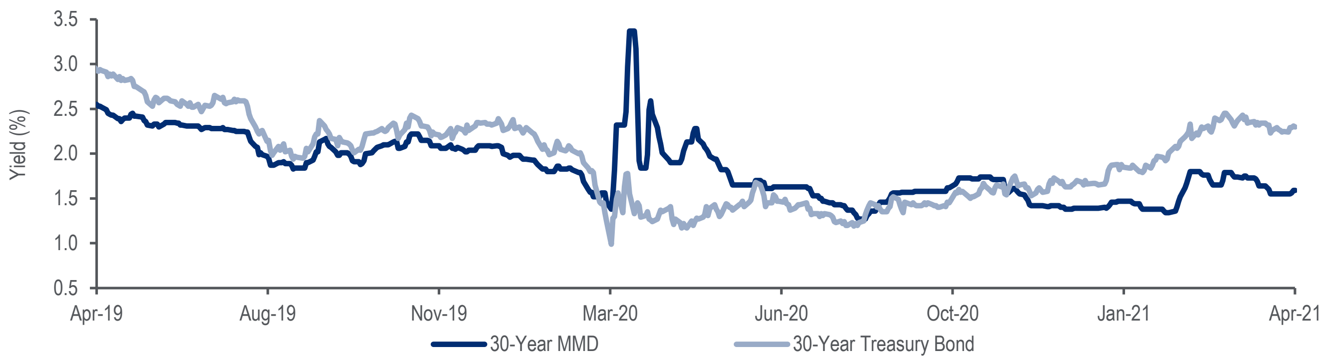
Date: May 4, 2021

Re: FHCF May 2021 Capacity Analysis

Citigroup is pleased to provide the Florida Hurricane Catastrophe Fund (the "FHCF") with an updated estimated post-event bond capacity analysis.

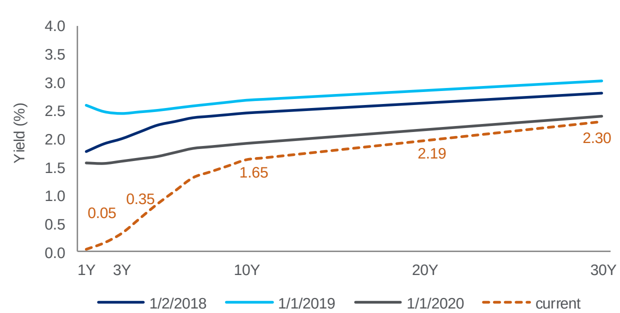
Municipal Market Update. Recent municipal market developments include manageable supply that has been met with solid demand amidst robust fund inflows and tightening credit spreads. Treasuries have backed-up following the passage of $1.9 trillion of additional stimulus, investor expectations of inflation above 2%, and future monetary support. Municipal rates have buoyed by the aforementioned general rise in treasuries, though this is capped by ongoing cash inflows and manageable supply. Moreover, rates remain relatively low from a historical context. After a record 2020 year of total supply of $474 billion (with supply especially driven by $145 billion in taxable volume), 2021 is beginning to gain momentum after a relatively slow start to the year. Currently, estimated net supply for 2021 is +$145 billion, the highest since 2009. Taxable supply continues its advance, with 2021YTD supply of $37.70 billion, with year-over-year volume up 18%. From a demand perspective, 2021YTD weekly fund inflows were robust at $23.90 billion, with weekly reporting municipal funds recording inflows of $1.64 billion for the week ending April 30 following the prior week's inflows of $1.89 billion. Although municipal volatility declined after sharply rising on uncertainties surrounding COVID-19, volatility has somewhat increased recently following treasury market volatility and expectations for increasing interest rates.

30-Year MMD and 30-Year Treasury
Trailing 2-Years



Yield Curve Environment. At its April 28th meeting, the Federal Open Market Committee ("FOMC") acknowledged stronger economic data and inflation on the rise, but needed more data before substantial progress towards its dual mandate of price stability and maximum sustainable employment. The market is pricing in the potential for higher rates by the end of 2021. Moreover, treasuries have backed-up following the passage of $1.9 trillion of additional stimulus and investor expectations of future stimulus and inflation above 2.0%. All this being said, rates do continue to remain near all-time lows from a historical perspective.

US Treasury Yield Curve
Treasuries remain historically low across the curve



1. Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22 - 7/1/51) with 5.0% coupons throughout when writing the scale. Base your scale on an uninsured financing given the FHCF's strong current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).

Tax-Exempt Scale				
Year	April 28 MMD[1]	MMD Spread[2]	Coupon	Base Yield
2022	0.07%	10	5.00%	0.17%
2023	0.10%	15	5.00%	0.25%
2024	0.18%	20	5.00%	0.38%
2025	0.30%	25	5.00%	0.55%
2026	0.41%	30	5.00%	0.71%
2027	0.55%	35	5.00%	0.90%
2028	0.68%	40	5.00%	1.08%
2029	0.80%	45	5.00%	1.25%
2030	0.90%	50	5.00%	1.40%
2031	0.97%	55	5.00%	1.52%
2032	1.03%	60	5.00%	1.63%
2033	1.07%	60	5.00%	1.67%
2034	1.10%	60	5.00%	1.70%
2035	1.13%	60	5.00%	1.73%
2036	1.17%	60	5.00%	1.77%
2037	1.21%	60	5.00%	1.81%
2038	1.25%	60	5.00%	1.85%
2039	1.29%	60	5.00%	1.89%
2040	1.33%	60	5.00%	1.93%
2041	1.37%	60	5.00%	1.97%
2042	1.41%			
2043	1.44%			
2044	1.47%			
2045	1.50%			
2046	1.51%	60	5.00%	2.11%
2047	1.52%			
2048	1.53%			
2049	1.54%			
2050	1.55%			
2051	1.56%	60	5.00%	2.16%

1. July Interpolated MMD.
2. Assumes a 10-year par call.

2. Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22 - 7/1/51) with par-ish coupons throughout when writing the scale. Again, base the scale on an uninsured financing given again the FHCF's current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).

Taxable Scale					
Year	TSY	April 28 TSY	TSY Spread[1]	Coupon	Yield
2022	2 Yr	0.17%	55	0.72%	0.72%
2023	2 Yr	0.17%	65	0.82%	0.82%
2024	3 Yr	0.35%	75	1.10%	1.10%
2025	5 Yr	0.86%	70	1.56%	1.56%
2026	5 Yr	0.86%	85	1.71%	1.71%
2027	7 Yr	1.31%	75	2.06%	2.06%
2028	7 Yr	1.31%	90	2.21%	2.21%
2029	10 Yr	1.63%	80	2.43%	2.43%
2030	10 Yr	1.63%	90	2.53%	2.53%
2031	10 Yr	1.63%	100	2.63%	2.63%
2032	10 Yr	1.63%	110	2.73%	2.73%
2033	10 Yr	1.63%	120	2.83%	2.83%
2034	10 Yr	1.63%	130	2.93%	2.93%
2035	10 Yr	1.63%	140	3.03%	3.03%
2036	10 Yr	1.63%	150	3.13%	3.13%
2037					
2038					
2039					
2040					
2041	30 Yr	2.29%	115	3.44%	3.44%
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051	30 Yr	2.29%	125	3.54%	3.54%

1. Assumes a make-whole call.

3. Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event market capacity over the next 0-12 **and** 12-24 months at rates that are at or above the current "market" scale, as needed. In addition, please include and describe briefly in your response if there is any overlap in tax-exempt / taxable capacity.

FHCF Post-Event Market Capacity

Time Period	Tax-Exempt	Taxable	Total
0-12 Months	\$3.0-\$4.0	\$4.5-\$6.0	\$7.0-\$9.0
12-24 Months	\$3.0-\$4.0	\$4.5-\$6.0	\$7.0-\$9.0
Total	**\$6.0-\$8.0**	**\$9.0-\$12.0**	**\$14.0-\$18.0**

Our capacity numbers assume no overlap between the tax-exempt and taxable sectors.

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To:	Florida Hurricane Catastrophe Fund
From:	J.P. Morgan
Date:	May 2021
Subject:	FHCF Estimated Bonding Capacity and Pricing

Please find below J.P. Morgan's estimate of the Florida Hurricane Catastrophe Fund's ("FHCF") potential bonding capacity over the next 0-12 and 12-24 months, based on current market conditions. In addition, we have provided indicative pricing for tax-exempt and taxable offerings, as requested.

Market Update

- Last week, the U.S. Treasury curve steepened amid strong economic data and an upbeat FOMC statement that supported a positive view on the economic recovery; yields increased by 4, 6, and 5 bps in the 5-, 10-, and 30-year spots, respectively, while the 2-year yield was unchanged
  - J.P. Morgan Research believes that the strong economic data, led by an increase in real GDP, is indicative of an economic rebound in the first quarter and will set the stage for even more robust economic growth in the second quarter
    - Real GDP rose at a 6.4% annualized rate in the first quarter, bolstered by a 10.7% rise in real consumer spending and an increase in the personal savings rate to 21.0%
    - J.P. Morgan Research attributes the simultaneous increase in spending and personal savings largely to the boost from the Response and Relief Act in December and the American Rescue Plan in March
    - Looking forward, J.P. Morgan Research now cites some potential upside risk to second quarter real GDP growth forecasts of 10.0%
  - In-line with market expectations, the headline PCE price index reported a month-over-month and year-ago inflation increase, rising 0.5% and 0.8%, respectively
    - As a result of weak inflation readings in April 2020, J.P. Morgan Research notes that year-ago inflation rates that will be released next month for April 2021 should move higher
  - In Wednesday's FOMC statement, Chairman Jerome Powell signaled a slightly more upbeat tone, noting that "risks to the economic outlook remain," but refrained from using the word "considerable" that he used in mid-March
    - Despite the improvement in signaling, he restated that it would be "some time" before the Fed would consider tapering asset purchases and they intend to let the public know "well in advance" of the decision to taper
  - In the equity market, traders digested a number of corporate earnings, strong economic data, and related inflation concerns leading to major equity indices ending the week generally unchanged to slightly lower
    - The S&P 500 was higher week-over-week by 0.02%, while the Dow Jones Industrial Average and the NASDAQ 100 decreased by 0.50% and 0.58%, respectively
- In the municipal market, tax-exempt yields moved generally in-line with the move in Treasuries, increasing by 3, 7, 6, and 4 bps in the 2-, 5-, 10-, 30-year spots, respectively, despite a lighter primary issuance calendar and continued inflows
  - Last week, primary municipal supply was light, totaling $5.7 billion, consisting of $4.6 billion of tax-exempt and $1.1 billion of taxable supply
    - Despite tax-exempt yields rising more than taxable yields last week, MMD/UST ratios remain low at 60.7% and 69.2% in the 10- and 30-year spots, respectively
    - As ratios remain low, market activity slowed last week and despite the lighter primary calendar, certain deals were forced to increase spreads in order to entice investors
  - After 17 weeks, the pace of combined weekly and monthly inflows remains the fastest on record with year-to-date inflows ranking as fourth highest among full-year calendar inflows
    - For the period ending April 28th, combined weekly and monthly reporting municipal funds reported $1.6 billion in inflows, increasing cumulative YTD inflows to $41.5

Potential Market Capacity

Indicative Post-Event Market Capacity as of May 4th, 2021			
Time Period	Tax-exempt	Taxable	Total
0 - 12 Months	$5-6 billion	$6-7 billion	$11-13 billion
12 - 24 Months	$5-6 billion	$6-7 billion	$11-13 billion
Total	**$10-12 billion**	**$12-14 billion**	**$22-26 billion**

Based on market conditions as of close of business Tuesday, May 4th, J.P. Morgan estimates that FHCF could sell $5-6 billion of tax-exempt bonds and $6-7 billion of taxable bonds over the next 0-12 months at the market rate assumptions provided. Over the following 12-24 month period, FHCF could sell an additional $5-6 billion of tax-exempt bonds and $6-7 billion of taxable bonds. This would provide FHCF a total post-event market capacity of $10-12 billion tax-exempt and $12-14 billion taxable, for a total of $22-26 billion.

In order to accomplish an issuance of maximum size, FHCF would likely want to access both the tax-exempt and taxable markets across one or more offerings. Although the post-event bonds would qualify for tax-exemption, the taxable markets may provide additional depth of institutional buyers. By issuing taxable bonds in addition to tax-exempt bonds, FHCF would access certain investors that do not typically participate in tax-exempt offerings, and are not able to use the tax-exemption of municipal bonds. FHCF would likely see a significant increase in capacity by offering both a tax-exempt and taxable series as part of the same issuance, with the ultimate goal being to maximize the tax-exempt issuance. The capacity estimates above do consider the capacity overlap from investors that participate in both the tax-exempt and taxable markets, while prioritizing tax-exempt capacity over taxable.

On the following pages, please find J.P. Morgan's estimated 30-year tax-exempt and taxable scales assuming market conditions as of the close of business Wednesday, April 28th. The scales assume FHCF's current underlying ratings of Aa3/AA/AA.

J.P.Morgan

Florida Hurricane Catastrophe Fund - Tax-exempt Scale

Year	Maturity	Sinker/Term	Int. MMD	Spread	Coupon	Stated Yield
1	7/1/2022		0.07%	18	5.00%	0.25%
2	7/1/2023		0.10%	20	5.00%	0.30%
3	7/1/2024		0.18%	22	5.00%	0.40%
4	7/1/2025		0.30%	25	5.00%	0.55%
5	7/1/2026		0.41%	28	5.00%	0.69%
6	7/1/2027		0.55%	30	5.00%	0.85%
7	7/1/2028		0.68%	32	5.00%	1.00%
8	7/1/2029		0.80%	35	5.00%	1.15%
9	7/1/2030		0.90%	38	5.00%	1.28%
10	7/1/2031		0.97%	40	5.00%	1.37%
11	7/1/2032		1.03%	42	5.00%	1.45%
12	7/1/2033		1.07%	45	5.00%	1.52%
13	7/1/2034		1.10%	48	5.00%	1.58%
14	7/1/2035		1.13%	50	5.00%	1.63%
15	7/1/2036		1.17%	50	5.00%	1.67%
16	7/1/2037		1.21%	50	5.00%	1.71%
17	7/1/2038		1.25%	50	5.00%	1.75%
18	7/1/2039		1.29%	50	5.00%	1.79%
19	7/1/2040		1.33%	50	5.00%	1.83%
20	7/1/2041		1.37%	50	5.00%	1.87%
21	7/1/2042	*				
22	7/1/2043	*				
23	7/1/2044	*				
24	7/1/2045	*				
25	7/1/2046	T	1.51%	50	5.00%	2.01%
26	7/1/2047	*				
27	7/1/2048	*				
28	7/1/2049	*				
29	7/1/2050	*				
30	7/1/2051	T	1.56%	50	5.00%	2.06%

Assumes MMD as of close of business April 28th, 2021 and an optional redemption date of 7/1/2031 at par.

Florida Hurricane Catastrophe Fund - Taxable Scale

Year	Maturity	Sinker/Term	UST	Spread	Coupon	Stated Yield
1	7/1/2022		0.17%	20	0.37%	0.37%
2	7/1/2023		0.17%	30	0.47%	0.47%
3	7/1/2024		0.34%	40	0.74%	0.74%
4	7/1/2025		0.86%	35	1.21%	1.21%
5	7/1/2026		0.86%	55	1.41%	1.41%
6	7/1/2027		1.31%	45	1.76%	1.76%
7	7/1/2028		1.31%	65	1.96%	1.96%
8	7/1/2029		1.62%	55	2.17%	2.17%
9	7/1/2030		1.62%	65	2.27%	2.27%
10	7/1/2031		1.62%	75	2.37%	2.37%
11	7/1/2032		1.62%	80	2.42%	2.42%
12	7/1/2033		1.62%	90	2.52%	2.52%
13	7/1/2034		1.62%	100	2.62%	2.62%
14	7/1/2035		1.62%	110	2.72%	2.72%
15	7/1/2036		1.62%	115	2.77%	2.77%
16	7/1/2037	*				
17	7/1/2038	*				
18	7/1/2039	*				
19	7/1/2040	*				
20	7/1/2041	T	2.30%	85	3.15%	3.15%
21	7/1/2042	*				
22	7/1/2043	*				
23	7/1/2044	*				
24	7/1/2045	*				
25	7/1/2046	*				
26	7/1/2047	*				
27	7/1/2048	*				
28	7/1/2049	*				
29	7/1/2050	*				
30	7/1/2051	T	2.30%	95	3.25%	3.25%

Assumes UST rates as of close of business April 28th, 2021, and a make-whole call.

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Morgan Stanley

Memorandum

To: Florida Hurricane Catastrophe Fund **Date:** May 4, 2021

From: Morgan Stanley

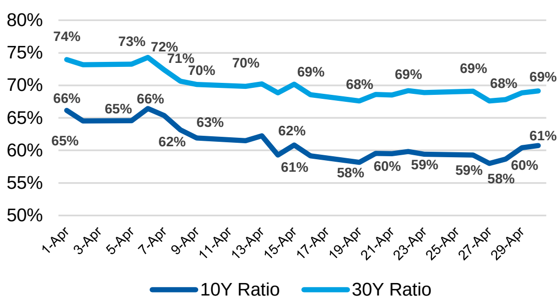
Subject: Semi-Annual Bonding Capacity Analysis – May 2021 Semi-Annual Bonding Capacity

Morgan Stanley is pleased to provide to the Florida Hurricane Catastrophe Fund ("FHCF") our Firm's Semi-Annual Bonding Capacity Analysis.

CURRENT MACROECONOMIC THEMES. 1Q GDP in the U.S. grew at an annualized rate of 6.4%, bringing the U.S. economy to just 1% behind its peak achieved in 2019, as stimulus checks bolstered incomes and spurred spending, with personal income and spending increasing 21% and 4%, respectively, in March, representing the largest surge in personal income since 1959. At last week's Fed meeting, the Fed chairs and Fed Chair Powell restated that they will continue to hold rates until the labor market recovers and inflation reaches 2%, while acknowledging bright spots in the economic recovery. Amidst improving COVID-19 case counts in the U.S. and the mass-vaccination effort, the CDC released new, looser guidelines for vaccinated people. Overseas, COVID-19 cases climbed to record highs in India with over 18 million infected. President Biden addressed Congress and outlined the second portion of his economic agenda, a $1.8 trillion spending plan aimed at child care, education, and paid leave, paid for by increasing income taxes, capital gains tax, and corporate taxes.

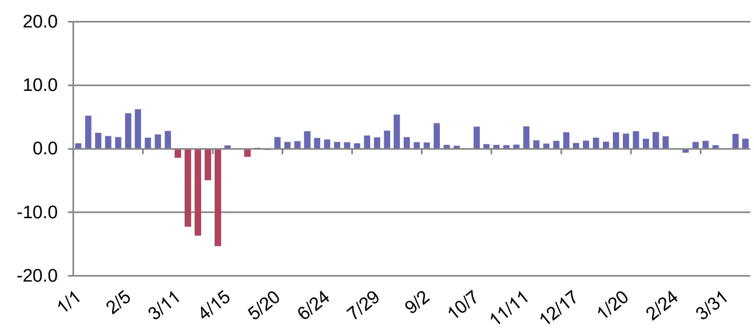
Ratios Remain Within Very Narrow Range, Still Hovering Just 4-5% from Richest Levels of All-Time

(%) April 1, 2021 – May 3, 2021



Weekly Inflows Have Been Positive for All But One Week Year-to-Date

($MM) January 1, 2020 – April 21, 2021



MUNICIPAL MARKET DYNAMICS. Market conditions this year have been extremely favorable to issuers, marked by consistent weekly inflows, which have been positive for all but one week year-to-date, totaling approximately $38 billion. As of April 28, 2021, 10-year MMD closed at 0.95% and the 10-year UST closed at 1.63%, unchanged and 89 bps higher, respectively, than our last Bonding Capacity Analysis on October 13, 2020. Both tax-exempt and taxable new issue deals are seeing strong reception due to cash inflows. Ratios, which are near all-time tights, have led to extremely favorable market conditions for tax-exempt issuance. As a result of rising Treasury rates, Morgan Stanley has updated both its year-end Treasury forecast and Municipal supply forecast. Morgan Stanley's year-end forecast has been updated to 1.70% vs. 1.45% for the 10-year Treasury and $450 BN supply vs. $520 BN previously.

PRICING VIEWS. On the following pages, we have provided our estimate of current pricing levels and bonding capacity over a 0-12 month and 12-24 month period.

Morgan Stanley

1. **Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's credit with no capacity constraints. Please use serial bonds and 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22 - 7/1/51) with 5.0% coupons throughout when writing the scale. Base the scale on an uninsured financing given the FHCF's current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).**

FHCF Pricing Views: 30-Year Tax-Exempt Scale					
Year	Maturity	MMD (4/28/2021)(1)	Spread (bps)	Coupon	Yield
1	2022	0.07%	5	5.00%	0.12%
2	2023	0.10%	10	5.00%	0.20%
3	2024	0.18%	15	5.00%	0.33%
4	2025	0.30%	20	5.00%	0.50%
5	2026	0.41%	25	5.00%	0.66%
6	2027	0.55%	28	5.00%	0.83%
7	2028	0.68%	30	5.00%	0.98%
8	2029	0.80%	32	5.00%	1.12%
9	2030	0.90%	34	5.00%	1.24%
10	2031	0.97%	36	5.00%	1.33%
11	2032	1.03%	38	5.00%	1.41%
12	2033	1.07%	40	5.00%	1.47%
13	2034	1.10%	40	5.00%	1.50%
14	2035	1.13%	40	5.00%	1.53%
15	2036	1.17%	40	5.00%	1.57%
16	2037	1.21%	40	5.00%	1.61%
17	2038	1.25%	40	5.00%	1.65%
18	2039	1.29%	40	5.00%	1.69%
19	2040	1.33%	40	5.00%	1.73%
20	2041	1.37%	40	5.00%	1.77%
21	2042				
22	2043				
23	2044				
24	2045				
25	2046	1.51%	45	5.00%	1.96%
26	2047				
27	2048				
28	2049				
29	2050				
30	2051	1.56%	45	5.00%	2.01%

Notes:

Based on July Interpolated MMD(1)

2. **Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's credit with no capacity constraints. Please use serial bonds and 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22 - 7/1/51) with par-ish coupons throughout when writing the scale. Again, base the scale on an uninsured financing given again the FHCF's current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).**

FHCF Pricing Views: 30-Year Taxable Scale					
Year	**Maturity**	**UST (4/28/2021)**	**Spread (bps)**	**Coupon**	**Yield**
1	2022	0.17%	15	0.32%	0.32%
2	2023	0.17%	25	0.42%	0.42%
3	2024	0.34%	30	0.64%	0.64%
4	2025	0.86%	30	1.16%	1.16%
5	2026	0.86%	35	1.21%	1.21%
6	2027	1.31%	30	1.61%	1.61%
7	2028	1.31%	50	1.81%	1.81%
8	2029	1.62%	45	2.07%	2.07%
9	2030	1.62%	60	2.22%	2.22%
10	2031	1.62%	70	2.32%	2.32%
11	2032	1.62%	80	2.42%	2.42%
12	2033	1.62%	90	2.52%	2.52%
13	2034	1.62%	100	2.62%	2.62%
14	2035	1.62%	110	2.72%	2.72%
15	2036	1.62%	120	2.82%	2.82%
16	2037	1.62%	125	2.87%	2.87%
17	2038	1.62%	130	2.92%	2.92%
18	2039				
19	2040				
20	2041	2.30%	80	3.10%	3.10%
21	2042				
22	2043				
23	2044				
24	2045				
25	2046				
26	2047				
27	2048				
28	2049				
29	2050				
30	2051	2.30%	95	3.25%	3.25%

3. **Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event market capacity over the next 0-12 and 12-24 months at rates that are at or above the current "market" scale, as needed. In addition, please include and describe briefly in your response if there is any overlap in tax-exempt / taxable capacity.**

FHCF Post-Event Market Capacity ($ in Billions)			
Time Period	**Tax-Exempt**	**Taxable**	**Total**
0-12 Months	2.0 to 3.0	6.0-8.0	8.0 to 11.0
12-24 Months	4.0 to 5.0	8.0 to 13.0	12.0 to 18.0

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Tel: (727) 631-6711
john.generalli@wellsfargo.com

To: Florida Hurricane Catastrophe Fund

From: Wells Fargo Securities

Date: May 4, 2021

Re: Florida Hurricane Catastrophe Fund Bonding Capacity Analysis for May 2021

Wells Fargo Securities ("Wells Fargo") is pleased to provide the Florida Hurricane Catastrophe Fund ("FHCF") with our estimate of FHCF bonding capacity for May 2021. On the following pages, please find our estimate of current market tax-exempt and taxable scales and spreads along with our estimate of bonding capacity for the 0-12 and 12-24 month periods. Feel free to contact any of the Wells Fargo team if we can provide additional information or address any questions regarding these estimates.

Wells Fargo believes that conditions in the municipal market are stable and strong fundamentals leave our current capacity estimates in the $13.0 to $19.0 billion[1] range in combined tax-exempt and taxable bonds over a 24-month time horizon. As in our previous bonding capacity estimates, the scales that we have provided for taxable and tax-exempt FHCF bonds, based on market conditions as of April 28, 2021, assume a $3 billion issuance amortized in discrete $100 million amounts over 30 years. We believe this level of issuance falls well within the market's current capacity for FHCF's debt.

Equities continue to see volatility but performance remains strong due to positive earnings reports, with the S&P 500 hitting an all-time high on Thursday. The Fed left rates unchanged at their meeting last week with a Fed Funds Rate hike not expected until December 2022 at the earliest. Last week marked the eighth consecutive week of municipal market inflows, raising the year to date total to $36.6 billion, which continues to gain momentum on the $46.4 billion we saw in all of 2020. Ratios remain rich presenting relative value headwinds to the tax-exempt market. New-money volume growth nearly tripled that of refunding volume in April, as issuers issued new paper in a better credit environment spurred by federal aid. Municipal issuance increased 6.2% in April year-over-year, starting the second quarter with $33.65 billion across 940 transactions, up from the $31.69 billion in 919 deals in April of 2020.[2] Since FHCF's Series 2020A pricing on September 2nd, the benchmark 10-year US Treasury has risen 99 basis points, with the current rate being 1.65%.[3] Tax-exempt rates have increased, as well: 10-year MMD has risen 16 basis points since Series 2020A's pricing, with the current rate being 0.99%.[4]

Wells Fargo appreciates the opportunity to present our analysis of FHCF's current bonding capacity. As demonstrated by its recent pricing, we believe FHCF would be able to execute one or more transactions in an aggregate amount equal to or greater than its potential capital markets funding needs. We will continue to monitor market conditions on FHCF's behalf and keep you informed of market developments that may impact FHCF's future bonding capacity.

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[1]The FHCF's maximum possible liability for the Contract Year ending May 31, 2021, is $17 billion. Such amount may be subject to change in future Contract Years.

[2]Market Update Sources: Refintiiv, TM3, IPREO, Bloomberg, Bond Buyer, The iMoney Net –Money Fund Report as of April 30, 2021

[3]Source: US Treasury as of September 2, 2020 and April 30, 2021.

[4]Source: Thomson Reuters TM3 as of September 2, 2020 and April 30, 2021.

WELLS FARGO SECURITIES

1. *Please provide a 30-year tax-exempt scale for the FHCF using the MMD at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25 and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22-7/1/51) with 5.0% coupons throughout when writing the scale. Base your scale on an uninsured financing given FHCF's strong current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).*

Florida Hurricane Catastrophe Fund
Indicative Tax-Exempt Scale
Market Rates as of April 28, 2021

Maturity	MMD	Spread (bps)	Coupon	Yield	Price ($)	YTM
07/01/2022	0.07%	+15	5.000%	0.22%	104.983	--
07/01/2023	0.10%	+20	5.000%	0.30%	109.572	--
07/01/2024	0.18%	+25	5.000%	0.43%	113.807	--
07/01/2025	0.30%	+30	5.000%	0.60%	117.555	--
07/01/2026	0.41%	+33	5.000%	0.74%	121.054	--
07/01/2027	0.55%	+35	5.000%	0.90%	124.067	--
07/01/2028	0.68%	+38	5.000%	1.06%	126.675	--
07/01/2029	0.80%	+40	5.000%	1.20%	129.056	--
07/01/2030	0.90%	+43	5.000%	1.33%	131.176	--
07/01/2031	0.97%	+45	5.000%	1.42%	133.401	--
07/01/2032	1.03%	+48	5.000%	1.51%	132.412	1.758%
07/01/2033	1.07%	+50	5.000%	1.57%	131.757	2.017%
07/01/2034	1.10%	+50	5.000%	1.60%	131.431	2.213%
07/01/2035	1.13%	+50	5.000%	1.63%	131.106	2.381%
07/01/2036	1.17%	+50	5.000%	1.67%	130.674	2.535%
07/01/2037	1.21%	+50	5.000%	1.71%	130.244	2.670%
07/01/2038	1.25%	+50	5.000%	1.75%	129.816	2.790%
07/01/2039	1.29%	+50	5.000%	1.79%	129.389	2.897%
07/01/2040	1.33%	+50	5.000%	1.83%	128.964	2.993%
07/01/2041	1.37%	+50	5.000%	1.87%	128.540	3.081%
07/01/2042	1.41%	--	--	--	--	--
07/01/2043	1.44%	--	--	--	--	--
07/01/2044	1.47%	--	--	--	--	--
07/01/2045	1.50%	--	--	--	--	--
07/01/2046	1.51%	+53	5.000%	2.04%	126.759	3.404%
07/01/2047	1.52%	--	--	--	--	--
07/01/2048	1.53%	--	--	--	--	--
07/01/2049	1.54%	--	--	--	--	--
07/01/2050	1.55%	--	--	--	--	--
07/01/2051	1.56%	+55	5.000%	2.11%	126.034	3.579%

Please note that the tax-exempt scale shown above assumes that the bonds would be issued with a 10-year par call provision. Bond prices shown in the table assume a June 15, 2021 delivery date, and the 2046 and 2051 maturities represent term bonds.

WELLS FARGO SECURITIES

2. *Please provide a 30-year taxable scale using the Treasury curve at the close of business Wednesday, April 28th. This scale should be the one that you believe reflects a "market" scale given the FHCF's strong credit with no capacity constraints. Please use serial bonds and 15, 20, 25, and/or 30-year term bonds, as needed, over a 30-year amortization period (7/1/22 - 7/1/51) with par-ish coupons throughout when writing the scale. Again, base the scale on an uninsured financing given again the FHCF's current underlying ratings of Aa3/AA/AA (Moody's / S&P / Fitch).*

Florida Hurricane Catastrophe Fund Indicative Taxable Scale Market Rates as of April 28, 2021						
Maturity	**UST**	**Spread (bps)**	**Coupon**	**Yield**	**Price ($)**	**YTM**
07/01/2022	0.05%	+45	0.500%	0.500%	100.000	--
07/01/2023	0.17%	+50	0.670%	0.670%	100.000	--
07/01/2024	0.35%	+55	0.900%	0.900%	100.000	--
07/01/2025	0.86%	+45	1.310%	1.310%	100.000	--
07/01/2026	0.86%	+65	1.510%	1.510%	100.000	--
07/01/2027	1.31%	+55	1.860%	1.860%	100.000	--
07/01/2028	1.31%	+75	2.060%	2.060%	100.000	--
07/01/2029	1.63%	+65	2.280%	2.280%	100.000	--
07/01/2030	1.63%	+75	2.380%	2.380%	100.000	--
07/01/2031	1.63%	+85	2.480%	2.480%	100.000	--
07/01/2032	1.63%	+95	2.580%	2.580%	100.000	--
07/01/2033	1.63%	+105	2.680%	2.680%	100.000	--
07/01/2034	1.63%	+115	2.780%	2.780%	100.000	--
07/01/2035	1.63%	+125	2.880%	2.880%	100.000	--
07/01/2036	1.63%	+135	2.980%	2.980%	100.000	--
07/01/2037	2.29%	--	--	--	--	--
07/01/2038	2.29%	--	--	--	--	--
07/01/2039	2.29%	--	--	--	--	--
07/01/2040	2.29%	--	--	--	--	--
07/01/2041	2.29%	+115	3.440%	3.440%	100.000	--
07/01/2042	2.29%	--	--	--	--	--
07/01/2043	2.29%	--	--	--	--	--
07/01/2044	2.29%	--	--	--	--	--
07/01/2045	2.29%	--	--	--	--	--
07/01/2046	2.29%	--	--	--	--	--
07/01/2047	2.29%	--	--	--	--	--
07/01/2048	2.29%	--	--	--	--	--
07/01/2049	2.29%	--	--	--	--	--
07/01/2050	2.29%	--	--	--	--	--
07/01/2051	2.29%	+130	3.590%	3.590%	100.000	--

Please note that the indicative taxable scale shown above assumes that the bonds would be issued with a 10-year par call provision. Bond prices shown in the table assume a June 15, 2021 delivery date, and the 2041 and 2051 maturities represent term bonds.

3. *Please provide us with your firm's opinion on the potential tax-exempt and/or taxable post-event market capacity over the next 0-12 and 12-24 months at rates that are at or above the current "market" scale, as needed. In addition, please include and describe briefly in your response if there is any overlap in tax-exempt / taxable capacity.*

FHCF Post-Event Market Capacity			
Time Period	**Tax-Exempt**	**Taxable**	**Total**
0-12 Months	\$5.0 - \$7.0 billion	\$3.0 - \$4.0 billion	\$8.0 - \$11.0 billion
12-24 Months	\$3.0 - \$5.0 billion	\$2.0 - \$3.0 billion	\$5.0 - \$8.0 billion

The capacity estimates shown in the table above assume FCHF would issue debt at higher interest rates than the current "market" tax-exempt and taxable scales that we have provided in our response to questions 1 and 2.

Important Information & Disclaimer

This document and any other materials accompanying this document (collectively, the "Materials") are provided for general informational purposes only. By accepting any Materials, the recipient acknowledges and agrees to the matters set forth below.

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Derivatives products (including "swaps" as defined in and subject to the Commodity Exchange Act ("CEA") and Commodity Futures Trading Commission ("CFTC") regulations and (ii) "security-based swaps", ("SBS") as defined in and subject to the Securities and Exchange Act of 1934 ("SEA") and SEC regulations thereunder) are transacted through WFBNA, a CFTC provisionally-registered swap dealer and member of the NFA. Transactions in physical commodities are transacted through Wells Fargo Commodities, LLC, a wholly-owned subsidiary of Wells Fargo & Company.

WFBNA, as potential derivatives provider, and WFS, as potential underwriter or placement agent (together with any of its affiliates as context may require, "we", or "Wells Fargo") are providing the information contained in the Materials for discussion purposes only in anticipation of, or in connection with, engaging in arm's length commercial transactions with you in which Wells Fargo would be acting solely as a principal or agent, as applicable, and not as a municipal advisor, financial advisor or fiduciary to you or any other person or entity regardless of whether we, or an affiliate has or is currently acting as such on a separate transaction (the use of the term "agent" does not imply any fiduciary relationship).

These Materials are being provided to you for the purpose of working with you as an underwriter or placement agent (collectively, "underwriter") and/or derivatives provider on the transaction(s) described in the Materials. As part of its services as underwriter, WFS may provide information concerning the structure, timing, terms, and other similar matters concerning the issue of municipal securities that WFS proposes to underwrite as described in the Materials. The Materials may also contain such information. Any such information has been, and would be, provided by WFS in the context of serving as an underwriter and not as your municipal or financial advisor. Additionally, WFBNA, as derivatives provider, and WFS, as underwriter, have financial and other interests that differ from your interests (or those of the issuer). In its capacity as underwriter, WFS' primary role would be to purchase securities from you (or the issuer in the case of a conduit transaction) for resale to investors, or arrange for the placement of securities with investors on your behalf. Wells Fargo will not have any duties or liability to any person or entity in connection with the information being provided in the Materials.

The information provided herein is not intended to be and should not be construed as advice within the meaning of Section 15B of the Securities Exchange Act of 1934, and Wells Fargo will not be acting as your municipal advisor under the municipal advisor rules ("Muni Advisor Rules") of the Securities and Exchange Commission ("SEC") and the SEC's guidance in its Registration of Municipal Advisors Frequently Asked Questions dated May 19, 2014, as supplemented (collectively, "Muni Advisor Rules").

Please be advised that any information in the Materials regarding municipal derivatives is being provided by WFBNA as a swap dealer and that any swap offered or recommended in the Materials is being offered or recommended by WFBNA as a swap dealer. No part of the Materials is intended to be and should not be construed as an offer or recommendation of a municipal derivatives service or product by WFS, as underwriter, for purposes of Municipal Securities Rulemaking Board Rule G-17, or otherwise. You should consult with your own financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent you deem appropriate. If you would like a municipal advisor that has legal fiduciary duties to you, you are certainly free to engage a municipal advisor to serve in that capacity.

Transactions referenced in the Materials which are attributed to Wells Fargo or to WFS may include transactions executed by a Wachovia Corporation or Wells Fargo & Company broker-dealer affiliate or by other municipal securities dealers and/or broker-dealers which were acquired by Wachovia Corporation or WFC.

WFS distributes municipal securities to institutional investors primarily through Wells Fargo Bank, N.A. Municipal Finance Group ("WFBNA MFG") and Wells Fargo Securities, LLC ("WFSLLC"). Distribution to middle market clients is provided primarily through WFSLLC. Retail distribution is primarily provided by Wells Fargo Advisors, which is the trade name used by Wells Fargo Clearing Services, LLC ("WFCS") and Wells Fargo Advisors Financial Network, LLC ("WFAFN"), two non-bank separate registered broker-dealers (members FINRA and SIPC). WFSLLC, WFBNA MFG, WFCS, and WFAFN are affiliates and are each wholly owned subsidiaries of WFC.

Any municipal underwriting, commercial paper and remarketing rankings referenced herein represent combined totals for WFBNA MFG and WFSLLC. Non-municipal underwriting, commercial paper and remarketing rankings referenced herein represent totals for WFSLLC only. Source information for any ranking information not otherwise provided herein is available on request. Any rankings referencing competitive municipal new issues for time periods prior to 2011 include issues underwritten by WFCS. Underwriting activities of WFCS are not managed or otherwise controlled by WFBNA MFG or WFSLLC.

If the Materials are being provided to you under any of the following events, the information contained in the Materials and any subsequent discussions between us, including any and all information, advice, recommendations, opinions, indicative pricing, quotations and analysis with respect to any municipal financial product or issuance of municipal securities, are provided to you in reliance upon the Swap Dealer, Bank, RFP, IRMA exemptions and underwriter exclusion, as applicable, provided under the Muni Advisor Rules. In the event the Swap Dealer, Bank, RFP, IRMA exemptions, or underwriter exclusion do not apply, the information included in the Materials are provided in reliance on the general information exclusion to advice under the Muni Advisor Rules.

In the event that you have provided us with your written representation in form and substance acceptable to WFBNA that you are represented by a "qualified independent representative" as defined in the Commodity Exchange Act ("CEA") with respect to any municipal derivative or trading strategy involving municipal derivatives described in the Materials, we have provided you with our written disclosure that we are not acting as an advisor to you with respect to the municipal derivative or trading strategy pursuant to Section 4s(h)(4) of the CEA and the rules and regulations thereunder, and have taken certain other steps to establish the "Swap Dealer exemption" under the Muni Advisor Rules.

Any information related to a bank-purchased bond transaction ("Direct Purchase") included in the Materials is a product offering of WFBNA or a subsidiary thereof ("Purchaser") as purchaser / investor. WFS will not participate in any manner in any Direct Purchase transaction between you and Purchaser, and Wells Fargo employees involved with a Direct Purchase transaction are not acting on behalf of or as representatives of WFS. The information contained herein regarding Purchaser's Direct Purchase is being provided to you by WFS only for purposes of providing financing alternatives that may be available to you from WFC and its affiliates. Information contained in this document regarding Direct Purchase is for discussion purposes only in anticipation of engaging in arm's length commercial transactions with you in which Purchaser would be acting solely as a principal to purchase securities from you or a conduit issuer, and not as a municipal advisor, financial advisor or fiduciary to you or any other person or entity regardless of whether Purchaser, or an affiliate has or is currently acting as such on a separate transaction. Additionally, Purchaser has financial and other interests that differ from your interests. Purchaser's sole role would be to purchase securities from you (or the conduit issuer). Any information relating to a Direct Purchase is being provided to you pursuant to and in reliance on the "Bank exemption" under the Muni Advisor Rules and the general information exclusion to advice under the Muni Advisor Rules.

In the event the Materials are being provided in connection with a RFP, the SEC exempts from the definition of municipal advisor "any person providing a response in writing or orally to a request for proposals or qualifications from a municipal entity or obligated person for services in connection with a municipal financial product or the issuance of municipal securities; provided however, that such person does not receive separate direct or indirect compensation for advice provided as part of such response" ("RFP exemption"). In such event, we have relied upon the RFP exemption, and on your distribution and execution of this RFP through a competitive process. In the event WFBNA MFG is the party providing the Materials responses to all questions, certifications, attestations, information requests, and similar in the RFP or RFQ to which this response relates are specifically limited to, in context of, and as applied to, WFBNA MFG in its capacity as a separately identifiable department of a national bank that is registered as a municipal securities dealer with the Securities and Exchange Commission, Office of the Comptroller of the Currency, and Municipal Securities Rulemaking Board; and not on behalf of Wells Fargo Bank, N.A., unless specified otherwise in our response.

In the event that you have provided us with your written representation that you are represented by an independent registered municipal advisor (an "IRMA") within the meaning of the Muni Advisor Rules, with respect to the transaction(s) described in the Materials we have provided you with our written disclosure that we are not a municipal advisor to you and are not subject to the fiduciary duty under the Muni Advisor Rules, if applicable, and have taken certain other steps to establish the "IRMA exemption" under the Muni Advisor Rules.

In the event that you have engaged us to serve as an underwriter with respect to the municipal securities issuance described in the Materials we have provided you with our written disclosure regarding our role as an underwriter, that we are not a municipal advisor to you and are not subject to the fiduciary duty under the Muni Advisor Rules, if applicable.

If savings threshold level information is contained herein, please be advised that WFS is not recommending nor providing advice regarding which maturities should be refunded by you.

Informational Purposes Only; Important Information Regarding These Materials

The Materials are provided for general information about the transactions described herein. The Materials do not constitute an offer to sell or a solicitation of an offer to buy, or a recommendation or commitment for any transaction involving the securities or financial products named or described herein, and are not intended as investment advice or as a confirmation of any transaction. Assumptions stated herein may or may not be valid. Externally sourced information contained in the Materials has been obtained or derived from sources we reasonably believe to be reliable, but Wells Fargo Securities and WFBNA make no representation or warranty, express or implied, with respect thereto, and do not represent or guarantee that such information is accurate or complete. Wells Fargo Securities and WFBNA do not assume or accept any liability for any loss which may result from reliance thereon. Wells Fargo Securities and/or one or more of its affiliates may provide advice or may from time to time have proprietary positions in, or trade as principal in, any securities or other financial products that may be mentioned in the Materials, or in derivatives related thereto.

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Applicability of Certain Regulations

One or more transactions described in the Materials may be "swaps" as defined in the CEA and CFTC regulations or foreign exchange ("FX") products subject to certain CFTC regulations. From time to time, we may furnish you with certain information or request that you furnish us with certain information or representations or take other actions we consider necessary or appropriate to comply with applicable legal or regulatory requirements, including the requirement that, in order to enter into a swap with us, you must be an Eligible Contract Participant ("ECP") (as defined in CEA Section 1a(18) and CFTC Regulation 1.3). Nothing herein purports to be a complete statement of regulations applicable to swaps, matters which you should address with your own legal advisors. For purposes of CFTC Regulations 1.71 and 23.605, please note that the Materials are a "solicitation" of a swap and not a "research report" as defined therein. To the extent the Materials include a scenario analysis, such inclusion shall not supersede your right under CFTC Regulation 23.431(b) to request and consult in the design of a scenario analysis. Nothing in the Materials should be construed as a recommendation or opinion with respect to any swap or trading strategy involving a swap for purposes of CFTC regulations or the CEA. The Materials do not take into account your particular investment objectives, financial condition or needs and are not intended to serve as a basis for entering into a swap or to suggest, through opinion, recommendation, or otherwise, that you should enter into a particular swap or trading strategy involving a swap. In addition to the information furnished herein, you should not enter into any swap or other transaction described in the Materials without reviewing and understanding our "Disclosure of Material Information for Swaps" and accompanying documents available to you at: www.wellsfargo.com/swapdisclosures ("Swap Disclosures").

If you are a "Special Entity" within the meaning of CFTC Regulation 23.401(c), you are hereby notified that these Materials are not, are not intended to be and should not be interpreted as an expression of an opinion within the meaning of CFTC Regulation 23.440 by any person on behalf of Wells Fargo & Company and its subsidiaries as to whether you should enter into any swap or trading strategy involving a swap.

If these Materials relate to an SBS they are intended only for persons that are ECPs as defined in CEA Section 1a(18) and the regulations issued thereunder. If you are not an ECP and the Materials involve an SBS, please disregard the Materials, delete the Materials without retaining a copy, and immediately notify the sender.

Not Financial, Accounting, Tax or Legal Advice; Arm's Length Relationship

You should not construe the content of the Materials as financial, accounting, tax, legal or other advice, and you should consult your own financial advisor, accountant, tax advisor and attorney for opinions on whether to enter into any transaction described in the Materials and as to as to financial, accounting, tax, legal and related matters concerning these Materials. Wells Fargo is not acting as your agent or advisor, including pursuant to Section 15B of the SEA or any other applicable regulation, with respect to the transactions described in these Materials, and does not owe you a fiduciary duty. All transactions described in the Materials are arm's length transactions to be negotiated by each party acting in its own best interests. The price and other terms of any transaction will be individually negotiated, and there is no assurance that they will represent the best price or terms available to you from us or other sources. Whether they are executable, indicative or illustrative, you should assume that any price we offer, quote or otherwise provide to you for entering into, transferring or terminating a transaction with Wells Fargo is strictly a Wells Fargo price and should not be considered a "market price" offered by anyone else in the market. In this regard, Wells Fargo under applicable CFTC regulations may be required to disclose to you a "pre-trade mid-market mark" of the transaction in order for you to assess material incentives and conflicts of interest we may have in connection with the transaction. We may also be required to disclose material economic terms and material risks of such transaction. Information about the pre-trade mid-market mark and other material disclosures regarding swaps can be found at: Swap Disclosures.

LIBOR Discontinuation Risk

Due to uncertainty surrounding the sustainability of the London Interbank Offered Rate ("LIBOR"), central banks and global regulators have called for financial market participants to prepare for the discontinuation of LIBOR by the end of 2021. The continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. While global regulators and financial services industry market participants, including the Alternative Reference Rates Committee in the United States, have been working on developing alternative reference rates ("ARR") for LIBOR and other interbank offered rates, there is no guarantee that ARRs will be widely used by market participants by the end of 2021, that any ARRs developed will be suitable for each transaction as a substitute or successor for LIBOR, that the composition or characteristics of ARRs will be similar to those of LIBOR, or that ARRs will be the economic equivalent of the rate used in your LIBOR-based swap, SBS, or financing transactions. Therefore, if LIBOR is discontinued during the term of your swap or SBS, your payments would be calculated differently and could be higher or more volatile than expected. These risks and others are discussed in greater detail at the IBOR Alternative Reference Rates disclosure at: Swap Disclosures. Other information is available at: https://www.wellsfargo.com/com/focus/libor/.

Negative Interest Rates (including disclosures regarding benchmark rate floors)

WELLS FARGO SECURITIES

Even if your financing includes a LIBOR floor, such as a floor set at 0%, express wording in swap transactions is required to place a floor on LIBOR or other floating benchmark rate of a swap transaction. No such 0% floor or other floor is included in an interest rate swap or other swap transaction unless mutually agreed between the parties as reflected in the swap confirmation. Absent such floor in an interest rate swap, if a Floating Amount is negative under the swap, the Floating Rate Payer does not make such payment. Instead, the Fixed Rate Payer pays the absolute value of the negative Floating Amount in addition to the Fixed Amount. See §6.4 of the 2006 ISDA Definitions, as amended. If you wish to acquire a swap with a 0% floor or other floor, this may increase the price of your swap as reflected in a higher Fixed Rate. For further information on negative interest rates, including their effect on swaps and the loans they are hedging, see the Negative Interest Rates Disclosure (including disclosures regarding benchmark rate floors) at: Swap Disclosures.

Risks to Consider

While transactions described in the Materials may be used for hedging purposes to reduce certain risks associated with your assets or liabilities, the effectiveness of hedging may depend upon holding these transactions to maturity and not reducing or disposing of all or any portion of the asset or liability during the term of the hedge. If a transaction is terminated early, or if you reduce or dispose of all or a portion of the underlying asset or liability before the transaction matures (such as prepaying a floating rate loan you hedge with a swap or disposing an FX or commodity liability or asset you have hedged), depending on the nature of the transaction, you may incur a substantial loss or you may receive little or no hedging benefit from any upfront premium payment or any other costs incurred in purchasing the transaction. You may also incur a substantial loss if you enter into a transaction in anticipation of hedging an asset or liability that does not materialize. You should understand that significant potential amounts could become payable by you for modifying a transaction, terminating it early or transferring your position in the transaction to another person or entity, depending upon then existing market conditions and the terms of your transaction. You should also consider that prepaying your loan or disposing of an asset or other liability, including a foreign currency denominated or commodity liability or asset, does not relieve you of your obligations under a hedge transaction, which may be terminated early only in accordance with the terms of the swap trading relationship documentation, other transaction documents, or otherwise by mutual agreement. Such termination may require payment by you of an early termination amount, which may be substantial. Whether you use a transaction for hedging or another purpose, you should satisfy yourself that you understand these and other risks discussed in greater detail in disclosures provided to you at: Swap Disclosures.

Independent Obligation

To the extent any transaction described in the Materials may be used to hedge against FX risks, commodity risks, or interest rate risks, the transaction would be a separate and independent obligation and would not be contingent on whether or not any financing closes, is outstanding or is repaid, in whole or in part, at any time, subject to any contractual requirement to terminate and settle the transaction early upon prepayment of any financing or for other financing-related events. In addition, if you provide any existing or future collateral or other credit support to secure the transaction and any financing, then you would be entitled to the release of such collateral or credit support only if certain conditions contained in the related collateral agreement or credit support document are completely satisfied for both the transaction and any such financing, or we otherwise reach agreement with you on alternative collateral, credit support or other arrangements.

Unmatched Terms & Conventions

If the principal amount or duration of a financing, FX, or commodity asset or liability differs from that of a transaction used to hedge such financing, asset or liability (e.g., a different notional amount), you may be exposed to risk of loss from such over-hedging or under-hedging. If any other economic terms or characteristics of a financing, asset or liability differ from those of the related hedge, then in addition to any losses that you could incur from such differences, the hedge may create unanticipated accounting exposure or tax liability for you. To the extent fair value accounting applies to the hedge, you may have to reflect unrealized gains and losses (i.e., the so-called “mark-to-market” value of the hedge) over the life of the hedge on your balance sheet and/or income statement. If hedge accounting applies, any ineffectiveness in the hedge resulting from such differences may likewise need to be taken into account and reflected in your financial results. These hedge valuation considerations may also be important to you for tax purposes, including any tax laws that may require unrealized gains or losses on hedges to be taken into account in determining your income tax liability.

Conventions used in the underlying market for the financing, assets or liabilities and the conventions used in the derivatives and FX markets may differ, and we are under no obligation to ensure that any transaction we offer is a perfect hedge even if we provide you with the underlying financing, asset or liability. For example, if the method for determining a loan’s floating rate differs from that for a hedge’s floating rate, the loan floating rate payments could diverge from those of the hedge. As another example, if the method for determining the applicable exchange rate for a foreign currency denominated liability differs from that for the exchange rate of the hedge, the payments associated with the underlying liability could diverge from the hedge. Such divergence may occur by convention or as the result of contractual differences, such as in the definition of or the reset timing of the exchange rate or for a referenced floating rate benchmark, the dates or times at which the benchmark is set, the number of days in the payment periods, divergent fallback rates upon the temporary or permanent discontinuation of the benchmark (e.g., LIBOR) or the benchmark rate’s rounding convention.

Disclaimer Regarding Projections, Forecasts & Other Data

The information in these Materials is subject to change without notice, does not constitute trading or investment advice or research, and has not been prepared in accordance with any laws or regulations designed to promote the independence of research. Historical data, past trends and past performance do not reflect or guarantee future results. Financial projections and economic forecasts are based on hypothetical assumptions about uncertain future market conditions and events and therefore should not be relied upon in connection with any asset, liability, transaction or otherwise, including any decision whether or when to invest or hedge or to acquire or dispose of any asset, liability or transaction. Projections or forecasts may not materialize, and reliance thereon could result in substantial losses. It is impossible to predict whether, when or to what extent rates, values and other economic factors will rise or fall, and there could be sharp differences between projections or forecasts and actual results. Wells Fargo makes no representation or warranty that actual results will conform to any projection or forecast and is not responsible for any loss or damage arising out of any reliance on or use of such information.

Wells Fargo as Counterparty

Transactions described in the Materials are not bank deposits or FDIC insured, may expose you to the credit risk of Wells Fargo, and therefore involve risk of loss to you apart from the market risk associated with the underlying rate, price or other economic measure on which the transaction is based. Financial information concerning Wells Fargo is available at: www.wellsfargo.com/invest_relations/investor_relations.

Additional Information

In addition to the information furnished above, you should not enter into any swap transaction described in the Materials without reviewing and understanding our “Disclosure of Material Information for Swaps” and accompanying documents available to you at: www.wellsfargo.com/swapdisclosures

Updating the Materials

We reserve the right to amend, supplement or replace the Materials at any time, and your use of the Materials constitutes your agreement to update the Materials with any such amendments, supplements or replacements we furnish you.

Confidentiality

The information in the Materials is confidential and may not be disclosed by you to anyone without our written consent, other than to your advisors, and judicial or other governmental authorities or regulators having jurisdiction over you (including, without limitation, federal, state or local tax authorities). Notwithstanding anything to the contrary contained in the Materials, all persons may disclose to any and all persons, without limitations of any kind, the U.S. federal, state or local tax treatment or tax structure of any transaction, any fact that may be relevant to understanding the U.S. federal, state or local tax treatment or tax structure of any transaction, and all materials of any kind (including opinions or other tax analyses) relating to such U.S. federal, state or local tax treatment or tax structure, other than the name of the parties or any other person named herein, or information that would permit identification of the parties or such other persons, and any pricing terms or nonpublic business or financial information that is unrelated to the U.S. federal, state or local tax treatment or tax structure of the transaction to the taxpayer and is not relevant to understanding the U.S. federal, state or local tax treatment or tax structure of the transaction to the taxpayer.

Limitation of Liability

In no event shall Wells Fargo be liable to you or any third party for any direct or indirect, special, incidental, or consequential damages, losses, liabilities, costs or expenses arising directly or indirectly out of or in connection with the Materials.

Wells Fargo does not provide tax advice. Any tax statement herein regarding US federal tax is not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding any penalties. Any such statement herein was written to support the marketing or promotion of a transaction or matter to which the statement relates. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

If you have any questions or concerns about the disclosures presented herein, you should make those questions or concerns known immediately to Wells Fargo.

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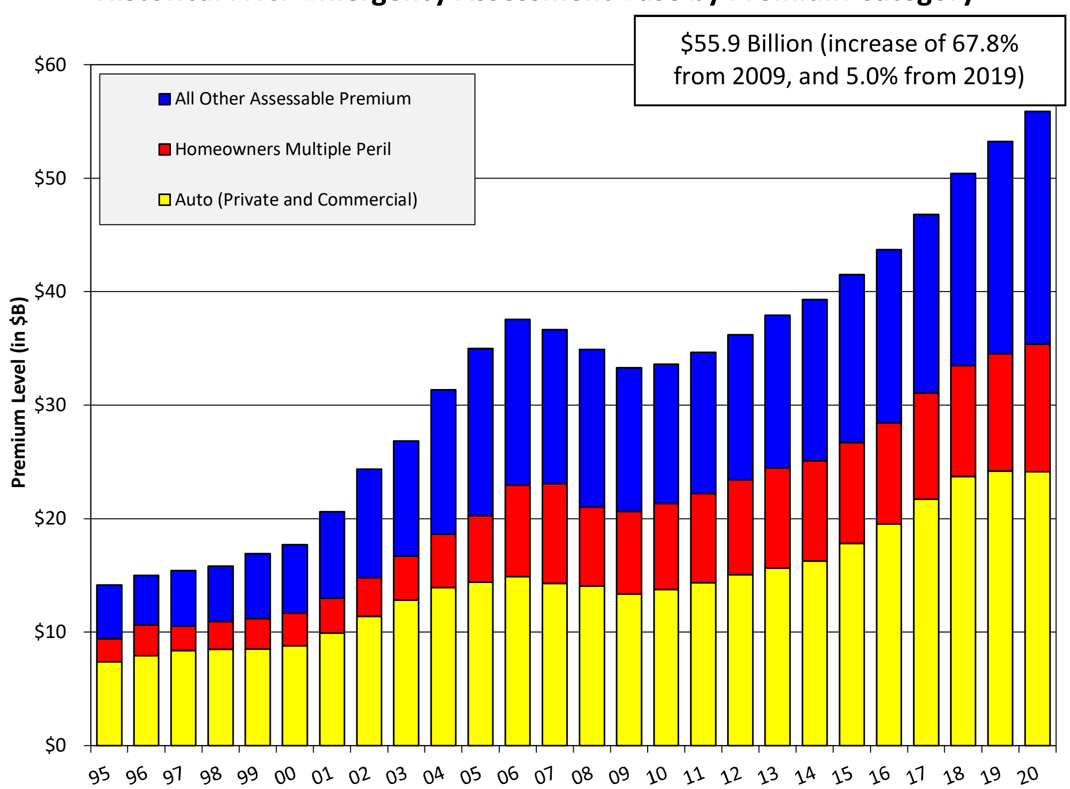
Appendix B – The FHCF's Emergency Assessment Base

According to Section 215.555(6)(b)1., Florida Statutes, *"(i)f the board determines that the amount of revenue produced under subsection (5) is insufficient to fund the obligations, costs, and expenses of the fund and the corporation, including repayment of revenue bonds and that portion of the debt service coverage not met by reimbursement premiums, the board shall direct the Office of Insurance Regulation to levy, by order, an* ***emergency assessment on direct premiums for all property and casualty lines of business in this state, including property and casualty business of surplus lines insurers regulated under part VIII of chapter 626, but not including any workers' compensation premiums or medical malpractice premiums. As used in this subsection, the term "property and casualty business" includes all lines of business identified on Form 2, Exhibit of Premiums and Losses, in the annual statement required of authorized insurers by s. 624.424 and any rule adopted under this section, except for those lines identified as accident and health insurance and except for policies written under the National Flood Insurance Program****."*

In numerical terms, this gives the FHCF an ability to assess against a base which, as of the end of 2020 (the last official measurement date), totaled approximately $55.9 billion. The chart below and table on the following page show the evolution of the FHCF's assessment base over time, both by type of coverage and admitted market and surplus lines.

Historical FHCF Emergency Assessment Base by Premium Category



Historical FHCF Emergency Assessment Base ($MM)

Admitted Market, Surplus Lines, and the dollar value of a 6% emergency assessment

Calendar Year	Admitted Lines DWP*	Surplus Lines and NIMA Clearinghouse DWP	Total Aggregate Premium	6% Emergency Assessment	% Premium Change from Prior Year
1995	$13,783	-	$13,783	-	
1996	$14,994	-	$14,994	-	8.79%
1997	$15,402	-	$15,402	-	2.72%
1998	$15,817	-	$15,817	-	2.70%
1999	$16,036	-	$16,036	-	1.38%
2000	$16,780	-	$16,780	-	4.64%
2001	$19,195	-	$19,195	-	14.39%
2002	$22,150	-	$22,150	-	15.39%
2003	$24,411	$2,435	$26,845	$1,611	21.20%
2004	$28,649	$2,695	$31,344	$1,881	16.76%
2005	$31,714	$3,275	$34,989	$2,099	11.63%
2006	$33,346	$4,208	$37,554	$2,253	7.33%
2007	$32,545	$4,101	$36,646	$2,199	-2.42%
2008	$30,830	$4,095	$34,926	$2,096	-4.69%
2009	$29,454	$3,859	$33,313	$1,999	-4.62%
2010	$29,888	$3,715	$33,603	$2,016	0.87%
2011	$30,943	$3,696	$34,640	$2,078	3.09%
2012	$32,323	$3,862	$36,185	$2,171	4.46%
2013	$33,726	$4,206	$37,933	$2,276	4.83%
2014	$35,085	$4,216	$39,302	$2,358	3.61%
2015	$36,957	$4,550	$41,507	$2,490	5.61%
2016	$39,069	$4,623	$43,693	$2,622	5.26%
2017	$41,844	$4,973	$46,817	$2,809	7.15%
2018	$44,858	$5,547	$50,405	$3,024	7.66%
2019	$47,033	$6,205	$53,238	$3,194	5.62%
2020	$48,827	$7,066	$55,892	$3,354	4.99%

Source: Office of Insurance Regulation ("OIR") and Florida Surplus Lines Service Office ("FSLSO")
DWP is as of 12/31 and is based on companies reporting to the OIR on behalf of the FHCF and is subject to change as company/agent adjustments are reported. In 2004, the Florida legislature excluded medical malpractice for 3 years and included surplus lines. Medical malpractice has since been permanently exempted.
2011-2016 DWP numbers have been adjusted to reflect unassessable premiums written in assessable lines of business. However, beginning in 2017, this allowed adjustment figure is unavailable. The average reduction to DWP related to these adjustments was approximately 0.90%.
Average direct written premium increase (geometric mean) from 2000-2020 is 6.13%.

2020 Admitted Market Lines Premiums ($MM)

Line of Business	2020 Total Assessable Premium
Fire	$838.2
Allied Lines	$2,030.0
Multiple Peril Crop	$193.5
Private crop	$0.5
Farmowners Multiple Peril	$20.5
Homeowners Multiple Peril	$10,522.3
Commercial multiple peril (liability portion)	$634.4
Commercial multiple peril (non-liability portion)	$1,001.9
Mortgage Guaranty	$425.3
Ocean Marine	$451.7
Inland Marine	$1,478.0
Financial Guaranty	$14.3
Earthquake	$6.0
Other liability - occurrence	$4,493.0
Other liability - claims-made	$887.6
Products Liability	$122.3
Private Flood	$63.9
Private passenger auto no-fault (personal injury protection)	$4,404.5
Other Private Passenger Auto Liability	$10,339.9
Commercial auto no-fault (personal injury protection)	$102.4
Other Commercial Auto Liability	$2,676.6
Private Passenger Auto Physical Damage	$6,002.4
Commercial Auto Physical Damage	$464.9
Aircraft (All Perils)	$151.7
Fidelity	$64.2
Surety	$419.2
Burglary and Theft	$21.9
Boiler and Machinery	$67.6
Credit	$127.5
Warranty	$661.5
Aggregate write-ins for other lines of business	$138.6
Totals	**$48,826.6**

Source: Florida Office of Insurance Regulation, Market Research Unit

2020 Surplus Lines Premiums ($MM)

Coverage Code		2020 Surplus Lines Premiums ($MM)
1000	Commercial Property	$2,464.9
1001	Builders Risk	$76.1
1002	Business Income	$2.4
1003	Apartments (Commercial)	$5.4
1004	Boiler and Machinery	$0.4
1005	Commercial Package (Property & Casualty)	$410.6
1006	Condominium Package (Commercial)	$61.6
1007	Crop Hail	$0.0
1008	Difference In Conditions	$5.5
1009	Earthquake	$0.3
1010	Flood	$54.6
1011	Glass (Commercial)	$0.0
1012	Mortgagee Impairment	$3.2
1013	Windstorm &/or Hail	$128.7
1014	Mold Coverage - Commercial	$1.1
1015	Sinkhole Coverage - Commerical	$0.0
1016	Excess Flood - Commercial	$20.0
1017	Collateral Protection	$36.8
1018	Fire	$0.0
1100	Bankers Blanket Bond	$3.8
1101	Blanket Crime Policy	$0.7
1102	Employee Dishonesty	$0.0
1103	Identity Theft	$0.0
1104	Deposit Forgery	$0.0
1105	Miscellaneous Crime	$1.3
1200	Accident & Health	$0.0
1201	Credit Insurance	$5.0
1202	Animal Mortality	$0.0
1203	Mortgage Guaranty	$0.0
1204	Worker's Compensation-Excess Only	$0.0
1205	Product Recall	$8.7
1206	Kidnap/Ransom	$0.3
1207	Surety	$11.0
1208	Weather Insurance	$0.5
1209	Prize Indemnification	$0.2
1210	Travel Accident	$0.1
1211	Terrorism	$16.1
1212	Fidelity	$0.3
2000	Homeowners-HO-1	$5.5
2001	Homeowners-HO-2	$0.1
2002	Homeowners-HO-3	$434.8
2003	Tenant Homeowners-HO-4	$1.8
2004	Homeowners-HO-5	$100.4
2005	Condo Unit-Owners HO-6	$104.5
2006	Homeowners-HO-8	$41.1
2007	Dwelling Builders Risk	$5.4
2008	Dwelling Flood	$43.7
2009	Dwelling Property	$164.8
2010	Farmowners Multi-Peril	$1.8
2011	Mobile Homeowners	$27.3
2012	Windstorm	$34.6
2013	Mold Coverage - Residential	$0.0
2014	Sinkhole Coverage - Residential	$0.0
2015	Excess Flood - Residential	$28.3
3000	Marine Operators Legal Liability - Taxable	$2.1
3001	Marine Liabilities Package - Taxable	$7.6
3002	Ocean Marine-Hull &/or Protection & Indemnity	$12.0
3003	Ocean Cargo Policy	$31.5
3004	Ship Repairers Legal Liability	$0.0
3005	Stevedores Legal Liability	$0.0

Coverage Code		2020 Surplus Lines Premiums ($MM)
3006	Personal & Pleasure Boats & Yachts	$20.5
3007	Ocean Marine Builder's Risk	$3.2
3008	Longshoremen (Jones Act)	$0.0
3010	Marine Operators Legal Liability - Non Taxable	$0.0
3011	Marine Liabilities Package - Non Taxable	$0.0
4000	Inland Marine (Commercial)	$35.6
4001	Inland Marine (Personal)	$21.7
4002	Motor Truck Cargo	$26.9
4003	Jewelers Block	$6.1
4004	Furriers Block	$0.0
4005	Contractors Equipment	$1.0
4006	Electronic Data Processing	$4.9
5000	Commercial General Liability	$1,154.8
5001	Commercial Umbrella Liability	$88.0
5002	Directors & Officers Liability (Profit)	$47.1
5003	Directors & Officers Liability (Non-Profit)	$8.3
5004	Educator Legal Liability	$1.2
5005	Employment Practices Liability	$14.6
5006	Excess Commercial General Liability (Not Umbrella)	$392.9
5007	Excess Personal Liability (Not Umbrella)	$6.8
5008	Liquor Liability	$5.1
5009	Owners & Contractors Protective	$5.1
5010	Personal Umbrella	$8.7
5011	Personal Liability	$22.7
5012	Pollution & Environment Liability	$75.1
5013	Product & Completed Operations Liability	$21.5
5014	Public Officials Liability	$7.8
5015	Police Professional Liability	$2.6
5016	Media Liability	$1.6
5017	Railroad Protective Liability	$6.4
5018	Asbestos Removal & Abatement	$0.0
5019	Guard Service Liability	$0.2
5020	Special Events Liability	$4.3
5021	Miscellaneous Liability	$115.9
5022	Cyber Liability	$86.7
6000	Hospital Professional Liability	$0.0
6001	Miscellaneous Medical Professionals	$0.0
6002	Nursing Home Professional Liability	$0.0
6003	Physician/Surgeon	$0.0
7000	Architects & Engineers Liability	$21.7
7001	Insurance Agents & Brokers E&O	$10.0
7002	Lawyers Professional Liability	$43.8
7003	Miscellaneous E&O Liability	$150.0
7004	Real Estate Agents E&O	$11.6
7005	Software Design Computer E & S	$5.2
8000	Commercial Auto Liability	$74.0
8001	Commercial Auto Excess Liability	$32.5
8002	Commercial Auto Physical Damage	$41.9
8003	Dealers Open Lot	$33.5
8004	Garage Liability	$40.8
8005	Garage Keepers Legal	$2.1
8006	Private Passengers Auto-Physical Damage Only	$0.2
8007	Personal Excess Auto Liability	$1.2
9000	Commercial Aircraft Hull &/or Liability	$21.4
9001	Airport Liability	$1.8
9002	Aviation Cargo	$0.8
9003	Aviation Product Liability	$8.7
9004	Hanger Keepers Legal Liability	$0.0
9005	Personal & Pleasure Aircraft	$0.0
	Totals	**$7,066**

Source: FSLSO

Based on policies with a submitted (filed) date from 1/1/20 to 12/31/20.

Disclaimer

The analysis or information presented herein is based upon projections and have limitations. No representation is made that any results indicated will be achieved. Changes to any prices, levels, or assumptions contained herein may have a material impact on results. Any estimates or assumptions contained herein represent our best judgment as of the date indicated and are subject to change.